

6. CANTERBURY MUSEUM - ANNUAL PLAN 2003

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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 2003 to the Council for review and approval.

The draft Annual Plan (separately circulated) 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.

The plan is available for consideration by the contributing local authorities for a period of six weeks which concludes on 26 April 2002. 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 years plan (shown in italics):

	2001/02	2002/03	2003/04	2004/05
	\$000	\$000	\$000	\$000
Revenue*	589 <i>589</i>	582 <i>625</i>	549 <i>690</i>	492 <i>1003</i>
Operating Costs	3674 <i>3674</i>	3702 <i>3766</i>	3900 <i>4220</i>	4285 <i>4442</i>
Net cost before depreciation	3085 <i>2989</i>	3120 <i>3061</i>	3351 <i>3450</i>	3793 <i>3439</i>
Depreciation	849 <i>911</i>	902 <i>972</i>	922 <i>1198</i>	1182 <i>1298</i>
Net Cost including depreciation	3934 <i>3901</i>	4022 <i>4033</i>	4273 <i>4648</i>	4975 <i>4736</i>
LA Levies	3444 <i>3444</i>	3802 <i>3802</i>	4206 <i>4206</i>	4663 <i>4663</i>
Operating Deficit	490 <i>457</i>	220 <i>231</i>	67 <i>442</i>	312 <i>74</i>

*(01/02 figures adjusted for changed accounting treatment of interest)

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.
- Net costs before depreciation increase by the 1.1% in 2002/03, 7.4% in 2003/04 and 13.2% in 2004/05. The latter increase being primarily a factor of reduced income and increased depreciation.
- Depreciation is below previous forecasts reflecting delays in the capital revitalisation project.
- Revenue is generally below previous forecasts.
- While the operating deficits are generally below those previously forecast in 2001/02 they increase significantly in 2004/05 due to a revenue shortfall. The long term forecasts show that the revenue increases have been deferred until 2006/07 to reflect delays in the revitalisation project.

The capital programme has been delayed owing to expected delay in the receipt of funding. There is a note indicating that the project will proceed as funds become available. While this Council has committed to a stream of funding totalling \$8 million, this is spread over a longer period than originally requested by the Board.

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 levy (excluding the special grants promised for the revitalisation project) is \$3,471,145. This amount has been provided in Council's draft annual plan.

Recommendation: That the Council approve the Canterbury Museum Annual Plan for the year ending 30 June 2003.