

PERCY THOMSON TRUST

- Percy Thomson Gallery
- Percy Thomson Herbarium
- Percy Thomson Arboretum



13 February 2025

NOTICE OF MEETING

Notice is hereby given that the Extraordinary meeting of the Percy Thomson Trust will be held at the Committee Room, Stratford District Council, 63 Miranda Street, Stratford on ***Tuesday 18 February 2025*** at 10am.

Yours faithfully
E Hall
CHAIRPERSON

Per: Carissa Reynolds
HR and Governance Administrator

AGENDA

PERCY THOMSON TRUST

- Percy Thomson Gallery
- Percy Thomson Herbarium
- Percy Thomson Arboretum



F16/1072 – D25/4947

Extraordinary Meeting

Date: Tuesday 18 February 2025 at 10am

Venue: Committee Room, Stratford District Council

Opening Karakia

1. Announcements

2. Apologies

3. Declaration of Interest

Trustees to declare any real or perceived conflicts of interest relating to items on this agenda.

4. Strategic Planning

5. Questions

6. Next Meeting

12.1 Next Meeting

The next meeting of the Percy Thomson Trust is to be held on Thursday 20 February 2025 at 3pm.

Closing Karakia

Percy Thomson Trust - Extraordinary Meeting

18 February 2025 10:00 AM



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TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.

Percy Thomson Trust Strategy Meeting
Tuesday 18 February 2025
10am – 5pm

TIME	AGENDA ITEM	INFORMATION
10am	Values Session	
10.30am	Investment Strategy	To be joined by Mark Butterworth of Craigs Investments
12noon	Lunch	Sven Hanne and Catherine Rhodes joining us
12.30pm	Key Strategic Questions	Sven and Catherine remaining for the afternoon session
4.00pm	Governance Workplan Policies and Procedures	

Key Questions

- What do prudent financial management practices look like?
- What constitutes risk? Current/Emerging
- What does best practice and governance look like?
- What does enhanced engagement and communication look like?
- What does the “ongoing establishment and maintenance” of the Herbarium look like?
- What does the “ongoing establishment and maintenance” of the Arboretum look like?
- What does the “ongoing establishment and maintenance” of the Gallery look like?

Attachments

- Investment Policy (last reviewed February 2021, next review due February2024)
- Objects of the Trust
- Letter of Expectations (dated 12 December 2024)
- Governance Workplan and Policies and Procedures Draft

INVESTMENT POLICY

Last reviewed February 2021, next review due February 2024

PHILOSOPHY

The investment strategy of the Percy Thomson Trust is to maintain the income level required to achieve the Trust objectives whilst also inflation-proofing the capital base.

CRITERIA FOR INVESTMENT

Investments must be made to optimise returns while balancing risk and return considerations. As a responsible Trust with a public benefit aim, the Percy Thomson Trust investments should be low risk. The criteria to be applied to investments are:

- Safety of Capital - Safety of capital is a dominant consideration in all investment decisions.
- Liquidity - Investments are managed to ensure that sufficient funds are available to meet liabilities as and when they fall due.
- Returns - Long term investments reflect the objective of maximizing returns in excess of the inflation rate consistent with moderate to low risk exposure and to provide consistent real income over the long term.

PERFORMANCE MEASURES

Maintain the real value of the capital of the Trust with regard to inflation. (using the Statistics New Zealand All Groups CPI).

Types of Investment

The Trust may hold the following types of investments. See other sections of this policy for restrictions on the management of each type.

- Bank deposits, bank accepted bills and bank issued certificates of deposit
- Short term Promissory Notes issued by companies and Local Authorities
- Stocks and bonds issued by Government, SOE's, Local Authorities and suitably rated Corporate entities
- Shares in listed public companies
- Real Estate
- Professionally managed portfolios of investments, either by direct investment or through Unit Trusts including:
 - Equities both New Zealand and overseas domiciled
 - Fixed interest both New Zealand and overseas domiciled
 - Short term cash
 - Real estate

The following types of investments are prohibited:

- Loans to individuals
- Loans to community organisations

ASSESSMENT AND MANAGEMENT OF RISKS BY TYPE OF INVESTMENT

Authorised Bank Instruments

The Trust may invest in any registered bank in New Zealand subject to the following:

- The bank remains the primary debtor throughout the term of the investment.
- Investments will only be in banks on the list of registered banks in New Zealand as approved by the Reserve Bank of New Zealand.
 - any other organisation with a Standard and Poor's short term credit rating of A-3 or better and a long term credit rating of A- or better (equivalent Moody's ratings may be used).
- Up to 100% of the available funds may be invested.
- A maximum of 50% of the total investments issued by the financial market (which is made up of short term bank deposits, promissory notes and long term stocks and bonds including those issued by Local Authorities and Government Stock) may be invested with any one bank.
- Deposits may not include foreign currency.

Promissory Notes by NZ Companies and Local Authorities

The Trust may invest in Promissory Notes issued in New Zealand by Corporates and Local Authorities in New Zealand currency subject to the following:

- Up to 35% of the available funds may be invested where the Promissory Notes are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.
- The term is no more than 180 days.
- The interest rate must be better than Bank deposits for the same term.
- For registered Promissory Notes the note must be held in the Trust's name.
- For 'bearer' Promissory Notes, the certificate may be held by the Trust or by a suitable agent such as a Bank.
- To avoid the Trust being exposed to settlement risk, payment on maturity or sale requires settlement by 'Cleared Funds'.

Authorised Stock or Bond Investments

The Trust may invest in any fixed term stock or bond issued in New Zealand subject to the following:

- Up to 100% of the available funds may be invested where the stock is issued by the New Zealand Government or State Owned Enterprise guaranteed by the Government.
- Up to 100% of the available funds may be invested where the stock is issued by a Local Authority and is rate secured, but subject to a maximum of 50% of the total investments with any one issuer.
- Up to 80% of the available funds may be invested where the bonds are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.

Shares in Listed Public Companies

The Trust may invest in any public company listed on the New Zealand Stock Exchange subject to the following:

- Specific resolution is required by the Trust to invest directly in a listed equity, such resolution to have considered professional advice from a broker.
- There is to be an annual review by a broker to assess price, total value, and hold or sell advice.
- Up to 30% of the available funds may be invested.

Real Estate

The Trust may invest in real estate subject to the following:

- The property is directly linked to the aims and purpose of the Trust; or
- The property was included in the initial assets of the Trust.
- Up to 75% of the available funds may be invested.

Professionally Managed Portfolios

The Trust may invest in professionally managed portfolios subject to the following:

- In selecting the fund manager the Trust shall consider:
 - Performance and competence
 - Diversification of the asset class
 - Expected return
 - Volatility of return, both in the past and expected
 - Trust's tolerance to risk
- The management of the investment, once made with a professional Fund Manager, shall be handled entirely by that Fund Manager. Therefore, restrictions stated elsewhere in this policy governing the selection and handling of direct investments shall not apply.
- Up to 50% of the available funds may be invested.

Diversification Summary

Investment Category	Fund Weighting Restriction	Other Restrictions
Bank Instruments	100% of fund	Maximum 50% with any one bank
Promissory Notes	35% of fund	No more than 180 days; No more than 20% with one issuer
Authorised Stock/Bonds	100% of fund Government Stock; 100% of fund Local Authority; 80% of fund Others	No more than 50% with one Local Authority; No more than 20% with one issuer
Listed Shares	30% of fund	
Real Estate	75% of fund	Aims of Trust
Professional Portfolios	50% of fund	

Reporting

The Percy Thomson Trust shall receive with each set of accounts reported to the Trust a statement of investments including book value, maturity date, return, market value, and other features deemed relevant.

Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Shares, and Professionally Managed Funds) is granted to the Chairman of the Trust and any one other authorised account signatory.

ACTIVITIES FOR WHICH COMPENSATION SOUGHT

The Percy Thomson Trust is seeking a continuation of the annual cash grant of \$50,000 from the Stratford District Council.

This grant helps fund the activities of the Trust and is a recognition of the benefits the operations of the Trust bring to the wellbeing of the Stratford District. It is noted that the grant has not been increased since 2012. The Trust has up until recently been able to absorb inflationary cost pressures on wages and operational costs mainly through fundraising and outside grants, however this has now become significantly harder so that there has been some resort to reserves. If the grant had maintained a similar proportion of rate income over this period the current grant would be of the order of \$80,000. No increase in the grant is being sought at this time given the discussions taking place on the future of the Trust and recognising the financial constraints on Council.

The Trust is also seeking \$15,000 of maintenance work on the Arboretum, delivered "in kind" - no change from previous Statement.

In addition, the Trust is seeking \$15,000 of cleaning and maintenance services of the building, and the public toilets within the Percy Thomson Building, delivered 'in kind' - no change from previous Statement.

The Council also provides administration services to the Trust for \$20,600 per annum - no change from previous Statement.

As a Council controlled organisation, any funding applications to TSB Community Trust must be made in conjunction with Council's applications.

OBJECTS OF THE TRUST

The objects for which the Trust is established are, to the extent that they are a Charitable Purpose within New Zealand, as follows:

- to receive the Percy Thomson Arboretum, the Percy Thomson Herbarium and the Percy Thomson Gallery and to be responsible for the ongoing establishment and maintenance of an arboretum, herbarium and art gallery in Stratford;
- to manage the Trust Facilities and to create, acquire, promote, exhibit and manage the Collections for the benefit of the inhabitants of the Stratford District and the public generally;
- to endeavour to achieve the objectives the Council sets for the delivery of services in respect of the Trust Facilities as negotiated and set out in the Charter, the Business Plan, and the Strategic Plan;
- to implement the Council's policy as revised from time to time for the development and enhancement of the Trust Facilities with an emphasis on Stratford and in accordance with the Charter, Business Plan and Strategic Plan;
- to provide advice to the Council on the Council's long term policy for the development of gallery services in Stratford;
- to establish exhibition programmes and education policies for the Trust Facilities;
- to develop acquisition, de-accession and collection development policies for the Trust;
- to provide all financial, administration, marketing, technology and services required for the Trust Facilities;
- to determine charges for viewing or using any of the Trust Facilities and the Collections with a view to generating appropriate revenue and encouraging public enjoyment and utilisation of the Trust Facilities and Collections;
- to house and care for any art collections, antiquities or other articles acquired by, loaned, created or otherwise made available to the Trust and particularly to preserve and maintain the Collections (subject to any de-accession policies developed by the Trustees);
- to lease land or other assets where the Trustees determine that such land or other assets can be used in conjunction with the Trust Facilities or to promote the objectives of the Trust;
- to solicit and raise funds and carry out such activities as are necessary or conducive for the carrying out and giving effect to the objects of the Trust;
- to encourage and foster liaison and co-operative activities with related facilities, particularly those in the Stratford District; and
- generally to do all acts, matters and things that the Trustees consider may advance the objects of the Trust.

For the avoidance of doubt, the objects of the Trust expressed above are set out in no particular order or priority and do not include an intention or purpose that the Trust operates a trading undertaking with the intention or purpose of making a profit, but rather that the Trustees fairly and efficiently manage the Trust Fund, the Trust Facilities and the Collections for the benefit of the people of Stratford District.

The Trust's objects shall only be carried out in, or to benefit people in the Stratford District. The Trustees may carry out activities outside the Stratford District to promote the Trust or the Trust's activities but only if they believe that such activities will be for the ultimate benefit of people in the Stratford District.

Office of the Mayor



Our reference

F16/1315 – D24/55290

12 December 2024

The Board of Trustees
Percy Thomson Trust
C/- P O Box 320
Stratford 4352

Dear trustees

Letter of Expectations for the year ending 30 June 2026

1. This Letter of Expectations (the Letter) outlines the matters the Stratford District Council (SDC) expects the board of the Percy Thomson Trust (PTT) to address in the business planning process for the 2025/2026 financial year.
2. The Letter is intended to create an opportunity for PTT and SDC to have strategic alignment through enhanced communication and engagement.

PTT purpose

3. PTT is responsible for the ongoing management of the Percy Thomson Gallery, the Thomson Arboretum and the Thomson Herbarium as set out in the objects of the Trust Deed.

Focus for the remainder of the 2024/2025 financial year

4. For the remainder of the 2024/2025 financial year, we expect PTT to continue with its purpose of delivering the objects set out in the Trust Deed and its current Statement of Intent, as well as
 - Ensuring best practice governance for PTT;
 - Being transparent and accountable, including compliance with Local Government Official Information and Meetings Act 1987 (LGOIMA) and information disclosure policies;
 - Ensuring health and safety is a top priority across all of its activities, and that appropriate policies and structures are in place to support this;
 - Ensuring appropriate risk management structures are in place;
 - Ensuring prudent financial management practices are in place and adhered to;
 - In readiness for 2025/2026 year, review all financial investments by the trust in the light of overall cost and benefit. The overall cost must consider any and all costs arising from the chosen investment type and structure, not only for PTT but also for SDC, particularly in light of required audit reconciliations for annual reports for both organisations; and
 - Positioning itself to address the items raised within this Letter of Expectations.

Intent

In addition to the trust's normal business, Council asks the Percy Thomson Trust trustees to:

5. Provide the analysis of PTT's current investments as per point 4 above to SDC and present its future financial and investment strategy and how this addresses SDC's concerns raised in points 4 and 9.
6. Consider its financial position in light of eligibility for third party funding. We ask the trust to ensure that it maximises external funding opportunities and considers and explores whether the current financial support provided by council and or PTT's investments compromise eligibility for third party funding. Pending the outcome of such an assessment we further ask the trust to consider remedies to ensure financial sustainability and longevity of the trust's activities.
7. Ensure long-term upkeep of trust owned facilities, especially the Gallery building. As Council holds no financial reserves or budgets for the repair or maintenance of these facilities, it expects the trust to adhere to the appropriate maintenance and renewal practices to avoid or at least minimise any significant unbudgeted liabilities arising.
8. Consider whether the trust is best placed to deal with the obligations and management overhead arising from the direct employment of staff. A common alternative would be for PTT to outsource employment matters to council, with the employee(s) engaged by council and seconded (or similar) to PTT. This has the potential to de-risk employment matters and free up trustee time to focus on PTT's core business.

Financial Prudence

9. While we acknowledge that PTT is going through changes at the board as well as at staff level, Council is very concerned about the significant gap between the trust's income and expenditure. SDC asks PTT to ensure its budgets are set and managed in consideration of its overall financial position and appropriate financial controls are in place. Any matters that are reliant on grant funding should only proceed if such funding is successfully secured.

Working with SDC

10. We expect PTT to keep Council informed as to its financial performance and progress towards achieving the goals set in the Statements of Intent. This includes any funding shortfall as well as financial or investment matters related to these raised in PTT's or SDC's annual report.
11. We expect PTT to work on the future outlook for PTT and to provide a high level forecast of the finances for the next 1-5 years.
12. We expect PTT to provide SDC with strategic options that allow SDC to consider the implications for SDC as shareholder with a particular focus on PTT's ability to deliver the objects of the trust as well as any financial implications on SDC.
13. We require PTT to provide:
 - Half-yearly and Annual Reports in accordance with the Local Government Act 2002
 - An annual, risk-focused update to SDC's Audit and Risk committee addressing current and emerging risks to or arising from PTT's operations and any implications for SDC
 - Briefings for Councillors on matters of significance as required.

Next steps

14. The Letter of Expectations forms the basis for the development of your Statement of Intent by PTT for the year ending 30 June 2026.

15. Council considered requiring a revised Statement of Intent for the remainder of the 2024/2025 year from PTT but concluded that the delivery timelines would be too tight. Instead it is issuing this letter of expectations early to enable PTT to utilise the remainder of the 2024/2025 year to establish the foundation to deliver against the matters raised within this Letter of Expectations, especially the analysis of PTT's financial investments. Your Statements of Intent should reflect this Letter of Expectations and comply with the requirements of the Local Government Act (see s64 and Schedule 8).
16. We look forward to working with you in the coming financial year. Please contact me if you have any queries relating to this letter or Council's expectations of PTT.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N C Volzke', written in a cursive style.

N C Volzke JP
District Mayor

Governance Workplan – first cut

- Prepare high level forecast of finances – next 1 – 5 years
- Prepare options for SDC to consider that focus on PTT’s ability to deliver the objects of the Trust
- Management of facilities
- Charter???
- Management of staff – in house or outsourced to Council? *April/May*
- Review draft budget
- Adopt budget
- Receive and approve half yearly report to SDC
- Receive and approve Annual Report
- Review of Strategic Plan
- Sign off Operations Plan

Policies and Procedures – not complete

- Education policy – referred to in the Trust’s Objects
- Acquisition, de-accession and collection development policies – including caring for any acquisitions gifted, loaned, created or otherwise made available to the Trust – referred to in the Trust’s Objects
- Policy for charge-out rates, and commissions
- Publicity and Promotions Plan
- Remuneration Policy
- Stakeholder Engagement Plan including:
 - Communications – such as to the media and newsletters etc
 - liaison and collaboration with related facilities
 - communications with the Stratford District Council
- Health and Safety Policy – *Approve a draft for consultation with staff by February (final sign off at March meeting)*
- Risk Management Policy
- Code of Conduct
- Social Media Policy
- Governance Self Evaluation Plan
- Financial Management Policy – including”
 - Investment Policy
 - Revenue Generation Plan (including eligibility for third party funding; and an assurance that projects will only proceed once funding has been secured)
 - Prudent financial management
- Asset Management Plan including:
 - Building maintenance
 - Chattels
 - IT gear
- Friends Policy (includes for the Gallery as well as for the Arboretum and explores the Life Membership category)

Note: Health and Safety, Conflicts of Interest, and the Risk Management Schedule should become permanent items on the agenda.



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

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Ā hauora
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Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

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