



RennieCollection_OnoMendPiece_021_CD EDIT

Yoko Ono, Mend Piece (Andrea Rosen Gallery, New York City version), 1966/2015, ceramic, nontoxic glue, cello tape, scissors, and twine, dimensions variable. Rennie Collection, Vancouver. Installation view, Rennie Museum, Vancouver, 2018, photographed by Blaine Campbell; courtesy Rennie Collection, Vancouver. © 2015 Yoko Ono

Hātea Art Precinct Trust

Annual Report | 2020-2021

TABLE OF CONTENTS

| | |
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| TABLE OF CONTENTS | 2 |
| CHAIR AND CHIEF EXECUTIVE’S JOINT REPORT | 3 |
| PERFORMANCE MEASURES | 4 |
| Governance | 4 |
| Operations..... | 5 |
| HUNDERTWASSER ART CENTRE WITH WAIRAU MAORI ART GALLERY | 12 |
| WHANGĀREI ART MUSEUM | 14 |
| Curator’s Report..... | 14 |
| Community..... | 17 |
| Exhibitions..... | 20 |
| FINANCIAL STATEMENTS | 35 |
| AUDITORS' REPORT | 55 |

CHAIR AND CHIEF EXECUTIVE'S JOINT REPORT

Hātea Art Precinct Trust continues moving forward with objectives in a world-wide environment of uncertainty.

In the previous year we confronted an overrun in our construction costs and the Covid-19 epidemic. In this period we have managed and mitigated those circumstances. Construction on the Hundertwasser Art Centre (HAC) has continued and is moving closer to completion. We continue to operate within our revised budget and are expecting to have a finished building shortly after the end of this financial year. The fitout will follow.

Covid has presented challenges to our activities, as it has to all. We have managed these with perseverance and fortitude. We achieved record visitor numbers at Whangārei Art Museum (WAM), with over 25,000 people visiting our galleries. This is the first time in the history of WAM that we have reached over 20,000 visitors.

Plans are being developed and refined for the opening of the Hundertwasser Art Centre in February 2022. This is a huge task requiring strategic and innovative thinking, led by our Chief Executive and her very capable team. The team is growing and bringing further expertise and ideas.

In addition to our amazing staff we are also developing our volunteer networks and this year has seen the hours and contributions from volunteers increase greatly. It is overwhelming what is contributed to our gallery. We are enormously grateful to everyone.

Thomas Biss
Chair

Kathleen Drumm
Chief Executive

PERFORMANCE MEASURES

Note: The Trust changed its name from Whangārei Art Museum Trust (WAMT) to Hātea Art Precinct Trust (HAPT) on 10 June 2021. References to WAMT have been retained throughout this report where they have been drawn from the approved Statement of Intent for 2020-2021.

Governance

| Performance Measure | 2019/20 Actual | 2020/21 Target | 2021/22 Target | 2022/23 Target | Action/Outcomes 2020/21 |
|--|-------------------|--|-------------------|-------------------|--|
| 1. Financial Management WAMT will operate within agreed financial budgets. | Achieved. | Actual spend ≤ Budget (reported on in the half-yearly report and annual report). | | | Achieved The Trust ended the year with a favourable variance. Unbudgeted HAC interest was used to support the WAM shortfall as forecast and approved. Further details may be found in the Financial Statements at the end of this report. |
| 2. Reporting a. WAMT will report on its achievement against the strategic objectives and action areas (as outlined in this SOI) in the half-yearly report and annual report. b. WAMT will provide quarterly reports on its achievement against the 2019/20 HAC-WMAG project objectives. | Achieved. | Strategic objectives and action areas reported on in half-yearly report and annual report. Quarterly reports with financial information specific to the HAC-WMAG project. | | | Achieved Reports on the HAC project were provided to council for all 4 quarters of the year by the 20 th of the month following. |

Operations

| Performance Measure | 2019/20 Actual | 2020/21 Target | 2021/22 Target | 2022/23 Target | Action/Outcomes 2020/21 |
|---|-------------------------|--|-------------------|-------------------|--|
| <p>3. Effective operation</p> <p>a. Revised measure: WAMT will annually assess operation hours and exhibition quality to meet agreed funding. Target: Exhibitions delivered to schedule and within programme budget. Reported on in half-yearly and annual report.</p> <p>b. New Measure: WAMT art collection management: WAMT will acquire and document all new items in accordance with WAMT collection management policy and procedure. WAMT will ensure the safety and preservation of works in its care: less than 1% of art work handled by staff or the public will suffer irreparable losses or damage, evidenced by incident reports.</p> | n/a new measure 2020/21 | <p>Annually assess operation hours and exhibition quality to meet agreed funding. Target: Exhibitions delivered to schedule and within programme budget. Reported on in half-yearly and annual report.</p> <p>Acquire and document all new items in accordance with WAMT collection management policy and procedure. WAMT will ensure the safety and preservation of works in its care: less than 1% of art work handled by staff or the public will suffer irreparable losses or damage, evidenced by incident reports.</p> | | | <p>a. Not achieved.</p> <p>A lack of external funding opportunities required that the exhibition budget be partly supported from other budget areas. In order to reduce the shortfall, the exhibition schedule was cut back. AC issues in the galleries also prevented some exhibitions from taking place.</p> <p>b. Achieved.</p> <p>New items have been acquired per collection management policy and procedure. No incident reports were filed.</p> |

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| <p>4. Amenity Development</p> <p>a. WAMT will continue to improve the WAM visitor experience thereby promoting the arts and contributing to the wellbeing and economic growth of the district.</p> <p>b. An annual survey demonstrates improvements in how WAM is regarded. Reported on in the half-yearly report.</p> | <p>Not achieved.</p> | <p>An annual survey demonstrates improvements in how WAM is regarded. Reported on in the half-yearly report.</p> | <p>Not achieved.</p> <p>a. A new wall was added to the Younghusband gallery, allowing scheduling of exhibitions with a significant technological component. “Your motion says” was installed in November 2020. The interactivity of the work has attracted much positive comment from adults and children alike.</p> <p>b. The annual Museums Aotearoa survey was not carried out due to transitions between curatorial staff during the period the survey was available. Feedback from visitors collected via the Visitor’s Book and social media has been extremely positive and WAM achieved record visitor numbers this financial year.</p> |
| <p>5. Community Engagement</p> <p>a. WAMT will strengthen community engagement through programmes, events and collaborative initiatives including an educational component.</p> <p>b. Evidence of 3 programmes, events or initiatives developed or in development annually, covered in the half-yearly report.</p> | <p>Achieved.</p> | <p>Evidence of 3 programmes, events or initiatives developed or in development annually, covered in the half-yearly report.</p> | <p>Achieved.</p> <p>Eleven public programmes were held. Nine related to exhibitions and two were general events. See the Community section on page 17 below for details.</p> |

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| <p>6. Growth WAMT will improve both awareness of the WAM, and attendance. Annual percentage increase to visitor numbers, covered in the half-yearly report.</p> | <p>Not achieved.</p> | <p>Annual percentage increase to visitor numbers, covered in the half-yearly report.</p> | <p>Achieved. Exhibitions shown in the second half of the year were enormously popular and visitor numbers increased dramatically, totalling 25,581 at year end. A new record for WAM and the first time in the 25-year history of the organisation that numbers have exceeded 20,000. This was achieved against a target of 16,500 visitors for the year; 1,800 lower than the previous year, due to the anticipated impact of Covid 19 on international visitors.</p> |
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STRATEGIC OBJECTIVES

| Objectives | Action areas. | Achievements |
|-----------------------------------|--|--|
| <p>Artistic Excellence</p> | <ul style="list-style-type: none"> • Deliver Whangārei Art Museum programmes at a high level of curatorial excellence • Put on shows and events that attract people to Whangārei, as a vibrant creative hub in Northland. • Bring to NZ up to 50 original works by renowned artist, Friedensreich Hundertwasser, in collaboration with the Hundertwasser Foundation in Vienna - for display at HAC when the building is open. • Support Wairau Māori Art Gallery's objective to exhibit quality works from our country's finest contemporary Māori artists, when the Hundertwasser Art Centre is open. | <p>Artistic Excellence</p> <ul style="list-style-type: none"> • Programming at WAM focused on engaging local artists, families and our communities. Record visitor numbers were achieved across the year, despite Covid-19 impacts on international visitors and domestic travel. • An exciting line-up of internationally and nationally acclaimed Northland artists is being developed for the upcoming year. • Efforts continue to confirm the final list of works to be provided by the Hundertwasser Foundation for when the HAC opens. • The inaugural Wairau exhibition will be curated by Nigel Borell. |

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| <p>Visitor Experience</p> | <ul style="list-style-type: none"> ● Undertake a comprehensive brand redefinition to support the transition of WAM and HAC into ‘one organisation’, ensuring that the Museum’s identity is maintained. ● Consider its positioning in the wider NZ context, to provide WAMT with a more visible leadership role in the creative arts sector. ● Promote Hundertwasser Art Centre and Wairau Māori Art Gallery to become a cultural destination of regional and national significance. ● Increase visibility and visitor engagement by improving the entrance to, and arrival experience at WAM. | <p>Visitor Experience</p> <ul style="list-style-type: none"> ● Work has continued on the rebranding exercise with the website launch close to fruition by the end of the financial year. The Trust’s new name will be promoted at the same time as the launch in Spring 2021. ● Architectural designs for the WAM gallery, to improve visibility and functionality and to mitigate risk, have been undertaken and discussed with WDC staff. A proposal was submitted as part of the Council’s LTP process which was unsuccessful. Funds were allocated by WDC to address the AC issues, which will be provided in the next FY. ● An application has been lodged with Pub Charities for funds to upgrade the internal gallery space. The outcome is due in July 2021. ● Ideas are being developed to improve the entrance way to WAM, including new external signage. After a successful trial period, the reception desk was relocated to the lobby of the building. |
| <p>People – Collaborations for the benefit of our community</p> | <ul style="list-style-type: none"> ● Strengthen relationships with WDC, including agreement of our mutual objectives, and how we will work together to achieve these. ● Build constructive relationships with the creative sector in Whangārei to support the district to become a cultural destination of the North. ● Develop wider relationships with Tangata Whenua representatives, including with the operators of the Hihiaua Cultural Centre. ● Develop a practical working relationship with the Wairau Maori Art Board to support gallery operations. ● Amplify WAMT’s educational role in the community as a pathway for Rangatahi into arts and culture. ● Collaborate with the community to amplify WAMT’s educational role as a resource for school art curriculums, holidays programmes and family workshops. | <p>People</p> <ul style="list-style-type: none"> ● Regular meetings with WDC staff have been undertaken across operations, developments in the town basin, promotions and the HAC opening, as well as finance. ● An updated MoU between HAPT and WDC was discussed, which will encompass all areas of support received from the Council. ● Discussions about promotion of the new Art Centre are underway with local and national tourism agencies. ● Presentations on the broad aims of HAPT have been made to the Council, local tourism businesses and to a group of leading creators (such as artists and architects). ● An operating agreement has been drafted to bring clarity to our working relationship with Wairau on curatorial, marketing and learning activity. ● Educational planning continues apace, with an exciting programme planned for the HAC Activity Centre and WAM for the upcoming year. A Curator Learning was employed in April to focus solely on this aspect of the Trust’s offerings. ● A fixed term Content and Programme Developer has been employed to develop a LEOTEC programme for submission to the next LEOTEC round. |

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| <p>Sustainability</p> | <p>Good governance</p> <ul style="list-style-type: none"> ● Follow the NZ IOD “Four Pillars of Governance” ● Develop a Trustee skills matrix to identify skills required to support strategic direction. ● Hold monthly documented Board meetings. <p>Long term and annual planning</p> <ul style="list-style-type: none"> ● Apply its long-term strategy. ● Ensure annual planning supports the long-term strategy. ● Monitor progress and KPIs. ● Complete the annual report at the end of the financial year. <p>Health and safety</p> <ul style="list-style-type: none"> ● Follow the NZ IOD Health and Safety Guide. ● Ensure that the Trustees have knowledge of and commitment to health and safety. ● Ensure that the CEO exercises due diligence in relation to health and safety. <p>Being a good employer</p> <ul style="list-style-type: none"> ● Conduct regular performance reviews with employees that form part of their Professional Development and Training Programme. <p>Risk management</p> <ul style="list-style-type: none"> ● Ensure there is an annual update of Strategic Risk and scoring in accordance with AS/NZS ISO 31000:2009. ● Ensure there is appropriate insurance, which will be independently assessed. ● Ensure the areas for internal audit and review are identified annually. | <p>Good governance</p> <ul style="list-style-type: none"> ● The Trustee skills matrix has been updated and is scheduled to be reviewed early in 2022. ● A scope of role has been provided to Te Huinga for the appointment of the Hapu representative trustee. At the close of the year the Trust was waiting on advice from Te Huinga. ● 11 Board meetings were held across the year. ● A workshop for trustees on navigating transitions and the new organisational structure took place in March 2021. <p>Long term and annual planning</p> <ul style="list-style-type: none"> ● The 5 Year Strategic Plan was reviewed in May 2021, with the Board satisfied that the Trust is broadly delivering what was intended. The Plan has been scheduled for review in March 2022. ● The CE presents progress against strategic objectives to the Board regularly. <p>Health and safety</p> <ul style="list-style-type: none"> ● H&S is a standing agenda item at Board meetings, the monthly Business Management Group Meeting (overseeing the Hundertwasser Art Centre Project), and WAM monthly staff meetings, chaired by the CE. ● The HAC project achieved an outstanding H&S record through the year. ● The WAM H&S induction process for new staff has been reviewed and updated. <p>Being a good employer</p> <ul style="list-style-type: none"> ● Performance reviews for staff were held in the first half of the year. <p>Risk management</p> <ul style="list-style-type: none"> ● An independent, comprehensive risk review was carried out in the first half of the year, leading to recommendations for upgrading the existing WAM gallery and art storage spaces. ● All appropriate insurance cover is in place. ● A comprehensive risk register is kept updated for the HAC Project. ● The Board reviewed the Trust’s Risk Assessment Register in May. Scheduled for review early in 2022 after the opening of the HAC. |
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| | <p>Legislative and Trust Deed compliance</p> <ul style="list-style-type: none"> ● Ensure legislative requirements are met. ● Uphold the principles of the WAMT Trust Deed. ● Receive a clear opinion on legal compliance as part of the annual audit by Audit NZ. ● LGOIMA requests are answered within statutory timeframes. <p>Effective financial management</p> <ul style="list-style-type: none"> ● Receive monthly accounts prepared by WDC and have the WAMT Board approve these monthly accounts. ● Comply with full GAAP accounting reporting. ● Have accounts audited annually. ● Conduct a monthly forecast review of the exhibitions budget. <p>Financial sustainability</p> <ul style="list-style-type: none"> ● Work with the Chief Executive to review operations to align with a single entity, and available funding. ● Seek new funds in accordance with the Trust’s broader governance and responsibilities. ● Review the organisational structure. <p>Operational efficiency and effectiveness</p> <ul style="list-style-type: none"> ● Establish an operational relationship and a MOU with WDC. ● Comply with LGA SOI preparation and reporting requirements. ● Work with WDC to bring greater visibility to the Museum entrance, including a dedicated lobby and outdoor signage ● Work with WDC to bring certainty and stability to Art Museum and HAC staff accommodation at the Museum location in the town basin, and for the benefit of the broad remit WAMT is tasked with fulfilling on behalf of the people of Whangārei ● Develop a marketing and communications plan. ● Monitor visitor numbers and conduct an annual visitor survey. | <p>Legislative and Trust Deed compliance</p> <ul style="list-style-type: none"> ● Legislative requirements for this financial year have been met to date. ● One LGOIMA complaint and four LGOIMA requests were received and answered within the statutory timeframes. <p>Effective financial management</p> <ul style="list-style-type: none"> ● All bullet points achieved. <p>Financial sustainability</p> <ul style="list-style-type: none"> ● A single entity budget has been developed, which combines the various business components of the Trust. ● Philanthropic funds continue to be sought for elements of the HAC project. ● A funding application to WDC to support the costs of rectifying humidity issues in the WAM gallery was successful. ● An application has been made to Pub Charity to renovate the WAM galleries. ● A review of the organisation to incorporate existing and new staff roles into one structure was undertaken by the CE and approved by the Board. ● The new staff structure includes a Fundraising role, to be appointed in July 2021. <p>Operational efficiency and effectiveness</p> <ul style="list-style-type: none"> ● The CE and Chair presented to the entire Council in August. The presentation was well received and covered HAC construction progress, new branding for the Trust, and challenges for the HAC and WAM gallery. ● The Board is compliant with all LGA Sol requirements. ● Significant work has been undertaken and discussed with key WDC staff on remodelling options for the WAM gallery to improve visibility and functionality. A proposal was submitted as part of the Council’s LTP process which met with partial success. ● Conversations are ongoing with WDC as part of their review of the allocation of council owned spaces. The Trust anticipates a positive outcome of long-term provision of appropriate workspace for HAPT staff. ● A Marketing Manager was appointed in December and is working on social media and promotional plans, joined by a Marketing Coordinator in April. A Visitor Experience Manager has been appointed, who is working on retail and ticketing plans. ● The CE is working on a comprehensive marketing plan for the HAC. |
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| | <ul style="list-style-type: none"> ● Build up its volunteer base to support both governance and operations. ● Identify fundraising opportunities. ● Develop business cases as required, targeted at specific funders and sponsors. ● Undertake collections management – apply collections management policy. ● Review storage of works – look at options to improve storage, including the controlled environment, and areas to accommodate touring shows. ● Continue to upgrade lighting as funding becomes available. ● Promote exhibitions – work with Council to promote and run quality events, reach out to new audiences, and grow visitor numbers. ● Upgrade air conditioning to meet required Gallery Standards for Air Control and develop a business case for future capital investment. | <ul style="list-style-type: none"> ● Visitor numbers are monitored and tracked against previous years and exhibitions. ● An existing staff member has taken on the role of Volunteer Coordinator and WAM now has a regular complement of volunteers contributing to a broad range of activities. See Volunteers on page 18 below for details. Volunteers will also play a significant role in the operations of the HAC. ● See Financial Sustainability above for fundraising. ● An Acquisitions Committee has been formed per the revised Collections Policy. WAM received a significant bequest of Freda Simmonds works and also purchased one artwork from the Acquisition Fund. These were added to the collection according to the appropriate acquisition process. ● A new wall was added to the Younghusband gallery, allowing scheduling of exhibitions with a significant technological component, and also creating an extra storage space with climate control. More substantial remodelling options have been presented to WDC. ● HAPT's new marketing team is expanding the range and variety of promotional tools, which are accessible with limited budget, to increase the diversity and number of visitors to the gallery. ● Humidity and general AC control issues, due to inadequate investment when the current building was fitted out as a gallery, are impacting WAM's ability to meet air quality standards set by lending institutions such as Te Papa. WAM was successful in its bid for funds from WDC to rectify this situation and looks forward to the work being undertaken. |
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HUNDERTWASSER ART CENTRE WITH WAIRAU MAORI ART GALLERY

The project has successfully managed some considerable challenges, both financial and Covid-19 related. Money was raised from central government, community funds and donations and this allowed construction to progress.

Core construction and external finishings are complete, with internal finishings (tiling, brick work, floors and wall linings) also finished.

An independent restaurant operator, Steve O'Shea has come on board. Steve O'Shea has named HAC's cafe Aqua Restaurant with plans to run it to a high standard of food and service. He is developing fitout and menu plans and will open the restaurant in early December.

A high point of the year was the installation of the cupola on top of the building in June. An estimated 1,600 people showed up on both sides of the Hātea River at the Town Basin Marina. 20 volunteers joined us on the waterfront to run an info kiosk, help with waste management and provide extra security. There was substantial national media interest with one of the biggest talking points being *how to pronounce cupola* ("queue-po-lah").

A substantial website numbering nearly 40 pages of content has been produced for HAC and the design is nearing completion at the end of the period under review. A website for Hātea Art Precinct has also been developed. Both will go live in Spring 2021.

HAC's net social media audience growth is up 217% on last year. All social media profiles gained followers by the end of the financial year. Our coverage of the installation of the HAC cupola exploded online, with a huge spike in engagement. The livestream of this event on HAC FB page picked up 9.5k views and 130 comments. The video footage we created has received 5.6k views at the time of writing this report.

High quality goods designed by Hundertwasser have been ordered from producers based in Europe. New merchandising items based on the HAC are in advanced development. We aim to sell all these at the museum store alongside quality items produced locally that fit with our themes of Maori, art, creativity, nature and ecological sustainability.

The goal is to deliver an exceptional cultural destination that transforms people's lives through the power of art and nature, while supporting economic growth and development for the region. Northland Inc has calculated the HAC's direct economic impact for Northland at \$37 million, with an ongoing impact of \$26 million per annum.

The project has proven a significant driver of employment, with over 60 people working on aspects of the build or operations at the end of June 2021. Trigg Construction has estimated that more than 550 people have been employed for as much as a few hours to many days and weeks on the project - from road construction and services diversions - to demolition, asbestos removal, air testing, piling, earthworks, subfloor waterproofing, ground beam steel fixing, wall construction and steel fixing, plumbing and draining, concrete supply and concrete pumping, precast manufacturing and installation,

plastering, tiling, bricklaying, roof waterproofing, project management and administration. Our own HAPT staff numbered 17 at the end of June including full time, part time and short term contractors.

At the end of the period, we also acknowledge the many hours invested by over 100 volunteers at the Hundertwasser Art Centre site and at Whangārei Art Museum, who have contributed towards the project.

The opening date for the Hundertwasser Art Centre and Wairau Maori Art Gallery is 20 February 2022.

WHANGĀREI ART MUSEUM

Curator's Report

Overview

WAM has achieved a new milestone with over 25,000 visitors to the galleries, the first time more than 20,000 were welcomed in the 25-year history of the organisation. The first half of this financial year saw record visitor numbers in the months of July, October and November despite the significant challenges and impact of Covid-19. As a result of the global pandemic restrictions, and our ongoing climate control issues, a large portion of our exhibition programme had to be rescheduled during this financial year. For the first half of the year a programme that focused on engaging local artists, families and our direct communities was prioritised. We continued to incorporate educational elements within exhibitions and took a more conservative approach to public programming to mitigate any further covid related disruptions.

In the Mair Gallery, *Distant Kinship*, aptly titled in the current climate, showcased the work of 19 New Zealand and Dutch printmakers. The concept of distant kinship resonated deeply with our audience, particularly from our large Dutch expat community. *wet_land* by local artists Lisa Clunie and Thorsten Hoppe also engaged visitors, many of whom had never been to the gallery before, in the varied complexities of the Hikurangi Swamp. A series of public programmes was scheduled in January and February 2021 to further strengthen community engagement and bolster visitor numbers, which we anticipated to be affected by the absence of international travellers over the summer period.

In the Younghusband Gallery, *Maiangi Waitai: Ātea-ā-rangi-Interstellar*, which re-imagines oral history traditions related to the Matariki constellation was particularly popular, and alongside *Shared Stories* and *The Plant Room* the gallery was packed with children and families enjoying the art and associated public programmes. *Connections: Freda + The Group*, a large exhibition showcasing the significant bequest of Freda Simmonds artworks alongside high profile national artists from our collection, and two contemporary artwork installations, *Karupu Whero* by acclaimed Maori artist Bob Jahnke, and *Your Motion Says* by Australian artist Danae Valenza, opened in November; adding another dimension to the gallery experience and ensuring a diverse offering of art and culture alongside our local narratives.

The second half of this year's programme included exhibitions from Tuvaluan master artist Lakiloko Keakea, and renowned Japanese artist Yoko Ono, which drove visitor numbers to the highest in the Whangārei Art Museum's history. An exhibition by French artist Auguste Rodin was due to open in February but was unfortunately cancelled due to climate control issues not being rectified. This is an ongoing problem that we hope to resolve later in 2021 with financial assistance from WDC.

Overall, the response to the Gallery has been positive and our exhibitions and public programmes continue to broaden our demographic base organically.

Exhibition Schedule for July 2020 - June 2021

| Mair Gallery | Younghusband Gallery |
|--|---|
| Tony Fomison (T) Lost in the Dark 28 February - 16 August 2020 | The Plant Room (L) Awhi World 6 December 2019– 3 November 2020 |
| Eight (C) Staff Selections from the collection 28 February - 16 August 2020 | Shared Stories (L) Trent Morgan and Kim Groeneveld 6 December 2019– 8 November 2020 |
| Distant Kinship (T + L/N/I) NZ + Dutch printmakers 28 August - 15 November 2020 | Maiangi Waitai (T + N) Ātea-ā-rangi – Interstellar 4 July - 4 October 2020 |
| wet_Land (L) Lisa clunie and Thorsten Hoppe 27 November - 21 February 2021 | Connections (C) Freda + The Group 10 October 2020 - 14 March 2021 |
| Fafetu (N + T) Lakiloko Keakea 27 February - 8 June 2021 | Acquisitions Old & New (N + L) 20 March 2020 - 16 May 2021 [Included works from The Group, from the previous exhibition.] |
| KEY T: Touring I: International Artists N: National Artists L: Local Artists C: WAM Collection | Yoko Ono (T + I) Mend Piece 27 May - 22 August 2021 |
| | Bob Jahnke (N) Karupu Whero (Installation) 6 November 2020 - 21 February 2021 |
| | Don Driver (N) Double Cosmos 18 March - 16 May 2021 |
| | Danae Valenza (I) Your Motion Says (Installation) 27 November 2020 - 16 May 2021 |
| | NRU 100 27 May - 22 August 2021 |
| | |

Collection Management

The Acquisitions Committee was formed early in the financial year, in accordance with the revised Collection Management Policy. The committee held its inaugural meeting in August, and committee members were introduced to the collection policies and procedures. An independent valuation of the collection was carried out by Art & Antiquities, and valuations of individual works updated on the online database. The total known value of the collection increased significantly, and insurance cover will be adjusted as a result. Additional material was discovered in relation to the photographic collection and work to enter this into the online database is ongoing.

Acquisitions, Loans and Collection Maintenance

The first instalment of 9 artworks from the Freda Simmonds bequest has been received as well as 6 donated Drummond works. An artwork was purchased in December using the WDC Acquisition Fund. One artwork was loaned out to the Auckland Art Gallery, and was cleaned and conserved by their conservators, and two items were borrowed for exhibitions. The wooden sculpture Te Rongapai, which stood outside the entrance to the I-site and Art Museum was removed by WDC Parks for safety reasons and returned to the Wihongi Brothers who crafted it.

Community

Engagement

Community engagement has been strengthened through programmes, events and collaborative initiatives, some organised in conjunction with exhibitions, with several including an educational component. We have continued to utilise the Younghusband Gallery for public programmes and events including film screenings, live music events and corporate venue hire.

| Exhibition Public Programmes | |
|---------------------------------|--|
| Maiangi Waitai | Visual storytelling, sand lightbox and reading corner |
| Maiangi Waitai | Matariki Story time with visitor hosts |
| Shared Stories | #sharedstories campaign |
| The Plant Room | Mair Park Iteration (Whangārei primary, Mairtown Kindergarten) |
| The Plant Room | Workshop: Coding The Plant Room |
| Shared Stories | Artist Talk |
| Shared Stories | Northland Taniwha community outreach |
| Freda + The Group | Curators Talk |
| Wet-Land | Collaborative community artwork |
| Other Programmes | |
| Film Screening + Directors Talk | For My Fathers Kingdom |
| Whangārei Fringe Festival | Science for Sociopaths: Maggie Cocco event |

Volunteers

HAPT's strong presence in the community has increased our number of volunteers by 270 percent over the year and resulted in a 180 percent growth in volunteer hours. Volunteers have made significant contributions to both WAM and HAC, working on a variety of long and short term projects including the Archive project for Collections. Volunteers work across all departments and undertake a variety of tasks, including organising and hosting events and public programmes, gallery hosting, archiving, assisting the collections manager, installing and de-installing exhibitions, and marketing.

We were also delighted to receive ongoing support from our Foundation Volunteers, who were originally involved in fundraising for the construction of the Hundertwasser Art Centre. Since joining the HAPT volunteer team, they have led small tour groups, assisted at the cupola event and provided essential, ongoing clean-up of the HAC.

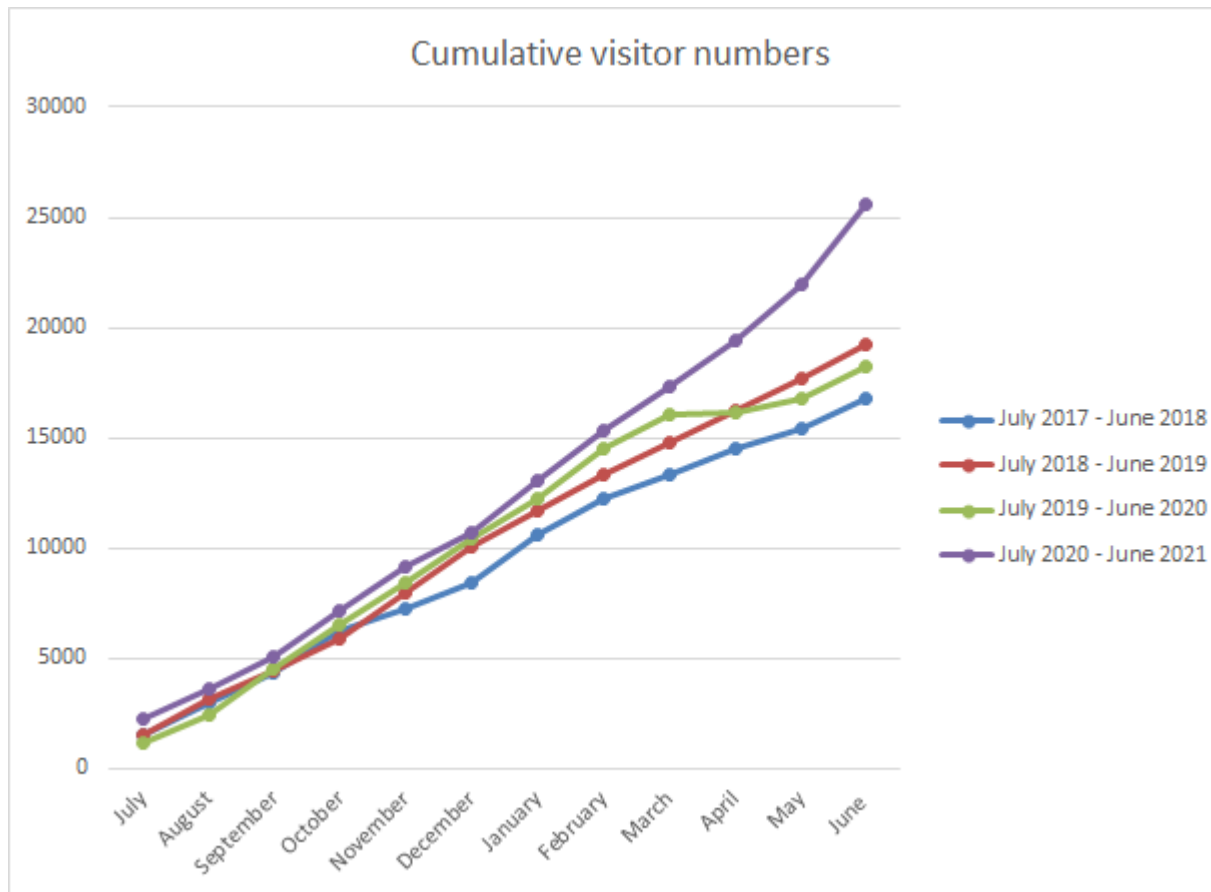
A Christmas morning tea was held at WAM for our volunteers, to acknowledge their important contributions over the year.

| Month | Number of volunteer hours | Number of active volunteers |
|---------------|---------------------------|-----------------------------|
| July | 84 | 10 |
| August | 98.5 | 7 |
| September | 99 | 6 |
| October | 95.45 | 13 |
| November | 99 | 10 |
| December | 35.5 | 7 |
| January | 16.5 | 5 |
| February | 155.5 | 11 |
| March | 126 | 10 |
| April | 158.5 | 17 |
| May | 201 | 24 |
| June | 233 | 37 |
| Totals | 1,401.95 | 157 |

Visitor Numbers

A target of 16,500 visitors was set for the current year; 1,800 lower than the previous year, due to the anticipated impact of Covid 19 on international visitors. Thanks to a strong, community focussed programme, total visitor numbers for the first half of the year exceeded previous years for the same period, reaching 10,862. While visitor numbers were impacted by fewer international tourists over the summer, our strong exhibition line up for the second half of the year drew record crowds, and we ended the year with 25,581 visitors, setting a new record for WAM.

Four-year Comparison of Cumulative Visitor Numbers



Exhibitions

Shared Stories: Kim Groeneveld and Trent Morgan

06 December 2019 – 08 November 2020

Younghusband Gallery

Total number of visitor numbers during this period was **16599**

Shared Stories invites viewers to create and share their own story by positioning and repositioning coloured triangles on the gallery walls.



Visitor Comment: The magnet wall is great, similar concept to some of Sarah Hughes' work" 16/01/20

The Plant Room: Awhi World

06 December 2019 – 03 November 2020

Younghusband Gallery

Total number of visitor numbers during this period was **16599**

AwhiWorld (Kim Newall and Dr Maggie Buxton) is a creative technology organisation dedicated to supporting the spirit of people and their places. In this work, images of nature are transformed by algorithms into hybrid new forms that are experienced as both sound and image.



Eight: Staff Selections from the Collection

28 February – 16 August 2020

Mair Gallery

Total number of visitor numbers during this period was **3982**

Eight is a selection of artworks from the Whangārei Art Collection chosen for display by staff.



Tony Fomison: E ngaro ana i te Pōuri | Lost in the Dark

28 February – 16 August 2020

Mair Gallery

Total number of visitor numbers during this period was **3982**

Tony Fomison: Lost in the Dark is a Te Papa touring exhibition. It was developed in collaboration between Wellington High School students and Te Papa. Students workshopped the theme of 'otherness' in Fomison's work, which helped shape their creative approach to the exhibition.



Distant Kinship: New Zealand + Dutch Printmakers

28 August – 15 November 2020

Mair Gallery

Total number of visitor numbers during this period was **4502**

Distant Kinship is a touring exhibition of the work of nine printmakers from the Netherlands and nine from New Zealand.



Visitor Comments:

- Prints are great. Could do with and explanation to read on the concept of the exhibition but everything else amazing”
- “wow these are amazing didn’t even know this was here” “ I like Prue MacDougall don’t know about the abstract ones though”

Maiangi Waitai: Ātea-ā-rangi—Interstellar

04 July – 04 October 2020

Younghusband Gallery.

Total number of visitor numbers during this period was **5263**.

Bursting with bright colours, magical symbols and cross-cultural characters, this exhibition by Maiangi Waitai is all about exploring the mysteries of the universe. Developed and toured by The Dowse Art Museum.



Connections: Freda Simmons + The Group

10 October 2020 – 14 March 2021

Younghusband Gallery

Total number of visitor numbers during this period was **8479**.

This exhibition was inspired by the work of Freda Simmons following the generous gift of the Chris Simmons Family to the Whangārei Art Museum collection and includes works by Freda Simmons and other members and associates of The Group from the Whangārei Art Museum Collection.



Visitor Comments:

- “Enjoyed the Te Reinga artwork”
- “ really enjoyed the whole exhibit but especially Freda Simmons, the swirls feeling very relaxing”

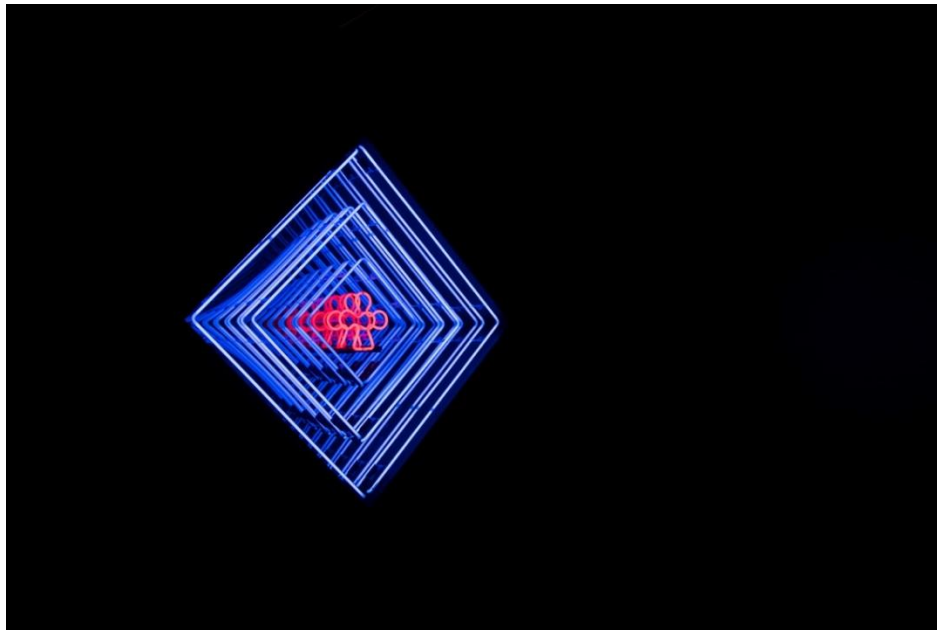
Bob Jahnke : *Karupu Whero*, 2014-2016

06 November 2020 – 21 February 2021

Younghusband Gallery

Total number of visitor numbers during this period was **6230**

Bob Jahnke explores the connections between light and reflection, history and retrospection. A modern take on tukutuku, *Karupu Whero* utilises neon and mirror, transforming the club and diamond – key symbols associated with Māori spiritual leader Rua Kēnana, into a multidimensional cosmos, where past, present and future are linked in endless narrative or Whakapapa. An artwork on loan from the Wallace Arts Trust Auckland.



Visitor Comments:

- “It just goes on and on and on...”
- “Loved how trippy the Jahnke work is!”

Wet_land: Lisa Clunie + Thorsten Hoppe

27 November 2020 – 21 February 2021

Mair Gallery

Total number of visitor numbers during this period was **4957**.

The exhibition by Northland based artists Lisa Clunie and Thorsten Hoppe consists of drawing, photography, a collaborative audio-visual installation, and an interactive artwork that engages the community in response to the Hikurangi Wetlands.



Some visitor Comments:

- “What a community effort putting all this together”
- “Came in especially for wet-land was well worth it”

Danae Valenza: Your Motion Says

27 November 2020 – 16 May 2021

Younghusband Gallery

Total number of visitor numbers during this period was **12006**.

In this installation by Melbourne-based artist Danae Valenza, music is both heard and seen. Each of the eight neon sculptures correspond to an instrumental line of a song. The work is completed by the viewer, as their movement and proximity activate bursts of vivid colour and sound.



Visitor Comments:

- "oh this is amazing"
- "Loved the interactive neon work, we had a lot of fun."

Fafetu: Lakiloko Keakea

27 February – 08 June 2021

Mair Gallery

Total number of visitor numbers during this period was **5473**

Fafetu is the first major solo exhibition of Lakiloko's work, featuring pieces produced within the last two years, building on a practice of over five decades. It is an exhibition curated and toured by Objectspace, Auckland. Presented in Whangārei, Fafetu offers a uniquely Tuvaluan artform presented to Northland audiences.



Visitor Comments:

- “Fafetu is amazing Arts I want to learn”
- “Beautifully exciting and cool”

Don Driver: Double Cosmos

18 March – 16 May 2021

Younghusband Gallery

Total number of visitor numbers during this period was **4262**.

Don Driver, Double Cosmos, is a Whangārei Art Museum collection item. The work was gifted to the gallery by the artist. Don Driver (1930–2011) created this sculpture following a trip to America in the 1970s, where he experienced a wide variety of bold and unique contemporary art.

Visitor Comments:

- “ Really enjoyed it all except the Don Driver that was super random wasn’t sure about that”
- “They look like display cabinets I don’t get this”



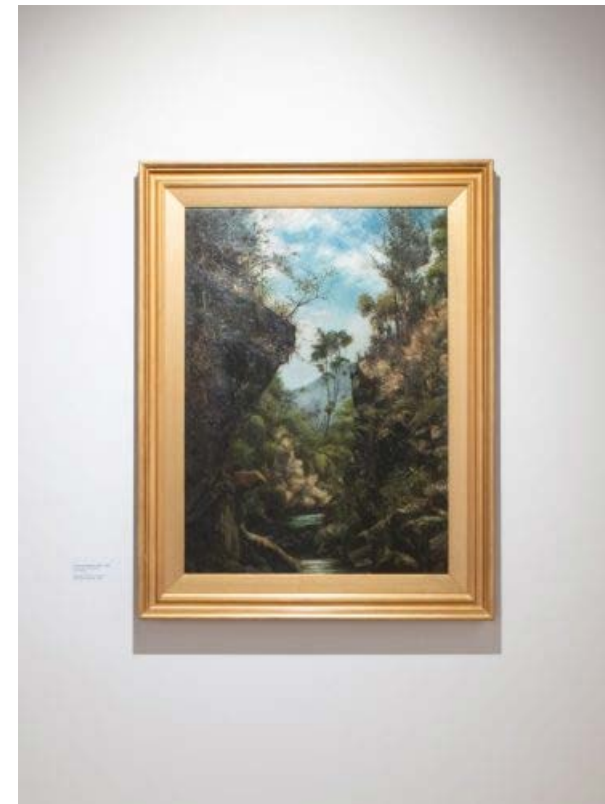
Acquisitions – Old and New

20 March – 16 May 2021

Younghusband Gallery

Total number of visitor numbers during this period was **4262**.

An exhibition presenting a selection of Whangārei Art Museum Collections including works acquired recently and those acquired at the establishment of the Whangārei Art Museum Collection.



Yoko Ono: Mend Piece

27 May – 22 August 2021

Younghusband Gallery

Total number of visitor numbers during this period was **7413**.

The presentation of Yoko Ono's *Mend Piece* (Andrea Rosen Gallery, New York City version) is part of ArtRoom, an ongoing series of contemporary art installations organised by the AFA. Presented with shattered cups and saucers, participants are asked to bind the fragments together using common household items: twine, glue, scissors, and tape. The resulting creations are displayed on nearby shelves, evidence of the power of collective action.



Some visitor Comments:

- “Oh wow is she still alive!!! How fun!”
- “So much creative works. The kids have really enjoyed this exhibition”

NRU 100

27 May –22 August 2021

Younghusband Gallery

Total number of visitor numbers during this period was **7413**

NRU Centenary exhibition celebrates 100 years of Northland Rugby Union by presenting a selection of team photographs and trophies from various Northland Rugby clubs.



Some visitor Comments:

- “This is bloody awesome. I could stay here all day”
- “Team photos are awesome, I have seen some of them before”

**Hatea Art Precinct Trust
Financial statements
for the year ended 30 June 2021**

Hatea Art Precinct Trust

Financial statements - 30 June 2021

Contents

| | Page |
|--|------|
| Entity Information | 37 |
| Financial statements | |
| Statement of financial performance | 38 |
| Statement of financial position | 39 |
| Cash flow statement | 40 |
| Notes to the financial statements | |
| 1 Statement of accounting policies for the year ended 30 June 2021 | 41 |
| 2 Summary of significant accounting policies | 41 |
| 3 Donations | 43 |
| 4 Council funding | 43 |
| 5 Other revenue | 44 |
| 6 Interest revenue | 44 |
| 7 Other expenses | 44 |
| 8 Employee related costs | 44 |
| 9 Bank accounts and cash | 45 |
| 10 Debtors and other receivables | 45 |
| 11 Inventories | 45 |
| 12 Property, plant and equipment | 46 |
| 13 Creditors and accrued expenses | 47 |
| 14 Equity | 47 |
| 15 Contingencies | 47 |
| 16 Other guarantees | 50 |
| 17 Capital commitments and operating leases | 50 |
| 18 Trustee fees | 51 |
| 19 Related party transactions | 51 |
| 20 Events occurring after the balance date | 51 |
| 21 Explanation of major variances against budget | 52 |
| 22 Performance Information | 53 |
| Auditors' Report | 55 |

Entity Information

Legal name

Hatea Art Precinct Trust (HAPT).

The Whangarei Art Museum Trust changed its name to Hatea Art Precinct Trust in June 2021, in recognition of our location beside Whangarei's Hatea River and the popular Hatea Loop walk.

Type of entity and legal basis

HAPT is incorporated in New Zealand under the Charitable Trusts Act 1957. HAPT is controlled by the Whangarei District Council and is a council controlled organisation as defined in section 6 of the Local Government Act 2002.

HAPT's objective

HAPT actions and directions are determined by the Trust Deed which details the objectives of HAPT. These include the operation of the museum and the requirement to support and stimulate the artistic and cultural life of the Whangarei District. Construction of the Hundertwasser Art Centre with Wairau Maori Art Gallery (HWMAC) is in progress. This project is detailed in Note 15.

Structure of the Trust's operations, including governance arrangements

HAPT comprises a Board of seven Trustees who oversee the governance of the Trust, four approved by the Whangarei District Council and three are appointed by HAPT directly. The Chief Executive is responsible for the operations of HAPT, including relevant aspects of the construction of the HWMAC. Sixteen permanent staff and further temporary and fixed term staff support the Chief Executive in delivering against the HAPT's objectives.

Main sources of the Trust's cash and resources

Operating grants received from Whangarei District Council and central government agencies are the primary sources of HAPT funding, in addition to other national and district charitable funding sources. HAPT also receives funding through donations to be used specifically for the HWMAC.

HAPT's Outputs

HAPT displays HAPT and Council owned art and facilitates art exhibitions for the general public in the Whangarei Art Museum (WAM). HWMAC is due to be completed in October 2021 and the Centre will open to the public in February 2022. In the Financial Statements below, 'WAM' includes Trust operational costs not attributable to the WAM gallery or the HAC.

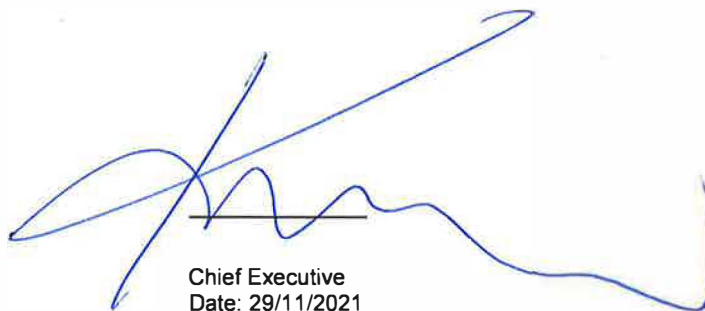
Authorisation

The Board of the Hatea Art Precinct Trust authorised these financial statements presented on the following pages 38 to 52.

For and on behalf of the Board.



Chairperson
Date: 29/11/2021



Chief Executive
Date: 29/11/2021

Hatea Art Precinct Trust
Statement of financial performance
For the year ended 30 June 2021

Statement of financial performance
For the year ended 30 June 2021

| | Note | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|---|------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Donations | 3 | 10,610,591 | 10,771,500 | 5,897,351 |
| Council funding | 4 | 578,747 | 584,747 | 569,970 |
| Other revenue | 5 | 14,173 | 36,300 | 36,499 |
| Interest revenue | 6 | 41,237 | 100,400 | 166,331 |
| Total revenue | | <u>11,244,748</u> | <u>11,492,947</u> | <u>6,670,151</u> |
| Expenditure | | | | |
| Employee related costs | 8 | 561,029 | 577,843 | 402,732 |
| Depreciation and amortisation | 12 | 22,393 | 25,182 | 21,555 |
| Other expenditure | 7 | 468,096 | 1,699,592 | 506,541 |
| Total operating expenditure | | <u>1,051,518</u> | <u>2,302,617</u> | <u>930,828</u> |
| Surplus/(deficit) | | <u>10,193,230</u> | <u>9,190,330</u> | <u>5,739,323</u> |
| Surplus/(deficit) attributable to: | | | | |
| WAM | | (52,161) | (44,270) | (42,855) |
| HWMAC | | <u>10,245,391</u> | <u>9,234,600</u> | <u>5,782,178</u> |
| | | <u>10,193,230</u> | <u>9,190,330</u> | <u>5,739,323</u> |

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Hatea Art Precinct Trust
Statement of financial position
As at 30 June 2021

Statement of financial position
As at 30 June 2021

| | Note | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|--|------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Bank accounts and cash | 9 | 4,653,531 | 3,035,711 | 2,412,645 |
| Debtors | 10 | 21,962 | 230,945 | 147,630 |
| Inventories | 11 | 3,970 | 200,000 | - |
| Short term investment - HWMAC | | - | - | 2,887,371 |
| Total current assets | | <u>4,679,463</u> | <u>3,466,656</u> | <u>5,447,646</u> |
| Property, plant and equipment | 12 | <u>29,379,379</u> | <u>29,414,629</u> | <u>18,571,527</u> |
| Total non-current assets | | <u>29,379,379</u> | <u>29,414,629</u> | <u>18,571,527</u> |
| Total assets | | <u>34,058,842</u> | <u>32,881,285</u> | <u>24,019,173</u> |
| LIABILITIES | | | | |
| Employee cost payable | | 49,611 | - | 34,127 |
| Creditors and accrued expenses | 13 | <u>1,027,444</u> | <u>847,687</u> | <u>1,196,489</u> |
| Total current liabilities | | <u>1,077,055</u> | <u>847,687</u> | <u>1,230,616</u> |
| Total liabilities | | <u>1,077,055</u> | <u>847,687</u> | <u>1,230,616</u> |
| NET ASSETS | | <u>32,981,787</u> | <u>32,033,598</u> | <u>22,788,557</u> |
| Equity | | | | |
| Retained earnings | 14 | 32,981,777 | 32,033,588 | 22,788,547 |
| Contributed equity | 14 | 10 | 10 | 10 |
| Total equity attributable to Hatea Art Precinct Trust | | <u>32,981,787</u> | <u>32,033,598</u> | <u>22,788,557</u> |

Summary of significant accounting policies and the accompanying notes form part of these financial statements

Hatea Art Precinct Trust
Cash flow statement
For the year ended 30 June 2021

Cash flow statement

For the year ended 30 June 2021

| | Actual 2021 \$ | Actual 2020 \$ |
|---|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Council funding | 414,676 | 455,571 |
| Donations received | 10,630,126 | 5,925,427 |
| Other revenue | 14,173 | 36,499 |
| Payments to suppliers and employees | (916,453) | (518,873) |
| Interest received | 41,236 | 166,331 |
| | <u>10,183,759</u> | <u>6,064,955</u> |
| Cash flows from investing activities | | |
| Purchase of PPE | (10,830,243) | (8,774,830) |
| | <u>(10,830,243)</u> | <u>(8,774,830)</u> |
| Total cash provided from investing activities | <u>2,887,371</u> | <u>972,687</u> |
| Net (decrease)/increase in cash, cash equivalents, and bank overdrafts | 2,240,887 | (1,737,188) |
| Bank accounts and cash, and bank overdrafts at the beginning of the year | <u>2,412,645</u> | <u>4,149,833</u> |
| Cash, cash equivalents, and bank overdrafts at the end of the year | <u>4,653,532</u> | <u>2,412,645</u> |

Summary of significant accounting policies and the accompanying notes form part of these financial statements

* The budget cashflow was not prepared as part of the 2020/2021 Statement of Intent

1 Statement of accounting policies for the year ended 30 June 2021

1.1 Reporting entity

The Hatea Art Precinct Trust (HAPT) is incorporated as a trust under the Charitable Trusts Act 1957, is domiciled in New Zealand and registered under the Charities Act 2005, registration number CC28917. It is a council controlled organisation under Section 6 of the Local Government Act 2002.

2 Summary of significant accounting policies

2.1 Basis of preparation

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements of the Council have been prepared in accordance with Generally Accepted accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents International Financial Reporting Standards for Public Benefit Entities ('NZ IFRS PBE').

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that HAPT will continue to operate in the foreseeable future.

The financial statements have been prepared on a going concern basis. HAPT is reliant on Council's continued support of its operations. Council has included funding for HAPT in its 2021-2031 Long - Term Plan.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that HAPT does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

Going Concern

The Trust is reliant on Whangarei District Council's financial support to be certain it can continue to operate as a going concern. The Board has received a letter of support from the Council that confirms operating funding for the 2021/22 financial year. The Trust has prepared the financial statements on the basis that it will continue as a going concern for the foreseeable future.

Goods and services tax

HAPT is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars.

Revenue and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants and donations

Grants and donations are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

(ii) Pledges

Pledges are not recognised as revenue as HAPT is unable to control the access to the funds. Pledges are disclosed as a contingent asset when the money is pledged and recognised as revenue when the pledged money is received.

2 Summary of significant accounting policies (continued)

(iii) Donated assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

(iv) Interest income

Interest revenue is recorded as it is earned during the year.

v) Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

(vi) Volunteer services

Volunteer services received are not recognised as revenue or expenditure as HAPT is unable to reliably measure the fair value of the services received.

(vii) Advertising, marketing, administration, overhead, and fundraising costs

These are expensed when the related service has been received.

2.2 Bank accounts and cash

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.3 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

2.4 Inventory

Inventory is recognised at the lower of cost or net realisable value. When inventories are sold, exchanged, or distributed, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised.

2.5 Property, plant and equipment

Property, plant, and equipment (excluding donated assets) are recorded at cost, less accumulated depreciation and impairment losses. HAPT does not revalue its property, plant and equipment. HAPT undertakes periodic impairment assessments of its property, plant and equipment.

(i) Artworks and donated assets

Purchased artworks are recognised at cost. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. Artworks have an indefinite useful life and are not depreciated. Impairment is recognised if identified as below.

(ii) Asset sales

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

(iii) Use of assets

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Class of PP&E | Estimated useful life | Depreciation rates |
|------------------------|-----------------------|--------------------|
| Leasehold improvements | 10-100 years | 1%-10% |
| Office equipment | 2-10 years | 10%-50% |
| Plant and equipment | 6-60 years | 1.6%-17% |
| Computer equipment | 2-5 years | 20%-50% |
| Artworks | Indefinite | - |

2 Summary of significant accounting policies (continued)

2.6 Investments

Investments comprise investments in term deposits with banks, listed bonds, and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

2.7 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.8 Lease expense

Lease payments are recognised as an expense on a straight-line basis over the lease term.

2.9 Tier 2 PBE Accounting Standards applied

HAPT has not applied any Tier 2 Accounting Standards in preparing its financial statements.

2.10 Changes in Accounting Policies.

There are no changes in accounting policies.

3 Donations

| Note | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|------------------------|--------------------------|--------------------------|-------------------------|
| Donations - general | 3,462 | 3,500 | 2,717 |
| Donations - HWMAC | <u>10,607,129</u> | <u>10,768,000</u> | <u>5,894,634</u> |
| Total Donations | <u>10,610,591</u> | <u>10,771,500</u> | <u>5,897,351</u> |

Donations for HWMAC are explained in note 15.

4 Council funding

| Note | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|------------------------------|-----------------------|-----------------------|-----------------------|
| Council funding | <u>578,747</u> | <u>584,747</u> | <u>569,970</u> |
| Total council funding | <u>578,747</u> | <u>584,747</u> | <u>569,970</u> |

Grants received from Council relate to an annual operating grant of \$407,747 (2020: \$398,970) and a rent concession of \$171,000 (2020: \$171,000).

5 Other revenue

| | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|-------|----------------------|----------------------|----------------------|
| Other | <u>14,173</u> | <u>36,300</u> | <u>36,499</u> |
| | <u>14,173</u> | <u>36,300</u> | <u>36,499</u> |

6 Interest revenue

| | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|--------------------------------|----------------------|----------------------|----------------------|
| Interest received - general | 64 | 400 | 763 |
| Interest received - HWMAC | <u>41,173</u> | <u>100,000</u> | <u>165,568</u> |
| Total interest received | <u>41,237</u> | <u>100,400</u> | <u>166,331</u> |

7 Other expenses

| | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|--|----------------------|----------------------|----------------------|
| Rent paid | 171,000 | 171,000 | 171,000 |
| Other expenses | 100,629 | 116,223 | 111,101 |
| Exhibition costs | 49,182 | 67,300 | 40,975 |
| Management fees | 10,000 | 10,000 | 10,000 |
| Auditors fees for financial statements | 14,206 | 18,544 | 13,826 |
| Additional audit fees for 2018/19 financial statements | - | - | 6,329 |
| Other expenses - HWMAC | <u>123,079</u> | <u>1,316,525</u> | <u>153,310</u> |
| Total other expenses | <u>468,096</u> | <u>1,699,592</u> | <u>506,541</u> |

8 Employee related costs

| | Actual 2021 \$ | Budget 2021 \$ | Actual 2020 \$ |
|-------------------------------------|----------------------|----------------------|----------------------|
| Salaries and wages | <u>561,029</u> | <u>577,843</u> | <u>402,732</u> |
| Total employee related costs | <u>561,029</u> | <u>577,843</u> | <u>402,732</u> |

Note

9 Bank accounts and cash

| | Actual 2021 \$ | Actual 2020 \$ |
|-------------------------------------|-------------------------|-------------------------|
| Cash on hand | 200 | 150 |
| Bank balances - general | 47,987 | 104,089 |
| Bank balances - HWMAC | <u>4,605,344</u> | <u>2,308,406</u> |
| Total bank accounts and cash | <u>4,653,531</u> | <u>2,412,645</u> |

Bank balances - HWMAC are explained in note 15.

10 Debtors and other receivables

| | Actual 2021 \$ | Actual 2020 \$ |
|--|----------------------|-----------------------|
| Sundry debtors | 3,860 | 122,599 |
| Receivables | <u>18,102</u> | <u>25,031</u> |
| Total debtors and other receivables | <u>21,962</u> | <u>147,630</u> |

11 Inventories

| | Actual 2021 \$ | Actual 2020 \$ |
|--------------------|----------------------|----------------------|
| <i>Inventories</i> | | |
| Inventories | <u>3,970</u> | <u>-</u> |

12 Property, plant and equipment

| 2020 | Plant and equipment \$ | Leasehold improvements \$ | Office equipment \$ | Artwork \$ | Work in progress \$ | Total \$ |
|----------------------------------|------------------------------|---------------------------------|---------------------------|-----------------------|---------------------------|--------------------------|
| Balance as at 1 July 2019 | <u>74,915</u> | <u>281,819</u> | <u>19,729</u> | <u>438,179</u> | <u>9,192,178</u> | <u>10,006,820</u> |
| Year ended 30 June 2020 | | | | | | |
| Additions | 4,995 | - | 4,303 | - | 8,577,565 | 8,586,863 |
| Disposals | - | - | - | (600) | - | (600) |
| Depreciation charge | <u>(11,540)</u> | <u>(7,919)</u> | <u>(2,098)</u> | - | - | <u>(21,557)</u> |
| Balance at 30 June 2020 | <u>68,370</u> | <u>273,900</u> | <u>21,934</u> | <u>437,579</u> | <u>17,769,743</u> | <u>18,571,526</u> |
| Balance as at 1 July 2020 | <u>68,370</u> | <u>273,900</u> | <u>21,935</u> | <u>437,579</u> | <u>17,769,743</u> | <u>18,571,527</u> |
| Additions | - | 5,660 | 8,221 | - | 10,816,363 | 10,830,243 |
| Disposals | - | - | - | - | - | - |
| Depreciation charge | <u>(11,797)</u> | <u>(7,917)</u> | <u>(2,678)</u> | - | - | <u>(22,393)</u> |
| Balance at 30 June 2021 | <u>56,573</u> | <u>271,642</u> | <u>27,478</u> | <u>437,579</u> | <u>28,586,106</u> | <u>29,379,377</u> |

Work in progress relates to costs associated with the design and construction phase of the HWMAC project. This is explained in note 15.

Included in the artwork asset class are a number of donated assets recorded at nil value because values are not readily obtainable.

There are no restrictions over the title of the HAPT's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

13 Creditors and accrued expenses

| | Actual 2021 \$ | Actual 2020 \$ |
|---|-------------------------|-------------------------|
| Accrued expenses | 972,890 | 1,178,452 |
| Trade creditors | 41,221 | 18,037 |
| Income in advance | <u>13,333</u> | - |
| Total creditors and accrued expenses | <u>1,027,444</u> | <u>1,196,489</u> |

14 Equity

| | Actual 2021 \$ | Actual 2020 \$ |
|--------------------------------|--------------------------|--------------------------|
| a) Equity | | |
| Retained earnings | 32,981,777 | 22,788,547 |
| Capital contribution | <u>10</u> | <u>10</u> |
| Balance at 30 June 2021 | <u>32,981,787</u> | <u>22,788,557</u> |
| b) Retained earnings | | |
| Balance at 1 July | 22,788,547 | 17,049,224 |
| Surplus/(deficit) for the year | <u>10,193,230</u> | <u>5,739,323</u> |
| Balance 30 June | <u>32,981,777</u> | <u>22,788,547</u> |
| c) Contributed equity | | |
| Capital contribution | <u>10</u> | <u>10</u> |
| Balance 30 June | <u>10</u> | <u>10</u> |

15 Contingencies

HAPT has no contingent liabilities (2020: nil)

Update on Hundertwasser Art Centre Wairau Maori Art Gallery (HWMAC) Background

In 1993, artist Friedensreich Hundertwasser was invited by the then Mayor of Whangarei to design an art centre for the city. He chose the former Northland Harbour Board building in the Town Basin (the Building).

Council considers that it is important to have a high level of transparency around the project and its funding.

Referendum

After several years of debate a binding referendum was held in June 2015 in regards to the use of the Building. A majority voted for HWMAC as the Whangarei District Community's preferred option for re-development. As a condition of the referendum, there was a two-year period to June 2017 in which to raise the required funding needed. By June 2017 HAPT with the assistance of the Prosper Northland Trust (PNT) reached the required funding target. Donations and pledges came from the government, general public, community groups, corporates, businesses and the Lotteries Commission. The terms of the referendum have been met and the project has been initiated, and the re-development works have commenced.

Operator and Guarantees and Indemnities

Hatea Art Precinct Trust (HAPT), a CCO of Whangarei District Council will operate the HWMAC on an on-going basis once re-development is completed.

15 Contingencies (continued)

There is no intention for Council to provide funding for the operating costs of the HWMAC once it begins operation and is open to the public. Underwriting mechanisms have been established to cover any trading losses/operating deficits and re-entry and termination costs up to \$2 million over a ten year period, with the maximum amount payable in any single year \$500 thousand.

Westpac is the first guarantor, to a maximum amount of \$1.25 million. To facilitate the establishment of this guarantee HAPT will deposit \$1.0 million with Westpac.

However, once any cumulative losses reaches \$750 thousand, Westpac has the option to crystallize its exposure and be relieved from any further obligations.

At this point, HAPT will cover any remaining amount up to \$1.25 million, using any remaining funds from their \$1 million deposit with Westpac and a further cash bond of \$250 thousand.

Together these arrangements cover any potential losses up to the first \$1.25 million.

The remaining \$750 thousand of the \$2 million is covered by a guarantee from the Ngatiwai Trust Board.

Because the maximum amount payable in any single year is \$500 thousand, at the expiration of the 7th year the guarantors' total liability shall reduce from \$2.0 million to \$1.5 million (with a further \$500 thousand reduction each year thereafter).

Council is satisfied that these underwriting mechanisms are appropriate.

There are controls in place that allow both Whangarei District Council and Westpac to directly monitor the performance of the HWMAC if significant losses start to accumulate.

Tender Process

A tender process for the HWMAC construction contract was held in at the end of 2017 and in early 2018. The construction contract has been awarded to Trigg Construction Limited. The building consent has been issued by Council. The tender process and the building consent process has determined a finalised project construction cost of \$29.16 million excluding fit out costs.

The land and the building

Council owns the land and the former Harbour Board building. The building was recognised by Council at a nil value because it required seismic strengthening and was not habitable.

Extensive engineering for seismic strengthening being additional structural foundations to support HWMAC on the reclaimed land was required. As a result, it was determined it was not feasible to redevelop the building, so the building has been deconstructed.

Project Update

Practical completion was achieved on 22nd October 2021, with some minor finishing work continuing after the handover to the Trust. The building opening is planned for February 20th 2022.

The Board has responsibilities to keep donors up to date with the status of the project and in some cases the funding contracts with the donors require funds to be returned should the project come to an end before it is completed. To date the Trust has received \$30.1 million from donors and expect to receive a further \$500,000 through to the end of the project. The Board's current view is that the need to return funds is unlikely. In the interim the Board is ensuring funders are kept informed.

15 Contingencies (continued)

Lease and Ownership of the HWMAC Structure

Council and HAPT have entered into a Lease for the HWMAC. The Lease has a nominal annual rental of \$1 and a lease term of 34 years and 11 months. The lease commenced on 11 June 2018 and expires on 11 May 2052. The portion of land being leased has not been subdivided and is part of a wider parcel owned by council. It would have been Council's preference to lease the land in-perpetuity but under the Resource Management Act, 35 years is the maximum period that a lease can be issued for a sub parcel of land. HAPT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, HAPT will recognise the HWMAC building in it's financial statements.

Council funding for the project

Council spent an initial sum of \$1.1m between 2011 to 2013 on consents and other pre-project costs for the project. Council provided for additional partial capital funding for "Old Harbour Board Development" in the 2015-25 Long-Term Plan of \$1.4 million in year three (2017-18 - inflated \$) and \$1.5 million in year four (2018-19 - inflated \$), a total of \$2.9 million. This Council funding is factored in as part of the required funding for the project. It has been determined that Council will not own any part of HWMAC, so consequently it was determined that it was more appropriate to provide the funding to the project as a grant. This grant was included in the 2017-18 financial statements.

Donations and Contributions

At 30 June 2021, the total amount of money collected and held by HAPT combined with councils contribution and the net pledges yet to be received was \$37.5m (including interest received of \$476k)

| Category | Amount (\$000) |
|--|----------------------|
| Donations | 30,120 |
| Council contribution | 4,077 |
| Pledges to be received (see Pledge Source below) | <u>2,836</u> |
| | <u>37,033</u> |

1. Donations

These are donations that have been received and treated as revenue. At 30 June 2021 the total amount of donations collected was: \$30.1m

2. Council contribution.

Council spent an initial sum of \$1.1m between 2011 to 2013 on consents and other pre project costs.

Council provided a total of \$2.977m for funding of the development of the 'Old Harbour Board Development' in the 2015-25 Long-Term Plan.

This funding is factored in as part of the required funding for the project. At 30 June 2021 the total amount of council funding was: \$4.1 million.

3. Pledges

As all the conditions of the Referendum have been met and the project has commenced, remaining pledges are in essence unconditional, although subject to individual funding agreements. When money is received as part of an overall pledge amount it becomes a donation and recognised as revenue. Remaining pledges do not meet the definition of an asset so are not recorded as an asset of HAPT (as per IPSAS 23). Instead, pledges have been disclosed as a contingent asset in the below table (as per IPSAS 19).

Pledges have an element of uncertainty of collection so the collectability of pledges needs to be assessed. As at 30 June 2021 the pledges have been assessed and analysed as follows:

15 Contingencies (continued)

| Pledge Source | Pledged (\$000) | Collectability % | Net Pledge (\$000) |
|------------------|---------------------|---------------------|-----------------------|
| Government | 2,335 | 100 % | 2,335 |
| Local Government | 500 | 100 % | 500 |
| General public | 1 | 90 % | 1 |
| Total | <u>2,836</u> | | <u>2,836</u> |

There are in kind trade products and services that have been or will be donated to the overall project. All in-kind trade products & services provided were of a minor nature and therefore have not been quantified.

Professional services – various professional services in the form of time have and will continue to be donated to the overall project. These include, legal, accounting, project and other management, planning, architectural, design etc. For the year end 30 June 2021, material professional services to the value of nil (2020: nil) have been quantified and recognised.

Additionally, professional services to the value of nil (2020: nil) have been quantified but not recognised.

16 Other guarantees

Payroll services are outsourced to Payroll Plus Ltd, who require a letter of credit for \$40,000 (2020: \$7,500) as guarantee that any direct debits up to this amount will be honoured.

17 Capital commitments and operating leases

Capital commitments

HAPT have budgeted commitments of \$31m. At 30 June 2021, \$2.4m was committed (2020: \$11.4m).

| | Actual 2021 \$ | Actual 2020 \$ |
|---|-------------------------|--------------------------|
| Capital commitments | | |
| HWMAC Project (see note 15 above) | <u>2,372,534</u> | <u>11,400,000</u> |
| Total capital commitments | <u>2,372,534</u> | <u>11,400,000</u> |
| | Actual 2021 \$ | Actual 2020 \$ |
| Not later than one year | 26,835 | 1 |
| Later than one year and not later than five years | 23,006 | 4 |
| Later than five years | <u>26</u> | <u>27</u> |
| Total non-cancellable operating leases | <u>49,867</u> | <u>32</u> |

Council and HAPT have entered into a lease for the HWMAC. The lease has a nominal annual rental of \$1 and a lease term of approximately 35 years.

Council and HAPT have entered into a lease for the Kauri Room at The Hub. The lease has an annual rent of \$46,000 and a lease term of 13 months.

Land Information New Zealand and HAPT have entered into a lease for 98-100 Walton and Roberts Streets. The lease has a nominal annual rental of \$1 and a lease term of 3 years.

18 Trustee fees

All trustees work on a voluntary basis and receive no fees (2020: nil).

19 Related party transactions

The related party disclosures below are for transactions that are not within a normal supplier or client/recipient relationship. This means that the terms and conditions on those transactions are either more or less favourable than those expected in a normal transaction. Any other related party transactions are no more or less favourable.

Related party transactions significant to HAPT requiring disclosure

| | Actual 2021 \$ | Actual 2020 \$ |
|--------------------------------------|----------------------|----------------------|
| Receipts awarded from Council | | |
| Grants | 578,747 | 569,970 |

Details of grants awarded from Council are detailed in note 4.

20 Events occurring after the balance date

HAPT continues to be impacted by Covid-19. The construction site was closed for 11 days during the Level 4 lockdown in August 2021, and work on site slowed during the subsequent Level 3 lockdowns. This has delayed completion of the HAC building and increased fixed site costs and contractor costs. Further Covid-19 related delays in receiving the artworks from Vienna have delayed the opening date of the HAC until February 2022, with some negative impact on ticket revenue which has been largely offset by other savings. The overall financial impact on the construction budget is estimated to be approximately \$130,000 at the time of writing, which will not impact HAPT's ability to continue operating.

21 Explanation of major variances against budget

Section 64 of the Local Government Act requires a Council Controlled Organisation to prepare a Statement of Intent that complies with Clause 9 of Schedule 8.

- Operational performance of the Whangarei Art Museum achieved a unfavourable variance of \$7,391 due to increased staff using additional office space which resulted in a significantly larger electricity bill than budgeted.
- Operational performance of HWMAC achieved a favourable variance of \$1,010,291 due to timing of expenditure. Delays in the construction completion date have pushed the majority of fit out costs into the next financial year.

Hatea Art Precinct Trust
Notes to the financial statements
For the year ended 30 June 2021
(continued)

22 Performance Information

HAPT has a total of 6 SOI key objectives which includes 8 targets. In the 2020/21 financial year 6 target measures were achieved and 2 were not achieved.

| Objectives | Performance Measures | 2020/21 Targets | Results 2021 | 2019/20 Targets | Results 2020 | Financial results | | | |
|--|---|---|--------------------------|-------------------------------------|------------------------------|------------------------|----------------------------|------------------------------|----------------------------|
| | | | | | | | Actual 2021 | Budget 2021 | Actual 2020 |
| 1. Financial management | HAPT will operate within agreed financial budgets | | | | | | | | |
| | Whangarei Art Museum Operations | Actual spend less than/equal budget | Not achieved Achieved | Actual spend less than/equal budget | Not achieved Not achieved | Revenue Expenditure | \$ 585,342 \$ 637,503 | \$ 624,947 \$ 669,717 | \$ 580,546 \$ 623,402 |
| | HWMAC - Operating Revenue and Costs | Actual spend less than/equal budget | Not achieved Achieved | Actual spend less than/equal budget | Achieved Not achieved | Revenue Expenditure | \$10,659,405 \$ 414,013 | \$10,868,000 \$ 1,632,900 | \$ 6,089,604 \$ 307,426 |
| Refer to note 20 for explanations of significant variances against budget. | | | | | | | | | |
| 2. Reporting | Report on its achievement against the strategic objectives and action areas (as outlined in SOI) in the half-yearly and annual report | Six monthly and annual narrative report Quarterly report on HAC-WMAG project | Achieved | Six monthly narrative report | Achieved | | | | |
| | Provide quarterly reports on its achievement against the 2019/20 HAC-WMAG project objectives. | Quarterly report with financial information specific to the HAC-WMAG project. | Achieved | Quarterly narrative report | Achieved | | | | |
| 3. Effective operation | Annually assess operation hours and exhibition quality to meet agreed funding. | Exhibitions delivered to schedule and within programme budget | Not achieved | Six monthly narrative report | Achieved | | | | |

Hatea Art Precinct Trust
Notes to the financial statements
For the year ended 30 June 2021
(continued)

22 Performance Information (continued)

| Objectives | Performance Measures | 2020/21 Targets | Results 2021 | 2019/20 Targets | Results 2020 |
|-------------------------|---|---|---|--|--------------------------|
| | Art collection management: acquire and document all new items in accordance with WAMT collection management policy and procedure. Will ensure the safety and preservation of works in its care | New acquisitions per policy Less than 1% of art work handled by staff or the public will suffer irreparable losses or damage, evidenced by incident reports. | Achieved Achieved | 1,000 works assessed 1,000 works assessed | Achieved Achieved |
| 4. Amenity development | Continue to improve the HAPT visitor experience thereby promoting the arts and contributing to the wellbeing and economic growth of the district. | Annual survey demonstrates improvements in how WAM is regarded. | Not achieved Survey did not take place | Annual Survey demonstrates improvements | Not achieved |
| 5. Community engagement | Strengthen community engagement through programmes, events and collaborative initiatives including an educational component. | Evidence of 3 programmes, events or initiatives developed or in development annually. | Achieved | Evidence of 3 programmes | Achieved |
| 6. Growth | Improve both awareness of the WAM, and attendance. | Annual percentage increase to visitor numbers. | Achieved | Percentage increase to visitor numbers | Not achieved |

Independent Auditor's Report

To the readers of Hātea Art Precinct Trust's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Hātea Art Precinct Trust (the Trust). The Auditor-General has appointed me, Carl Wessels, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 38 to 52, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 53 to 54.

In our opinion:

- the financial statements of the Trust on pages 38 to 52:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standards; and
- the performance information of the Trust on pages 53 to 54 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2021.

Our audit was completed on 29 November 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements and the performance information

The Board of Trustees is responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is also responsible for preparing the performance information for the Trust.

The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Trustees is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Trustees intends to liquidate the Trust or to cease operations, has no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Local Government Act 2002 and the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the information included on pages 2 to 37 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Carl Wessels
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand