



Nick Austin, Life Puzzle, Whangārei Art Museum installation view, 2022.

Hātea Art Precinct Trust

Annual Report | 2021-2022

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CHAIR AND CHIEF EXECUTIVE'S JOINT ANNUAL REPORT (at 30 June 2022)

Hātea Art Precinct Trust has achieved significant goals and overcome many obstacles, despite operating within a world-wide environment of uncertainty.

In February 2022 we opened New Zealand's most exciting new cultural destination - the \$32 million Hundertwasser Art Centre (HAC). In doing so, we dealt with the ongoing Covid-19 epidemic, which impacted our ability to bring fit-out materials from Europe (such as the delay of an accessible stairlift for the roof) as well as preventing us from bringing specialist workers to Whangārei from outside the region (who were not allowed to travel across lockdown zones). We were obliged to plan and then ultimately cancel our opening event three times. We managed and mitigated these circumstances and finally opened our doors to the public on 20 February 2022 without a celebratory event - but with an enthusiastic crowd of visitors. Since then, the **Hundertwasser Art Centre has welcomed 36,667 visitors to 30 June 2022** despite the closure of international borders.

The Austrian-born artist, Friedensreich Hundertwasser arrived in New Zealand in 1973, seeking refuge from a world out of kilter with nature. After travelling and exhibiting around the country, he settled on rural land he bought in the Bay of Islands. He planted over 100,000 trees as part of his desire to unite nature and art with life. Hundertwasser became a New Zealander in the 1980s. In 1993, Hundertwasser was asked by the Mayor of Whangārei to design an art gallery for the city, and the Town Basin was chosen as the location. The Hundertwasser Art Centre took nearly 30 years to come to fruition and is the most visceral and ambitious of all his NZ projects - combining his art, architecture and philosophy in a magnificent building - the only one of its kind in the southern hemisphere. Hundertwasser's love of Aotearoa was driven by his interaction with the people and land, and the influence these had on his work through until his death in 2000.

In support of the HAC, the HAPT team generated the approximate equivalent of \$3million in free publicity via 88 media stories, including prime-time television news. We gained \$250,000 in sponsorship for a billboard campaign in major cities. We launched a 32-page website, which has attracted thousands of viewers. Eight new shop products were conceived by the team which went on sale at the HAC museum shop.

Significantly, the *Hundertwasser Art Centre won a Qualmark Silver Sustainable Tourism Business Award*, which opened the door to working with Tourism NZ (TNZ) in the domestic and international marketplace. This collaboration led to advertising of the HAC by TNZ in NZ and Australia.

At the NZ Commercial Project Awards in May 2022, the Hundertwasser Art Centre was awarded a Gold award in the Tourism & Leisure category as well as the Special Award. It gained a Travellers' Choice award on Tripadvisor in June.

A visitor survey in June 2022 showed that 70% of visitors to the HAC were from outside the Northland region - with 61% of these staying for at least one night and 64% visiting other local attractions - demonstrating the project's impact as an economic driver. Visitors told us they thought the HAC experience was value for money. They rated our staff highly for their depth of knowledge about the building and Hundertwasser's art and philosophies (at 93%) as well as for staff friendliness (at 96%) - while 95% said they were highly likely to recommend the experience to others.

A collection of 61 Hundertwasser artworks arrived from Vienna and were installed for public display at the Hundertwasser Art Centre alongside architectural models and other complementary objects and ephemera. Wairau Māori Art Gallery's inaugural exhibition, *Puhi Ariki* by curator Nigel Borell was installed for the opening. A second exhibition, *Tohu Whakatipu* from curator Karl Chitham was installed in June.

Aqua Restaurant & Bar (at HAC) opened in December 2021, with the owner reporting strong business and positive feedback on the interior. Its opening allowed the public to gain a first glimpse of the impressive interior of the building and ongoing commentary is enthusiastic.

We launched the Hundertwasser Art Centre website. Social media engagement has increased by 217%. We undertook research with Kantar Public, which indicated that half of the adult population in the upper North Island (Auckland and Northland) have heard of the Hundertwasser Art Centre. More than 80% of respondents believed that it will have both a positive impact on the local economy as well as on the local arts and cultural scene. The Kantar Public research also indicates that day trips, overnight and weekend visitation to Whangārei will increase by more than 50% due to the Hundertwasser Art Centre.

A Kids Guide to the Hundertwasser Art Centre, full of activities for young children, was completed with support from Oxford Sports Trust, which also supported the renovation of a downstairs room at WAM into a new events space: the Hātea Studio. A school programme has been prepared.

At Whangārei Art Museum (WAM), we celebrated our 25th anniversary in December 2021, at an event attended by people who were involved throughout its history. The gallery spaces have been upgraded with a new configuration, walls, lighting and paint work, made possible by support from Pub Charity and Guthrie Bowron Whangārei. WAM has taken over the front lobby of the building, previously occupied by the Council's information centre. We introduced a popup shop in December - and with the addition of a fresh paint job in the lobby and new internal signage, we have experienced an uplift in visitation and visibility. Moreover, we have earned revenue due to shop sales. New external signage has been installed. WAM welcomed over 27,000 visitors during the year in review. Our exhibitions featured the hugely popular virtual reality exhibit *Terminus* from Jess Johnson and Simon Ward; *Don Driver's Double Cosmos*; *Life Puzzle* by Nick Austin; Simon Ingram's *Machine in the Garden* and an exhibition of powerful paintings in *Quiet Motel* by Imogen Taylor.

As we progressed through the year, we identified the team that is needed to run all of our operations, seven days a week, made up of nearly 40 people (including part-timers) - a significant shift from less than 10 staff just 18 months ago. These talented new people boosted our expertise, while ideas about revenue-generation are continuing to be developed. In addition to our wonderful staff we continue to build strong volunteer networks.

Despite many obstacles, we have achieved an extraordinary amount. It is humbling and enormously encouraging. We are grateful to the Hātea Art Precinct Trust board, staff and volunteers for their exemplary efforts and thank our many wonderful supporters in the community.

Thomas Biss
Chair (at 30 June 2022)

Kathleen Drumm
Chief Executive (at 30 June 2022)

PERFORMANCE MEASURES

Governance

Performance Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target	Action/Outcomes 2021/22
<p>1. Financial Management HAPT will operate within agreed financial budgets.</p>	Achieved.	Actual spend ≤ Budget (reported on in the half-yearly report and annual report).			<p>Achieved</p> <p>Despite Covid-19 related delays to construction and the opening date of the HAC creating financial challenges, the Trust achieved a favourable outcome.</p> <p>Further details may be found in the Financial Statements at the end of this report.</p>
<p>2. Reporting</p> <p>a. HAPT 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.</p> <p>b. HAPT will provide two quarterly reports on its achievement against the 2021 HAC-WMAG project objectives covering the first six months of the financial year when the HAC will become operational.</p>	Achieved.	<p>Strategic objectives and action areas reported on in half-yearly report and annual report.</p> <p>Two quarterly reports with financial information specific to the HAC-WMAG project. (n/a for 2022/23 and 2023/24)</p>			<p>Achieved</p> <p>All reports submitted on time.</p>

Operations

Performance Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target	Action/Outcomes 2021/22
<p>3. Effective operation</p> <p>a. HAPT 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. HAPT art management: HAPT will acquire and document all new items in accordance with HAPT collection management policy and procedure. HAPT 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>b. Achieved</p>	<p>Acquire and document all new items in accordance with HAPT collection management policy and procedure.</p> <p>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>The exhibition schedule was changed to accommodate renovations in the WAM galleries. This resulted in fewer exhibitions than planned taking place over the year. The exhibition programme was delivered within budget.</p> <p>The opening date of the HAC was unavoidably delayed. Planned exhibitions for the Hundertwasser Gallery and the Wairau Māori Art Gallery proceeded as planned, from the later opening date of 20 February 2022.</p> <p>b. Not achieved.</p> <p>A change over in collection management staff resulted in incomplete documentation for several new works. New staff are now in place to ensure correct processes are followed.</p>

<p>4. Audience Development Revised Measure: HAPT 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>Annual survey results demonstrate 85% satisfaction in visitor experience.</p>	<p>Not achieved.</p>	<p>Annual survey results demonstrate 85% satisfaction in visitor experience.</p> <p>Reported on in the half-yearly report.</p>	<p>Not Achieved.</p> <p>HAPT intends to develop a robust survey process for WAM in the next financial year.</p> <p>A survey of visitors to HAC who had purchased tickets online indicated that 92% of visitors rated the experience highly.</p>
<p>5. Community Engagement</p> <p>HAPT will strengthen community engagement through programmes, events and collaborative initiatives including an educational component.</p> <p>Evidence of 10 programmes, events or initiatives developed or in development annually, covered in the half-yearly report.</p>	<p>Achieved.</p>	<p>10 programmes, events or initiatives developed or in development, covered in the half-yearly report.</p>	<p>Achieved.</p> <p>An education outreach programme was developed, engaging over 2000 students during the period that Covid-19 prevented the schools workshop programme from running.</p> <p>Guided tours of the HAC are provided regularly and special events such as the Matariki and 25th WAM Anniversary celebrations have been held.</p>

<p>6. Growth</p> <p>Revised Measure: HAPT will improve both awareness of WAM, and attendance.</p> <p>Targets: 10% annual increase in online engagement. 5% annual increase in visitor numbers to WAM. 35,000 visitors to HAC in the 1st 7 months of operation. Covered in the half-yearly report.</p>	n/a	<p>10% annual increase in online engagement. 5% annual increase in visitor numbers to WAM. 70,000 visitors to HAC for the year. Covered in the half-yearly report.</p>	<p>Achieved</p> <p>WAM: The closure of the galleries for renovations impacted visitor numbers but the popularity of Terminus and following exhibitions resulted in a 7.3% increase in visitor numbers over the previous year, totalling 27,457.</p> <p>HAC: Sol targets were based on an October 2021 opening date, which was delayed until 20 February 2022. However, the popularity of the HAC exceeded expectations and visitor numbers surpassed the target in just over four months of operation, totalling 36,776.</p> <p>HAPT's net social media audience growth is up 51.8% on last year.</p>
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STRATEGIC OBJECTIVES

Objectives	Action areas.	Achievements
Artistic Excellence	<ul style="list-style-type: none"> ● Deliver Art Museum programmes at a high level of curatorial excellence ● Present shows and events that attract people to Whangārei, as a vibrant creative hub in Northland. ● Bring to NZ around 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 	<p>Artistic Excellence</p> <ul style="list-style-type: none"> ● Programming at WAM has focused on internationally and nationally acclaimed Northland and NZ artists and has drawn record numbers of visitors. ● The Hundertwasser Foundation provided a wide variety of artworks, including paintings, prints, tapestries and models for the HAC gallery. Over 60 are currently on display in the HAC. ● The inaugural Wairau Art Gallery's exhibition was curated by Nigel Borell and installed collaboratively by Wairau and HAPT staff. Tohu Whakatipu, opened 24th June 2022.

	Māori artists.	
Visitor Experience	<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. 	Visitor Experience <ul style="list-style-type: none"> ● A major rebranding exercise has been undertaken and the HAC website has been launched. ● Funds were allocated by WDC to address the AC issues in the previous financial year. WDC has postponed the work pending decisions on the future of the building. A new AC unit was provided for the Collections Storage room, to remedy humidity issues. ● HAPT were successful in securing funds from Pub Charities to upgrade the WAM internal gallery space. The work was carried out in the first half of the financial year, with the galleries reopening in December 2021. ● The closure of the Hub iSite branch has enabled WAM to set up a Gallery Hosts Reception Area in the lobby. Plans are underway for a refresh of the building facade, funds permitting.
People – Collaborations for the benefit of our community	<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 Māori Art Board to support gallery operations. ● Amplify HAPT’s educational role in the community as a pathway for Rangatahi into arts and culture. ● Collaborate with the community to amplify HAPT’s educational role as a resource for school art curriculums, holidays programmes and family workshops. 	People <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. ● The operating agreement with Wairau has been reviewed and updated. ● The Learning team was successful in their application for ELC funding for a schools’ workshop programme. The programme contains a significant te ao Māori element woven throughout. A school outreach programme was put in place due to covid restrictions preventing the workshop programme from taking place at HAC. ● An Educator has been employed to deliver the education programme. ● A school holiday programme “Block Play” has been organised for the July school holidays.

<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 at least 6 monthly documented Board meetings as required by the Deed. <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>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 	<p>Good governance</p> <ul style="list-style-type: none"> ● The Trustee skills matrix has been reviewed and updated. ● Te Huinga has appointed a Hapu representative trustee to the Board. ● Twelve full Board meetings plus supplementary meetings were held over the year. <p>Long term and annual planning</p> <ul style="list-style-type: none"> ● The 5 Year Strategic Plan was reviewed 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 to the end of the construction period. ● A suite of H&S Policies and Procedures have been developed and implemented across the business, including a Covid-19 Policy, which has since been revoked ● A Health and Safety committee meets monthly. <p>Being a good employer</p> <ul style="list-style-type: none"> ● A software package, MyHR, has been purchased to ensure that HAPT contracts keep pace with changes to employment legislation. The performance review module will be implemented at a later date. <p>Risk management</p> <ul style="list-style-type: none"> ● The Board reviewed and updated the risk register in June 2022. ● All appropriate insurance cover is in place. <p>Legislative and Trust Deed compliance</p> <ul style="list-style-type: none"> ● Legislative requirements for this financial year have been met to date. ● Three LGOIMA requests was received and answered within the statutory timeframe.
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	<p>the annual audit by Audit NZ.</p> <ul style="list-style-type: none"> ● 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 make vital improvements to Whangārei Art Museum, particularly in relation to humidity and air conditioning ● 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. ● Build up its volunteer base to support both governance 	<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. ● A Membership, Events and Fundraising coordinator was appointed in July 2021. ● Philanthropic funds continue to be sought with the focus moved to sustaining operations of the HAC. A significant long term (10 year) donor has been signed, as well as several corporate sponsors, who are donating a mix of cash and services in kind. ● An application to Pub Charity for funding to renovate the WAM galleries was successful. ● An application to Oxford Sports Trust to fund the set-up of the HAC education programme was successful. ● A review of the organisational structure took place post opening of the HAC to ensure that staffing levels are appropriate to a BaU model. <p>Operational efficiency and effectiveness</p> <ul style="list-style-type: none"> ● An updated MoU between HAPT and WDC has been discussed, which will encompass all areas of support received from the Council. HAPT awaits the WDC proposal. ● The Board is compliant with all LGA Sol requirements. ● 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 as well as certainty over usage of the former iSite lobby area. ● A comprehensive marketing plan has been developed for the HAC, which is responsive to ongoing changes in the tourism sector. ● Visitor numbers are monitored and tracked against previous years and exhibitions. ● Volunteers continue to play an important role in the operations of WAM and the HAC. An online volunteer system has been implemented to organise and allocate the growing number of volunteers. See Volunteers on page 18 below for details. ● See Financial Sustainability above for fundraising.
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	<p>and operations.</p> <ul style="list-style-type: none"> ● 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"> ● HAPT is currently supporting the development of a staff member into the role of Collections Coordinator. ● HAPT’s marketing team continues to expand 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 MĀORI ART GALLERY

The new building opened its doors on 20 February 2022, and to the end of the year in review, has welcomed over 36,000 visitors.

During the period, the project successfully managed some considerable challenges, both financial and Covid-19 related. Money was raised from central government, community funds and donations, which allowed construction to progress to completion.

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”).

HAPT’s goal was realised - to deliver an exceptional cultural destination that enriches people’s lives through the experience 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.

An independent restaurant operator, Steve O’Shea named HAC’s cafe Aqua Restaurant & Bar and offers a high standard of food and service since it opened in early December 2021.

A substantial website numbering nearly 40 pages of content was produced for HAC, going live at the end of 2021.

HAC’s net social media audience growth is up 51.8% on last year. All social media profiles gained followers by the end of the financial year, with HAC IG doubling in followers. FB posts celebrating the day the fences around HAC came down performed highly, picking up a total of 24,847 engagements - including 332 shares. 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 were ordered from producers based in Europe and we experienced strong sales with almost all items having to be reordered during the year in review. New merchandising items based on the HAC were completed for sale (including a Blunt umbrella) with others in advanced development. Quality shop items produced locally that fit with our themes of Māori, art, creativity, nature and ecological sustainability have also proved popular with our visitors.

The *Hundertwasser Art Centre won a Qualmark Silver Sustainable Tourism Business Award*, which opened the door to working with Tourism NZ in the domestic and Australian marketplace.

At the NZ Commercial Project Awards in May 2022, the Hundertwasser Art Centre was awarded a Gold award in the Tourism & Leisure category as well as the Special Award. It gained a Travellers’ Choice award on Tripadvisor in June.

The Hundertwasser project has proven a significant driver of employment. 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 40 at the end of June 2022 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.

Artistic Excellence: Hundertwasser exhibition

Eighty-one Hundertwasser artworks, including paintings, original graphics and tapestries, as well as assorted additional material such as photographs, ephemera and models, safely arrived in New Zealand from Vienna. Subsequently, Hundertwasser in New Zealand: 1973 - 2000, an exhibition of the artist's legacy in New Zealand, curated by the Hundertwasser Foundation in Vienna, was successfully delivered for the opening of the Hundertwasser Art Centre in February.

Public Engagement

School Programme

With the opening of the HAC coinciding with the alert level changes in the COVID-19 protection framework we were unable to hold our School Programme on site. In response to this we created an outreach programme which enabled us to build relationships in the community with schools and promote our programme for future visits. This programme was incredibly successful with an outreach of over 2000 students.

A significant milestone was reached with our successful tender application to the Ministry of Education for three and a half years of ELC funding from July 2022 for our School Programme. As a new entity with no track record of delivering programmes this success is a testament to the calibre of our programme, which commenced on-site in Term 2.

Acknowledging Te Tai Tokerau as one of the lowest socio- economic regions in Aotearoa, we developed our *Support a School Scheme* (SSS), to enable local businesses and community members to support a class which would otherwise be unable to participate in this experience.

Programme Type	Number of Students
Outreach	2110
Guided Exploration	203
Guided Exploration + Studio Session	101
Total number of students	2414 (93 Students funded through SSS)

Public Programmes and Engagement

With the Activity Centre closed until July 2022, no public programmes were able to be delivered in the HAC during this period. While the Activity Centre was unavailable the 'Studio Sessions' from our school programme were held in the Hātea Studio. Guided Tours have proven to be a popular part of our offerings and are increasingly in demand. Visitor Hosts have enriched our visitor experience within the Exhibition and Afforested Roof with their sound knowledge and welcoming approach along with the Kids Guide which caters specifically to kids and families. An Audio guide is set for development and a diverse schedule of public programmes has been developed for the 22/23 financial year.

Programmes and Engagement	Details
Guided Tours	914 units sold
Kids Guide	471 units sold
Block Play	School holiday programme developed for July 2022
Community Drop-in Sewing Classes	1st and 3rd Thursday of every month (koha)
Green Drinks	Monthly
Community Networking	Partnership with CBEC (Eco Solutions) to support businesses interested in eco-friendly business practice and sustainability

Marketing

Social media engagement increased exponentially in the first half of the year, reflecting the build up to the reopening and 25th Anniversary of WAM, and growing community excitement as the HAC neared completion. The HAC website was launched in October 2021. National media coverage on TVNZ's 7 Sharp and in Stuff highlighted the importance of the HAC as a premier tourist destination in New Zealand. HAPT was also delighted to achieve a Qualmark Silver award, for both WAM and HAC.

Social media and online statistics

The HAC Facebook page gained 1,384 new followers over the period. There were a total of 136,657 engagements and 1,301,017 impressions on the HAC Facebook page during June 2021 to June 2022.

The HAC website attracted 60,850 new users from the time of its launch in October 2021 until end of June 2022. Users had an average session duration of 1:45 minutes, and there were 191,245 page views.

HAC gained a Travellers' Choice badge on Trip Advisor and increased its rating to 5 out of 5 stars. WAM maintained its 4.5 out of 5-star rating.

Fundraising and Events

The renovation of the former Kauri Room, renamed the Hātea Studio, has provided us with a space to support community groups such as Eco Solutions, who provide free drop in Sewing evenings and Green Drinks. We have also used the WAM Gallery and Hātea Studio for venue hire opportunities, which are revenue earners for HAPT.

A highlight of the Events calendar was Matariki at Dawn, hosted jointly by the Hundertwasser Art Centre with Wairau Māori Art Gallery and Planetarium North / Northland Astronomical Society. Over 100 people gathered on the afforested rooftop of the HAC-WMAG at dawn to enjoy a cup of hot chocolate and view the stars. We have hired a part time marketing assistant to support the increasing demand for internal events and event hire.

Visitor Experience

Retail

During the first half of this financial year front of house and retail staff were onboarded and preparations for the HAC retail store progressed apace. This included the implementation of a retail management system (Ibis), and research, purchasing and processing of merchandise for the HAC shop.

In December a pop-up shop was opened in the lobby of WAM, in part of the space formerly occupied by the iSite. This succeeded in partially mitigating the impact on retail sales of the delay in opening the HAC, and allowed us to capture the pre-Christmas market.

Since the opening of the HAC-WMAG, the Museum Shop has continued to exceed expectations in revenue generation, performing well even during the quieter winter months. Maintaining sufficient stock has been challenging in an environment of disruption to global shipping, with the majority of the stock in the shop coming from Europe. In partnership with the Wairau Māori Art Gallery Board, we hope to diversify the stock to include artworks by select Māori artists.

Visitors

Since opening its doors to the public, the HAC-WMAG has attracted 36,776 visitors to 30 June 2022. This number exceeded our targets for the first 7 months of operations, (based on an earlier opening date of October 2021), and represents a significant achievement in only 4 months of business.

A survey of around 2,000 visitors to HAC who had purchased tickets online was conducted in June 2022. Nearly 600 people responded and overall satisfaction was extremely positive, with 92% highly rating the experience and 95% saying they were likely to recommend the experience to others. With the opening of New Zealand's borders, we look forward to welcoming increasing numbers of international tourists, who will be crucial to sustaining visitor numbers.

Volunteer Programme

Volunteers contributed 1,677.9 hours across a myriad of projects and events across HAPT. In addition to these hours, long term supporters of the HAC project continued to provide an invaluable contribution, not least HAPT Board Members, who have provided many years of dedicated support.

We have 69 Active Volunteers from a registered pool of 135. In addition, 16 staff members also contributed volunteer hours.

The new volunteer software portal, Initlive, went live in November 2021. A series (November, March and May) of successful 'Volunteer With Us' information evenings attracted new volunteers and offered an opportunity for staff to connect with the volunteer community. Covid restrictions proved to be a barrier for some volunteers.

Volunteer Advisory Group

The HAPT Volunteer Advisory Group was established in December 2021, but was only able to meet twice due to COVID and other restrictions. These meetings focus the volunteer programme to inspire, include and invest within the community, and support the big picture strategy to ensure the programme is meeting the needs of the organisation.

Volunteer Numbers

Volunteer Hours	HAC	WAM	WMAG	HAPT	Total
July	0	0	0	8	8
August	0	0	0	51	51
September	0	0	0	85	85
October	0	0	0	43	43
November	0	0	0	24	24
December	0	0	0	62	62
January	134.5	39	0	9	182.5
February	256.1	17.5	8.5	0	282.1
March	245.9	6	123	40.5	415.4
April	133	9.6	25	3	170.6
May	154.9	15	10	42.7	222.6
June	105.7	0	19	7	131.7
Total	1030.1	87.1	185.5	375.2	1677.9

WHANGĀREI ART MUSEUM

Artistic Excellent: Curator's Report

2021-22 has been a great year for the Whangārei Art Museum (WAM). Despite a combination of ongoing COVID disruptions and WAM closing for several months for renovations, visitor numbers saw a 7.3% increase over the previous financial year, which represents WAM's most well-attended year to date.

The Pub Charity-funded renovation of the exhibition spaces began in August. While there is still work to be done, this project moved the galleries a step closer to being fit for purpose and representative of WAM as one of the country's major regional art galleries.

Following the renovation, WAM reopened with a celebration of its 25th anniversary and two new exhibitions: *Terminus*, which was commissioned by the National Gallery of Australia and toured in Aotearoa by Tauranga Art Gallery; and *Machine In the Garden*, which was produced by the Whangārei Art Museum. This pairing attracted 13,558 visitors between 3 Dec, 2021—20 March, 2022.

Following these exhibitions, WAM continued to present its rebooted programme with a particular focus on art and artists that have strong links to Whangārei and Northland. Closing up the end of the financial year, WAM presented two more internally curated exhibitions, Nick Austin's *Life Puzzle*, which opened in April and Imogen Taylor's *Quiet Motel*, which opened in May.

The three Whangārei Art Museum-produced exhibitions this year have received critical success in art media and publications. Furthermore, plans are underway for *Life Puzzle* to tour to the Adam Art Gallery, Wellington and the Tauranga Art Gallery in the upcoming year - external affirmation of the quality of the content that is currently being produced by the Whangārei Art Museum.

Exhibition and Public Programme Schedule for July 2021 - June 2022

Mair Gallery	Younghusband Gallery
Simon Ingram & Terrestrial Assemblages Machine in the Garden 7 December 2021 - 4 May 2022	Yoko Ono Mend Piece 27 May 2021 - 22 August 2021
Imogen Taylor Quiet Motel 20 May 2022 - 28 August 2022	NRU100 27 May 2021 - 22 August 2022
	Jess Johnson Simon Ward Terminus 17 December 2021 - 4 May 2022
	Nick Austin Life Puzzle 8 April 2022 - 10 July 2022

Public Programmes
From A to B... 8th April 2022 - 10th July 2022 WAM Foyer

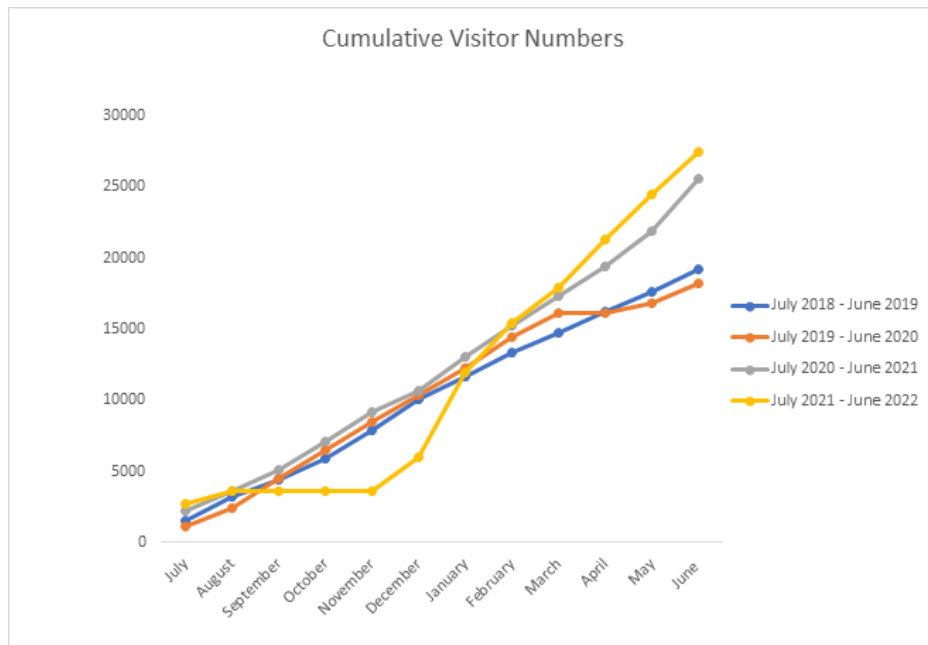
Visitor Experience

Visitor Numbers

A target of a 5% increase in visitors was set for the current year, following a record 25,581 visitors to WAM in 2020-2021. Despite a combination of ongoing COVID disruptions and WAM closing for several months for renovations, visitor numbers rose to 27,457, a 7.3% increase over the previous financial year, and WAM’s most well-attended year to date.

With the departure of the iSite from the foyer of the Hub building, the visitor number counters were relocated to the front doors of the building in April 2022.

Four-year Comparison of Cumulative Visitor Numbers



Volunteer Programme

See Page 18 above.

Exhibitions

***Machine in the Garden* | Simon Ingram and Terrestrial Assemblages**

17 December 2021 – 04 May 2022, Mair Gallery.

Artist

Simon Ingram is a New Zealand based artist whose exhibition history includes participations at PS1/MoMA, Frankfurter Kunstverein, Artspace - Sydney, Kunstverein Medienturm - Graz, Changjiang Contemporary Art Museum - Chongqing, CCNOA - Brussels, The Suburban - Chicago, The Poor Farm - Waupaca, Auckland Art Gallery, Dunedin Public Art Gallery, CBD - Gallery Sydney and Wellington City Gallery. His work is held in public and private collections in New Zealand, Austria, Australia, Switzerland, the United States and Belgium. He lives in Auckland and teaches at Elam School of Fine Art at The University of Auckland.

Description

Machine in the Garden features Simon Ingram's *Automata Paintings* and a series of new computer-based works by Terrestrial Assemblages, an ecological working group Ingram initiated alongside digital artist John-Paul Pochin to create sensitivity to, and awareness of, natural systems.

Both the *Automata Paintings* and the computer-based *Tree Models* share an interpretation of complexity as an emergent consequence of rule-based environments. Both series employ algorithmic self-organising systems called cellular automata, which were initially conceived of by mathematician John von Neumann as part of his research into machine self-replication and later developed by Konrad Zuse, John Conway, Christopher Langton and Stephen Wolfram.

Visitor Feedback

"A very provocative exhibition."

"Amazing seeing science & art like this. Loved seeing the info on the wall".

"Enjoyed seeing an exhibition of large-scale works from Ingram, connecting elements of cellular actions with real-world servers and spaces – very interesting to see."



Terminus | Jess Johnson and Simon Ward

17 December 2021 – 04 May 2022, Younghusband Gallery.

Artist

Jess Johnson is a New York-based New Zealand contemporary artist whose family live at Whangārei Heads. Her work encompasses drawing, installation, animation, and virtual reality. Her drawings depict alternative realms while her collaborations with Simon Ward and Andrew Clarke adapt the world of her drawings into video animations and virtual reality.

Description

Jess Johnson and Simon Ward's *Terminus* is an installation incorporating drawings, textiles (produced in collaboration with Cynthia Johnson), sculptural elements and a series of five immersive virtual reality experiences with a soundtrack by Andrew Clarke. The installation's various areas correspond to the five "realms" within the virtual space, while white boxlike structures evoke the simple geometry of video game polygons. On the floor, a maze-like complex of coloured lines, interspersed with Johnson's characteristically hallucinatory imagery, directs (and perhaps misleads) the viewer, creating the overarching sense of a cryptic, labyrinthine network. Immersed in this physical system of sensory overload, viewers are already being drawn into the position of explorers—or, perhaps, experimental subjects—before entering the virtual space.

Visitor Feedback

"As a rate payer I commend the Whangārei Art Museum and Council for giving the local people something of value to this degree and of this type. I congratulate Jess for her hard work and vision."

"Awesome immersive experience for kids and for the grownups as well. So well done and was a very different experience; great trigger for a lot of questions for the kids."

"What a talent! I have goosebumps all over. We will bring our friends"



***Life Puzzle* | Nick Austin**

8 April 2022 - 10 July 2022, Younghusband Gallery.

Artist

Nick Austin was born in Whangārei in 1979. He received a Bachelor of Visual Arts from Auckland University of Technology in 2001 and a Master of Fine Arts from Elam School of Fine Arts, University of Auckland, in 2004. He has exhibited throughout Aotearoa New Zealand and in Australia, United States and Europe. In 2012 he was the Frances Hodgkins Fellow at the University of Otago in Dunedin, where he now lives.

Description

Life Puzzle is an exhibition of Nick Austin's 15-odd years of practice so far, curated by the artist himself. The exhibition is presented in the manner of a person who, late in the evening, gazing into the middle distance asks: 'How the heck did I get here?'

In his paintings and sculptures, Austin explores how to get from A to B in a physical and narrative sense. Roads, vehicles, feet, a map: the works are like collages of beginnings, middles, and punchlines. What just happened? What's *going* to happen?

Visitor Feedback

"Great when the kids enjoy what they're looking at...Milk bottle, toothbrushes, skateboard".

"Interesting and amazing, quirky and humorous".

"Fantastic—fun and stimulating show. Very thought provoking, thank you."



Quiet Motel | Imogen Taylor

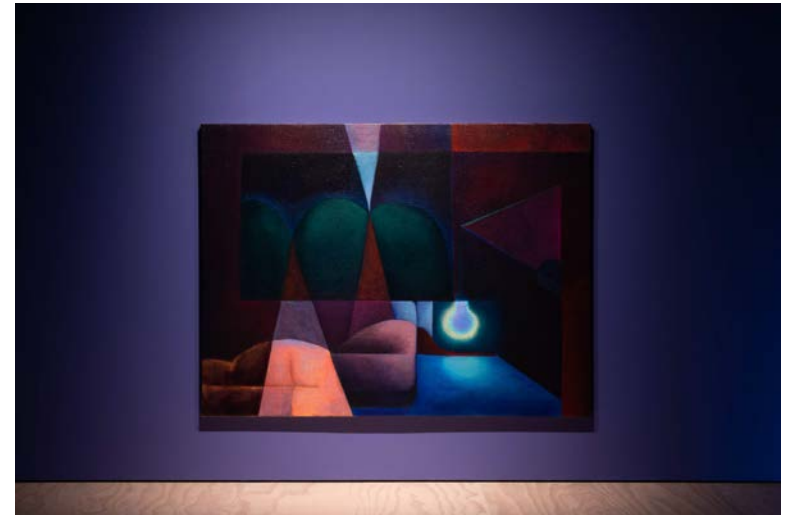
20 May 2022 - 28 August 2022, Mair Gallery

Artist

Born 1985, Whangārei. Lives and works in Auckland. Taylor graduated in 2007 from Elam School of Fine Arts, Auckland with a Bachelor of Fine Arts, and in 2010 gained a Post-Graduate Diploma of Fine Arts. Significant solo exhibitions include: *Sapphic Fragments*, Hocken Collections Uare Taoka o Hākena, Dunedin (2020); *Pocket Histories*, Te Uru Waitakere Contemporary Gallery, Auckland (2018); *Social Studies*, the Dowse Art Museum, Lower Hutt (2019) and *BODY LANGUAGE*, Artspace, Auckland (2015). In 2019 Taylor was the recipient of the Frances Hodgkins Fellowship and in 2017 she was artist in residence at McCahon house.

Description

In *Quiet Motel*, Taylor's characteristic blocks of colour take on a figurative lilt, recognisable forms emerging from various fogs; of lockdown, of depression, of the lorazepam you took to take the edge off of being so god-forsakenly heart-sore. Perhaps from the fog of hunger itself, which can distort reality into unholy semblances of the thing you didn't know you were missing, cruelly offering an echo of the desired, but never the real in all its glorious thing-ness. No matter what specific thing fits your bill-of-orientation, history dictates that it's unlikely you'll find satisfaction.



Visitor Feedback

“Liked the imagery of the cubist art of Imogen Taylor”. “Great exhibition, great venue and helpful staff.”
“Beautifully curated exhibitions, Imogen’s work comes to life against the fabulous purple walls and soft lighting. Wonderful open spaces, gives a sense of peace.”
“Loved the Quiet Motel space. The colours, the feel, the paintings, very interesting, love the contrast. Love coming here, the galleries are a great space.”

**Hatea Art Precinct Trust
Financial statements
for the year ended 30 June 2022**

Hatea Art Precinct Trust

Financial statements - 30 June 2022

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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. The trust also operates the Hundertwasser Art Centre with Wairau Maori Art Gallery (HAC-WMAG), which opened to the public on 20 February 2022.

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 all operations of HAPT.

Main sources of the Trust's cash and resources

Operating grants received from Whangarei District Council, Central Government Agencies, earnings from admissions and retail sales at the HAC-WMAG are the main sources of revenue. In addition, memberships, events, fundraising and donations also contribute to revenue. 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. HAPT also operates the HAC-WMAG, a ticketed art centre with 2 galleries, a retail shop, an activity centre for school and public programmes, and a roof garden. The cafe in the HAC-WMAG is operated by a tenant who leases the space. 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 30 to 42.

For and on behalf of the Board.



Chairperson
Date: 28/11/2022



Trustee
Date: 28/11/2022

Hatea Art Precinct Trust
Statement of financial performance
For the year ended 30 June 2022

Statement of financial performance
For the year ended 30 June 2022

	Note	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Revenue				
Donations	3	3,145,150	2,899,000	10,610,591
Council funding	4	792,527	769,970	578,747
Other revenue	5	152,060	176,167	12,778
Interest revenue	6	16,561	15,050	41,237
Income from operations	5	768,799	770,418	1,396
Total revenue		4,875,097	4,630,605	11,244,749
Expenditure				
Employee related costs	8	1,352,813	1,505,084	561,029
Depreciation and amortisation	12	359,285	464,157	22,393
Other expenditure	7	2,072,967	2,642,147	468,096
Total operating expenditure		3,785,065	4,611,388	1,051,518
Surplus/(deficit)		1,090,032	19,217	10,193,231
Surplus/(deficit) attributable to:				
WAM		(90,042)	(66,368)	(52,161)
HAC-WMAG		1,180,074	85,585	10,245,392
		1,090,032	19,217	10,193,231

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 2022

Statement of financial position
As at 30 June 2022

	Note	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
ASSETS				
Current assets				
Bank accounts and cash	9	2,108,586	2,236,968	4,653,531
Debtors	10	141,788	147,256	21,963
Inventories	11	<u>277,420</u>	<u>200,000</u>	<u>3,970</u>
Total current assets		<u>2,527,794</u>	<u>2,584,224</u>	<u>4,679,464</u>
Property, plant and equipment	12	<u>31,941,218</u>	<u>30,723,327</u>	<u>29,379,379</u>
Total non-current assets		<u>31,941,218</u>	<u>30,723,327</u>	<u>29,379,379</u>
Total assets		<u>34,469,012</u>	<u>33,307,551</u>	<u>34,058,843</u>
LIABILITIES				
Employee cost payable		112,474	-	49,611
Creditors and accrued expenses	13	<u>284,718</u>	<u>150,000</u>	<u>1,027,444</u>
Total current liabilities		<u>397,192</u>	<u>150,000</u>	<u>1,077,055</u>
Total liabilities		<u>397,192</u>	<u>150,000</u>	<u>1,077,055</u>
NET ASSETS		<u>34,071,820</u>	<u>33,157,551</u>	<u>32,981,788</u>
Equity				
Retained earnings	14	34,071,810	33,157,541	32,981,778
Contributed equity	14	<u>10</u>	<u>10</u>	<u>10</u>
Total equity attributable to Hatea Art Precinct Trust		<u>34,071,820</u>	<u>33,157,551</u>	<u>32,981,788</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 2022

Cash flow statement

For the year ended 30 June 2022

	Actual 2022 \$	Actual 2021 \$
Cash flows from operating activities		
Council funding	549,983	414,676
Donations received	3,168,762	10,630,126
Income from operations and other revenue	867,989	14,173
Payments to suppliers and employees	(4,227,117)	(916,453)
Interest received	16,561	41,236
	<u>376,178</u>	<u>10,183,759</u>
Cash flows from investing activities		
Purchase of PPE	<u>(2,921,125)</u>	<u>(10,830,243)</u>
	<u>(2,921,125)</u>	<u>(10,830,243)</u>
Total cash provided from investing activities	<u>-</u>	<u>2,887,371</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	(2,544,947)	2,240,887
Bank accounts and cash, and bank overdrafts at the beginning of the year	<u>4,653,532</u>	<u>2,412,645</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>2,108,585</u>	<u>4,653,532</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 2021/2022 Statement of Intent

1 Statement of accounting policies for the year ended 30 June 2022

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 previously had total annual expenses of less than \$2 million. HAPT total annual expenses has exceeded the \$2 million threshold in the period ended 30 June 2022. Under XRB A1 – Application of the Accounting Standards Framework, HAPT can continue to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) in the year the expenditure threshold is exceeded and in the following annual reporting period. Therefore, HAPT will need to transition to the Public Benefit Entity Reporting Standards Reduced Disclosure Regime by 30 June 2024.

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 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.

(iii) Admission Fees

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

2 Summary of significant accounting policies (continued)

(iv) 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.

(v) Interest income

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

(vi) Sale of goods

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

(vii) 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.

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

These are expensed when the related service has been received.

(ix) Employee related costs

Wages, salaries, and annual leave are recognised as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements. Superannuation contributions are recognised as an expense as staff provide services.

(x) Cost of inventory (goods) sold

Cost of inventory sold is recognised when the goods are sold

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%

2 Summary of significant accounting policies (continued)

Plant and equipment	3-60 years	1.6%-33%
Computer software and website	2-5 years	20%-50%
Artworks	Indefinite	-

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 2022 \$	Budget 2022 \$	Actual 2021 \$
Donations - general	49,076	3,500	3,462
Donations - HAC-WMAG	<u>3,096,074</u>	<u>2,895,500</u>	<u>10,607,129</u>
Total Donations	<u>3,145,150</u>	<u>2,899,000</u>	<u>10,610,591</u>

Donations for HAC-WMAG are explained in note 15.

4 Council funding

Note	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Council funding	<u>792,527</u>	<u>769,970</u>	<u>578,747</u>
Total council funding	<u>792,527</u>	<u>769,970</u>	<u>578,747</u>

Grants received from Council relate to an annual operating grant of \$608,944 (2021: \$407,747) and a rent concession of \$183,583 (2021: \$171,000).

5 Other revenue

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Other	<u>152,060</u>	<u>176,167</u>	<u>12,778</u>
	152,060	176,167	12,778
Income from operations			
Admission Fees	467,573	477,251	1,109
Sales of Goods	<u>301,226</u>	<u>293,167</u>	<u>287</u>
	<u>768,799</u>	<u>770,418</u>	<u>1,396</u>

6 Interest revenue

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Interest received - general	517	50	64
Interest received - HAC-WMAG	<u>16,044</u>	<u>15,000</u>	<u>41,173</u>
Total interest received	<u>16,561</u>	<u>15,050</u>	<u>41,237</u>

7 Other expenses

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Rent paid	183,583	171,000	171,000
Other expenses	206,234	203,350	100,629
Exhibition costs	80,742	88,600	49,182
Management fees	10,000	45,000	10,000
Auditors fees for financial statements	14,632	18,752	14,206
Other expenses - HAC-WMAG	<u>1,577,776</u>	<u>2,115,445</u>	<u>123,079</u>
Total other expenses	<u>2,072,967</u>	<u>2,642,147</u>	<u>468,096</u>

8 Employee related costs

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Salaries and wages	1,352,813	1,505,084	561,029
Total employee related costs	<u>1,352,813</u>	<u>1,505,084</u>	<u>561,029</u>

Note

9 Bank accounts and cash

	Actual 2022 \$	Actual 2021 \$
Cash on hand	3,990	200
Bank balances - general	133,671	47,987
Bank balances - HAC-WMAG	<u>1,970,925</u>	<u>4,605,344</u>
Total bank accounts and cash	<u>2,108,586</u>	<u>4,653,531</u>

Bank balances - HAC-WMAG are explained in note 15.

10 Debtors and other receivables

	Actual 2022 \$	Actual 2021 \$
Sundry debtors	64,727	3,861
Receivables	<u>77,061</u>	<u>18,102</u>
Total debtors and other receivables	<u>141,788</u>	<u>21,963</u>

11 Inventories

	Actual 2022 \$	Actual 2021 \$
<i>Inventories</i>		
Inventories	<u>277,420</u>	<u>3,970</u>

12 Property, plant and equipment

2020	Plant and equipment \$	Intangibles \$	Leasehold improvements \$	Office equipment \$	Artwork \$	Work in progress \$	Total \$
Balance as at 1 July 2020	<u>68,370</u>	<u>-</u>	<u>273,900</u>	<u>21,935</u>	<u>437,579</u>	<u>17,769,743</u>	<u>18,571,527</u>
Year ended 30 June 2021							
Additions	-	-	5,660	8,221	-	10,816,363	10,830,242
Disposals	-	-	-	-	-	-	-
Depreciation charge	(11,797)	-	(7,917)	(2,678)	-	-	(22,392)
Transfers	-	-	-	-	-	-	-
Balance at 30 June 2021	<u>56,573</u>	<u>-</u>	<u>271,643</u>	<u>27,478</u>	<u>437,579</u>	<u>28,586,106</u>	<u>29,379,377</u>
Balance as at 1 July 2021	<u>56,573</u>	<u>-</u>	<u>271,643</u>	<u>27,478</u>	<u>437,579</u>	<u>28,586,106</u>	<u>29,379,377</u>
Additions	-	-	-	-	-	2,932,332	2,932,332
Disposals	(251)	-	-	-	(2,734)	-	(2,985)
Depreciation charge	(36,648)	-	(311,172)	(6,486)	-	-	(354,305)
Amortisation	-	(4,980)	-	-	-	-	(4,980)
Transfers	601,405	69,377	30,645,963	76,594	116,877	(31,518,438)	(8,221)
Balance at 30 June 2022	<u>621,080</u>	<u>64,397</u>	<u>30,606,434</u>	<u>97,586</u>	<u>551,722</u>	<u>-</u>	<u>31,941,218</u>

The additions were: Costs associated with the design, construction and fitout of the HAC-WMAG project

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 2022 \$	Actual 2021 \$
Accrued expenses	196,795	972,890
Trade creditors	50,978	41,221
Income in advance	<u>36,945</u>	<u>13,333</u>
Total creditors and accrued expenses	<u>284,718</u>	<u>1,027,444</u>

14 Equity

	Actual 2022 \$	Actual 2021 \$
a) Equity		
Retained earnings	34,071,810	32,981,778
Capital contribution	<u>10</u>	<u>10</u>
Balance at 30 June 2022	<u>34,071,820</u>	<u>32,981,788</u>
b) Retained earnings		
Balance at 1 July	32,981,778	22,788,547
Surplus/(deficit) for the year	<u>1,090,032</u>	<u>10,193,231</u>
Balance 30 June	<u>34,071,810</u>	<u>32,981,778</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 (2021: nil)

Update on Hundertwasser Art Centre Wairau Maori Art Gallery (HAC-WMAG) Background

Practical completion of the HAC-WMAG building was achieved on 22 October 2021 and HAPT took over ownership of the building from the main contractor on this date. The schedule of defects and omissions continued to be worked through. At this point in time, the HAC-WMAG was scheduled to open in December 2021. However, the extended Covid-19 lockdown in Auckland impacted several key requirements and the opening was delayed until 20 February 2022.

Operator and Guarantees and Indemnities

Hatea Art Precinct Trust (HAPT), a CCO of Whangarei District Council will operate the HAC-WMAG on an on-going basis.

Aside from the annual operating grant paid to HAPT, there is no intention for Council to provide funding for the operating costs of the HAC-WMAG. 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 HAC-WMAG if significant losses start to accumulate.

Lease and Ownership of the HAC-WMAG Structure

Council and HAPT have entered into a Lease for the HAC-WMAG. 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 HAC-WMAG building. Due to this control, HAPT has recognised the HAC-WMAG building in its financial statements.

Pledges

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 2022 the pledges have been assessed and analysed as follows:

15 Contingencies (continued)

Pledge Source	Pledged (\$000)	Collectability %	Net Pledge (\$000)
General public	<u>180</u>	90 %	<u>162</u>
Total	<u>180</u>		<u>162</u>

'In Kind' Products and Services

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 2022, material professional services to the value of nil (2021: nil) have been quantified and recognised.

Additionally, professional services to the value of nil (2021: 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 \$75,000 (2021: \$40,000) 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 \$115k. At 30 June 2022, \$14,980 was committed (2021: \$2.4m).

	Actual 2022 \$	Actual 2021 \$
Capital commitments		
HAC-WMAG (see note 15 above)	<u>14,980</u>	<u>2,372,534</u>
Total capital commitments	<u>14,980</u>	<u>2,372,534</u>
	Actual 2022 \$	Actual 2021 \$
Not later than one year	23,002	26,835
Later than one year and not later than five years	8	23,006
Later than five years	<u>24</u>	<u>26</u>
Total non-cancellable operating leases	<u>23,034</u>	<u>49,867</u>

Council and HAPT have entered into a lease for the HAC-WMAG. 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 6 months remaining.

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 (2021: 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 2022	Actual 2021
	\$	\$
Receipts awarded from Council		
Grants	<u>792,527</u>	<u>578,747</u>

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

20 Events occurring after the balance date

Covid-19 has continued to impact on visitor numbers to the HAC-WMAG. International visitors, who are expected to make up a significant percentage of ticket sales, were not allowed to enter New Zealand until the end of July 2022. International visitor numbers are expected to increase gradually, although the pandemic continues to add uncertainty to the operating environment.

The underwrite arrangement with Westpac (see Note 15) has been withdrawn by Westpac due to substantially changed trading conditions resulting from the Covid-19 pandemic. HAPT holds \$1.25 million in funds which was to provide the bond for the guarantee. A first guarantor to replace Westpac is being sought, with Council input. The second underwrite agreement for \$750 thousand, with the Ngatiwai Trust Board as guarantor, remains in place.

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 (WAM) achieved an unfavourable variance of \$23,674 due to increased utilities relating to the former iSite foyer area, which was added to the WAM gallery space. Rent on the gallery space increased and staff expenses also increased following a restructure.
- Operational performance of the Hundertwasser Art Centre with Wairau Maori Art Gallery achieved a favourable variance of \$1,094,488 due to recovery of some construction and material costs, and savings made primarily in staff expenses, marketing and fitout expenses.

Independent Auditor's Report

To the readers of Hātea Art Precinct Trust's financial statements and performance information for the year ended 30 June 2022

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 30 to 42, that comprise the statement of financial position as at 30 June 2022, 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 6 to 9.

In our opinion:

- the financial statements of the Trust on pages 30 to 42:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022;
 - 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 6 to 9 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 2022.

Our audit was completed on 30 November 2022. 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 3 to 5 and 10 to 28 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