

5. CANTERBURY MUSEUM - ANNUAL PLAN 2004

Officer responsible
Director of Strategic Investment

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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 2005 to the Council for review and approval. The draft plan has been separately circulated to Councillors.

The report also reviews the status of Canterbury Museum as a Council-controlled organisation in terms of the Local Government Act and recommends that an exemption be sought from the Minister of Local Government.

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, capital and revitalisation budgets.

OPERATING BUDGET

The plan is available for consideration by the contributing local authorities for a period of six weeks which concludes on 3 May 2004. 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*):

	2003/04	2004/05	2005/06	2006/07
	\$000	\$000	\$000	\$000
Self generated Revenue	655 <i>647</i>	970 <i>535</i>	755 <i>745</i>	902 <i>985</i>
Operating Costs	3952 <i>3945</i>	4556 <i>4284</i>	4789 <i>4469</i>	5017 <i>4854</i>
Net cost before depreciation	3298 <i>3298</i>	3586 <i>3749</i>	4033 <i>3724</i>	4115 <i>3869</i>
Depreciation	1022 <i>1022</i>	978 <i>1226</i>	1027 <i>1373</i>	1078 <i>1809</i>
Net Cost including depreciation	4320 <i>4320</i>	4564 <i>4975</i>	5060 <i>5097</i>	5192 <i>5679</i>
LA Levies	4206 <i>4206</i>	4663 <i>4663</i>	4886 <i>4886</i>	5115 <i>5115</i>
Operating Deficit (surplus)	114 <i>114</i>	(98) <i>313</i>	174 <i>211</i>	78 <i>564</i>

The following observations are worthy of note:

- The levies remain as forecast in previous years and are consistent with provision made in the Council's LTCCP.
- Operating costs excluding depreciation are above last year's forecasts in all years but this is compensated by improved revenue forecasts.
- Operating deficits (surplus) are below previous years' forecasts primarily due to increased revenue forecasts and reduced depreciation due to delay in the revitalisation project.
- Increased revenue is forecast from interest, grants, donations and trading activities.

CAPITAL BUDGET

The total eight year capital expenditure budget has been reprogrammed compared to the 2004/05 Plan largely to reflect delays in commencing the revitalisation project. This includes ordinary capital works. The charges are reflected in the following table:

Year	03/04 Plan \$M	04/05 Plan \$M
03/04	8.560	4.303
04/05	14.318	8.295
05/06	8.682	14.761
06/07	3.578	6.366
07/08	3.778	2.798
08/09	1.900	2.945
09/10	1.700	1.447
10/11	-	1.675
Totals	42.516	42.590

ANNUAL LEVY AND GRANTS

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 share of the total operating levy for this Council is estimated at \$4,242,052. This amount has been provided in Council's draft annual plan. When the final valuations are determined at the end of June there could be some redistribution of the levy amongst the various contributing local authorities. However, any change is likely to be quite small.

In addition, a special capital levy of \$337,000 was agreed to by this Council in 2003 for a finite period to 2007/08 to meet a residual part of this Council's contribution to the revitalisation project.

A grant of \$532,500 is due to be paid in 2004/05 from the Capital Endowment Fund income.

LOCAL GOVERNMENT ACT REQUIREMENTS

The Local Government Act 2002 definition of Council-controlled organisations has effectively made the Canterbury Museum a Council-controlled organisation (CCO) owing to the fact that this Council and adjoining local authorities appoint a majority of the board members. This Council appoints four members and a further two are appointed by other contributing local authorities.

The Local Government Act requires that a CCO must provide the following:

- Statement of Intent
- Half yearly report
- Annual report.

The Canterbury Museum is established under its own Act of Parliament and has specific accountability requirements to provide an annual plan to the Council for approval as well as the provision of an annual report. These additional new provisions of the Local Government Act require an additional layer of accountability which seems to be unnecessary since the Museum is a completely separate entity, was not established by the Council and has adequate accountability requirements which it must meet. It is only because the governance election provisions of the Museum Act requires local authorities to appoint members to the board that the Museum technically becomes a CCO.

While the requirements of the Local Government Act specify a range of issues to be provided in a Statement of Intent prepared by a CCO there are few significant items that are not effectively provided in the Canterbury Museum Annual Plan albeit they come under different headings in the Annual Plan.

There is provision in the Local Government Act (Section 7) for the Governor-General, by Order in Council made on the recommendation of the Minister to exempt an organisation established under an enactment from being a CCO. The Canterbury Museum is established under its own Act and in view of the adequate accountability provisions of that Act I believe that it would be sensible to support an application for exemption of the Museum from being a CCO.

In the meantime this Council should treat the annual plan provided by the museum as meeting the Statement of Intent requirements of the Local Government Act.

Staff

- Recommendation:**
1. That Council approve the Canterbury Museum Annual Plan for the year ending 30 June 2005 pursuant to Section 7 of the Local Government Act.
 2. That, pursuant to Section 7 of the Local Government Act, the Council make a submission, in conjunction with the Canterbury Museum, to the Minister of Local Government seeking exempt status for the Museum from the requirement to be a Council-controlled organisation.

Chair's

Recommendation: That the above recommendation be adopted.