

8. CANTERBURY MUSEUM DRAFT ANNUAL PLAN

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Corporate Plan Output: Corporate Expenses and Revenues	

The purpose of this report is to submit the Canterbury Museum's draft Annual Plan for the financial year to 30 June 2001. A copy of the plan has been separately circulated to Councillors.

The Plan comprises two significant and separate aspects. These are:

- Operating Budget and ordinary capital including Operating Levy
- Revitalisation project and Capital Levy request.

Operating Budget

The Operating Budget shows an increasing level of operating levy which is fully consistent with the previous year's Annual Plan. This arises from the requirements of the Local Government Act that the museum provide for the funding of depreciation from 1 July 1998. Last year the local authority contributors agreed to increase the level of ordinary levy progressively so that the operating deficit would be largely phased out by 2002/03. The forecast levies in this annual plan remain at the same levels forecast last year for the next seven years.

It will be noted that after 2002/03 the projected levies continue to increase by an average of 3.9% each year. These increases are largely driven by increased depreciation on the new capital projects. The commitment of the Council last year to help phase out the operating deficit does not extend to a commitment to increases following 2002/03.

The forward budget provisions are best summarised in the table on the penultimate page of the plan. These levies relate to the five contributing local authorities and include a special ex gratia levy agreed to by this Council totalling \$515,887 which funds the servicing of debt raised approximately three years ago to complete the earthquake strengthening programme.

The full amount of the operating levy excluding the special ex gratia payment by CCC is allocated amongst the contributing local authorities on the basis of a formula based on population distribution. In 1999/00 the CCC share of the levy was 90.44%. In the forecast year it is 90.32%. The following table illustrates the split of the levy and the component parts borne by CCC.

	Total required	CCC Share	Percentage of Whole
Ordinary Levy	\$2,434,366	\$2,198,711	90.32%
Shared Ex- Gratia	\$177,508	\$160,325	90.32%
Special CCC Ex-Gratia	\$515,887	\$515,887	100%
2000/01 Total	\$3,127,761	\$2,874,923	91.91%
1999/00 Total	\$2,828,804	\$2,607,713	92.18%
Increase over 1999/01	\$298,957	\$267,210	

Provision was made in the forward projections of the 1999 Annual Plan for the full amount of the 2000/01 levy.

Revitalisation Project and Capital Levy request.

The Annual Plan outlines a major revitalisation project totalling \$18.8 million over six years. A draft Strategic Plan has been prepared which details this project and the Strategic Plan is due to be completed and finalised by the Museum Trust Board by 30 June 2000. The draft plan was outlined to the Council in early 1999.

Funding for this project is sought from the local authorities (\$8 million), Central Government (\$8 million) and Museum resources (\$2.8 million).

The CCC share of the capital levy has been requested as follows:

Year	Total from LAs	CCC Share
2000/01	\$2M	\$1.8M
2001/02	\$3M	\$2.71M
2002/03	\$2M	\$1.8M
2003/04	\$1M	\$0.9M

As capital expenditure by the Museum does not create an asset for the Council, this capital funding request must be treated as an operating grant and the addition of \$1.8M in one year would add 1.5% to the 2000/01 rate increase. This was discussed by the Annual Plan Working Party recently and it was agreed that this could not be accepted at this time.

When the request was originally mooted last year the Council did not make provision in its forward plan for this funding in view of the heavy programme of commitments which the Council already had and the unacceptability of funding it direct from rates.

Clearly the Museum is anxious to obtain an advance commitment so that it can approach central Government for a similar level of commitment. This usually needs evidence of local support.

I believe that the Council should not make a commitment at this time unless it is prepared to add the amount to the annual rates levy. However, it may be appropriate for the Council to give further consideration to the issue when further capital funding becomes available, probably later on in 2000. In the meantime it should await the completed Strategic Plan and advise the Museum Trust Board that it cannot accept the capital levy.

Process for Approval of Levies

The Canterbury Museum Trust Board Act 1993 requires the Museum to provide an Annual Plan and levy request to the Council with a six week period in which the contributing local authorities can object. Either the CCC or any two of the rural contributing local authorities may veto the levy. It is understood that at least one of the rural local authorities intends to veto the levy because of the capital component.

Recommendation: That the Canterbury Museum Trust Board be advised:

1. That the Council approve the ex gratia payments.
2. That, in accordance with section 15(3) of the Canterbury Museum Trust Board Act 1993, the CCC object to the proposed levies.
3. That the Council favourably consider a revised ordinary levy which provides for the operational sum of \$2,198.711.
4. That once the Strategic Plan is completed further consideration will be given to the capital levy issue.

Chairman's

Recommendation: That the above recommendation be adopted.