

## 10. CANTERBURY MUSEUM - DRAFT ANNUAL PLAN 2004

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The purpose of this report is to submit the Draft Annual Plan of Canterbury Museum for the year ending 30 June 2004 to Council for review and approval. The draft plan has been separately circulated to Councillors.

The draft Annual Plan sets out in broad outline the mission, vision and core values of the Museum together with detail on the organisation structure, performance objectives, financial summaries and an outline of the proposed operating and development budgets. There is special reference to the proposed revitalisation project.

### OPERATING BUDGET

The plan is available for consideration by the contributing local authorities for a period of six weeks which concludes on 16 May 2003. While there are rights of objection if the levies have increased, it would be inappropriate to object as the increases are in line with previous forecasts. These forecasts were approved by this Council several years ago when it agreed to a series of increases to enable the Museum to fund its depreciation on a sound footing.

The following table compares the current plan operating forecasts with those included in last year's plan (shown in italics):

	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>
	\$000	\$000	\$000	\$000
Revenue*	<b>596</b> <i>582</i>	<b>647</b> <i>549</i>	<b>535</b> <i>492</i>	<b>745</b> <i>653</i>
Operating costs	<b>3646</b> <i>3702</i>	<b>3945</b> <i>3900</i>	<b>4284</b> <i>4285</i>	<b>4469</b> <i>4509</i>
Net cost before depreciation	<b>3049</b> <i>3120</i>	<b>3298</b> <i>3351</i>	<b>3749</b> <i>3793</i>	<b>3724</b> <i>3855</i>
Depreciation	<b>902</b> <i>902</i>	<b>1022</b> <i>922</i>	<b>1226</b> <i>1182</i>	<b>1373</b> <i>1242</i>
Net cost including depreciation	<b>3951</b> <i>4022</i>	<b>4320</b> <i>4273</i>	<b>4975</b> <i>4975</i>	<b>5097</b> <i>5097</i>
LA levies	<b>3802</b> <i>3802</i>	<b>4206</b> <i>4206</i>	<b>4663</b> <i>4663</i>	<b>4886</b> <i>4886</i>
Operating deficit	<b>149</b> <i>220</i>	<b>114</b> <i>67</i>	<b>313</b> <i>312</i>	<b>211</b> <i>211</i>

The following observations are worthy of note:

- The levies remain as forecast in previous years.
- Operating costs excluding depreciation are below last year's forecasts in all years except 2003/04 but this is compensated by the forecast better position in 2002/03.
- Net costs before depreciation are below previous forecasts primarily due to increased revenue forecasts.

### FUNDING FOR REVITALISATION PROJECT

This Annual Plan includes a proposal to levy the contributing councils for the revitalisation project. It has not previously been formalised through the Museum's Annual Plan process. This Council had, however, committed itself to contributions to the revitalisation project of \$8 million.

The total amount being sought from the contributing local authorities for this project is \$10.5 million of which this Council's share is \$9.42 million. As part of this year's Annual Plan process, this Council made provision for an extra \$1.44 million spread over five years.

In order to encourage the other local authorities to commit to making their contribution to this project and to enable the funding to be brought forward so that the project can commence, the Museum has devised a scheme whereby the funding (over and above this Council's first \$8 million contribution) can be spread over five years or paid in one lump sum. The detail of this is set out in section 6.4 of the Museum Plan. This Council has budgeted its share of this sum as being paid at the rate of \$288,000 per year over the five years. However, the proposal from the Museum includes an interest factor if the extra capital levy is spread. This is to bring some fairness into the equation as some of the smaller local authorities are prepared to pay in one lump sum up front whereas others need a facility to spread it and the Museum will need to borrow to fund the drip feed option. This Council would therefore need to increase the amount it is budgeting for this final share of the contribution to include the interest component. The increase would be \$49,000 per annum. The impact on the Annual Plan of this increase would be 0.03%. Considering the fact the bulk of the Council contribution (\$8 million) is being spread over seven years and is not subject to any interest charge, I consider that it is reasonable to accept this additional cost.

#### **CAPITAL BUDGET**

The total eight year capital expenditure budget has been reprogrammed compared with the 2002/03 Plan largely to reflect delays in commencing the revitalisation project. This includes ordinary capital works. The charges are reflected in the following table:

<b>Year</b>	<b>02/03 Plan \$M</b>	<b>03/04 Plan \$M</b>
02/03	4.798	4.607
03/04	8.167	8.560
04/05	14.786	14.318
05/06	4.511	8.682
06/07	3.500	3.578
07/08	3.200	3.778
08/09	2.350	1.900
09/10	-	1.700

#### **ANNUAL LEVY**

The annual levy on local authorities is distributed according to an agreed formula based primarily on population. In addition, there is an ex gratia payment from this Council of \$515,887 agreed some years ago when this Council agreed to fund loan servicing for internal restoration/strengthening work. The total operating levy is \$3,832,413. This amount has been provided in the Council's draft Annual Plan.

In addition, the capital levy of \$337,000 referred to above is required.

#### **Staff**

- Recommendation:**
1. That the Council approve the Canterbury Museum Annual Plan for the year ending 30 June 2003.
  2. That the final Annual Plan for 2003/04 makes provision for an additional \$49,000 for the capital levy.

#### **Chair's**

**Recommendation:** That the above recommendation be adopted.