

whangārei
art museum
te manawa toi



Marilyn Webb, *Summer Snow and Water Race*, 1988, pastel,
collection of the Whangārei Art Museum

WHANGĀREI ART MUSEUM TRUST ANNUAL REPORT | 2018-2019

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CHAIRMAN'S REPORT

The year ending 30 June 2019 has been a transformative year for WAMT. Construction of the Hundertwasser Art Centre has commenced and good progress has already been achieved. Construction will continue throughout the year ahead and beyond. A new Chief Executive, Kathleen Drumm, has been appointed and commenced work. The nature and scale of WAMT has been changed.

Despite significant challenges over the last year – in particular a lack of a dedicated leader - WAMT staff have adapted and filled gaps to provide an excellent programme of exhibitions and events and have also carried out a comprehensive assessment and catalogue of WAMT's collection. In the year visitor numbers increased again by almost 15%. This reflects an engaging and varied programme and committed efforts of the gallery staff.

The arrival of Kathleen Drumm as chief executive adds to the gallery and she will provide leadership to a strong team.

Particular highlights for the past year have been the Andrealand exhibition of works by a notable local artist – Andrea Hopkins. This was an exhibition curated by WAMT staff and involved a huge effort by them to collect and display the works. The exhibition was lifted further by the ability to have the artist herself talk to the works.

A different exhibition was Cracked Ink – a graffiti mural highlighting street art. This exhibition worked in well with Street Prints Manaia 2019, a Whangarei city street art festival, and offers up a different style of art.

The gallery still struggles with visibility and a lack of knowledge of its existence. This is an issue which we continue to address and grapple with.

Thomas Biss
Chair of Whangārei Art Museum Trust

PERFORMANCE MEASURES

Performance measures from the 2018 – 2019 Statement of Intent, which must be reported on in accordance with Local Government Act requirements, are included in the accompanying Financial Statement.

WHANGĀREI ART MUSEUM TRUST GOVERNANCE

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
The Board to act in accordance with the Institute of Directors “Four Pillars of Governance” guide.	<ul style="list-style-type: none"> Independent review, by the IOD. Satisfactory rating – dependent on funding 	Chairperson	Once	Work overload and the resignation of 2 trustees, including the Chairperson, have prevented this from taking place.
Health and Safety commitments	<ul style="list-style-type: none"> Staff and Board are informed of and updated on Health and Safety requirements 	Director/WDC	Ongoing and Annual	Health and Safety Policy developed and approved by the Board.
Being a good employer	<ul style="list-style-type: none"> All paid staff has at least half yearly reviews which form part of their Professional Development programme All staff have defined development paths with relative training, budget permitting 	Director	Ongoing	No management capacity for reviews or professional development plans for staff due to vacant Director’s position. This will be rectified now that a CE has been appointed.

Action	Comments	Responsible	Reporting	Outcomes
Risk Management	<ul style="list-style-type: none"> Annual update of Strategic Risk and scoring in accordance with AS/NZS ISO 31000:2009 Appropriate Insurance – independently assessed 	Director/ Trustees	Ongoing and Annual	The Trust is insured with advice and support from WDC.
The Board to adhere to Legislative and Trust Deed requirements	<ul style="list-style-type: none"> Clean opinion -as part of Annual audit by Audit NZ LGOIMA requests are answered within statutory timeframes All legislative requirements met 	Chairperson Director Trust	Ongoing and Annual	Audit letter awaited. Requests have been answered in accordance with timeframes.
Regular Governance meetings	<ul style="list-style-type: none"> Eleven Board meetings per year, mostly each month Minutes of all meetings kept 	Chairperson	Monthly	Achieved.
Effective and best practice financial management	<ul style="list-style-type: none"> Monthly accounts prepared by WDC and approved by Board Full GAAP accounting reporting Annual audited accounts. Monthly forecast review of exhibitions budget by WAMT 	Director/ Trustees/WDC	Monthly	Achieved. Monthly forecasting was resumed in October 2018.
Monitoring of annual plan objectives and KPI's.	<ul style="list-style-type: none"> Board monitors progress at each meeting Annual report completed at end of financial year Ongoing update of SOP's and policies 	<ul style="list-style-type: none"> Director/ Trustees 	Monthly/Annual	A strategic plan has been drafted by the Board. The annual report has been completed. Policies have been reviewed as required.

HUNDERTWASSER ART CENTRE WITH WAIRAU MAORI ART GALLERY

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
<p>Cost vs budget The budgeted cost of work that has actually been performed in carrying out the scheduled tasks during the specific time period</p>	<p>Cost Predictability/Forecast final cost</p> <ul style="list-style-type: none"> Variation cost, attributable to approved change orders for construction between the projected construction cost at project point “Available for Use” and the estimated construction cost at the date “Commit to Construct”, expressed as a percentage of the estimated construction cost at “Commit to Construct” date. Measure <5% 	Board/Director/ Project Manager	Quarterly	Refer to accounts.
<p>Time Predictability The estimated time for work that has actually been performed in carrying out the scheduled tasks during the specific time period.</p>	<ul style="list-style-type: none"> Change in timeframe, attributable to client approved change orders for construction (originating from the client /client representative) between the projected actual construction time at “Available for Use” and the estimated construction time at “Commit to Construct”, expressed as a percentage of the estimated construction time at “Commit to Construct” date. Measure<5% 	Board/Director/ Project Manager	Quarterly	

Action	Comments	Responsible	Reporting	Outcomes
Quality Control	<p>Public Satisfaction</p> <ul style="list-style-type: none"> Number of complaints made to WDC or WAM from the public- within WDC acceptable levels as per RFS / Complaints Handling Policy. Time taken to resolve to within WDC satisfaction levels as set out in RFS / Complaints Handling Policy 	Board/Director/ Project Manager	Acknowledgement of complaints within 48 hours of being received. Endeavour to resolve complaint within 15 working days.	A single complaint was received by WAM, which was addressed and resolved. In the absence of a Director the complaint was handled at the Board level and was not able to be resolved within the optimal timeframe.
Health and Safety	<ul style="list-style-type: none"> Reportable accidents - Operational Reportable accidents per 100,000 hours worked. To be developed with Contractor. Lost time accidents- Operational Lost time incidents per 100,000hours worked. Less than Industry average of 5.6 (ANZSIC level 1.2). Satisfactory outcome from Independent Audit by Work Safe approved auditor (funding dependent). 	Project Manager/ Contractor/ Board/Director/ WDC	Quarterly	<p>Health and Safety outcomes are externally audited and reported monthly to the Board by the main contractor, via the Business Management Group report.</p> <p>The Health and Safety record to date has been exemplary. The main contractor has achieved a 95% or higher monthly rating over the year.</p>

Action	Comments	Responsible	Reporting	Outcomes
Project Governance	<p>Best practice project governance to be achieved.</p> <ul style="list-style-type: none"> • Monthly Project Control Group (minuted) • WDC liaison committee (minuted) • WAM project management Board (minuted) • Health and Safety best practices management as above. 	Project Manager/ Contractor/ Board/Director/ WDC	Monthly	<p>The Business Management Group meets monthly. Its members include the Project Management team, an independent WAM appointed construction consultant and two WAM trustees. All aspects of the project are reviewed at this meeting.</p> <p>A WDC/WAM liaison group has been formed, which meets as required. This group was responsible for the collaborative design of the Town Basin Park.</p> <p>The trustees review the project at monthly Board meetings.</p>
Risk Management	<ul style="list-style-type: none"> • Appropriate Insurance - independently assessed 	Risk Management	Appropriate Insurance – independently assessed	The Trust is insured with advice and support from WDC.

WHANGĀREI ART MUSEUM

CURATOR'S REPORT

Overview

WAM's key areas of focus included the completion of the Collection Management Project, the redevelopment of the Younghusband Gallery and the diversification of visitor demographics through exhibition scheduling and events.

Exhibition Highlights

Andrealand was the first solo exhibition of a Whangārei based, born and raised Māori woman at the Gallery. Such exhibitions are close to our hearts and underpin our values and objectives as the only public arts institution in Northland. The success of Andrealand was reflected in the high visitor numbers and through both local and national critical review.

Here, Now, Next and Surf Tails were also the first exhibitions of their kind for the Gallery. Both exhibitions introduced and engaged a younger demographic to the gallery.

Exhibition Space Development

In June 2019 WAM closed a section of the Younghusband Gallery (Gallery Two) and began construction of 4 new exhibiting spaces within the Gallery, to open in late 2019:

Collection Gallery and Community Gallery

The Collection Gallery will ensure our collection is accessible to the public throughout the year while the Community Gallery will provide a platform for local artists and community stakeholders. The Community and Permanent Collection Galleries will be flexible in terms of scheduling and will be able to be utilised as a combined space for either galleries exhibitions. For example, enabling a larger collection exhibition (encompassing both gallery spaces) to be exhibited if needed and vice versa.

Digital Arts/Creative Tech Room

The Digital arts and Creative Tech industries have a strong presence locally. This room/exhibiting space will provide a platform for digital art in Northland, showcasing local, national and international artists.

Interactive Gallery

The interactive gallery space will be used for long-term interactive exhibitions with a focus on engagement with art for all ages. It will enable us to continue to use the space in creative and diverse ways, including events such as film nights etc. It will also be the dedicated space for external events, enabling WAM to generate income from venue hire. Restrictions around food and beverage in the other galleries have limited the availability of gallery spaces and events in the past.

Collection Management

Collection Development Project

WAM has 2,700 objects housed on site at the HUB. Caring for the art collection, (comprised of Whangārei District Council owned works and Whangārei Art Museum held works), is one of the core functions of the art museum and mandated by the Whangārei Art Museum Trust Deed.

A fixed term Collection Manager was appointed in 2018 to implement the Collection Development Project, which involves improving and implementing standard practices relating to collection care, and the re-organisation of the store room, including full re-housing, accessioning, and updating of the object records database. This project is due to be completed by 2020.

As part of this project, the Collection Management Policy is being re-developed to ensure the collecting vision is in the best interests of the community and that policy wording reflects current standard practices. Following this document, a Collection Manual will be developed which will contain the Policies and Procedures for working with the collection. Once the project is complete, the WAM/WDC art collection will be re-valued, a process which occurs every three years.

Collection Facilities | Storage

WAM is committed to growing and developing its collection for the future; however, the current collection storage room has almost reached capacity. An extension to the collection room was construction in June 2019, taking over part of the rear of the Gallery One's exhibiting space. This was the only climate-controlled storage option available in the short to medium term which could adequately house the current works, and ensure that WAM can accept appropriate artwork bequests and receive touring exhibitions.

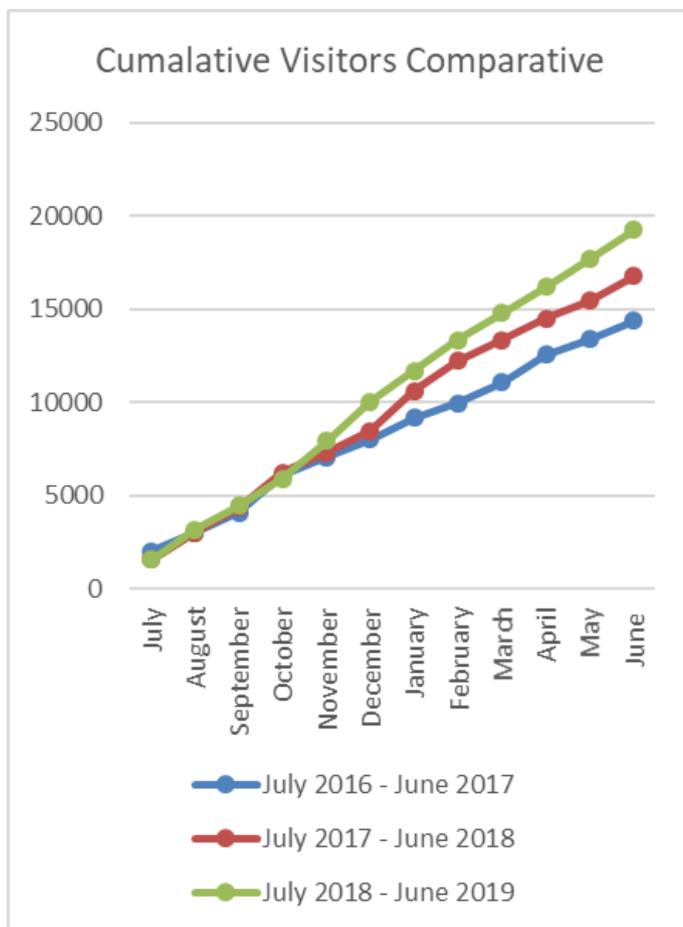
VISITOR ENGAGEMENT

WAM has achieved a high calibre of exhibitions in the past year, despite staff constraints. The focus on greater local flavour and initiatives to target a younger demographic have been key drivers of increased community engagement.

Visitor numbers continued to rise in the period 2018/2019, reaching 19,250; an increase of almost 15% and well ahead of our 10% performance target.

With significant visitor growth achieved in recent years as a result of new initiatives, it is anticipated that growth rates will slow down. We forecast an annual growth of 5% for the year 2019/2020, which would increase visitor numbers to 20,213.

YEAR	FORECAST	ACTUAL
2014/2015	Unknown	8,840
2015/2016	10,000	12,891
2016/2017	14,000	15,106
2017/2018	15,400	16,756
2018/2019	17,343	19,250
2019/2020	20,213	



EXHIBITIONS

Here, Now, Next | Cracked Ink

11 June 2018 – 26 August 2018

Total in Gallery visits 3,618 (11weeks, showing concurrently with Landmarks of a Great Voyager).

A large-scale mural installation wrapping the walls of the Younghusband gallery. Originally from the UK, Cracked Ink, has been involved in both the street and gallery art scenes in New Zealand for the last decade. What starts with a simple line, extends and evolves until the once-blank wall is transformed into a world of its own. Eventually, this temporary canvas will be wiped clean, restored to a mundane white wall, so the process can begin again. It's the nature of a gallery and is reflected in the street, here, now, next. Also, accompanying the mural is a 360° time-lapse for visitors to experience the process as well as hear from the artist as though he's with you in the gallery.



Selected Visitor Feedback

- “stunning. Love the video, I’m so fascinated by the process of how art is made. Fantastic idea to have him talk almost like he is actually here.”
- “this show is great timing, as we are trying to get an initiative going to encourage/teach youths that street art isn’t just tagging but something worth something.”
- Group thought HNN was incredible and a real achievement for WAM and the artist. The detail he used really made the scenes jump out of the walls and they first thought they were 3D.

Kupe Sites | Landmarks of a Great Voyager

11 June 2018 – 26 August 2018

Total in Gallery visits 3,618 (11 weeks, showing concurrently with Cracked Ink).

An exhibition developed by Te Papa that celebrates a great Polynesian voyager's connections with New Zealand. Kupe is regarded by many iwi (tribes) as the ancestor who discovered this country. Kupe Sites, a touring exhibition from the Museum of New Zealand Te Papa Tongarewa, explores the stories of Kupe's encounter with New Zealand through names of various landmarks and places and even the name Aotearoa. Kupe Sites presents these stories through photographs of places from four areas that have strong traditions of links to Kupe – Northland, Wairarapa, the Wellington region, and the top of the South Island

Developed and toured by Te Papa.



Selected Visitor Feedback

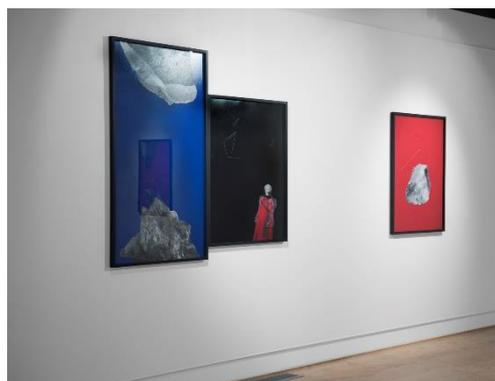
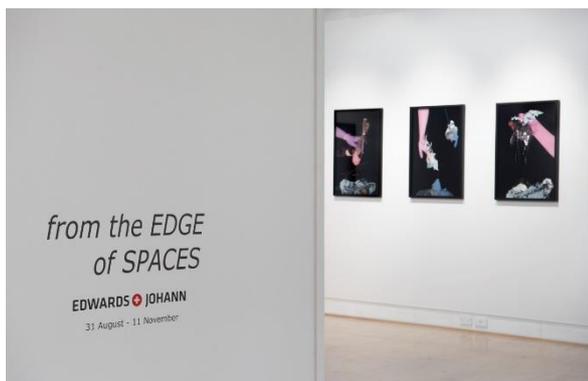
- “Splendid photographs. A wealth of information too.”
- “Love to see so many familiar sites on the walls... brought back some nostalgia.”
- “enjoyed Kupe Sites, relearning the story of the journey in visual form and being able to pinpoint/locate the places from memory.”

Edwards + Johann | From the Edge of Spaces

31 August 2018 – 24 November 2018

Total in Gallery visits 4,861 (13 weeks, showing concurrently with Tooth and Nail).

Edwards and Johann’s collaborative work interweaves drawing, painting, performative activities, video and installation with photography. The works *On the Seam of Things – Constellations* and *Constellations – drawing strength* reflect on our basic human condition: to connect, work, play and test the space we inhabit in order to deal with crises and to grow.



Selected Visitor Feedback

- “I didn’t notice it last time I visited, but the detail in the rocks comes from drawing over the top of the photo. This is genius.”
- “Do you know why they have used lines repeatedly in those bright colours across the works. It reminds me of a game I used to play as kids called pick-up-sticks.”
- Visitor saw that work by E+J and from this series was a finalist in the drawing prize. Thought it was a cop out and really stretching the boat but after seeing them up close and learning that the detail in rocks was done by hand, now they understand why.

Tooth and Nail

31 August 2018 – 11 November 2018

Total in Gallery visits 3,724 (11 weeks, showing concurrently with From the Edges of Space).

This exhibition represents the culmination of the challenging negotiation when two or more artists share a visual dialogue. When artists collaborate in the making of work a creative tension can develop which transports both parties out of their comfort zones to seek new answers. Tooth and Nail refers to a no holds barred fight... to remain steadfast and unflinching. To engage in strenuous effort using all of one's resources. To fight with vigour and intensity.



- “I know two of the artists in Tooth and Nail. I think their work is amazing! But I want to know what the work is about, the stories they are trying to tell”.
- “Wow, those works are cool! I especially like the black and white one on the end, the one with the skeleton [Hamish O-B, Desire, 2018]. I think that would be cool as a tattoo. Are any of them tattoo artists?”
- Weren't too keen on tooth and nail woodcuts, thought they were a bit too dark/macarbe for their taste but adored the ceramics though.
- They thought and found the print exhibit Tooth and Nail very aggressive and did not understand why it was called Tooth and Nail.

Surf Tails | R.S Moore

11 November 2018 – 30 January 2019

Total in Gallery visits 5,226 (12 weeks, overlapping with Andrealand).

Written and illustrated by Northland artist and self-proclaimed surf rat, Rebecca Moore; Surf Tails delightfully dips into surf politics and the friendships that endure the ocean's swells. A story inspired by her local break, Ocean Beach, and the weird and wonderful creatures that surf its waves. Large scale wall installation adapted from the Surf Tails book.



Selected Visitor Feedback

- That Vern story. Brilliant! I love that you're really focusing in on local artists/ or underappreciated voices.
- "Wonderful activities, we loved it! Thank you."
- Return visitors to Surf Tails. Thought it was wonderful – especially the message in it. Really wanted a book – advised to keep an eye out for the second print run.

Andrealand | Retrospective + New Works

01 December 2018 – 24 February 2019

Total in Gallery visits 5,156 (13 weeks, overlapping with Surf Tails).

A milestone, mid-career exhibition showcasing a selection of over 30 works from Andrea Hopkin's impressive 20-year career, alongside a new body of work created especially for this exhibition.



Selected Visitor Feedback

- “Such thought provoking works. Thank you for putting this show together. I’ve never seen her work before. Love it!”
- “Love the works. Her skill is something that astounds me. It is not very often you get blown back from work.”
- “Incredible exhibition—I wish more artists would be so open and honest.”

Infinitely Varied | Kelliher Art Trust

05 March 2019 – 26 May 2019

Total in Gallery visits 3,977 (12 weeks, overlapping with Still Life).

A survey of classic landscape paintings from the second half of the 20th century by some of the country's best-known resident artists of the era. With the objective to capture the "essential character of the New Zealand scene and the ways of life of its people and thereby to develop a livelier appreciation of the fine arts and of the infinitely varied aspects of our land."



Selected Visitor Feedback

- Visitor remarked he has a Kelliher art competition book at home and is delighted to see some of the paintings in person. "It's a truly magnificent show."
- "I've bought my friends to see this exhibition as I absolutely love it!"
- 'The landscapes have inspired me to explore some North Island beaches – Takatu!'

Still Life | A Selection from Our Collection

21 February 2019 – 14 April 2019

Total in Gallery visits 2,640 (8 weeks, overlapping with Infinitely Varied).

Glazed, blown, fired and turned- 18 unique objects from 14 artists. Visit the Younghusband Gallery to view and be inspired to sit at our easel and draw your own Still Life. Our children's section allows parents to take a break while their little creatives stage our props and draw a Still Life scene.

Featuring works by Len Castle, Colleen Waata-Urlich, Tom Petit, Garry Nash, Richard Parker, Davina Duke, Manos Nathan, Greg Barron, John Ecuyer, Yvonne Rust, Keith Mahy, Ron De Rooy and John Parker.



Selected Visitor Feedback

- “Still life-fabulous thank you!”
- “Our great treasures.”
- “Lovely, serene gallery with great pieces. Ecuyer Rules!”

As the Situation Unfolds| Anthony Davies

20 April 2019 – 30 June 2019

Total in Gallery visits 3,617 (11 weeks, overlapping with Malcolm Harrison).

Compositional maestro with subject matter that is not easy to digest, Davies is motivated by a concern for humanity and the narrative tradition in fine art printmaking, specifically the tensions of the human narrative. The works presented in this exhibition investigate recent socio-political events in New Zealand, highlighting our social and cultural complexities.



Selected Visitor Feedback

- “Loved this evocative exhibition”.
- “Interesting. Thought provoking”.
- “Great, thought provoking work. Really interesting view of the world around us. Thank you”.

Malcolm Harrison | A Celebration

03 June 2019 – 25 August 2019

Total in Gallery visits 3,517 (12 weeks, overlapping with As the Situation Unfolds).

This selection from the estate of nationally acclaimed textile artist Malcolm Harrison is a wonderful insight into the extent of his practice. His achievements in the areas of quilting and embroidery are well known; however, this collection illuminates the breadth and depth of his skills and interests. It showcases his finely developed craftsmanship across numerous genre – painted works on paper, small sculpture, assemblages, poetry, illustrations and the writing of children’s books. Alongside this; sketch books, designs for future works and works in progress give a fascinating insight into the workings of an artist.



Selected Visitor Feedback

- “It’s gorgeous! So much detail and time spent on each piece! It’s amazing”
- “We love embroidery and his running stitches are amazing.”
- “I’ve heard about the lovely work from the patchwork grapevine.”
- “Some of his work seems so dark- technique wise it’s great but some of the themes are a bit dark to me” (Kissing Death)

KEY OPERATIONAL INDICATORS

Action	Comments	Responsible	Reporting	Outcomes
Communication to WDC timely and appropriate	<ul style="list-style-type: none"> Key issues notified promptly Full briefing of nominated WDC coordinator Coordinator to attend Board meeting if possible 	Chairperson/ Director/WDC	As Required	Achieved.
SOI and Business planning ensures future needs	<ul style="list-style-type: none"> Draft SOI and annual plan completed by Feb and fully developed by June WAM to develop a five to ten-year plan. 	Director/ Trustees	To WDC February / June	Achieved.
Budget Planning ensures future needs for coming year	<ul style="list-style-type: none"> Proposed Operating Budget in place by beginning of financial year Forward operating expense budget submitted to WDC for year plus one 	Director/ Trustees/ WDC	Annual	Achieved.
Programmes, events plan in place	<ul style="list-style-type: none"> Exhibition plan including objectives and educational elements completed on a rolling basis with minimum 18- month horizon 	Director/ Assistant Curator	Monthly	Achieved.
Effective Marketing and Communications	<ul style="list-style-type: none"> Marketing plan for financial year in place by the end of November 	Director/ Trustees	Ongoing	Achieved.

Action	Comments	Responsible	Reporting	Outcomes
Visitor numbers and Web site stats reviewed against objectives	<ul style="list-style-type: none"> Annual visitors increase of 10% on 2017/18 	Director	Monthly	Visitor numbers rose almost 15% from 16,756 to 19,250.
Community and visitor feedback obtained on regular basis as input to planning	<ul style="list-style-type: none"> Annual visitor survey plus focused visitor feedback mechanisms will be developed to capture meaningful data. Overall satisfaction rating of 85% achieved 	Director/Staff	Annual	Currently monitoring satisfaction via the Museum Aotearoa National Survey, and seeking other feedback via Facebook, visitor feedback/suggestion forms and a visitors' book. A viable, cost-efficient method of statistically valid measurement could not be identified.
Volunteer engagement	<ul style="list-style-type: none"> A skilled and engaged team of volunteers is maintained as essential to WAM Operations Skill and knowledge levels enhanced with volunteer programme. Four volunteers on board at any time. 	Director/Visitor Experience Coordinator	Ongoing	Staff capacity was insufficient to manage a volunteer programme.
Seeking external funding	<ul style="list-style-type: none"> WAM is active in sourcing funding for specific projects wherever it identifies a project that qualifies Sponsors are sought for targeted exhibitions with objective of \$20,000 pa new funding this year 	All Staff	Ongoing	<ul style="list-style-type: none"> Applications for funding were made to Tuia Encounters 250 and the Provincial Growth Fund. Neither were successful. Limited staff capacity did not allow for pursuit of sponsorship.

Action	Comments	Responsible	Reporting	Outcomes
Increased community and stakeholder engagement	<ul style="list-style-type: none"> Ongoing programme to engage more widely with the community, particularly using schools and education as link to community: Minimum of 2 community projects per year 	Director/Staff/ Trustees	Ongoing	Achieved: <ul style="list-style-type: none"> Children's exhibition - Surf Tails. Youth targeted exhibition - Here now next. WAM curated exhibition by local artist Andrea Hopkins. Artists floor talks and gallery talk by Northtec.
Operational Education Centre	<ul style="list-style-type: none"> Resource funding gained to commence education programmes with schools and with WAM exhibitions as staffing requirements and funding achieved 	WAM staff	By 30 June 2019	Staff capacity was insufficient to undertake this.
Facilities	<ul style="list-style-type: none"> Aircon 1 upgrade confirmed and Aircon 2 upgrade as funding achieved 	Board/Director	By 30 June 2019	Achieved.
Facilities	<ul style="list-style-type: none"> Offsite storage options researched and proposal discussed with WDC 	WDC/Board/ Director	By 30 June 2019	Achieved.

**Whangarei Art Museum Trust
Financial statements
for the year ended 30 June 2019**

Entity Information

Legal name

Whangarei Art Museum Trust (WAMT).

Type of entity and legal basis

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

WAMT's objective

WAMT actions and directions are determined by the Trust Deed which details the objectives of WAMT. 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 14.

Structure of the Trust's operations, including governance arrangements

WAMT 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 WAMT directly. The Chief Executive is responsible for the operations of WAMT, including relevant aspects of the construction of the HWMAC. Several part time staff support the Chief Executive in delivering against the WAMT'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 WAMT funding, in addition to other national and district charitable funding sources. WAMT also receives funding through donations to be used specifically for the HWMAC.

WAMT's Outputs

WAMT displays WAMT and Council owned art and facilitates art exhibitions for the general public. The construction of the HWMAC is one year in.

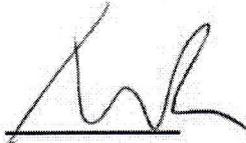
Breach of S67(1) of the Local Government Act 2002 (the Act)

The Trust did not make the audited annual report publicly available by 30 September as required by Section 67(1) of the Act.

Authorisation

The Board of the Whangarei Art Museum Trust authorised these financial statements presented on the following pages 3 to 17.

For and on behalf of the Board.



Chairperson
2 October 2019



Chief Executive
2 October 2019

Whangarei Art Museum Trust
Statement of financial performance
For the year ended 30 June 2019

Statement of financial performance
For the year ended 30 June 2019

	Note	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Revenue				
Donations	3	7,609,111	3,500	5,314,884
Council funding	4	567,000	544,175	3,490,332
Other revenue	5	4,638	32,480	2,376
Interest revenue	6	<u>184,173</u>	<u>400</u>	<u>47,499</u>
Total revenue		<u>8,364,922</u>	<u>580,555</u>	<u>8,855,091</u>
Expenditure				
Employee related costs	8	180,678	179,900	136,731
Depreciation and amortisation	11	19,116	12,340	19,195
Other expenditure	7	<u>448,729</u>	<u>387,336</u>	<u>647,825</u>
Total operating expenditure		<u>648,523</u>	<u>579,576</u>	<u>803,751</u>
Surplus/(deficit)		<u>7,716,399</u>	<u>979</u>	<u>8,051,340</u>
Surplus/(deficit) attributable to:				
Whangarei Art Museum Trust		68,518	979	43,316
HWMAC		<u>7,647,881</u>	<u>-</u>	<u>8,008,024</u>
		<u>7,716,399</u>	<u>979</u>	<u>8,051,340</u>

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

Whangarei Art Museum Trust
Statement of financial position
As at 30 June 2019

Statement of financial position
As at 30 June 2019

	Note	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
ASSETS				
Current assets				
Bank accounts and cash	9	4,149,833	1,327,083	4,001,506
Debtors	10	117,036	43,717	3,513,744
Short term investment - HWMAC		<u>3,860,057</u>	<u>-</u>	<u>-</u>
Total current assets		<u>8,126,926</u>	<u>1,370,800</u>	<u>7,515,250</u>
Property, plant and equipment	11	<u>10,006,820</u>	<u>2,195,745</u>	<u>2,767,426</u>
Total non-current assets		<u>10,006,820</u>	<u>2,195,745</u>	<u>2,767,426</u>
Total assets		<u>18,133,746</u>	<u>3,566,545</u>	<u>10,282,676</u>
LIABILITIES				
Employee cost payable		13,082	-	8,334
Creditors and accrued expenses	12	<u>1,071,429</u>	<u>55,819</u>	941,504
Total current liabilities		<u>1,084,511</u>	<u>55,819</u>	<u>949,838</u>
Total liabilities		<u>1,084,511</u>	<u>55,819</u>	<u>949,838</u>
NET ASSETS		<u>17,049,235</u>	<u>3,510,726</u>	<u>9,332,838</u>
Equity				
Retained earnings	13	17,049,225	3,510,716	9,332,828
Contributed equity	13	<u>10</u>	<u>10</u>	<u>10</u>
Total equity attributable to Whangarei Art Museum Trust		<u>17,049,235</u>	<u>3,510,726</u>	<u>9,332,838</u>

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

Whangarei Art Museum Trust
Cash flow statement
For the year ended 30 June 2019

Cash flow statement
For the year ended 30 June 2019

	Actual 2019 \$	Actual 2018 \$
Cash flows from operating activities		
Council funding	3,323,653	334,612
Donations received	7,925,585	3,286,981
Other revenue	4,638	2,176
Payments to suppliers and employees	(455,846)	151,217
Interest received	184,173	47,499
	<u>10,982,204</u>	<u>3,822,485</u>
Cash flows from investing activities		
Purchase of PPE	<u>(6,973,820)</u>	<u>(1,322,438)</u>
	<u>(6,973,820)</u>	<u>(1,322,438)</u>
Total cash provided to investing activities	<u>(3,860,057)</u>	-
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	148,327	2,500,047
Bank accounts and cash, and bank overdrafts at the beginning of the year	<u>4,001,506</u>	<u>1,501,459</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>4,149,833</u>	<u>4,001,506</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 2018/2019 Statement of Intent

1 Statement of accounting policies for the year ended 30 June 2019

1.1 Reporting entity

The Whangarei Art Museum Trust (WAMT) 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 are prepared on the assumption that WAMT will continue to operate in the foreseeable future.

The financial statements have been prepared on a going concern basis. WAMT is reliant on Council's continued support of its operations. Council has included funding for WAMT in its 2018-2028 Long - Term Plan. The level of funding for the 2020/2021 financial year is expected to assume the same level of funding. Funding is reviewed on an annual basis. WAMT has also received a letter of support from Council to ensure its going concern basis for a period of one year from the date of the approval of these financial statements.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that WAMT 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 sufficient funding for any operating deficit and any short-term funding that may be required to meet cash flow shortfalls for at least 12 months from the date of this annual report. As a result of Council's letter of support, the Trust has prepared the financial statement on the basis that it will continue as a going concern for the foreseeable future.

Goods and services tax

WAMT 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 WAMT 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) 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.

2 Summary of significant accounting policies (continued)

(vi) Volunteer services

Volunteer services received are not recognised as revenue or expenditure as WAMT 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 Property, plant and equipment

Property, plant, and equipment (excluding donated assets) are recorded at cost, less accumulated depreciation and impairment losses. WAMT does not revalue its property, plant and equipment. WAMT 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	-

2.5 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.

2.6 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.7 Lease expense

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

2 Summary of significant accounting policies (continued)

2.8 Tier 2 PBE Accounting Standards applied

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

2.9 Changes in Accounting Policies.

There are no changes in accounting policies.

3 Donations

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Donations - general	2,506	3,500	3,452
Donations - HWMAC	<u>7,606,605</u>	<u>-</u>	<u>5,311,432</u>
Total Donations	<u>7,609,111</u>	<u>3,500</u>	<u>5,314,884</u>

Donations for HWMAC are explained in note 14.

4 Council funding

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Council funding	<u>567,000</u>	<u>544,175</u>	<u>3,490,332</u>
Total council funding	<u>567,000</u>	<u>544,175</u>	<u>3,490,332</u>

Grants received from Council relate to an annual operating grant of \$390,000 (2018: \$337,000) and a rent concession of \$171,000 (2018: \$170,332). In addition, Council will also reimburse WAMT \$6,000 of its audit fee for the 2019 year (2018: \$6,000).

In addition to the above, during the 2018 year Council also provided \$2,977,000 towards the HWMAC Project (Old Harbour Board Development).

5 Other revenue

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Other	<u>4,638</u>	<u>32,480</u>	<u>2,376</u>
	<u>4,638</u>	<u>32,480</u>	<u>2,376</u>

6 Interest revenue

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Interest received - general	1,655	400	765
Interest received - HWMAC	<u>182,518</u>	<u>-</u>	<u>46,734</u>
Total interest received	<u>184,173</u>	<u>400</u>	<u>47,499</u>

7 Other expenses

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Rent paid	171,000	171,000	170,332
Other expenses	85,040	125,129	85,703
Exhibition costs	34,033	66,027	46,233
Management fees	10,000	10,000	10,000
Auditors fees for 2019 financial statements	12,800	15,180	15,180
Additional disbursements in relation to audit of 2018/19 financials	1,437	-	47
Other expenses - HWMAC	<u>134,419</u>	<u>-</u>	<u>320,330</u>
Total other expenses	<u>448,729</u>	<u>387,336</u>	<u>647,825</u>

8 Employee related costs

	Actual 2019 \$	Budget 2019 \$	Actual 2018 \$
Note			
Salaries and wages	<u>180,678</u>	<u>179,900</u>	<u>136,731</u>
Total employee related costs	<u>180,678</u>	<u>179,900</u>	<u>136,731</u>

9 Bank accounts and cash

	Actual 2019 \$	Actual 2018 \$
Cash on hand	200	200
Bank balances - general	126,848	115,560
Bank balances - HWMAC	<u>4,022,785</u>	<u>3,885,746</u>
Total bank accounts and cash	<u>4,149,833</u>	<u>4,001,506</u>

Bank balances - HWMAC are explained in note 14.

Whangarei Art Museum Trust
Notes to the financial statements
30 June 2019
(continued)

10 Debtors and other receivables

	Actual 2019 \$	Actual 2018 \$
Sundry debtors	41,403	504,458
Receivables	<u>75,633</u>	<u>3,009,286</u>
Total debtors and other receivables	<u>117,036</u>	<u>3,513,744</u>

11 Property, plant and equipment

2019	Plant and equipment \$	Leasehold improvements \$	Office equipment \$	Artwork \$	Work in progress \$	Total \$
Carrying amount	74,323	283,308	13,994	438,179	393,254	1,203,058
Balance at 1 July 2017	74,323	283,308	13,994	438,179	393,254	1,203,058
Year ended 30 June 2018						
Additions	1,155	-	-	-	1,583,563	1,584,718
Disposals	-	-	-	-	(1,155)	(1,155)
Depreciation charge	(8,591)	(7,917)	(2,687)	-	-	(19,195)
Balance at 30 June 2018	66,887	275,391	11,307	438,179	1,975,662	2,767,426
Balance as at 1 July 2018	66,887	275,391	11,307	438,179	1,975,662	2,767,426
Additions	16,620	14,345	11,029	-	7,258,509	7,300,503
Disposals	-	-	-	-	(41,993)	(41,993)
Depreciation charge	(8,592)	(7,917)	(2,607)	-	-	(19,116)
Balance at 30 June 2019	74,915	281,819	19,729	438,179	9,192,178	10,006,820

Work in progress relates to costs associated with the design and construction phase of the HWVMAC project. This is explained in note 14.

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 WVAMT's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

12 Creditors and accrued expenses

	Actual 2019 \$	Actual 2018 \$
Accrued expenses	908,559	680,734
Trade creditors	<u>162,870</u>	<u>260,770</u>
Total creditors and accrued expenses	<u>1,071,429</u>	<u>941,504</u>

13 Equity

	Actual 2019 \$	Actual 2018 \$
a) Equity		
Retained earnings	17,049,225	9,332,828
Capital contribution	<u>10</u>	<u>10</u>
Balance at 30 June 2019	<u>17,049,235</u>	<u>9,332,838</u>
b) Retained earnings		
Balance at 1 July	9,332,826	1,281,488
Surplus/(deficit) for the year	<u>7,716,399</u>	<u>8,051,340</u>
Balance 30 June	<u>17,049,225</u>	<u>9,332,828</u>
c) Contributed equity		
Capital contribution	<u>10</u>	<u>10</u>
Balance 30 June	<u>10</u>	<u>10</u>

14 Contingencies

WAMT has no contingent liabilities (2018: 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 WAMT 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

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

14 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 WAMT 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, WAMT 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 \$26.09 million.

The land and the building

Council owns the land and the former Harbour Board building. The building is currently recognised by Council at a nil value because it requires seismic strengthening and is presently 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

Deconstruction of the pre-existing council building on the site was completed and foundation work commenced in September 2018. Piling was completed in late November 2018 and the tower crane was erected. To date the floor has been poured, first floor walls have been erected and the second floor support beams are being cast. External and internal designs modifications have been incorporated into the plans and the internal fit out details are currently being worked through.

For a variety of reasons the construction has faced some unexpected costs. The additional costs are currently estimated to be \$4.2 million. The board is investigating a range of options to meet the shortfall. These options include obtaining new funding and investigating cost savings on the build. Construction is presently continuing and the board has funds to continue the construction through to near completion. Cash flow forecasts predict that additional funds or material cost savings will be required by September 2020. The board is monitoring cash flow requirements.

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 \$13.6 million from donors and expect to receive a further \$11.8 million 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.

14 Contingencies (continued)

Lease and Ownership of the HWMAC Structure

Council and WAMT 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. WAMT will retain substantially all the risk and rewards incidental to ownership of the HWMAC building. Due to this control, WAMT 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 2019, the total amount of money collected and held by WAMT combined with councils contribution and the net pledges yet to be received was \$29.8m (including interest received of \$270k)

Category	Amount (\$000)
Donations	13,607
Council contribution	4,077
Pledges to be received (see Pledge Source below)	<u>11,799</u>
	<u>29,483</u>

1. Donations

These are donations that have been received and treated as revenue. At 30 June 2019 the total amount of donations collected was: \$13.6m

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 amount was recognised as a grant receivable from WDC at the end of June 2018.

This funding is factored in as part of the required funding for the project. At 30 June 2019 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 WAMT (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 2019 the pledges have been assessed and analysed as follows:

14 Contingencies (continued)

Pledge Source	Pledged (\$000)	Collectability %	Net Pledge (\$000)
Government	9,340	100 %	9,340
Local Government	1,000	100 %	1,000
Corporates	140	100 %	140
Charitable Trusts	1,200	100 %	1,200
Professional firms	28	100 %	28
General public	90	90 %	81
Total	<u>11,798</u>		<u>11,789</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 2019, material professional services to the value of \$55k (2018: \$261k) have been quantified and recognised.

Additionally, professional services to the value of \$397k have been quantified but not recognised.

15 Other guarantees

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

16 Capital commitments and operating leases

Capital commitments

WAMT have budgeted commitments of \$26.09m. At 30 June 2019, \$19.1m was committed (2018: \$18.9m).

	Actual 2019 \$	Actual 2018 \$
Capital commitments		
HWMAC Project (see note 14 above)	<u>19,151,743</u>	<u>18,997,887</u>
Total capital commitments	<u>19,151,743</u>	<u>18,997,887</u>

Operating leases as lessee

WAMT leases property as part of its normal course of business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2019 \$	Actual 2018 \$
Not later than one year	171,001	171,001
Later than one year and not later than five years	199,504	370,504
Later than five years	<u>28</u>	<u>29</u>
Total non-cancellable operating leases	<u>370,533</u>	<u>541,534</u>

16 Capital commitments and operating leases (continued)

The operating lease consists of the annual rental paid to Council. WAMT also receives a rent concession of the same amount from Council. The lease was renewed for a 5-year period, in accordance with the deed of renewal and variation of lease.

Council and WAMT 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.

17 Trustee fees

All trustees work on a voluntary basis and receive no fees (2018: nil).

18 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 WAMT requiring disclosure

	Actual 2019 \$	Actual 2018 \$
Receipts awarded from Council		
Grants	<u>567,000</u>	<u>3,490,332</u>
Details of grants awarded from Council are detailed in note 4.		
	Actual 2019 \$	Actual 2018 \$
Grants outstanding	<u>71,000</u>	<u>3,011,083</u>
Balance at 30 June	<u>71,000</u>	<u>3,011,083</u>

The grants payable to WAMT of \$71,000 (2018: \$3,011,083) at balance date relates to Council's share of WAMT's audit fee (\$6,000) and annual operating grant outstanding (\$65,000).

Services relocation costs of \$310,948 are owing to Whangarei District Council.

19 Events occurring after the balance date

There were no events after the balance sheet date (2018: nil).

20 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 expenditure of the Whangarei Arts Museum achieved a favourable result against budget of \$68,518.
- HWMAC, at the time of preparation of the 2018/2019 Statement of Intent no budget information was available at its disposal as the project had just gone live and a number of agreements had to be worked through. A favourable variance of \$7,647,881 was achieved.

21 Performance Information

	Performance Measure	2018/19 Target	Result 2019					
					Actual 2019	Budget 2019	Actual 2018	
1	To operate within agreed financial budgets							
	Whangarei Art Museum Operations	Actual spend less than/equal budget	Not achieved Achieved	Revenue Expenditure	\$ 575,809 \$ 507,291	\$ 580,555 \$ 579,576	\$ 519,925 \$ 476,608	
	HWMAC - Operating Revenue and Costs	Actual spend less than/equal budget	Achieved Not achieved	Revenue Expenditure	\$ 7,789,112 \$ 141,231	Nil Nil	\$ 8,335,166 \$ 327,143	
Refer to note 20 for explanations of significant variances against budget.								
2	Visitor satisfaction maintained	New measure	Partially Achieved	The previous use of Survey Monkey has been discontinued as the sample was not representative. Currently monitoring satisfaction via the Museum Aotearoa National Survey, and seeking other feedback via Facebook, visitor feedback/suggestion forms and a visitors' book. New measures will be investigated once WAM staff capacity allows.				
3	Collection management undertaken	600 works assessed	Achieved	A fixed term consultant was employed in August 2018, who has assessed the entire catalogue of WAM works (excluding the Drummond collection).				
4	Review operation hours and exhibition numbers to meet agreed funding	Review Completed	Review not complete	An informal review was conducted which resulted in a reallocation of the staff budget. This enabled the gallery to maintain opening hours and curate the scheduled exhibitions. The review was not formally documented.				
5	Regular reporting on HAC project covering: <ul style="list-style-type: none"> • Cost vs. budget • Progress against milestones • Public satisfaction • Health and safety • Project governance • Risk 	Quarterly reporting	Not Achieved	Due to the high volume of work of the board and the resignation of two trustees, reports were not provided to WDC in a timely manner. A report for the first three quarters of the year was provided in June 2019. The 4th quarter report was provided by the 20th of July 2019.				

Auditors' Report

To the customers of Whangarei Art Museum Trust