

6. CANTERBURY MUSEUM – DRAFT ANNUAL PLAN 2012/13

General Manager responsible:	General Manager Regulation & Democracy Services, DDI 941-8462
Officer responsible:	General Manager Regulation & Democracy Services
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PURPOSE OF REPORT

1. The purpose of this report is to submit to the Council the Draft Annual Plan of the Canterbury Museum Trust Board (**Attachment A**) for the year ending 30 June 2013 to enable the Council to consider the plan to make, if it wishes to do so:
 - (a) submissions on the draft annual plan,
 - (b) an objection to the levies proposed in the draft plan.

EXECUTIVE SUMMARY

2. The levy increase has remained at 5 percent for the 2012/13 Annual Plan as highlighted in the Canterbury Museum's 2011/12 Annual Plan. Christchurch City Council's share of the increase in levies is \$273,310, and this has been factored into the Council's 2012/13 Annual Plan. The increase will bring the Council's share of the operating levy to \$6,361,054.

FINANCIAL AND LEGAL CONSIDERATIONS

3. The Canterbury Museum Trust Board Act 1993 requires the Canterbury Museum Trust's Board to prepare and adopt an annual plan for each financial year. The plan includes the levies to be paid by the contributing local authorities.
4. The draft annual plan is referred to the four contributing local authorities (Christchurch City Council, Selwyn District Council, Hurunui District Council and Waimakariri District Council) for a period of consultation which concludes on 27 April 2012.
5. The levies proposed in the draft Annual Plan 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. The Christchurch City Council or not less than three other contributing authorities may resolve that the levy be reduced to an amount which is not less than the total levy made in respect of the previous year. The proposed levies are binding on the four contributing authorities, unless the Christchurch City Council or three of the other contributing authorities resolve to hold the levies. (Section 16 of Canterbury Museum Trust Board Act 1993.)
6. Submissions may be made to the Museum requesting them to amend the plan.
7. Given that the operating levies are the same as forecast in the 2011/12 year it is recommended that the Council advise the Canterbury Museum Trust Board that it does not wish to make an objection to the Trust Board's 2012/13 Annual Plan.

BACKGROUND ON CANTERBURY MUSEUM 2012/13 DRAFT ANNUAL PLAN

8. 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.
9. The plan is available for consideration by the contributing local authorities until Friday 27 April 2012.

OTHER CONTENT OF THE PLAN

10. The general content of the 2012/13 annual plan is largely the same as the previous years plan.

6 Cont'd

THE OBJECTION PROCESS

11. The Canterbury Museum Trust Board Act (Section 16) provides that either the Christchurch City Council or two or more of the remaining contributing local authorities may give notice objecting to the proposed levies. If this happens the Board must convene a meeting of the contributing authorities within a month. At that meeting the Christchurch City Council or not less than three other contributing authorities may resolve that the levy be reduced to an amount no less than the previous year.

STAFF RECOMMENDATION

It is recommended that:

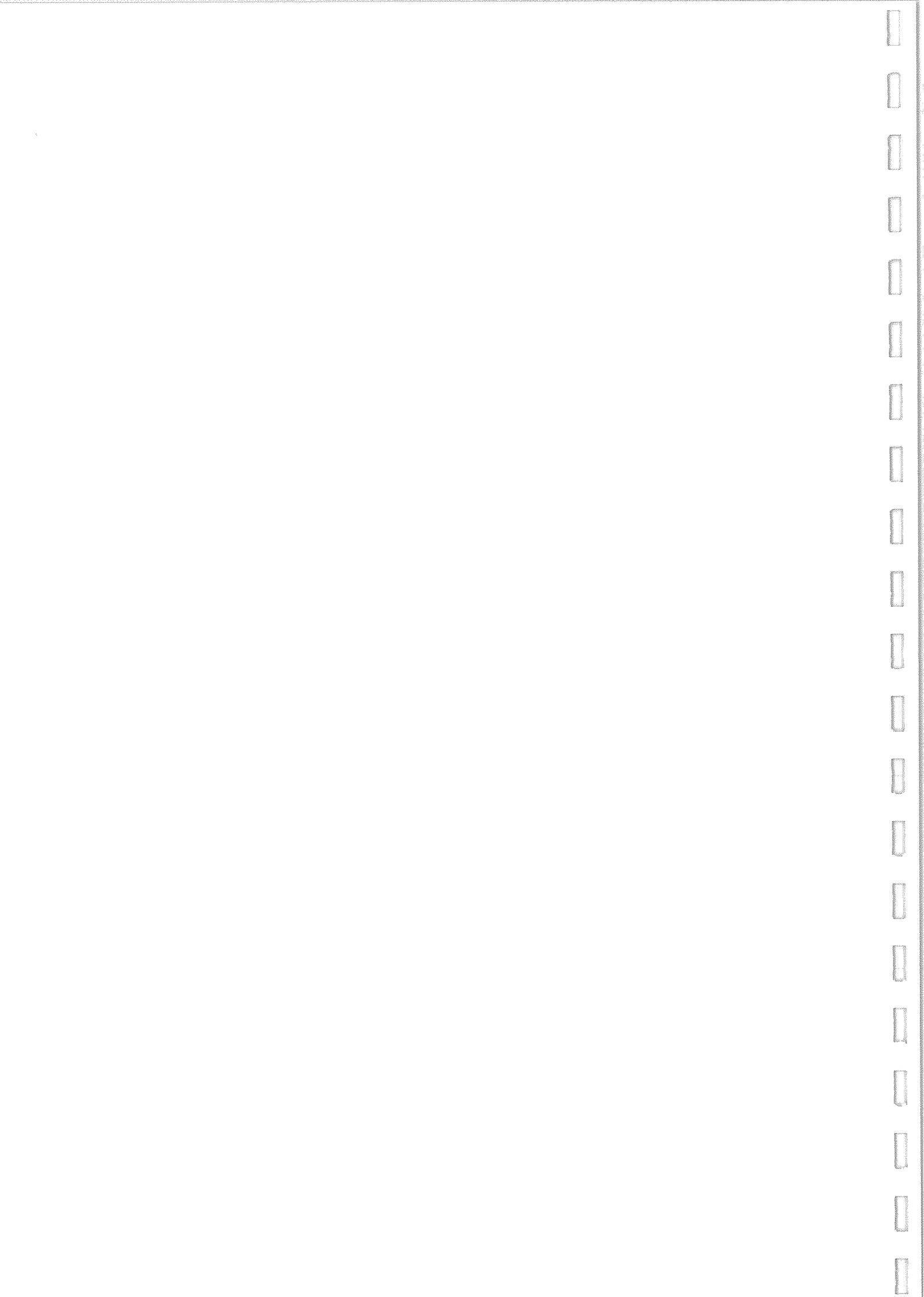
- (a) The Council considers what submissions it wishes to make on the Canterbury Museum Trust Board's draft 2012/13 Annual Plan.
- (b) The Councillor representative supports the Museum's 2012/13 operating levies.

Canterbury Museum Draft Annual Plan

For the financial year
1 July 2012 to 30 June 2013

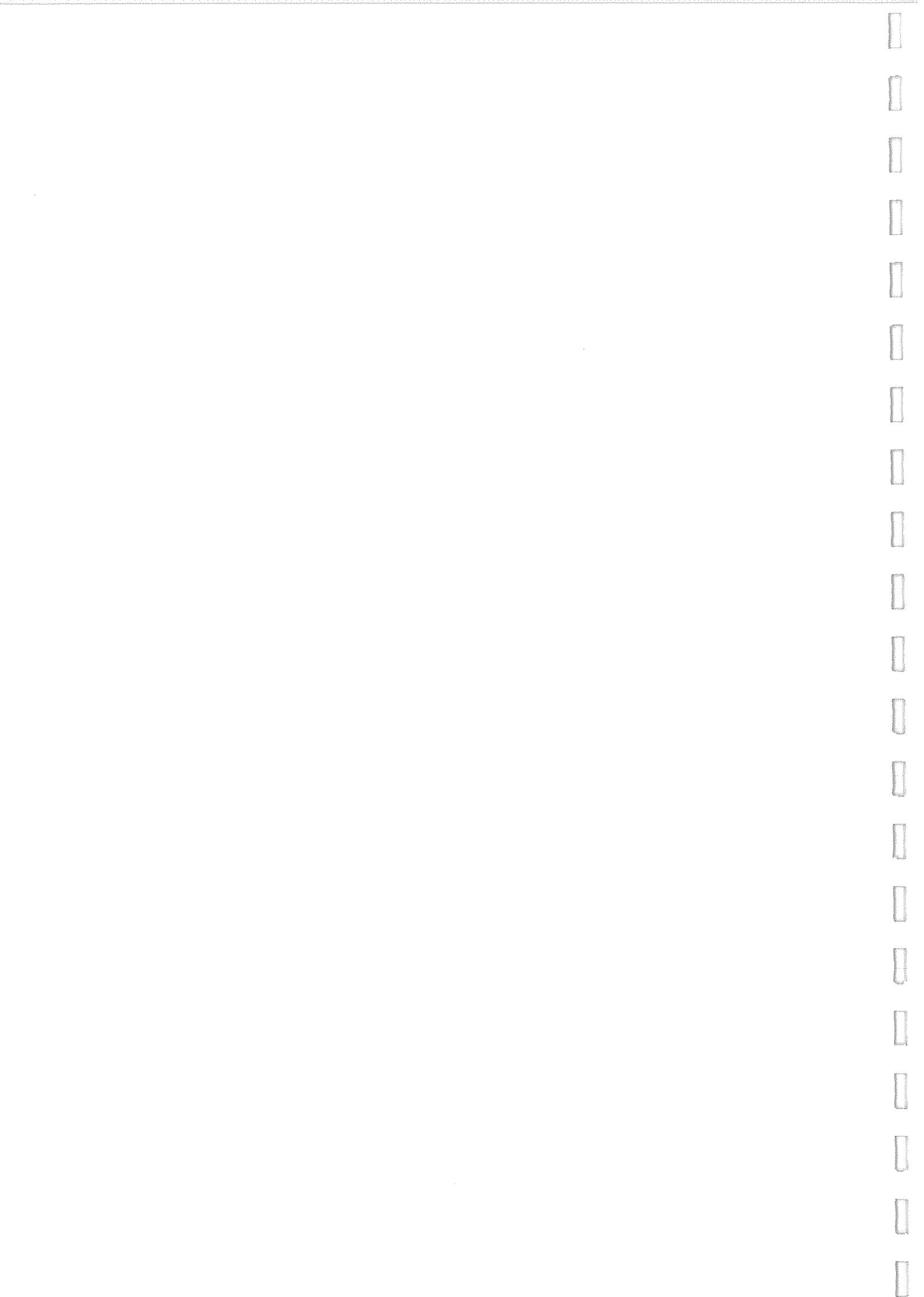
Draft approved by the Canterbury
Museum Trust Board for referral to the
contributing authorities under Section
15(3) of the Canterbury Museum Trust
Board Act 1993.

12 March 2012



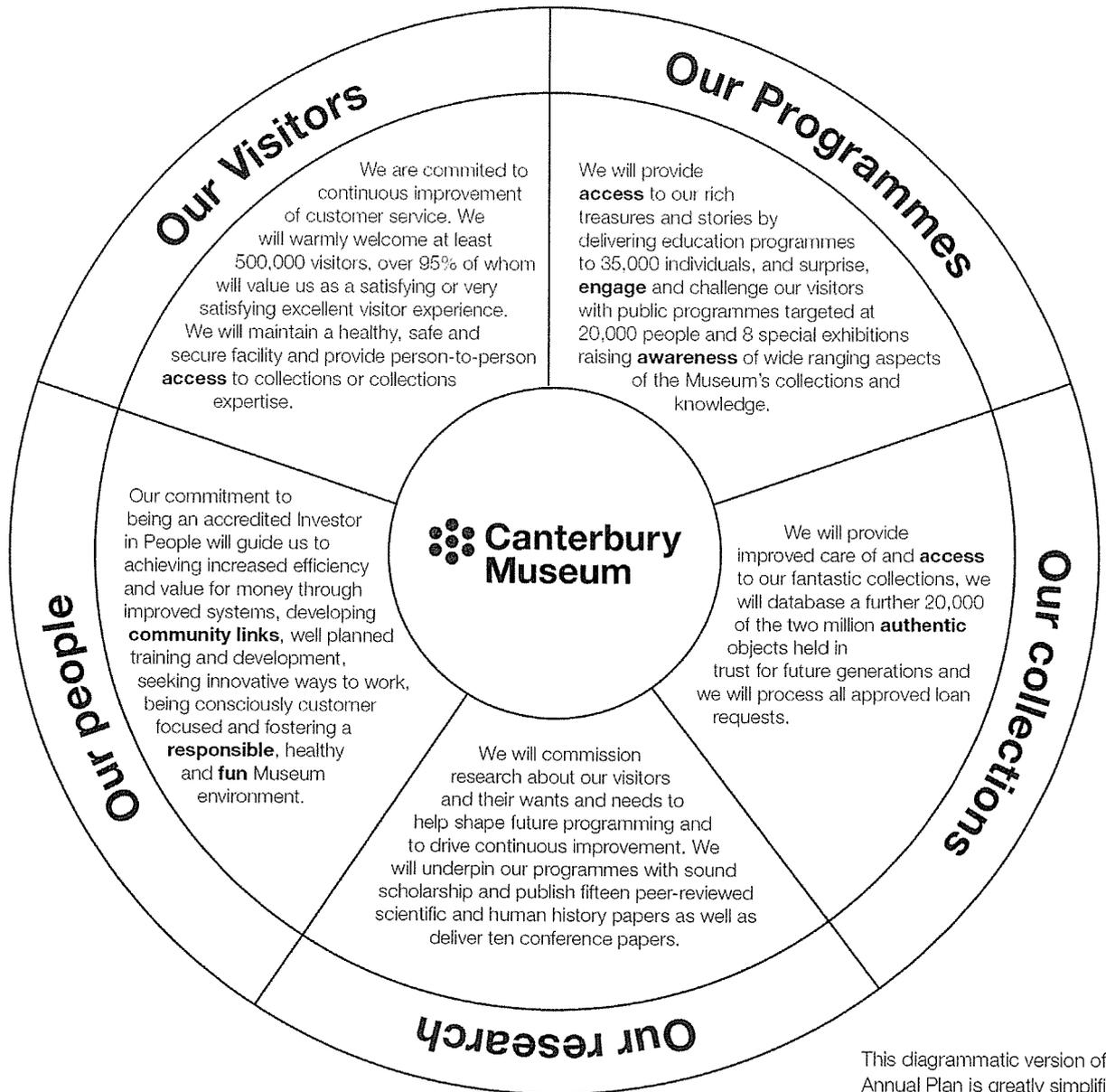
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OUR CONTRACT – 2012/2013

We contract with our community to deliver these great things in return for our annual funding



This diagrammatic version of the Annual Plan is greatly simplified - detailed Performance Objectives and Targets appear in Section 3.

Operating budget 2012/2013

Revenue	Levy and ex gratia	7,117,997
	Commercial activities	1,175,572
	Donations and grants	374,359
		8,667,928
Expenses	Employment remuneration	3,760,452
	Museum Programmes division	1,048,636
	Public Programmes division	2,402,101
	Depreciation	1,396,000
	8,607,190	
Net profit from operating activities		60,738



1. Introduction

The Canterbury Museum Trust Board maintains, develops and operates the Canterbury Museum at Rolleston Avenue, Christchurch, New Zealand. The objectives of Canterbury Museum as expressed in the Canterbury Museum Trust Board Act 1993 are:

- To collect, preserve, act as a regional repository for, research, display and otherwise make available to the people of the present and future, material and information relating to the natural and cultural heritage of New Zealanders
- To promote interest and education in the natural and cultural heritage of New Zealanders
- To place particular emphasis on those activities as they relate to the greater Canterbury region, the Antarctic and Subantarctic, and where appropriate, their relationships in a wider global context.

In June 2008 the Canterbury Museum Trust Board approved a ten-year Strategic Operational Plan to be implemented through successive annual plans.

This Annual Plan presents the Board's operational and developmental priorities for the year 2012/2013.

The Board acknowledges the ongoing major financial support of Christchurch City Council, Hurunui District Council, Selwyn District Council, Waimakariri District Council, the New Zealand Government, Lotteries Environment and Heritage, Canterbury Community Trust, Mason Foundation, Marsden Fund, R S Allan Memorial Fund and Friends of the Canterbury Museum.

1.1 Executive summary

Principal activities to be carried out by the Museum during 2012/2013 appear in the Performance Objectives (Section 3) and are summarised below.

Our visitors

- Achieve visitor numbers of 500,000 and maintain a highly-rated visitor experience.
- Promote and maintain a healthy, safe and secure Museum complex.

Our programmes

- Develop, deliver and evaluate 8 special exhibitions, education programmes to 29,000 individuals and public programmes to 25,000 people.
- Maintain or increase current levels of activity in other operational areas, eg responding to enquiries, delivering lectures and field trips, publishing articles and participating in external organisations.

Our collections

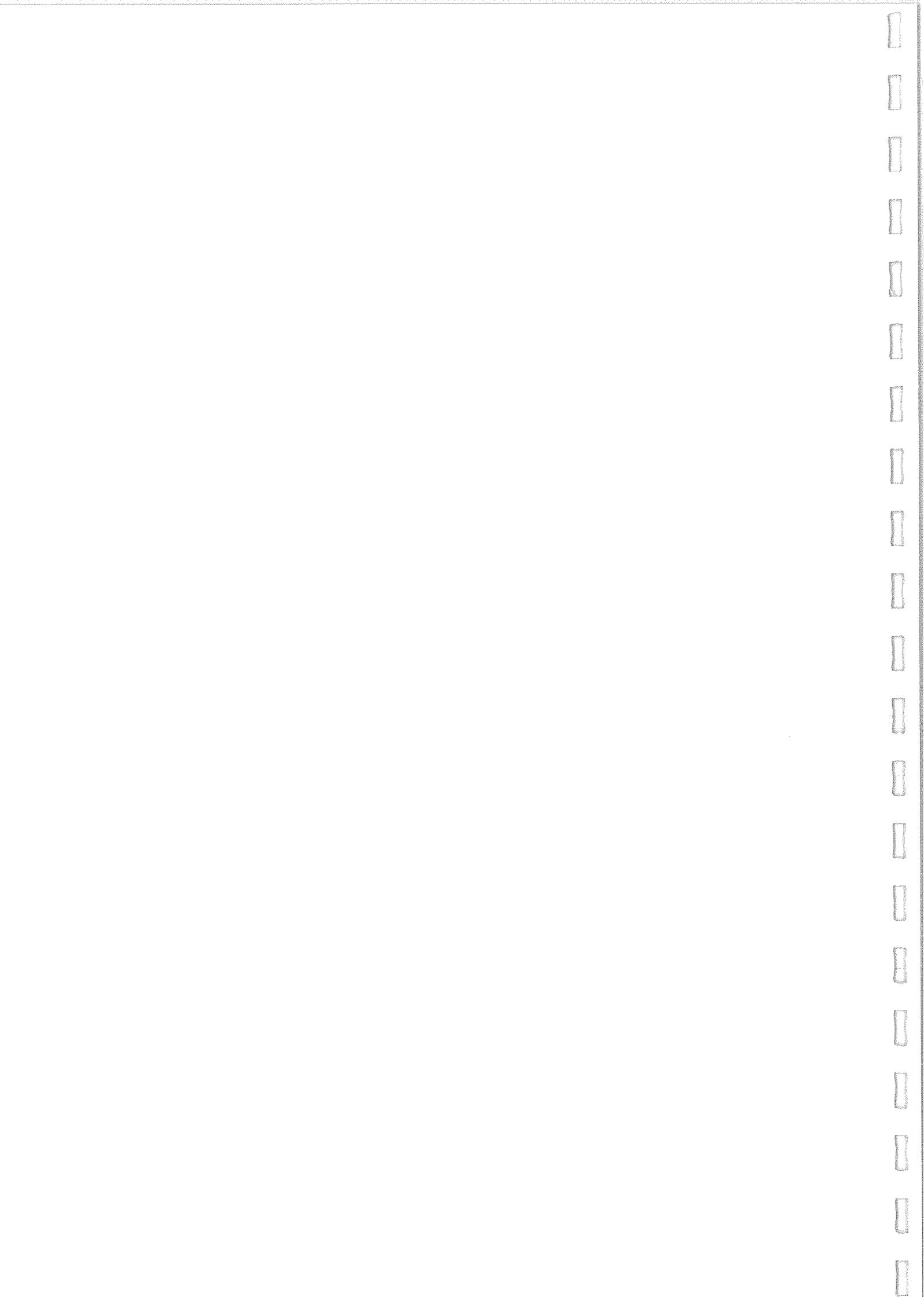
- Continue the major task of computerised databasing and verification of all two million objects held by the Museum.
- Plan and commence earthquake remediation in collection stores.

Our research

- Research and produce papers for the *Records of the Canterbury Museum* and other publications.
- Present research papers at conferences and continue to maintain adjunct positions in allied research institutions.

Our people and working environment

- Pursue a strategy for the Museum's future housing needs.
- Retain commitment to the Investors in People International Standard - Bronze and maintain accreditation to the standard.



1.2 Canterbury Museum Vision and Values Statement

VISION: *Relevant today, more relevant tomorrow*

VALUES:

ENGAGING

We spark emotion, imagination and a passion for discovery.

RESPECT

We are honoured to be the guardians of our culture and heritage and are committed to the principles of the Treaty of Waitangi.

AWARE

We recognise and express multiple ways of looking at the world.

ACCESSIBLE

We make knowledge, information and ideas freely available.

AUTHENTIC

We preserve our collections with integrity and reflect up-to-date knowledge and attitudes.

FUN

We love working together to surprise and entertain our visitors.

COMMUNITY LINKS

We connect locally, nationally and globally and relate everything we do to our audiences.

RESPONSIBLE

We achieve in a cost-effective and accountable environment.



1.3 The Museum organisation

Canterbury Museum is governed by the Canterbury Museum Trust Board. The appointment of trustees and the Board's responsibilities are set out in the Canterbury Museum Trust Board Act 1993.

The Canterbury Museum Trust Board has asked the Director to undertake staff restructuring in order to achieve a balanced budget for 2011/12 and 2012/13 and to reposition the Museum for The Museum Project.

The changes to the organisational structure, which were adopted on 9 November 2011, signal a new beginning for Canterbury Museum.

The Museum's staff, headed by the Director, has been reorganised into 4 main groups – Public Programmes, Finance & Services, Curatorial and Collections, supported by Communications and a Project Office.

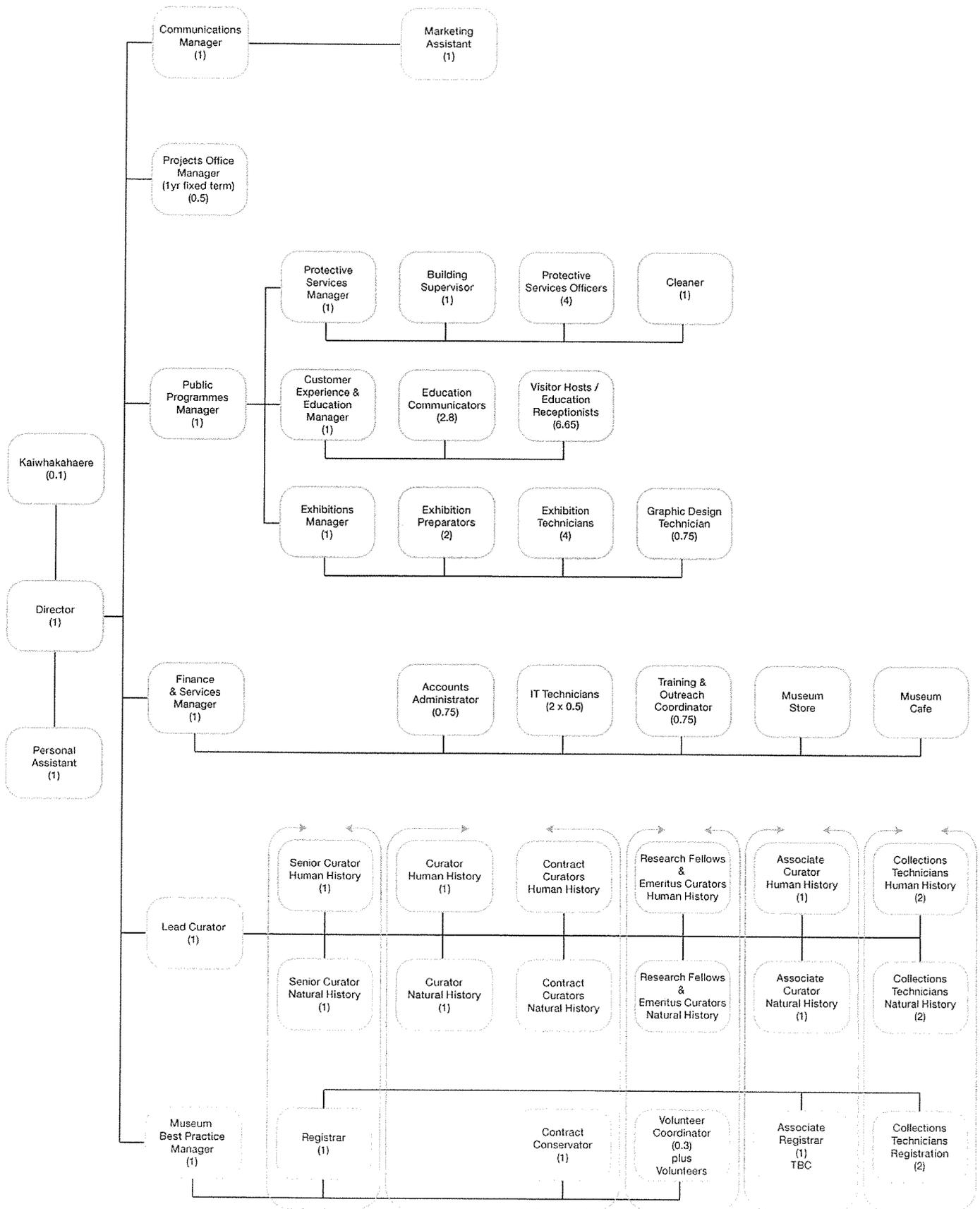
It is anticipated that at the beginning of the 2012/2013 financial year there will be 49.60 FTE establishment staff:

Directorate	2.10
Communications & Public Programmes	28.70
Finance and Services	3.50
Museum Programmes	15.30

These paid staff will be supported by 50 volunteers once the volunteer programme (in recess following the earthquakes) has recommenced.



Organisational Chart





2. Requirements of the Canterbury Museum Trust Board Act 1993

Section 15 of the Canterbury Museum Trust Board Act 1993 requires that:

- (1) The Board shall prepare and adopt, for each financial year ending with 30 June, an annual plan which outlines:
 - (a) In particular terms for the financial year in which the plan is adopted and in general terms for each of the following two financial years:
 - (i) The intended significant policies and objectives of the Board
These are outlined in Sections 1 and 5. A detailed Operating (Policy and Procedures) Manual is available for inspection at the office of the Director.
 - (ii) The nature and scope of significant activities to be undertaken
These are outlined in Section 3.
 - (iii) Performance objectives together with performance targets and other measures by which performance may be judged in relation to the objectives
These are set out in Section 3.
 - (b) In particular terms for the financial year in which the report is adopted, and in general terms for each of the following two financial years, in total and for each significant activity of the Board:
 - (i) The indicative costs, including an allowance for depreciation of plant
These are set out in Section 4.
 - (ii) The sources of funds and the amount of any proposed levies
These are set out in Section 4.
- (2) The plan shall include an explanation of any significant changes between policies, objectives and activities, and performance targets specified in the plan as being those for the financial year in which the plan is adopted and those specified in the plan for the immediately preceding financial year as being those for the financial year in which the plan is adopted.

There are no significant changes between the objectives, activities and performance targets specified in the plan as between those in this 2012/2013 financial year and those for the immediately preceding 2011/2012 financial year. The Museum will continue to fulfil the current year (2011/2012) objectives.

- (3) The draft annual plan shall be referred to contributing authorities for a period of six weeks concluding no later than 31 May in each year or such earlier date as agreed by mutual consultation with contributing authorities.

This draft annual plan is referred to the contributing Local Authorities for a period of six weeks from Friday 16 March 2012 concluding on Friday 27 April 2012.

- (4) The Board shall consider all submissions received in respect of the draft annual plan and amend it as considered appropriate prior to adoption by the Board no later than two weeks following the period referred to in subsection (3) of section 15.
- (5) A copy of the annual plan, when adopted, shall forthwith be sent to each contributing local authority.

Section 16 of the Canterbury Museum Trust Board Act 1993 requires that:

- (1) The levies proposed in the draft annual plan shall be deemed to have been approved by all contributing authorities and binding on them once the annual plan is adopted unless either the Christchurch City Council or 2 or more of the remaining contributing authorities give notice in writing objecting to the levies proposed therein during the period referred to in section 15(3).
- (2) Within 14 days of the receipt of such notice, the Board shall convene a meeting of all contributing authorities to be held not later than 1 month following that date referred to in Section 15(3) of this Act.
- (3) At that meeting each contributing authority may be represented by 1 delegate. The delegates attending the meeting shall hear such submissions as the Board may make in support of its budget and levy. The Christchurch City Council or not less than 3 other contributing authorities may resolve that the total levy be reduced to an amount being not less than the total levy made in respect of the previous year.



3. 2012/2013 performance objectives

Recognising our commitment to continuous improvement of customer service the following performance objectives describe the principal activities to be carried out by the Museum during the 2012/2013 year.

In addition, there will be many other activities furthering the overall objectives of the Museum contained in the 2012/2013 Performance Plans of individual staff members.

Assumptions:

- Project earliest start on site date of July 2013
- Earliest opening of the new redeveloped Museum in July 2016

	Objectives	Targets
1.	Our visitors	
1.1	Achieve visitor numbers	500,000
1.2	Achieve door donations	\$155,000
1.3	Achieve % of visitors rating their Museum experience as satisfied or very satisfied	Over 95%
1.4	Ensure paid staff have completed relevant customer service training	95%
1.5	Maintain a healthy, safe and secure facility by achieving IQP reports complying with the Building Act 2004	Monthly
1.6	Provide access to collections or collections expertise in response to 100% of requests (total number to be reported)	100%
2.	Our programmes	
2.1	Gallery rejuvenation and object reinstatement leading to improvements made to permanent galleries	200
2.2	Develop, deliver and evaluate 8 special exhibitions, including one large pay-for exhibition	8
2.3	Tour an exhibit to the three contributing district council areas to reach a visitor target of	80,000
2.4	Achieve 29,000 individuals receiving a Museum delivered learning programme (including 24,000 school students)	29,000 (24,000)
2.5	Achieve the number of individuals engaging in a Museum organised public programme	25,000
2.6	Achieve paid admissions to <i>Discovery</i>	50,000
2.7	Answer 100% of external written/phone/email enquiries within 5 working days (total number to be reported)	100%
2.8	Achieve 750 media hits	750
2.9	Actively participate in professional associations/external bodies	45
2.10	Provide outreach to other Canterbury museums and related organisations (number of interactions)	150
3.	Our collections	
3.1	100% of new acquisitions entered onto the Vernon database and verified to a maximum of 1,500	100%
3.2	Skeletal records for 20,000 objects added to the Vernon database and verified	20,000
3.3	Process 100% of all approved loan requests (total number of objects loaned)	100%
3.4	Plan and commence earthquake remediation in collection stores	June 2013



4. Our research

4.1	Peer reviewed research papers accepted for publication	15
4.2	Peer review external articles or supervise theses	10
4.3	Publish one volume of <i>Records of the Canterbury Museum</i>	1
4.4	Present conference papers	10
4.5	Adjunct positions held in research institutions	4
4.6	Implement and monitor new Visitor 360 survey	June 2013

5. Our people and working environment

5.1	Create strategy for implementation of The Canterbury Museum Project	June 2013
5.2	Maximise return on investment funds within the Museum's Investment Policy	>5.00%
5.3	Achieve audit with only qualification being agreed departure from NZ IAS 16 as regards valuation and capitalisation of heritage assets	November 2012
5.4	Achieve an end-of-year financial result within budget	June 2013
5.5	Achieve structured training and development hours	2,600
5.6	Achieve volunteer hours	1,855
5.7	Retain accreditation as an Investor in People - Bronze	June 2013
5.8	Achieve accreditation as a Qualmark Enviro-Gold organisation	June 2013



4. Budget

4.1 Introduction

The level of operational levies requested from contributing local authorities has remained as presented and approved in the 2011/12 Annual Plan.

The net surplus forecast for the 2012/13 financial year is \$60,738.

Total revenue for the 2012/13 financial year has increased by 4.3% over the 2011/12 budget. Pending post earthquake re-forecasting of its budget, the *Scott's Last Expedition* touring pay-for exhibition is assumed to achieve at least a break-even result.

Within the revenue increase, the level of funding requested from contributing local authorities for 2012/13 is a 5% increase over the 2011/12 budget, as projected in last year's annual plan. The slow economic recovery has resulted in no increase in the forecast interest and dividends income and the effect of the earthquakes on visitor numbers has also resulted in no increase in the income from the Café, Discovery and Museum Store lease income.

Total expenses for the 2012/13 financial year have increased by 3.5% over the 2011/12 budget.

Significant cuts in expenditure were required in 2011/12, with the Director asked to undertake staff restructuring in order to achieve a balanced budget for 2011/12 and 2012/13 and to reposition the Museum for The Museum Project. The changes to the organisational structure were adopted on 9 November 2011, achieving the required 3% savings in remuneration.

Overall the 3.5% increase in expenditure is made up of an increase in depreciation costs which account for 1.3%, operational expenses of 1.2%, strategic development of 0.9%, and other expenses of 0.1%.

Overhead and administration expenses are allocated to each division of Museum Programmes and Public Programmes based on staff numbers.

Collection acquisitions which are funded by way of bequests and the interest income on these bequests are shown separately in the operational budget. The earthquake insurance claim income and remedial expenses are also shown as non-operating budget figures (Section 4.2).

Budgeted capital grants are recognised as the project expenditure is incurred (Section 4.3).

A detailed breakdown of revenue, expense and depreciation items is provided in the notes to the operational and capital budgets, Section 4.4.



4.2 Operational budget

CANTERBURY MUSEUM TRUST BOARD

Operational budget

	Note	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
Revenue						
Operating levy		6,158,048	6,601,537	6,940,489	7,296,389	8,221,287
Debt servicing ex gratia		177,508	177,508	177,508	177,508	-
Total levy and ex gratia		6,335,556	6,779,045	7,117,997	7,473,897	8,221,287
Commercial activities	1	1,331,265	1,195,722	1,175,572	948,211	971,166
Donations and grants	2	277,175	337,930	374,359	209,713	139,398
Total operating revenue and funded depreciation		7,943,996	8,312,696	8,667,928	8,631,820	9,331,851
Expenses						
Employee remuneration		3,736,278	3,750,654	3,760,452	3,915,242	4,078,314
Museum Programmes division	3	984,529	1,177,936	1,048,636	1,045,487	952,998
Public Programmes division	4	-	955,504	2,402,101	2,519,014	2,389,500
Corporate Services division	5	1,632,969	1,148,032	-	-	-
Depreciation	6	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953
Total expenditure		7,802,898	8,318,626	8,607,190	8,623,843	9,036,765
Net surplus/(deficit) including depreciation		141,098	(5,930)	60,738	7,977	295,087
plus capital grants	7	-	2,200,000	2,290,000	20,610,000	28,625,000
plus earthquake insurance claims		327,466	-	-	-	-
plus interest on trust and bequest funds		265,573	300,000	300,000	300,000	300,000
less bequest funded acquisitions		(509,633)	(800,000)	(300,000)	(300,000)	(300,000)
less earthquake remedial expenses		(320,119)	-	-	-	-
Net surplus/(deficit) including depreciation and capital grants	8	(95,615)	1,694,070	2,350,738	20,617,977	28,920,087

4.3 Capital budget

CANTERBURY MUSEUM TRUST BOARD

Capital budget

	Note	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
Capital expenditure		288,786	700,000	700,000	800,000	900,000
Asset replacement/gallery redevelopment reserve		1,160,336	586,500	696,000	344,100	715,953
Fixed asset expenditure	9	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953
Museum Project works	7	-	2,200,000	2,290,000	20,610,000	28,625,000
Net capital budget		1,449,122	3,486,500	3,686,000	21,754,100	30,240,953



4.4 Notes to the operational and capital budgets

	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
1 Commercial activities					
Discovery income	46,621	95,457	95,457	97,843	100,289
Lease income	43,577	75,000	75,000	76,875	78,797
Café income	181,638	320,000	320,000	328,000	336,200
Image Service income	12,991	20,000	5,000	5,125	5,253
Exhibitions income	7,939	-	-	-	-
Special exhibition income	326,703	-	-	-	-
Other trading income	10,204	15,265	10,115	10,368	10,627
Realised gain/(loss) on sale of investments	8,231	-	-	-	-
Unrealised gain/(loss) on sale of investments	12,218	-	-	-	-
Interest on operating funds	591,608	580,000	580,000	330,000	330,000
Dividends on operating funds	89,535	90,000	90,000	100,000	110,000
	<u>1,331,265</u>	<u>1,195,722</u>	<u>1,175,572</u>	<u>948,211</u>	<u>971,166</u>
2 Donations and grants					
Donations admission	86,180	155,000	155,000	110,000	90,000
Donations and bequests	7,866	11,000	11,000	11,275	11,557
Grants	183,129	171,930	208,359	88,438	37,842
	<u>277,175</u>	<u>337,930</u>	<u>374,359</u>	<u>209,713</u>	<u>139,398</u>
3 Museum Programmes					
Collection Services	431,286	518,684	366,915	360,559	338,560
Curatorial	522,779	621,852	654,562	656,717	587,848
Volunteers	30,463	37,400	27,159	28,211	26,590
	<u>984,529</u>	<u>1,177,936</u>	<u>1,048,636</u>	<u>1,045,487</u>	<u>952,998</u>
4 Public Programmes					
Communications	-	-	332,708	343,511	336,592
Customer Services	-	285,450	312,558	328,175	287,695
Education and Public Programme	-	246,705	264,776	277,135	248,253
Exhibitions	-	423,349	566,156	612,441	589,539
Protective Services	-	-	925,904	957,751	927,421
	<u>-</u>	<u>955,504</u>	<u>2,402,101</u>	<u>2,519,014</u>	<u>2,389,500</u>
5 Corporate Services					
Communications	158,247	275,637	-	-	-
Customer Services	250,721	-	-	-	-
Education and Public Programme	200,323	-	-	-	-
Exhibitions	319,659	-	-	-	-
Protective Services	704,020	872,395	-	-	-
	<u>1,632,969</u>	<u>1,148,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
6 Depreciation					
Buildings	590,000	442,500	590,000	590,000	590,000
Building systems / plant	111,492	120,000	115,000	50,000	51,250
Security	116,874	105,000	100,000	80,000	82,000
Exhibition galleries	128,966	105,000	85,000	50,000	51,250
Front of house fixed facilities	8,563	9,000	9,000	9,225	9,456
Collection stores	216,553	225,000	215,000	150,000	153,750
Back of house fixed facilities	87,174	85,000	87,000	15,000	15,375
Furniture fittings and equipment	110,682	120,000	120,000	123,000	126,075
Information technology and audio visual	78,818	75,000	75,000	76,875	78,797
Museum Project	-	-	-	-	458,000
	<u>1,449,122</u>	<u>1,286,500</u>	<u>1,396,000</u>	<u>1,144,100</u>	<u>1,615,953</u>



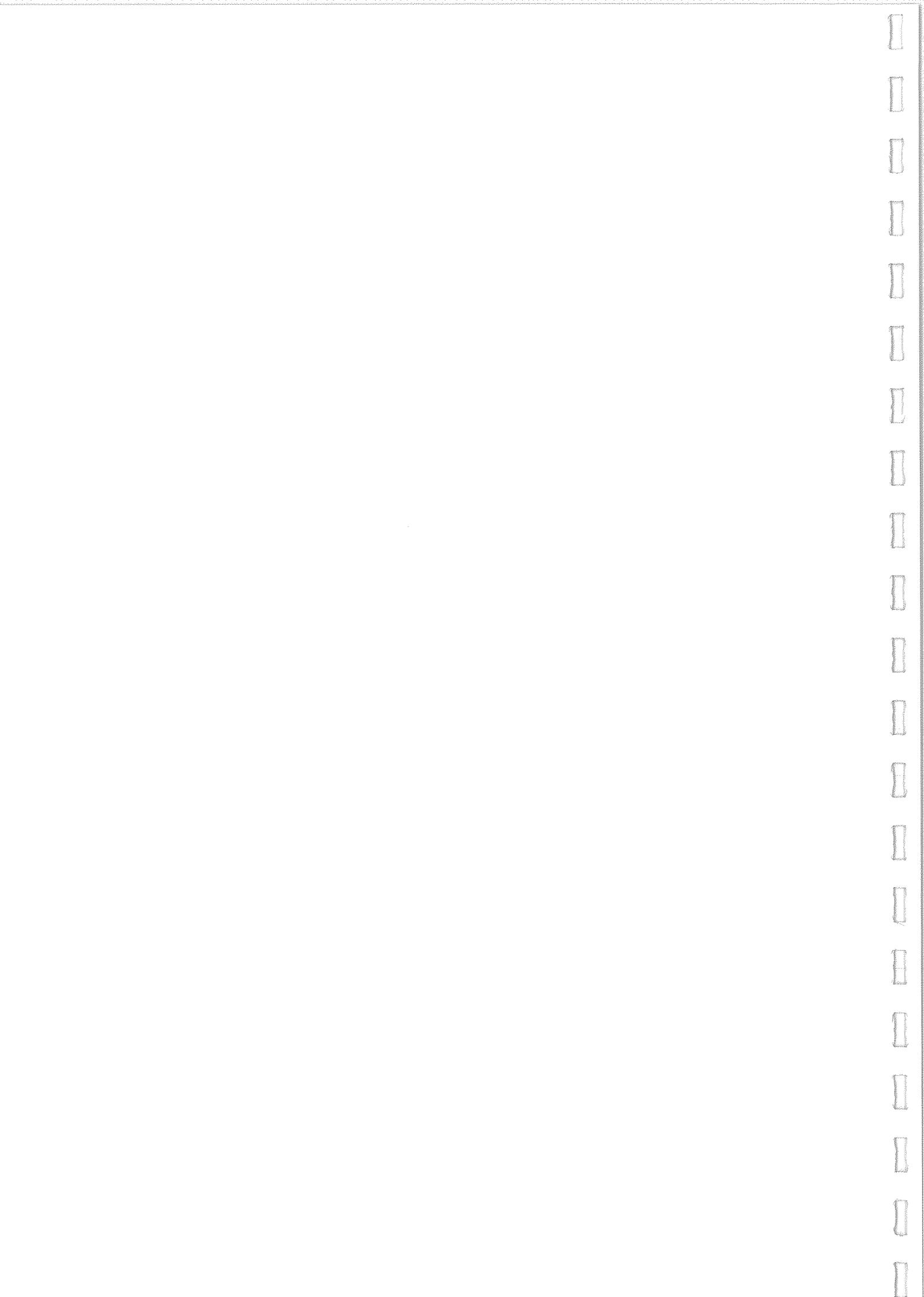
7 Capital grants

Capital Grants are only recognised when the project expenditure has been spent.

	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15
8 Income					
Levies	6,335,556	6,779,045	7,117,997	7,473,897	8,221,287
Grants	183,129	171,930	208,359	88,438	37,842
Capital Grants	-	2,200,000	2,290,000	20,610,000	28,625,000
Donations admission	86,180	155,000	155,000	110,000	90,000
Donations and bequests	7,866	11,000	11,000	11,275	11,557
Trading activities	629,673	525,722	505,572	518,211	531,166
Interest	591,608	580,000	580,000	330,000	330,000
Interest on trust and bequest fund	265,573	300,000	300,000	300,000	300,000
Dividends	89,535	90,000	90,000	100,000	110,000
Realised gain/(loss) on sale of investments	8,231	-	-	-	-
Unrealised gain/(loss) on sale of investments	12,218	-	-	-	-
Earthquake insurance claims	327,466	-	-	-	-
Total income	8,537,035	10,812,696	11,257,928	29,541,820	38,256,851
Expenses					
ACC levies	22,881	22,864	20,810	21,330	21,863
Audit fees	32,455	34,000	34,000	34,850	35,721
Auditor fees for other services	-	-	-	-	-
Building services	225,770	298,348	298,348	305,807	313,452
Board expenses	8,233	16,000	16,000	16,400	16,810
Books and journals	16,258	30,155	25,155	25,784	26,428
Café purchases	79,385	128,000	128,000	131,200	134,480
Cleaning	187,404	191,819	191,819	196,614	201,530
Collection acquisitions	870,470	987,219	505,749	556,768	607,812
Depreciation	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953
Earthquake remedial expenses	320,119	-	-	-	-
Equipment	15,957	46,743	46,743	47,911	49,109
Exhibition expenses	79,404	138,175	138,175	164,129	190,108
Heat, light and power	221,413	312,625	312,625	320,441	328,452
Human resources support	1,747	20,000	20,000	20,500	21,013
Insurance	194,246	330,000	330,000	350,000	370,000
Interest on loans	166,395	170,000	170,000	170,000	-
IT expenses	23,400	40,709	37,209	38,139	39,093
Legal fees	5,441	30,000	30,000	30,750	21,013
Management expenses	27,604	69,021	69,021	70,747	72,516
Marketing and public relations	123,933	228,705	231,205	236,985	242,910
Operational expenses	236,660	260,375	358,511	319,093	274,539
Postage and freight	9,373	16,400	15,000	15,375	15,759
Rates	7,549	7,930	7,930	8,128	8,331
Recruitment	6,217	30,000	25,000	25,625	21,013
Remuneration	3,558,707	3,641,296	3,653,529	3,805,646	3,965,978
Repairs and maintenance	45,920	87,594	87,594	89,783	92,028
Special exhibition expenses	279,930	-	-	-	-
Special exhibition remuneration	111,321	-	-	-	-
Staff expenses	43,369	86,494	86,114	88,266	90,473
Staff training	45,253	99,500	89,500	91,738	94,031
Stationery	23,378	28,825	28,825	29,546	30,284
Strategic development	174,952	445,000	520,000	533,000	400,000
Telephone and tolls	18,384	34,330	34,330	35,188	36,068
Total expenses	8,632,650	9,118,626	8,907,190	8,923,843	9,336,765
Net surplus/(deficit)	(95,615)	1,694,070	2,350,738	20,617,977	28,920,087

9 Fixed asset expenditure

The fixed asset expenditure is equal to the depreciation expense which is funded by the operating levy.



5. Statement of accounting policies

A) REPORTING ENTITY

The Canterbury Museum Trust Board (the "Museum") is a non-profit-making permanent institution, founded by the people of Canterbury for the service and development of their community with a particular responsibility for the natural and cultural heritage of the wider Canterbury region. The Museum is created under the Canterbury Museum Trust Board Act 1993. It is located at Rolleston Avenue, Christchurch, New Zealand.

These financial statements are for the reporting entity, Canterbury Museum Trust Board, and are prepared pursuant to Section 28 of the Canterbury Museum Trust Board Act 1993.

B) MEASUREMENT BASE

The Museum followed the accounting principles recognised as appropriate for the measurement and reporting of profit and financial position on a historical cost basis, as modified by the fair value measurement of certain items of property, plant and equipment and available-for-sale financial assets.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for public benefit entities.

The information is presented in New Zealand dollars, which is the Museum's functional and presentation currency.

C) JUDGEMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. The key sources of estimation that have had the most significant effect on the amounts recognised in the financial statements are presented in Note 19.

D) SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of profit and financial position have been applied:

i) **Revenue recognition.** The Museum has the following revenue recognition policies:

Local authority operating levies

Local authority operating levies are recognised as revenues when levied.

Grants and donations

Grants and donations, including government grants, are recognised as revenue when received. When there are conditions attached to the grants and donations, revenues are recognised when the conditions for their use are met. Unspent grants and the related interest earned on these funds are recorded as grants received in advance.

Bequests

Bequests are recognised in the income statement upon receipt. Where contributions recognised as revenue during the year were obtained on the restriction that they be expended in a particular manner or used over a particular period, and those restrictions were undischarged as at the reporting date, the amounts pertaining to those undischarged restrictions are transferred to trust and bequests reserve in equity and the nature of such restrictions are disclosed in the notes to the financial statements.

Discovery income, image service income and other revenues

Discovery income, image service income and other operating revenues are recognised when services have been performed.



i) **Revenue recognition (continued)**

Lease income

Revenue is recognised on a straight-line basis over the rental period.

Interest income

Interest is recognised in the income statement as it accrues using the effective interest rate method.

Dividend income

Dividend from investments is recognised when the shareholder's rights to receive payment have been established.

Recognition of insurance claims

Where some or all of the expenditure required to repair or replace damaged property, plant and equipment is expected to be reimbursed by another party, by reimbursement (typically from the Museum's insurance provider) shall be recognised when, and only when, it is virtually certain that reimbursement will be received. The criteria for virtually certain is met when there is an unconditional right to receive payment.

ii) **Budget figures.** The budget figures are from the Canterbury Museum Trust Board Annual Plan that was approved by the Board at its meeting on 17 May 2010. The reconciliation of actual net profit to budgeted net profit is presented in Note 15.

iii) **Offsetting of income and expenses.** Income and expenses are not offset unless required or permitted by an accounting standard. Items of income and expenses are offset when offsetting reflects the substance of the transaction or other event. In addition, gains or losses arising from a group of similar transactions are reported in a net basis, unless items of gains or losses are material. In which case, they are reported separately.

iv) **Income tax.** The Museum has charitable status and accordingly no taxation expense or liability is recognised in the financial statements.

v) **Cash and cash equivalents.** Cash and cash equivalents include cash on hand, cash in banks and short term deposits with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

vi) **Debtors.** Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Museum will not be able to collect all receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision, if any, is recognised in the income statement.

vii) **Financial instruments.** Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved. All financial instruments are accounted for on a settlement basis. They are classified in one of the following categories at initial recognition: loans and receivables, financial assets and financial liabilities at fair value through comprehensive income, available-for-sale financial assets, held-to-maturity investments, and other financial liabilities.

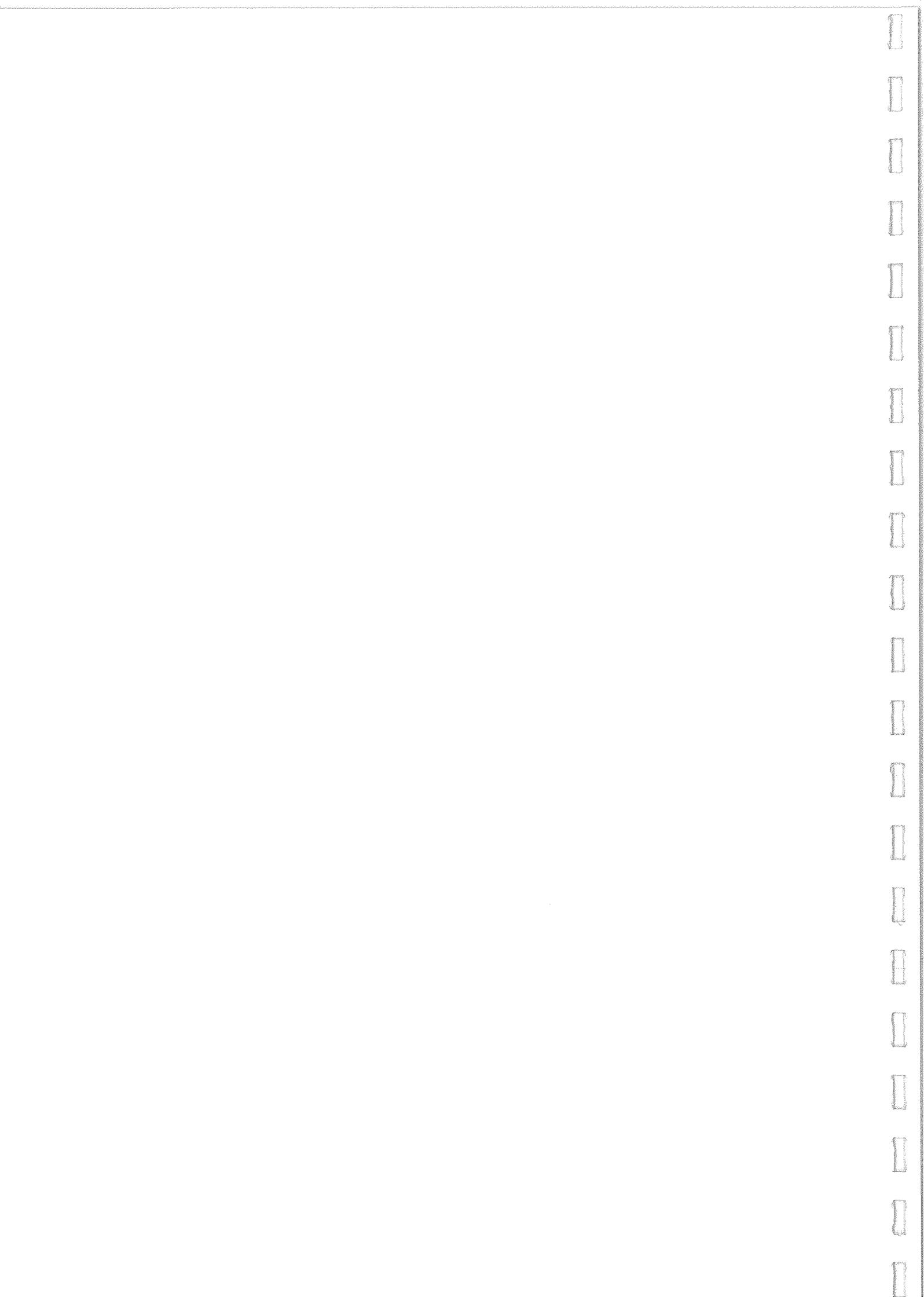
Loans and receivables

Assets in this category are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They include:

- cash and cash equivalents (refer to item v above)
- debtors (refer to item vi above)
- accrued interest income (refer to item i above)
- GST refundable

Financial assets and liabilities at fair value through other comprehensive income

Assets and liabilities in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. The Museum has not classified any financial instrument as a financial liability at fair value through comprehensive income.



vii) **Financial instruments (continued)**

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through comprehensive income. Assets in this category include investments in equity instruments. The fair value of these instruments are based on quoted market prices.

Held-to-maturity investments

Assets in this category are measured at amortised cost. The Museum has classified its bank term deposits and fixed term investments as held-to-maturity investments.

Other financial liabilities

This category includes all financial liabilities other than those at fair value through comprehensive income. Liabilities in this category are measured at amortised cost. They represent:

- liabilities for goods and services provided to the Museum prior to the end of the financial year that are unpaid and arise when the Museum becomes obliged to make future payments. These amounts are unsecured.
- term loans with determinable repayment terms and interest rate. These loans are unsecured.

Other financial liabilities include:

- creditors
- employee entitlements (refer to item xi below)
- grants received in advance (refer to item i above)
- retirement gratuity (refer to item xi below)
- term loans

viii) **Property, plant and equipment.** All property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Repairs and maintenance are charged against income as incurred.

Depreciation is calculated on a straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The Board reviews depreciation rates and adjusts them to more appropriately reflect the consumption of economic benefits. The depreciation rates applied are as follows:

	Rate
Buildings	2% - 20%
Furniture, fittings and equipment	10% - 33%

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the income statement and is calculated as the difference between the net disposal proceeds and the carrying value of the item.

Land and buildings are revalued on a cyclical basis at least every five years by an independent valuer. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. If the asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading "Asset Revaluation Reserve". However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Revalued assets are depreciated over the remaining useful life. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Heritage assets

Heritage assets include collection items or artefacts of cultural or historical significance. The cost of acquisition of heritage assets is charged to the statement of comprehensive income. During the year, the acquisition cost of collection items amounted to \$846,192 (2010: \$1,045,193).

It is the policy of the Museum to write off collection acquisitions and not attribute a monetary value to items gifted to the collection. The classification of the collections as a heritage asset is based on the premise that the collections are held in trust in perpetuity for the benefit of the public.



Heritage assets (continued)

New Zealand Equivalent to International Accounting Standard No 16 (NZ IAS 16) *Property, Plant and Equipment* requires that where an asset, e.g. collection item or artefact of cultural or historical significance, is acquired at no cost, or for a nominal cost, the asset is capitalised at its fair value as at the date of acquisition. NZ IAS 16 has not been followed because the Board considers that the fair values of the collection items cannot be measured reliably. Usually, gifts to the collection are unique items that have iconic status or are historic and irreplaceable or sacred to particular communities, with no market, so no financial value can be ascribed.

The Museum holds in excess of two million individual collection items. To comply with the requirements of NZ IAS 16 the value of these items would need to be assessed on an annual basis to identify possible impairment, which is required to be undertaken on an asset by asset basis. Historically the costs of undertaking such an exercise and maintaining the information accurately would have placed a large financial and administrative burden on the Museum, however a project has recently been undertaken to provide an updated inventory of the collection items. Included in the inventory are updated valuations of the collection items which it is hoped will meet the accounting standards in the future, should the Board wish to consider a change in accounting policy.

ix) **Intangible assets.** Computer software are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 3 years and reported within the Statement of Comprehensive Income. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

x) **Impairment of non-financial assets.** Property, plant and equipment and intangible assets are tested for impairment annually and whenever there is an indication of impairment. If the recoverable amount of an item of property, plant and equipment and intangible asset is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the statement of comprehensive income.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

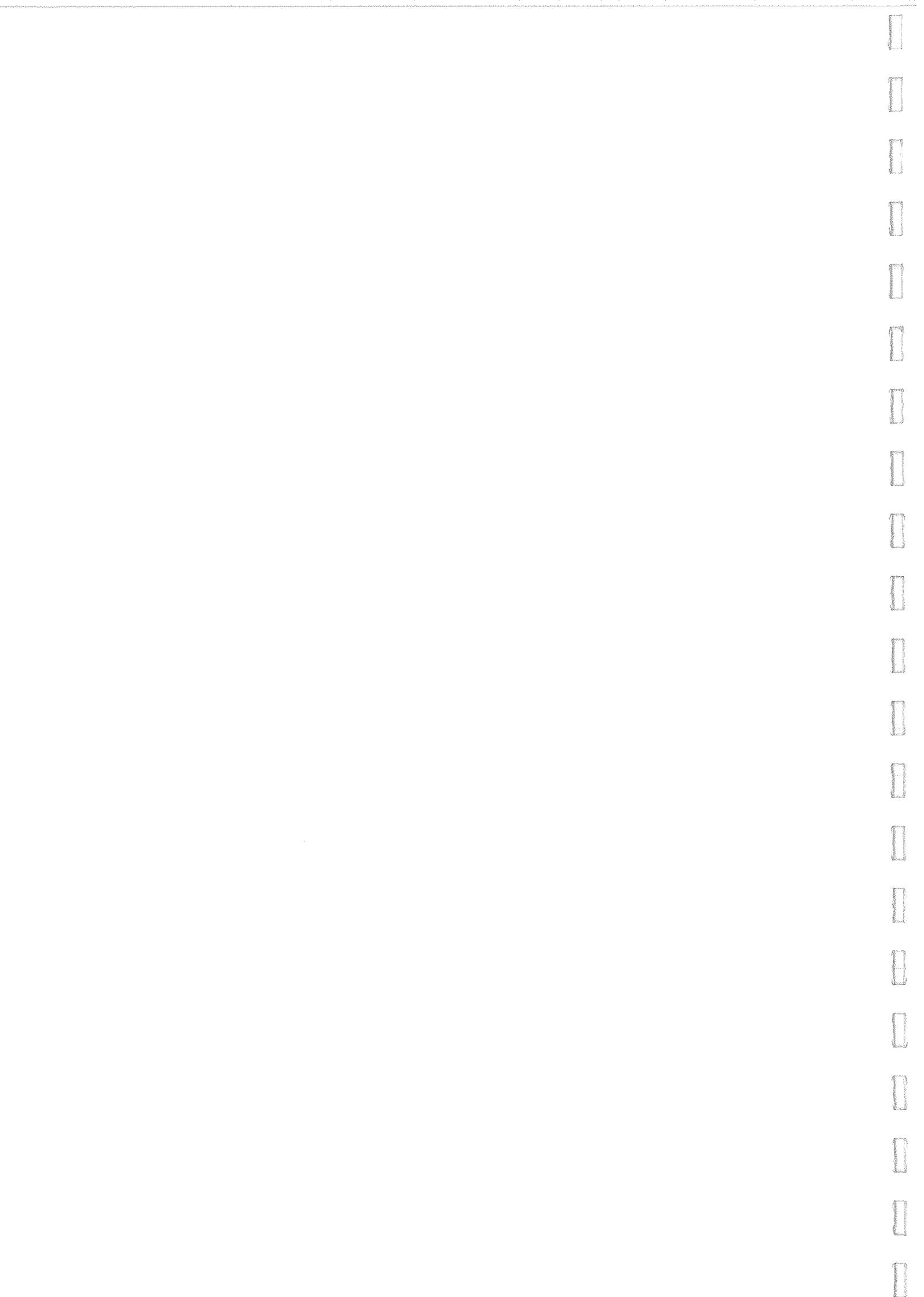
xi) **Employee entitlements.** Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, alternate leave, sick leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Accrual for sick leave is based on the unused entitlement accumulated at balance date and expected to be utilised in the future.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Museum in respect of services provided by employees up to balance date.

xii) **Borrowings.** Borrowings, which consist of term liabilities, are stated initially at fair values, net transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method. All borrowing costs are recognised as expense in the period in which they are incurred.

xiii) **Goods and Services Tax (GST).** The financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which have been shown inclusive of GST in the balance sheet.



E) CHANGES IN ACCOUNTING POLICIES

i) Overall consideration

The accounting policies are consistent with those used in the previous financial year except that the Museum has adopted the amendment as outlined in e) ii). The adoption of this amendment did not have any effect on the financial performance or position of the Museum.

ii) Improvements to IFRSs

In 2009 the IASB issued an omnibus of amendments to its standards, affecting the financial statements for the year ended 30 June 2010 and 30 June 2011, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the reported financial performance or position of the Museum:

NZ IAS 7 - Statement of cash flows

Explicitly states that only expenditure that results in recognising an asset can be classified as cash flows from investing activities.

F) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted by the Museum.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the Museum's financial statements are provided below. Certain other new standards and interpretations issued, but not yet effective, and not expected to have a material impact on the Museum's financial statements have not been disclosed.

NZ IAS 24 - Related party disclosures (effective for years beginning on or after 1 January 2011)

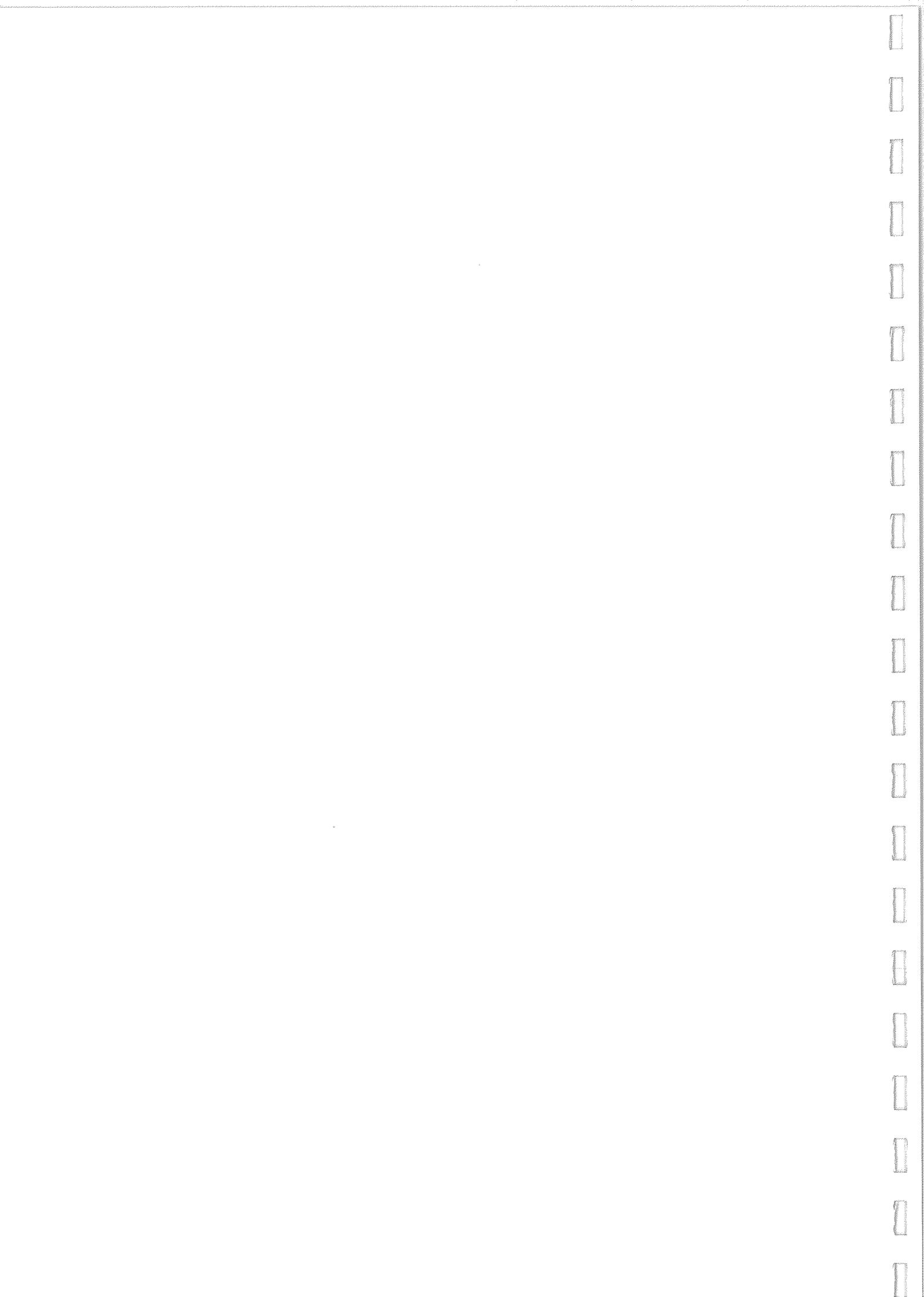
The amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The revised standard is not expected to have an impact on the reported financial position and performance of the Museum.

NZ IFRS 9 - Financial instruments (proposed effective date from 1 January 2015)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2012, with replacement standard (NZ IFRS 9) to be effective for accounting periods beginning on or after 1 January 2015. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and financial liabilities have been issued. The chapters dealing with impairment and hedge accounting are still being developed. Management has yet to assess the impact the standard is likely to have on the recognition and measurement of financial assets held by the Museum. However, they do not expect to implement the amendments until all chapters of NZ IFRS 9 have been published and they can comprehensively assess the impact of the changes.

2010 Improvements to IFRSs (effective for years beginning from 1 July 2010)

In May 2010 the IASB issued the annual omnibus of minor amendments to IFRS standards affecting the financial statements for the year ended 30 June 2011 and 30 June 2012. Minor amendments effective from July 2010 have been considered in the preparation of these financial statements as discussed in note e) ii). Management has yet to complete a detailed review of amendments effective for 2012, however upon preliminary review the impact is not expected to be significant.



6. Seven-year forecasts

6.1 Introduction

The seven-year operational funding forecast, Section 6.2, shows the increase in operating funds (including non-project depreciation costs) being maintained at 5.0% for 2012/13 and 2013/14.

An operating levy increase of 12% for 2014/15, 18% in 2015/16 and 19% in 2016/17 would be required if the full depreciation was charged as the capitalisation works were completed. However after consultation with the Contributing Local Authorities, the Museum has agreed to spread the levy increases over a seven year period to lessen the immediate impact on the Contributing Local Authorities. This results in operating levy increases of 10% for 2014/15 to 2016/17, 11% for 2017/18, and 10% for 2018/19 to 2020/21.

The Project depreciation has been itemised separately in Section 6.2 so that its impact can be clearly differentiated.

The seven-year capital forecast, Section 6.3, details costs and sources of funding for the Project as well as ongoing asset maintenance.

The following assumptions have been made regarding the new Project:

- Aim for a single site solution
- All buildings to be strengthened to 100% or better of code
- To conserve the 19th Century Heritage Buildings and restore heritage features
- Design within City Plan envelope and tie development into wider urban development context
- Aim for a 30 year solution to Museum's needs incorporating as much flexibility as possible
- Undertake redevelopment and planning in as open and transparent a manner as possible
- Earliest start on site date of July 2013
- Earliest opening of the new redeveloped Museum of July 2016
- A total project cost of \$68.7 million
- The funding mix is as follows:

Central Government	\$30.9 million	45%
Local Government	\$24.1 million	35%
Canterbury Museum fundraising	\$13.7 million	20%

This funding mix has been estimated based upon the percentages in place when the \$48 million revitalisation budget was prepared as follows:

Central Government	\$22 million	46%
Local Government	\$15.5 million	32%
Canterbury Museum fundraising	\$10.5 million	22%

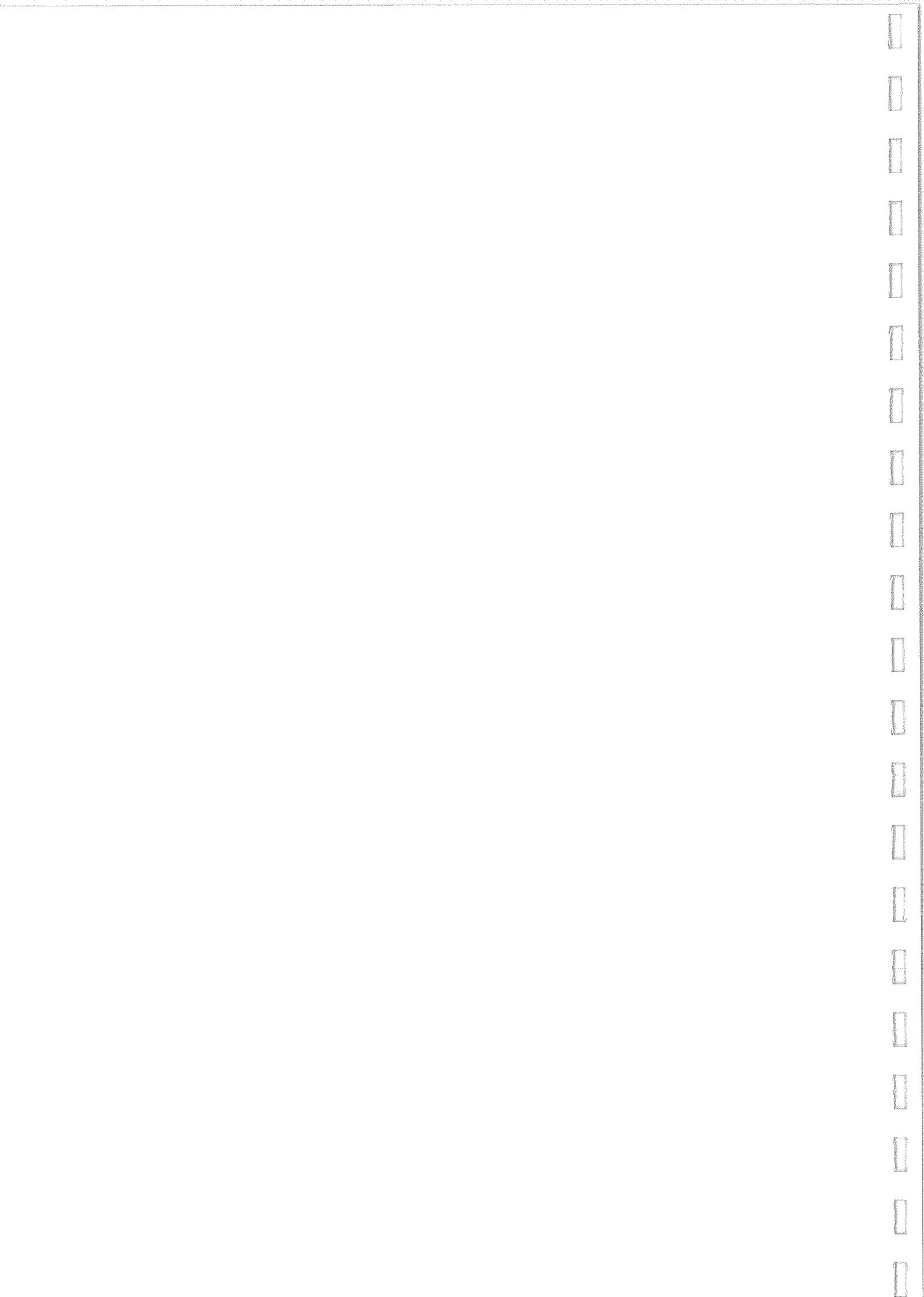
- Retention of the grants in advance received from Selwyn District Council and Christchurch City Council, and accrued interest until required.

The following steps have been taken regarding the new Project:

- An expression of interest in the Regional Museums Development Fund has been registered with Central Government
- A post-earthquake briefing has been given to the Minister for Arts, Culture and Heritage
- An independent Architectural Advisory Panel was appointed prior to the earthquakes.

Details of the capital levy funding are provided in Section 6.3 and 6.4.

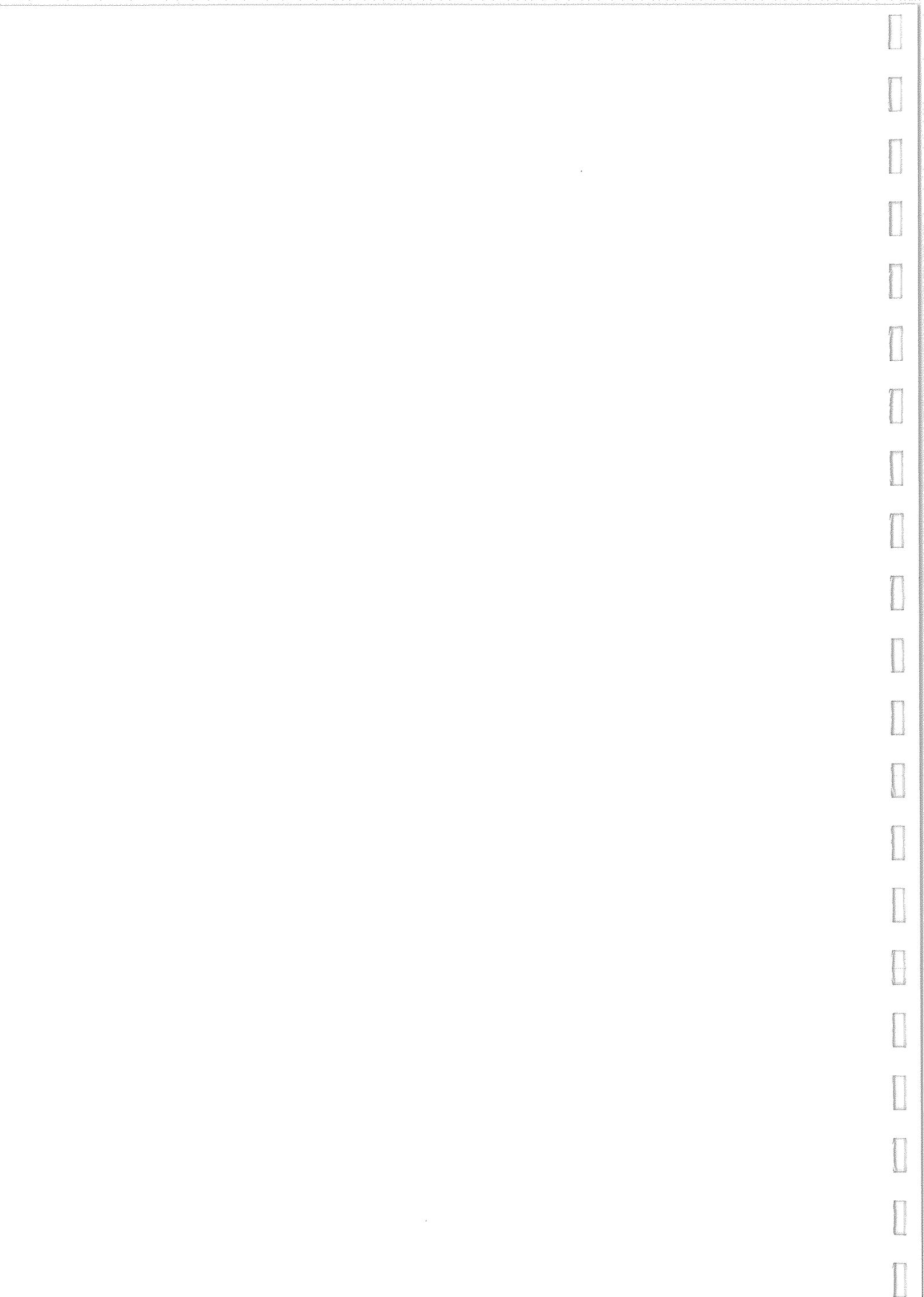
In Section 6.4 is a schedule showing the calculation of the operations levy in the Annual Plan. The calculations are also shown for the capital levy relating to the Project, including the payments that have been made and held in trust. For the purpose of apportioning levies the population figures are those provided by Statistics New Zealand as at 30 June 2011.



6.2 Seven-year forecast – operations

	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Local Authority levy	6,335,556	6,779,045	7,117,997	7,473,897	8,221,287	9,043,415	9,947,757	11,042,010	12,146,211
Commercial activities	1,331,265	1,195,722	1,175,572	948,211	971,166	984,445	1,199,417	1,314,801	1,338,858
Donations and grants	277,175	337,930	374,359	209,713	139,398	140,383	211,494	232,635	253,807
Total revenue	7,943,996	8,312,696	8,667,928	8,631,820	9,331,851	10,168,244	11,358,668	12,589,447	13,738,877
Operating expenses	(6,353,776)	(7,032,126)	(7,211,190)	(7,479,743)	(7,420,812)	(7,859,901)	(8,318,052)	(8,660,384)	(9,012,233)
Depreciation (existing assets)	(1,449,122)	(1,286,500)	(1,396,000)	(1,144,100)	(1,157,953)	(1,186,901)	(1,216,574)	(1,246,988)	(1,278,163)
Depreciation (Project assets)	-	-	-	-	(458,000)	(1,374,000)	(2,748,000)	(2,748,000)	(2,748,000)
Total expenditure	(7,802,898)	(8,318,626)	(8,607,190)	(8,623,843)	(9,036,765)	(10,420,802)	(12,282,626)	(12,655,372)	(13,038,396)
Net operating surplus/(deficit) *	141,098	(5,930)	60,738	7,977	295,087	(252,558)	(923,958)	(65,926)	700,481
CLA levy % increase (excl Project depn)	5.00%	7.00%	5.00%	5.00%	3.87%	3.86%	0.47%	5.00%	5.00%
CLA levy % increase (Project depn)	-	-	-	-	6.13%	6.14%	9.53%	6.00%	5.00%
Local Authority levy % increase	5.00%	7.00%	5.00%	5.00%	10.00%	10.00%	10.00%	11.00%	10.00%

* The Museum recognises the Contributing Local Authorities' discomfort with the level of levy increases required to fund the Project depreciation. Following consultation with the Contributing Local Authorities, it has been agreed that the operating levy increases due to Project depreciation would be spread evenly over the first seven years. This will result in Project depreciation being under-funded for the period 2015/16-2017/18, with the shortfall recovered in the period 2018/19-2020/21.



6.3 Seven-year forecast – capital

	Actual 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Income - Project									
Capital levy - local government	250,922	281,976	269,515	4,596,295	9,192,590	4,596,295	-	-	-
Capital grants - central government	-	2,100,000	2,100,000	8,500,000	10,600,000	9,715,000	-	-	-
Capital fundraising by the Museum	-	-	-	3,200,000	5,300,000	5,240,000	-	-	-
	250,922	2,381,976	2,369,515	16,296,295	25,092,590	19,551,295	-	-	-
Income – other									
Funded depreciation	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953	2,560,901	3,964,574	3,994,988	4,026,163
	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953	2,560,901	3,964,574	3,994,988	4,026,163
Total income	1,700,044	3,668,476	3,765,515	17,440,395	26,708,543	22,112,196	3,964,574	3,994,988	4,026,163
Expenditure – Project									
Project works	-	2,200,000	2,290,000	20,610,000	28,625,000	17,175,000	-	-	-
	-	2,200,000	2,290,000	20,610,000	28,625,000	17,175,000	-	-	-
Expenditure – other									
Capital expenditure	288,786	700,000	700,000	800,000	900,000	1,000,000	1,000,000	900,000	800,000
Asset replacement / gallery redevelopment reserve	1,160,336	586,500	696,000	344,100	715,953	1,560,901	2,964,574	3,094,988	3,226,163
	1,449,122	1,286,500	1,396,000	1,144,100	1,615,953	2,560,901	3,964,574	3,994,988	4,026,163
Total expenditure	1,449,122	3,486,500	3,686,000	21,754,100	30,240,953	19,735,901	3,964,574	3,994,988	4,026,163
Surplus/(deficit)	250,922	181,976	79,515	(4,313,705)	(3,532,410)	2,376,295	-	-	-



6.4 Operations and capital levies

Operations levy for 2012/13

by population and distance factor

Local Authority	Population * % of total	Population * No.	Differential	Product	% of Total products	Levy amount due under Sec 15	Ex-gratia loan funding	TOTAL	Installment amount
Christchurch City	0.78	367,700	1.00	78.45	89.37	6,202,423	158,631	6,361,054	2,120,351
Hurunui District	0.02	11,300	0.30	0.72	0.82	57,183	1,462	58,646	19,549
Selwyn District	0.09	41,100	0.45	3.95	4.50	311,977	7,979	319,956	106,652
Waimakariri District	0.10	48,600	0.45	4.67	5.32	368,907	9,435	378,342	126,114
	1.00	468,700	2.20	87.79	100.00	6,940,489	177,508	7,117,997	2,372,666

* The population numbers used are the estimated resident populations as at 30 June 2011, as provided by Statistics New Zealand.

Capital levy payments

by population and distance factor

Local Authority	Population * % of total	Population * No.	Differential	Product	% of Total products	Levy paid and held in trust	Projected interest accrual	Additional levy	TOTAL	Outstanding capital levy 12/13	Outstanding capital levy 13/14-15/16
Christchurch City	0.78	367,700	1.00	78.45	89.37	4,727,993	715,715	16,044,296	21,488,004	-	16,044,296
Hurunui District	0.02	11,300	0.30	0.72	0.82	-	-	198,108	198,108	-	198,108
Selwyn District	0.09	41,100	0.45	3.95	4.50	405,630	61,404	613,795	1,080,828	-	613,795
Waimakariri District	0.10	48,600	0.45	4.67	5.32	-	-	1,278,060	1,278,060	-	1,278,060
	1.00	468,700	2.20	87.79	100.00	5,133,623	777,118	18,134,259	24,045,000	-	18,134,259

* The population numbers used are the estimated resident populations as at 30 June 2011, as provided by Statistics New Zealand.

