

14. CANTERBURY MUSEUM - ANNUAL PLAN

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Corporate Plan Output: Corporate Expenses	

The purpose of this report is to seek approval of the Council for the Annual Plan of the Canterbury Museum. A copy of the Museum Annual Plan has been separately circulated to Councillors.

OPERATING LEVY

The draft Annual Plan requests an operating levy funding for 2001/02 from this Council of a total of \$3,155,240. This amount has been provided for in this Council's Draft Financial Plan and Programme. The levy forecasts for the years 2001/02 and 2002/03 are the same as that provided in last year's Annual Plan for the Museum. The levy increases from 2003/04 by \$248,000 due to increased depreciation.

The report outlines a requirement of the auditors of the Museum that the buildings be depreciated and the Museum has proposed that the full funding of this depreciation be phased-in over a five year period. It should be noted that depreciation was being progressively phased in for all other assets in previous forecasts. The phasing-in of total depreciation has meant that there will be a financial deficit shown in the Museum's accounts until 2004/05 and this will be funded from reserves. This is a reasonable approach and should be supported.

The operating budget of the Museum would appear to be in order and should be approved.

CAPITAL FUNDING LEVY

The Museum made a request to the Annual Plan Working Party for this Council to provide funding of up to \$10m over a period of several years towards its revitalisation project. This request was necessary not only to contribute to the \$31 million project but in order to obtain Central Government support for significant funding of the balance of the project.

The Annual Plan Working Party considered this matter on several occasions during the process of preparing the Council's budget and the Council finally approved provision in its forecasts (subject to consultation) of \$8m over a five year period commencing from 2002/03. The amounts provided in the draft Annual Plan are allocated as follows:

2002/03	\$1.1m
2003/04	\$1.2m
2004/05	\$3.7m
2005/06	\$1.2m
2006/07	\$0.8m

A minimum of \$2.5m of this amount has been provided from the Council's Capital Budget for work related to the Robert McDougall Art Gallery and associated Council land as this can be treated as an asset in the Council's accounts.

It is proposed to fund the balance from the Capital Endowment Fund income, subject to public consultation on the Capital Endowment Fund.

The Museum Annual Plan reflects an initial discussion with the Annual Plan Working Party and assumes that the Christchurch City Council will contribute a sum of \$9m in total with \$1.45m funded by the Christchurch City Council in 2001/02. The final recommendation adopted by the Council as noted above, commences a year later for a lesser amount.

In view of the fact that the Annual Plan refers to the capital levy, it will be necessary to formally object to the capital levy while giving approval to the operating levy and ex gratia funding.

OBJECTION PERIOD

The Canterbury Museum Trust Board Act provides a statutory period of six weeks for consultation on the Annual Plan. This period commenced on the 12 March and concludes on Friday 20 April 2001. It will therefore be necessary to respond to this Annual Plan prior to the April Council meeting.

Recommendation: That the Canterbury Museum be advised:

- (a) That the Christchurch City Council approves the operating levy and ex gratia payments foreshadowed in the Annual Plan for the year ending 30 June 2002.
- (b) That the Council objects to the provision in the Annual Plan for a capital levy of \$1.45m in 2001/02.
- (c) That this Council is giving consideration to contributions to the revitalisation project commencing in 2002/03 and totalling \$8m. This consideration to be subject to public consultation in the Council's Financial Plan process and approval of the Council's Financial Plan.

Chairman's

Recommendation: That the above recommendation be adopted.