

12. CANTERBURY MUSEUM - DRAFT ANNUAL PLAN

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| General Manager responsible: | Director of Strategic Investment |
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PURPOSE OF REPORT

1. The purpose of this report is to submit the Draft Annual Plan of the Canterbury Museum for the year ending 30 June 2006 to the Council for review and approval.

EXECUTIVE SUMMARY

2. The levies proposed to be made on this Council are the same as those forecast in last year's plan.
3. The nett operating costs are less than in previous years' forecasts primarily due to increased revenue forecasts.
4. As a result of reduced nett operating costs being lower, the forecast operating deficits are lower (and surpluses higher) than in previous forecasts.
5. The capital expenditure budgets have now been re-forecast into different years reflecting currently anticipated timing of the revitalisation project but the quantum remains in line with previous budgets.

FINANCIAL AND LEGAL CONSIDERATIONS

6. The Canterbury Museum Trust Board Act 1993 requires the Board to prepare and adopt an annual plan in each year.
7. The draft annual plan is referred to contributing local authorities for a period of consultation which this year concludes on 29 April 2005.
8. The levies may be objected to by the Christchurch City Council or two or more of the remaining contributing authorities and if an objection is received the Board must convene a meeting and the Christchurch City Council or not less than three other contributing authorities may resolve to reduce the levy to an amount which is not less than the total levy made in respect of the previous year.

STAFF RECOMMENDATIONS

It is recommended that the Council approves the Canterbury Museum Annual Plan for the year ending 30 June 2006.

BACKGROUND

9. The draft Annual Plan (attached) 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

10. The plan is available for consideration by the contributing local authorities for a period of six weeks which concludes on 29 April 2005. 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.

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

| | 2004/05 Forecast | 2005/06 Budget | 2006/07 Budget | 2007/08 Budget |
|---------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Self generated Revenue | 973 <i>970</i> | 972 <i>756</i> | 1076 <i>902</i> | 1117 <i>1109</i> |
| Operating Costs | 4559 <i>4556</i> | 4884 <i>4789</i> | 5096 <i>5017</i> | 5379 <i>5342</i> |
| Net cost before depreciation | 3586 <i>3586</i> | 3912 <i>4033</i> | 4020 <i>4115</i> | 4262 <i>4234</i> |
| Depreciation | 978 <i>978</i> | 1027 <i>1027</i> | 1078 <i>1078</i> | 1132 <i>1294</i> |
| Net Cost including depreciation | 4564 <i>4564</i> | 4939 <i>5060</i> | 5098 <i>5193</i> | 5394 <i>5528</i> |
| LA Levies | 4663 <i>4663</i> | 4886 <i>4886</i> | 5115 <i>5114</i> | 5354 <i>5354</i> |
| Operating Deficit (surplus) | (98) <i>(98)</i> | 53 <i>174</i> | (16) <i>78</i> | 41 <i>174</i> |

12. 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 annual plan
- Operating costs excluding depreciation are marginally above last year's forecasts by less than the forecast inflation rate in all years but this is more than compensated for by improved revenue forecasts.
- Operating deficits (surplus) are below previous years' forecasts primarily due to increased revenue forecasts.
- Increased revenue is forecast from interest, grants, donations admission and trading activities.

Capital Budget

13. 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 | 04/05 Plan \$M | 04/05 Plan \$M |
|---------------|---------------------------|---------------------------|
| 2003/04 | 4.303 | 2.634 |
| 2004/05 | 8.294 | 1.544 |
| 2005/06 | 14.760 | 2.274 |
| 2006/07 | 6.366 | 18.062 |
| 2007/08 | 2.797 | 11.401 |
| 2008/09 | 2.945 | 3.784 |
| 2009/10 | 1.447 | 1.497 |
| 2010/11 | 1.675 | 1.535 |
| 2011/12 | - | 1.573 |
| Totals | 42.587 | 44.304 |

14. While the capital expenditure has been reallocated into different years to reflect the changed timing of the revitalisation project the overall quantum (allowing for the extra year included in the forecasts for the first time) is close to the forecasts in last year's plan.

Annual Levy and Grants

15. The annual levy on local authorities is distributed according to an agreed formula based primarily on population. The share of the total operating levy for this Council is estimated at \$4,438,820. Part of that includes a special ex gratia payment from this Council of \$515,887 agreed some years ago when the Council agreed to fund loan servicing for internal restoration/strengthening work. This full amount of the levy 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.
16. 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.
17. A grant of \$732,500 is due to be paid in 2005/06 from the Capital Endowment Fund income.