



toi tauranga art gallery

**Tauranga Art Gallery Trust
Draft Statement of Intent to
Tauranga City Council
2022-23, 2023-24, 2024-25**



Table of Contents

	Page
1 Letter of Introduction	3-4
2 Strategic Priorities and Alignment	5
3 The Future: 2022 – 2023 and beyond	6
4 Nature and Scope of Activities	7
5 Performance Framework – Non-Financial	8-10
6 Planning	11
7 Reporting	11
8 Financial Performance Targets	12
9 Accounting Policies	12
10 Asset Management	12
11 Transactions between related parties	12
12 Significant Decisions	13
13 Investment from TCC	13
14 Payment arrangements	13
15 Three Year Forecast: 2022-23, 2023-24, 2024-25	14-15

Abbreviations used:

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

1. Letter of Introduction

The Tauranga Art Gallery Trust Board has the pleasure of presenting this Draft Statement of Intent (SOI) for the periods, 2022-23, 2023-24, 2024-25.

The SOI is informed by the expectations of the Tauranga City Council as outlined in the Enduring Statement of Intent and the Letter of Expectation, dated 13 December 2021.

The purpose of the SOI is to:

1. State publicly the activities and intentions of a CCO for the year and the objectives to which those activities will contribute;
2. Provide an opportunity for shareholders to influence the direction of the organisation; and
3. Provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

As COVID-19 continues to have an extraordinary impact in New Zealand and globally, our SOI continues to present the most accurate picture we can create in these uncertain times, and on the large part works on the assumption that no future lockdown period occurs. However, as we have witnessed in the 2021-22 calendar year, while the brief closure under Level 4 and 3 resulted in three-week suspension of all our activities, the impacts of COVID have been felt over a much longer period. These impacts will continue for the foreseeable future and our priority is to continue to ensure good governance, business continuity plans and agile risk response strategies are employed during these times.

The Trust is also reviewing a range of social and economic challenges that the Gallery has faced over a much longer period. We believe the Gallery is currently not able to deliver its full potential and we are currently developing a more ambitious plan for achieving that vision. We plan to make a submission to TCC in the Annual Plan 2022 which will be focused towards getting the organisation onto a more secure financial footing (as indicated in our three-year budget forecasts). This includes improving its business systems and acumen and addressing a gap between TAG's baseline funding and the costs of its core activities, which has widened noticeably over the past five years. This planning also builds on our current work we are undertaking with Fresh Info, to better calculate the social impact and value of Tauranga Art Gallery's activities.

Our Toi Tū Tauranga ten-year– vision, reflects our aspiration to foster enduring lifelong relationships between art and the community. Our Statement of Intent identifies synergies between our Vision and TCC's values, ensuring community objectives established through our visioning work guides our activities.

A key change since our last SOI submission has been the emergence of the Civic Precinct. Tauranga Art Gallery has a strong view of the value our organisation brings to this development, and the exciting opportunity it affords for us to increase our capacity to deliver more in Tauranga through expanded facilities and resources. We also remain committed to taking the Gallery to the next phase, to be a leading destination in Aotearoa for local, national, and international exhibitions.

Tauranga Art Gallery is identified by Museums Aotearoa as one of nine key mid-sized public art galleries across Aotearoa¹. We are recognised for leading programmes of art, which regularly feature mana whenua artists and reflect the stories and voices of our community. We take pride in the industry-leading quality of our art experiences, and that our exhibitions are supported by active

¹See *Picture No Galleries*, published by Chartwell Trust, 2020, page 40

education and public programmes, ensuring access to art for all.

The activities and operations laid out in this SOI are guided by our guiding objectives in the Tauranga Art Gallery Trust Deed (4.1), to:

- a) Provide the establishment and management of a sub-regional Public Art Gallery and ensure that its assets and collections are managed to a high standard.
- b) Provide Public Art Gallery facilities and art experiences which are relevant and accessible to the Western Bay of Plenty, sub-regional communities, and visitors to the area.
- c) Lead and promote activities to raise funds for the Gallery.

As Chair of a refreshed Board, we are unified and optimistic in our approach. We look forward to updating you on our progress during the year.

Ngā mihi, nā

Rosemary Protheroe

Chair

Tauranga Art Gallery Trust



2. Strategic Priorities and Alignment

Vision Statement Toi Tū Tauranga <i>Enduring relationships with art</i> Creating life-long connections with art				Mission Statement He Tauranga Toi <i>To be an anchorage for art</i> To create exceptional art experiences that engage, inspire, and challenge			
TAGT Strategic objectives	He Tauranga Auaha <i>To be an anchor of innovation and creativity</i>	He Tauranga Matarau <i>To be an anchorage for diversity</i>		He Tauranga Whaihua <i>To be an anchor of enduring success</i>	He Tauranga Haukaha <i>To be an anchor of great shelter</i>	He Tauranga Taiao <i>To be anchor in environmental sustainability</i>	He Tauranga Haumaru <i>To be anchor in safe development</i>
TAG Business function	Exhibitions, events, and education programmes	Stakeholder engagement	Marketing and Communications	Financial governance and management	Infrastructure and facilities		People and organisational culture
TCC Letter of Expectation alignment – community outcomes	Our purpose – we’re here to make Tauranga better We recognise we are an integral part of the wider Bay of Plenty region and upper North Island.						
	We are inclusive			Accountability and Transparency	We have a well-planned city		Purpose and values. Board professional development. COVID-19 – Health, Safety and Wellbeing
TAGT Priorities	Deliver a diverse exhibition and events programme. Achieve a high level of customer satisfaction Deliver a range of education programmes and learning opportunities that meets the needs of our clients.	Enhance our marketing and communications. Partner with tangata whenua and ensure strong engagement with Māori. Partner with government agencies, councils, and other organisations.		Develop a greater awareness of our Social Return on Investment (SROI). Implement prudent financial management processes. Ensure TAG has a clear vision and purpose for the next 3-5 years.	Involvement in the City Centre redevelopment project (Civic Precinct) discussions. Effective management of assets.	Gallery operates in an environmentally sustainable way.	Health, safety, and well-being is a priority Implement best practice human resource management policies and processes The board provides best practice governance.

3. The Future: 2022-23 and beyond

The Tauranga Art Gallery Trust Vision 2021-2031 reaffirms TAGT's commitment to delivering outcomes in accordance with the Gallery's specific objectives described above. The ongoing impacts of COVID-19 continue to impact TAG's visitation and income, and it is anticipated to take several months, if not years, to rebuild previous levels of visitation, patronage, and revenues.

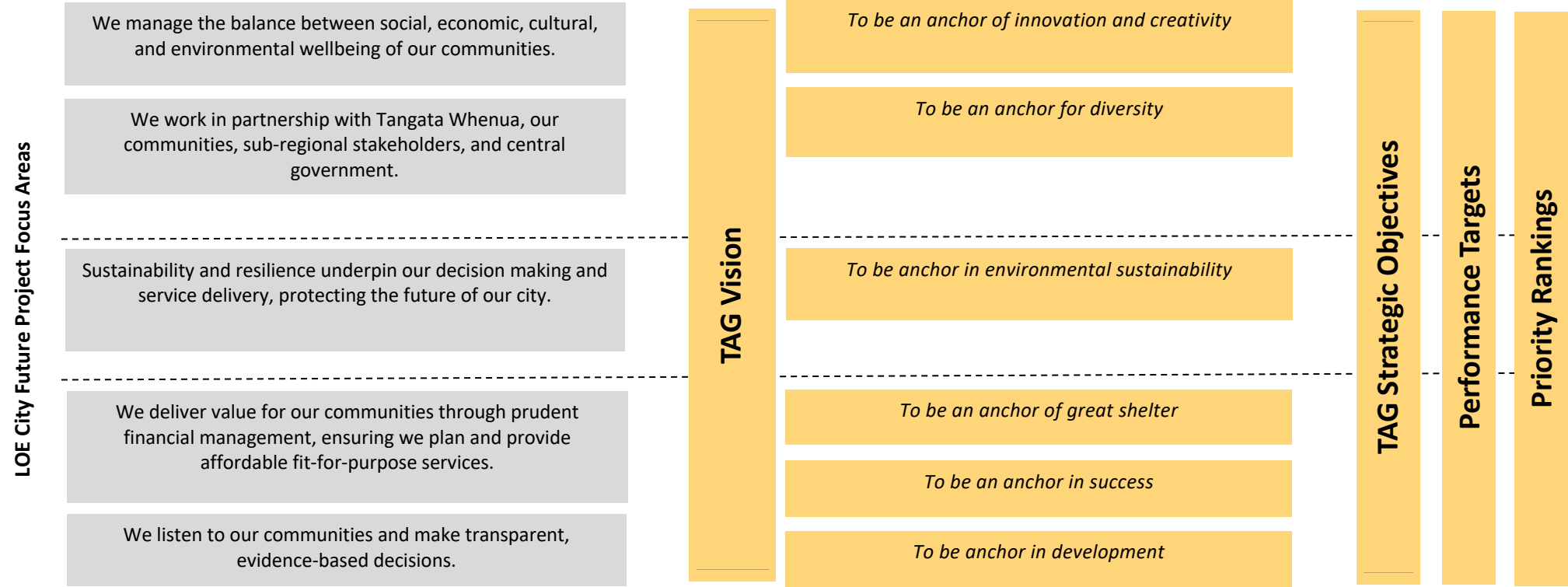
For many years Tauranga Art Gallery has acted as a beacon for culture in the city but has stood somewhat alone without the support of an active thriving cultural hub. While the completed pedestrian-only Wharf Street area has significantly improved the outlook of our immediate surroundings, connections between Tauranga Art Gallery and other cultural organisations has never felt unified or part of a larger cultural strategy. With the new proposed Civic Precinct plans being developed at pace, we see enormous potential for this to benefit Tauranga Art Gallery in the long term, creating a clear way forward with both enabling the growth and expansion of our organisation, and increasing our capacity to deliver more of our innovative programmes for Bay of Plenty audiences. We look forward to advancing conversations with Tauranga City Council and broader stakeholders as we enter this new phase at pace.

Tauranga Art Gallery's Vision 2021-2031 builds upon and refocuses our founding principles as defined in the Trust Deed, creating a refreshed and renewed vision to meet the challenges of the future.



4. Nature of Scope & Activities

The diagram below demonstrates the alignment between the LOE City Future Project’s focus areas and TAG’s objectives. Our objectives are further detailed in the Performance Framework.



5. Performance Framework – Financial & Non-financial

Exhibitions, Events and Education Programmes		
He Tauranga Auaha <i>To be an anchor of innovation and creativity</i> TAG is a destination for both city visitors and residents, providing the opportunity for all to learn about and experience art	TAGT Strategic Objective	Performance Target
	Deliver a diverse exhibition and events programme.	A high-quality programme with a minimum of 12 exhibitions and events is delivered that reflects the unique character and needs of Tauranga, inspires the Tauranga community, includes international representation, and integrates key objectives in the areas of innovation, diversity, community, environment.
	Achieve a high level of customer satisfaction.	At least 30,000 visitors to the Gallery. 80% “highly satisfied/ positive” rating via our visitor survey and feedback received from schools and other participants of programmes and events.
	Deliver a range of education programmes and learning opportunities that meets the needs of our clients.	Education programmes are linked to the exhibition programme and align with the Te Whāriki (ECE) and the NZ Curriculum (primary secondary) curriculum focus areas and identified tertiary outcomes. Programmes are developed to meet the needs of our participants, with te reo and te ao māori principles integrated within our programmes. A range of in-gallery, outreach and holiday programmes are delivered to a minimum of 7,500 students across Tauranga and the larger WBOP region. Continue to identify opportunities to expand our reach of programmes to schools/ kura. Deliver a range of other learning opportunities for targeted groups and families / whanau.

Stakeholder Engagement / Marketing and Communications		
He Tauranga Matarau <i>To be an anchor for diversity</i> TAG is inclusive and promotes partnerships with tangata whenua, values culture, and diversity and where people of all ages and backgrounds are	TAGT Strategic Objective	Performance Target
	Enhance our marketing and communications	A marketing and communications strategy is developed that effectively promotes the Gallery’s full range of activities. It will include brand alignment and options to develop technology and digital platforms to provide alternative art experiences to grow audiences and enabling greater access to the visual arts.
	Partner with tangata whenua, and ensure strong engagement with Māori	Implement an engagement strategy that reflects Tikanga Māori, enabling us to build stronger relationships with tangata whenua and enabling wider engagement with Māori

included, feel safe, connected, and healthy.	Partner with government agencies, councils, and other organisations.	Staff, and where appropriate trustees, work in collaboration with relevant government agencies, groups, and councils to share best practice and to align with other events held across the city, i.e., Tauranga Arts Festival, Jazz Festival.
--	--	---

Financial Governance and Management		
He Tauranga Whaihua <i>To be an anchor of enduring success</i> TAGT will pursue opportunities to secure funding and manage all funds with prudence and care with a commitment towards being financially sustainable.	TAGT Strategic Objective	Performance Target
	Develop a greater awareness of our Social Return on Investment (SROI)	Our Social Return on Investment (SROI) impact is integrated into messages with stakeholders and Gallery supporters, leading to a better understand of our social and economic impact.
		New measures and statistics are identified, in addition to ongoing visitor attendance and feedback surveys, to better gauge awareness of TAG and its activities.
	Implement prudent financial management processes.	Appropriate systems and controls are in place for the efficient financial management, planning, and decision making across all areas of the organisation.
		Our annual budget is monitored regularly, with current financial projections maintained to ensure gross revenue targets and forecasted expenditure is within budget.
		Evidence of an increase in revenue streams to support the Gallery's activities from sources other than Council funds.
	Ensure TAGT has a clear vision and purpose.	Our strategic plan is well communicated to our stakeholders and community, and all work activities are aligned to the objectives which are prioritized with adequate resourcing allocated.

Infrastructure and Facilities		
He Tauranga Haukaha <i>To be an anchor of great shelter</i>	TAGT Strategic Objective	Performance Target
	Involved in City Centre redevelopment project (Civic Precinct) discussions.	Evidence of collaboration with TCC management team on the development of the Civic Precinct.
	Effective management of assets.	An Asset Management Plan is developed that includes a well-planned repairs and maintenance programme, renewals, and future CAPEX priorities that are included in future budgets.

He Tauranga Taiao <i>To be anchor in environmental sustainability</i>	Gallery operates in an environmentally sustainable way.	We have investigated ways of using resources better and reducing waste by recycling and/or reusing materials and monitoring power consumption. ArtBus provides environmentally sustainable means for education students to attend programmes. TAGT continues to work towards gaining a sustainability accreditation.
---	---	---

People and Organisational Culture		
He Tauranga Haumarū <i>To be anchor for development</i> TAGT will take all practical steps to ensure our people are valued, supported feel safe, connected, and healthy.	TAGT Strategic Objective	Performance Target
	Health, safety, and well-being is a priority.	All health, safety and well-being policies and procedures reviewed, and an internal review programme developed to ensure they are regularly monitored to meet statutory requirements.
	Implement best practice human resource management policies and processes	To improve the culture of the organisation, staff are engaged, increased in employee satisfaction, meeting statutory obligations and reducing organisational risk.
		Annual staff survey completed, and staff satisfaction increases.
	The board is providing best practice governance.	The board provides governance for the TAG strategic direction. All Trustees have a clear understanding of their roles and actively seek professional development opportunities.
		There is a strong and positive relationship between the Chair and the Director.

6. Planning

TAGT will prepare and annually update a three-year Strategic Plan and Annual Business Plan with:

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

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

7. Reporting

TAGT will:

- Keep TCC informed of matters of substance affecting the Trust as outlined in ESE.
- Produce an annual report to TCC on both financial and non-financial performance.
- Appraise the performance of the Trust Board / Trustees at least every 2 years.

Annual Report

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

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

The audited financial statements shall consist of

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

8. Financial Performance Targets

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

Indicative Financial Performance Targets:

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

Non-Financial Performance Targets

Indicative Non-Financial Performance Targets of planning and reporting requirements are met as per performance framework above.

9. Accounting Policies

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

10. Asset Management

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

Commercial Values of Assets

TAGT operates a public service and not a commercial activity. It is not practical to provide a commercial value to assets. Fair value of land, building and artworks are determined by an independent valuer every three years and changes reflected in the financial statements. Fair value is reviewed annually. The next valuation is to be undertaken in the year ended 30 June 2024.

11. Transactions between related parties

Transactions between TCC and TAGT will be conducted on a wholly commercial basis.

12. Significant Decisions

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

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

13. Investment from TCC

TCC will purchase services from the Trust as follows

2022-23

Management and operation of Tauranga Art Gallery \$1,274,957 including Trustee fees of \$45,000.

2023-24

Management and operation of Tauranga Art Gallery \$1,296,631 (based on applying an inflation adjustment of 1.7% including Trustee fees of \$45,000.

2024-25

Management and operation of Tauranga Art Gallery \$1,318,674 (based on applying an inflation adjustment of 1.7% including of \$45,000

Any increases of the Management & Operational funding and Trustee fees would be subject to TCC approval as part of the internal submission via the Annual Plan process.

14. Payment arrangements

- Payment of the Tauranga Art Gallery management and operation will be made monthly in advance as per the schedule above.

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

Signed by

Date

Rosemary Protheroe
Chair
Tauranga Art Gallery Trust

Stephen Cleland
Director
Tauranga Art Gallery

14. Three Year Forecast

TAURANGA ART GALLERY

Indicative Three Year Operational Forecast

	3 Year Forecast			
	2022-23	2023-24	2024-25	
Income				
Donations, fundraising and similar revenue	\$255,000	\$255,000	\$255,000	1
Revenue from providing goods or services	\$60,000	\$60,000	\$60,000	1
Interest, dividends & other investment revenue	\$7,000	\$7,210	\$7,426	2
TCC Operational (incl Collections)	\$1,274,957	\$1,296,631	\$1,318,674	3
WBOPDC	\$40,000	\$40,680	\$41,372	4
Total Income	\$1,636,957	\$1,659,521	\$1,682,471	
Gross Profit	\$1,636,957	\$1,659,521	\$1,682,471	
Less Operating Expenses				
Building	\$296,033	\$304,914	\$314,061	5
Expenses related to public fundraising	\$342,496	\$352,771	\$363,354	6
Volunteer & Employee related costs	\$845,895	\$871,272	\$897,410	7
Costs related to providing goods or services	\$87,000	\$89,610	\$92,298	8
Other expenses	\$102,000	\$238,260	\$339,558	9
Total Operating Expenses	\$1,673,423	\$1,856,826	\$2,006,681	
Operating Profit	-\$36,466	-\$197,305	-\$324,209	
Non-operating Expenses				
Depreciation	\$152,000	\$152,000	\$152,000	10
Total Non-operating Expenses	\$152,000	\$152,000	\$152,000	
Net Profit	-\$188,466	-\$349,305	-\$476,209	
Income/ cost reductions to be identified	\$188,466	\$349,305	\$476,209	11
	\$0	\$0	\$0	

Assumptions

1. Revenue generation didn't increase as much as previously projected over the past few years. Due to the current financial environment, it will be a challenge to obtain revenue from the business community and with delays in opening borders and the planned construction work in the city adjacent to the Gallery, visitor numbers will be down so our revenue line is not expected to increase over the next few years. There may be opportunities to obtain revenue to support education programmes.
2. Do not expect interest on investments to increase.
3. Based on 2021 actual including the LTP increase of \$150k ('20-'21) and includes 5.9% CPI increase as per statistics NZ December report.
4. WBOPDC 3-year partnership agreement has been renewed for next 3 years with annual CPI increase and we are working towards increasing the base contract.
5. Building as per 2021/22 actual plus CPI 5.9% costs for goods and an increase in building maintenance included as per Beca report.
6. Volume and quality of exhibitions increased. Offsite education programmes initiated. Working with TBOP to promote events/ VH post COVID. Budget does not include NZME contra sponsorship for Marketing and communications of \$45k.
7. Increased HR costs include a 3% CPI increase and new professional development budget of 2% individual gross wages for all employees.
8. Trustee fees, Director travel, meetings & professional services.
9. Includes audit fees (75%), accounting, bank & EFTPOS service fees. Additional budget for Business Improvements over the next 3 years, increasing each year \$60k, \$195k, \$295k.
10. Depreciation projections is based on previous years calculations.
11. Addressing this shortfall will be part of TAG's forthcoming application to TCC for an increase in base funding through the Annual Plan 2022.



Tauranga Art Gallery
Supported by Tauranga
City Council

Cnr Wharf & Willow Sts
Tauranga
+64 7 578 7933
artgallery.org.nz

Follow us:



tauranga art gallery
toi tauranga