

Canterbury Museum Annual Plan

For the financial year
1 July 2018 to 30 June 2019

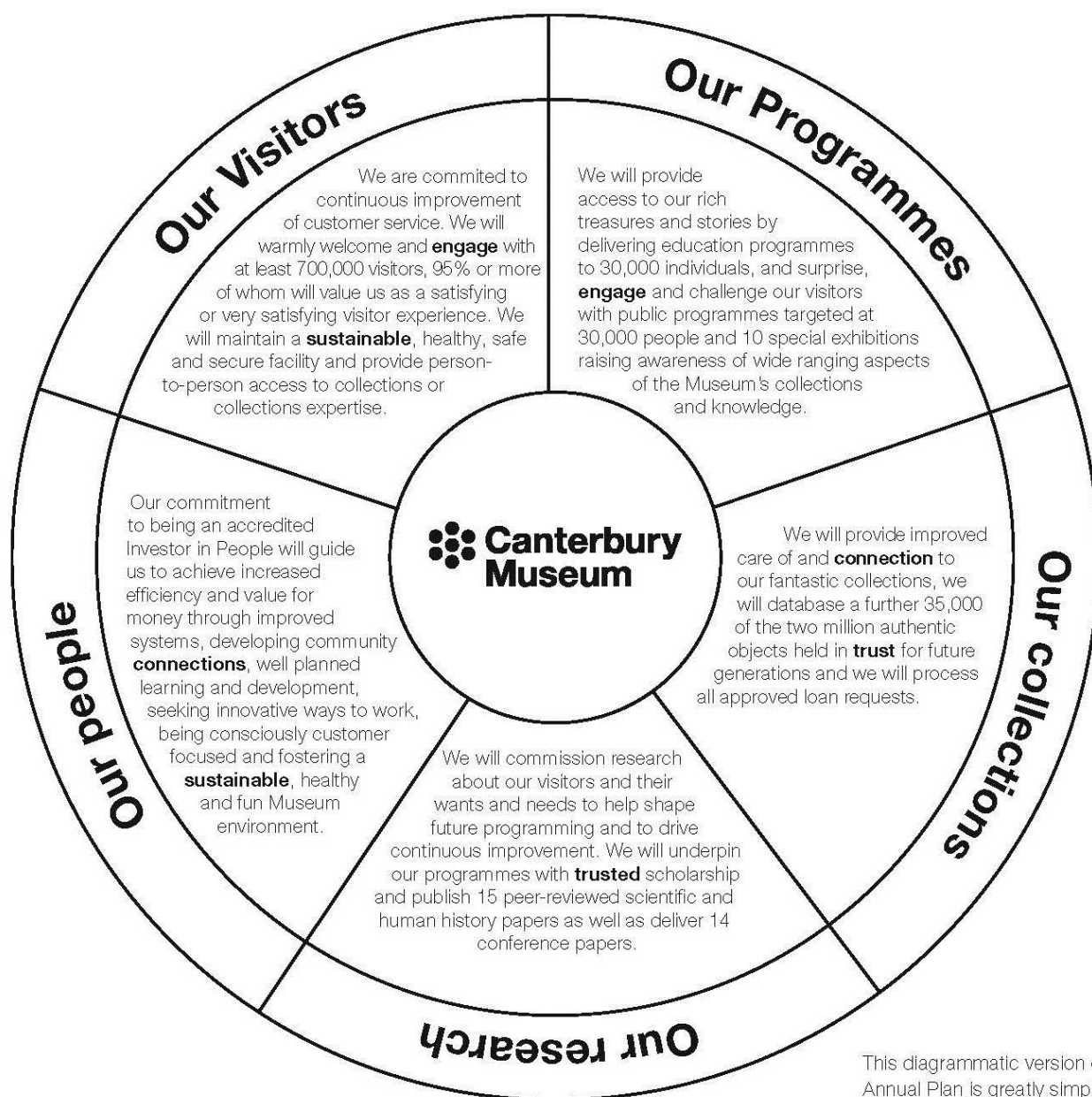
Adopted 14 May 2018

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OUR CONTRACT – 2018/2019

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 2018/2019

Revenue	Levy	8,908,016
	Commercial activities	1,452,008
	Donations and grants	408,801
		10,768,826
Expenses	Employment remuneration	5,265,621
	Collections Registration & Curatorial	1,222,601
	Public Programmes	2,820,085
	Communications	308,230
	Depreciation	1,300,650
		10,917,186
Net deficit from operating activities		(148,361)

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 2016 the Canterbury Museum Trust Board approved a Strategic Plan to be implemented through successive annual plans.

This Annual Plan presents the Board's operational and developmental priorities for the year 2018/19.

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, 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 2018/19 appear in the Performance Objectives (Section 3) and are summarised below.

Our visitors

- Achieve visitor numbers of 700,000 and maintain a highly-rated visitor experience.
- Ensure visitors remain in a safe environment with no notifiable events.

Our programmes

- Develop, deliver and evaluate 10 special exhibitions, education programmes to 30,000 individuals and public programmes to 30,000 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.
- Continue to make collections more accessible by adding records and images to Collections Online.

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

- Maintain an up-to-date project plan and project-manage planning for The Museum Project and support development of Ravenscar House.
- Retain commitment to the Investors in People International Standard, and maintain our Platinum accreditation to the standard.

1.2 Canterbury Museum Vision and Values Statement

Our Museum

Celebrating Canterbury, discovering the world. For us and our children after us.

Waitaha-kōawa-rau, ka whakanuia; Te-ao-whānui, ka tūhuratia. Mā tātou ko ngā uri e whai ake nei

What we do Ko te wāhi ki a mātou

Canterbury Museum acquires and cares for world-wide collections of human and natural history, with a focus on Canterbury and the Antarctic.

Access to these collections drives research, inspires learning and ignites imagination through stories that surprise and delight our visitors.

The principles we live by Ō Mātou Tikanga

We ENGAGE positively with our visitors.

We work COLLABORATIVELY with each other and with our communities.

We are ACCOUNTABLE for what we do.

We always act with INTEGRITY.

1.3 The Museum organisation

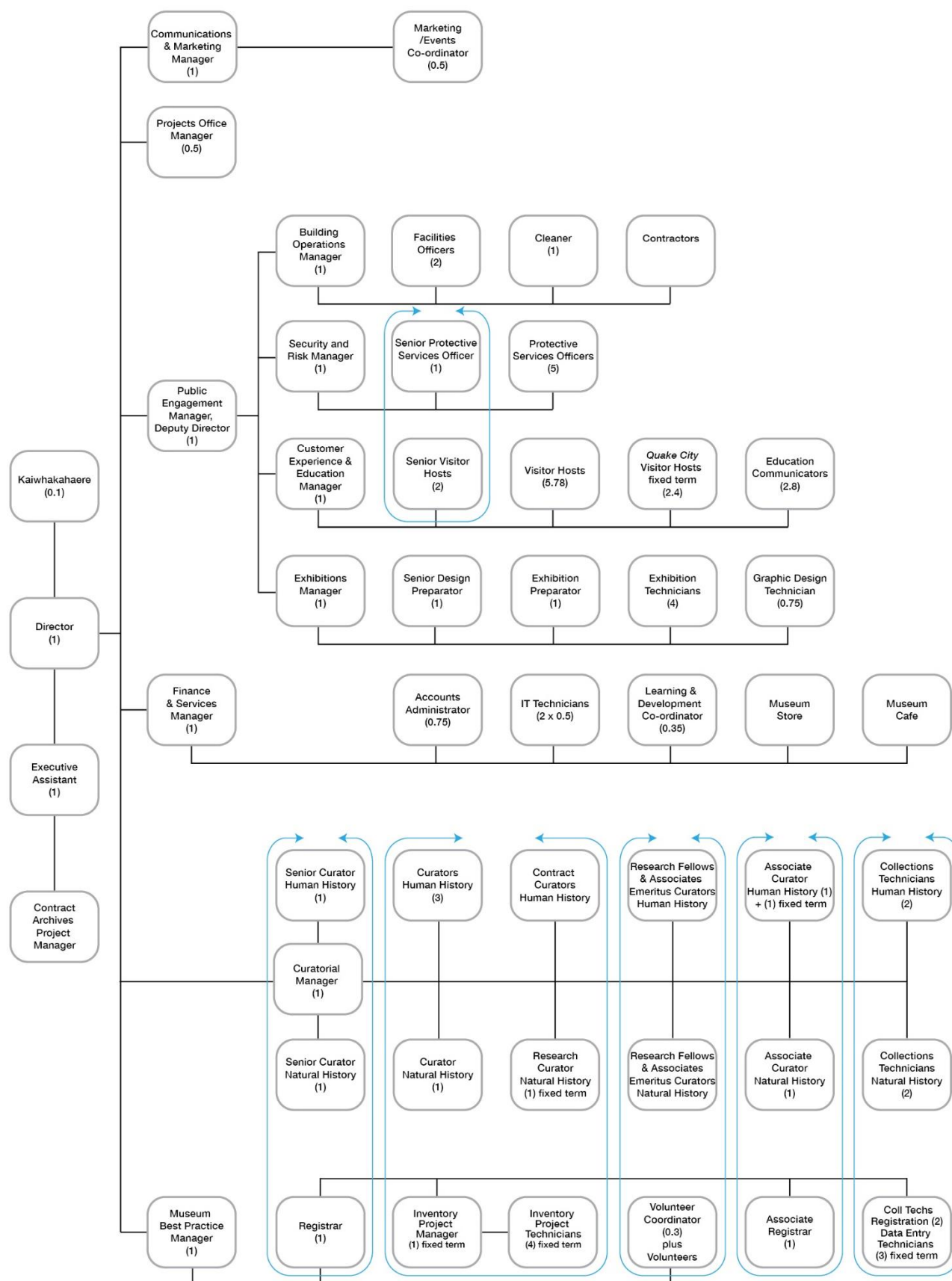
Canterbury Museum is governed by the Canterbury Museum Trust Board. The appointment of trustees and the Board's responsibilities are set out in the Canterbury Museum Trust Board Act 1993.

It is anticipated that at the beginning of the 2018/19 financial year there will be 69 full-time equivalent (FTE) establishment staff:

Directorate	2.10
Communications, Projects Office and Finance & Services	5.10
Public Programmes	33.73
Collections Registration & Curatorial	28.30

Due to the high level of rostering in front-of-house positions the 69 FTE is represented by approximately 78 staff.

organisational chart



1.5 Ravenscar House

Mr Jim and Dr Susan Wakefield through the Ravenscar Trust are proposing to develop and build a permanent house with a focus on New Zealand fine arts, sculpture, decorative arts, and designer furniture and classical antiquities at 52 Rolleston Avenue and to gift it to the people of Christchurch through Canterbury Museum. The gifting of the house complies with the objectives of the Canterbury Museum 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; and
- promote interest and education in the natural and cultural heritage of New Zealanders.

Canterbury Museum has a strong design theme in its collections and programming and will benefit from a purpose-built facility in which to exhibit and promote these in the future. The proposed development will be an additional facility for the Museum and will enhance and complement any future redevelopment of parts of the Museum's current site.

The Christchurch City Council has gifted the 2,450 sq. metre site at Rolleston Avenue to the Museum subject to resource consents and construction within five years of the transfer.

The Ravenscar House will be largely self-financing through ticketed entry, car parking revenue and other income. The Museum will support the operation from its existing staff and resources.

The Ravenscar Trust aims to start construction in late 2018 with the building opening to the public in 2020.

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 2018/19 financial year and those for the immediately preceding 2017/18 financial year. The Museum will continue to fulfil the current year (2017/18) 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 2018 concluding on Friday 27 April 2018.

- (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. 2018/19 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 2018/19 year.

In addition, there will be many other activities furthering the overall objectives of the Museum contained in the 2018/19 Performance Plans of individual staff members.

Assumptions:

- Project earliest start of detailed design of January 2019
- Earliest opening of redeveloped Museum in July 2022

Objectives	Targets
1. Our visitors	
1.1 Achieve visitor numbers	700,000
1.2 Achieve operational surplus for Quake City	\$60,000
1.3 Achieve visitor donations	\$165,000
1.4 Achieve % of visitors rating their Museum experience as satisfied or very satisfied	≥ 95%
1.5 Ensure staff have completed relevant customer service training	95%
1.6 Ensure the Museum's occupants remain in a safe environment where there are zero Notifiable Events	Zero Notifiable Events
1.7 Provide access to collections or collections expertise in response to 98% of requests (total number to be reported)	98%
2. Our programmes	
2.1 Develop, deliver and evaluate 10 special exhibitions	10
2.2 Tour an exhibit to the three contributing district council areas to reach a visitor target of	200,000
2.3 Achieve 30,000 individuals receiving a Museum education programme delivered either by Museum staff or their own teacher (including 18,000 school students)	30,000 (18,000)
2.4 Achieve 30,000 individuals engaging in a Museum delivered public programme	30,000
2.5 Achieve paid admissions to Discovery and maintain 500 memberships of Museum Explorer Club	50,000 (500 members)
2.6 Answer 100% of external written/phone/email enquiries within 5 working days (total number to be reported)	100% (Total number)
2.7 Achieve 600 media hits (print, broadcast and on-line media)	600
2.8 Actively participate in professional associations/external bodies	45
2.9 Provide outreach advice & support to other Canterbury museums and related organisations (number of interactions)	200
3. Our collections	
3.1 100% of newly offered objects processed, with a maximum of 9,500 acquired, added to the database and fully verified	100%
3.2 Create new inventory records and check and verify new and existing Vernon records	35,000
3.3 Create and fully verify Vernon records for the Peter Johns Collection	35,000
3.4 Process 100% of all approved loan requests (total number of objects loaned)	100%
3.5 Make collections more accessible by adding records and images to Collections Online	5,000

4. Our research

4.1	Peer reviewed research papers accepted for publication	18
4.2	Peer review external articles or supervise theses	45
4.3	Publish one volume of Records of the Canterbury Museum	1
4.4	Present conference papers	14
4.5	Adjunct positions held in research institutions	5
4.6	Undertake professional visitor survey research to drive continuous improvement	Achieve

5. Our people and working environment

5.1	Maintain an up-to-date project plan and project-manage planning for The Museum Project	Achieve
5.2	Support the development of the Ravenscar House project	Achieve
5.3	Maximise return on investment funds within the Museum's Investment Policy	3.33%
5.4	Achieve audit with only qualification being agreed departure from accounting standards as regards valuation and capitalisation of heritage assets	Achieve
5.5	Achieve an end-of-year financial result within budget	Achieve
5.6	Achieve learning and development hours	3,400
5.7	Maintain a healthy, safe and secure facility by completing all cyclical maintenance and achieving Building Warrant of Fitness	Monthly
5.8	Over 75% of all waste is recycled/reused	75%
5.9	Retain accreditation as an Investor in People - Platinum	Achieve

4. Budget

4.1 Introduction

The level of operational levy increase requested from contributing local authorities is 5%.

The net deficit forecast for the 2018/19 financial year is (\$148,361).

The Museum has highlighted that due to the effect of the increasing visitor numbers (approx. 120,000 over the past two years) and the ageing facilities requiring constant maintenance or replacement, the forecast increase of 5% for 2018/19 is required. The following assumptions have also been made in the draft 2018/19 operations budget:

- An operating expense inflationary adjustment of 2.0% has been applied
- An inflationary adjustment and the standard promotion allowances made to remuneration expenses
- Additional roles for the Inventory Team, who are documenting and cataloguing the collections in preparation for redevelopment / moving collections.
- The entire Museum security system required an upgrade due to failures and inability to cope with the increased requirements, as well as the relocation and upgrade of *Quake City*. Both of these items were outside our normal capital expenditure budgets and resulted in significant increases to our funded depreciation budget.

Some development expenditure has been budgeted for the Ravenscar House project for 2018/19 and 2019/20. Operational budgets for the forecast opening in 2020 have not been included at this stage, however it is expected to be largely self-financing through ticketed entry, car parking revenue and other income.

Overhead and administration expenses are allocated to each division of Curatorial & Collections Registration, Public Programmes and Communications 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 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Revenue						
Operating levy		8,115,575	8,306,317	8,908,016	9,353,417	9,821,088
Debt servicing ex gratia		177,508	177,508	-	-	-
Total levy and ex gratia		8,293,083	8,483,825	8,908,016	9,353,417	9,821,088
Commercial activities	1	2,963,946	1,420,039	1,452,008	1,246,616	1,221,517
Donations and grants	2	616,773	416,500	408,801	336,938	149,419
Total operating revenue and funded depreciation		11,873,802	10,320,363	10,768,826	10,936,971	11,192,023
Expenses						
Employee remuneration		4,617,268	4,829,787	5,265,621	5,529,920	5,633,897
Collections Registration and Curatorial	3	1,079,895	1,517,571	1,222,601	1,233,815	1,218,218
Public Programmes	4	2,318,410	2,586,899	2,820,085	2,872,121	2,875,956
Communications	5	266,302	310,087	308,230	313,266	316,099
Depreciation	6	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700
Total expenditure		9,394,191	10,416,343	10,917,186	11,247,272	11,359,869
Net surplus/(deficit) including depreciation		2,479,611	(95,980)	(148,361)	(310,301)	(167,846)
<i>plus</i> capital grants		3,008,400	13,925,000	14,925,000	49,200,000	48,150,000
- bequest income		598,211	285,000	285,000	305,000	325,000
- earthquake insurance claims		13,650,000	-	-	-	-
- interest on trusts & bequests		220,893	250,000	250,000	250,000	250,000
<i>less</i> bequest funded acquisitions		(6,829)	(900,000)	(500,000)	(500,000)	(500,000)
- earthquake remedial expense		(717,745)	-	-	-	-
Net surplus incl extra-ordinary items	8	19,232,541	13,464,020	14,811,639	48,944,699	48,057,154

4.3 Capital budget

CANTERBURY MUSEUM TRUST BOARD

Capital budget

	Note	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Capital expenditure		256,894	700,000	700,000	800,000	900,000
Asset replacement/gallery redevelopment reserve		855,422	472,000	600,650	498,150	415,700
Fixed asset expenditure	9	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700
Museum Project works	7	-	13,925,000	14,925,000	49,200,000	48,150,000
Net capital budget		1,112,316	15,097,000	16,225,650	50,498,150	49,465,700

4.4 Notes to the operational and capital budgets

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
1 Commercial activities (exchange transactions)					
Discovery income	90,496	91,457	91,457	93,286	95,151
Lease income	151,934	151,600	151,600	154,200	156,852
Café income	298,426	-	-	-	-
Image Service income	10,466	5,000	5,000	5,100	5,202
Exhibitions income	64,762	-	-	-	-
Special exhibition income	4,281	-	-	-	-
Other trading income	839,562	471,982	503,952	514,031	524,311
Realised gain/(loss) on sale of investments	141,808	-	-	-	-
Unrealised gain/(loss) on sale of investments	117,589	-	-	-	-
Interest on operating funds	1,129,940	610,000	610,000	380,000	330,000
Dividends on operating funds	114,682	90,000	90,000	100,000	110,000
	2,963,946	1,420,039	1,452,008	1,246,616	1,221,517
2 Donations and grants (non-exchange transactions)					
Donations admission	168,825	165,000	165,000	110,000	90,000
Donations and bequests	21,447	11,000	11,000	11,220	11,444
Grants	426,501	240,500	232,801	215,718	47,975
	616,773	416,500	408,801	336,938	149,419
3 Collections Registration & Curatorial					
Collections Registration	591,497	783,601	484,512	490,216	487,893
Curatorial	488,398	733,970	738,089	743,599	730,325
	1,079,895	1,517,571	1,222,601	1,233,815	1,218,218
4 Public Programmes					
Customer Experience & Education	504,750	644,262	789,768	795,049	778,959
Exhibitions	704,342	786,757	780,855	810,143	827,612
Building Operations / Security	1,109,317	1,155,880	1,249,462	1,266,929	1,269,385
	2,318,410	2,586,899	2,820,085	2,872,121	2,875,956
5 Communications					
Communications	266,302	310,087	308,230	313,266	316,099
	266,302	310,087	308,230	313,266	316,099
6 Depreciation					
Buildings	768,714	770,000	770,000	770,000	770,000
Building systems / plant	26,922	28,000	15,000	20,000	25,000
Security	22,824	50,000	160,000	175,000	190,000
Exhibition galleries	16,681	35,000	85,000	86,000	90,000
Front of house fixed facilities	8,141	8,000	6,000	2,500	1,500
Collection stores	51,757	55,000	54,000	54,000	54,000
Back of house fixed facilities	1,073	1,000	650	650	200
Furniture fittings and equipment	105,349	125,000	100,000	105,000	100,000
Information technology and audio visual	110,855	100,000	110,000	85,000	85,000
Museum Redevelopment Project	-	-	-	-	-
	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700
7 Capital grants					
Capital Grants are only recognised when the project expenditure has been spent.					

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
8 Income					
Levies	8,293,083	8,483,825	8,908,016	9,353,417	9,821,088
Grants	426,501	240,500	232,801	215,718	47,975
Capital Grants	3,008,400	13,925,000	14,925,000	49,200,000	48,150,000
Bequest income	598,211	285,000	285,000	305,000	325,000
Donations admission	168,825	165,000	165,000	110,000	90,000
Donations and bequests	21,447	11,000	11,000	11,220	11,444
Trading activities	1,459,927	720,039	752,008	766,616	781,517
Interest	1,129,940	610,000	610,000	380,000	330,000
Interest on trust and bequest fund	220,893	250,000	250,000	250,000	250,000
Dividends	114,682	90,000	90,000	100,000	110,000
Realised gain/(loss) on sale of investments	141,808	-	-	-	-
Unrealised gain/(loss) on sale of investments	117,589	-	-	-	-
Earthquake insurance claims	13,650,000	-	-	-	-
Total income	29,351,306	24,780,363	26,228,826	60,691,971	59,917,023
Expenses					
ACC levies	12,013	24,606	30,998	31,618	32,251
Audit fees	37,950	39,535	40,326	41,132	41,955
Building services	420,764	370,855	378,272	385,838	393,554
Board expenses	8,435	17,236	17,580	17,932	18,291
Books and journals	14,659	22,000	22,000	22,440	22,889
Café purchases	119,624	-	-	-	-
Cleaning	260,720	231,215	240,000	244,800	249,696
Collection acquisitions	128,100	1,228,591	829,362	805,150	805,953
Depreciation	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700
Earthquake remedial expenses	717,745	-	-	-	-
Equipment	30,219	35,079	35,781	36,497	37,227
Exhibition expenses	379,797	361,094	387,978	415,237	386,255
Heat, light and power	202,147	223,557	232,277	236,923	241,661
Human resources support	14,373	32,053	32,694	33,348	34,015
Insurance	441,446	511,367	521,594	541,594	561,594
Interest on loans	68,145	70,000	-	-	-
IT expenses	40,353	53,062	53,968	55,047	56,148
Legal fees	21,117	37,151	37,894	38,652	22,863
Management expenses	45,507	49,684	50,677	51,691	52,725
Marketing and public relations	253,524	325,401	301,111	307,134	280,154
Operational expenses	808,383	722,433	677,231	690,776	642,168
Postage and freight	5,913	6,834	6,971	7,110	7,252
Rates	10,911	12,485	12,734	12,989	13,249
Recruitment	59,561	26,931	27,469	28,019	22,863
Remuneration	4,541,536	4,731,687	5,159,915	5,422,100	5,523,920
Repairs and maintenance	165,577	106,323	110,404	112,612	114,864
Staff expenses	63,719	73,493	74,708	76,202	77,726
Staff training	99,073	94,987	96,887	98,825	100,801
Stationery	18,494	26,010	26,530	27,061	27,602
Strategic development	2,527	685,709	685,709	682,423	750,000
Telephone and tolls	14,117	24,965	25,464	25,973	26,493
Total expenses	10,118,765	11,316,343	11,417,186	11,747,272	11,859,869
Net surplus	19,232,541	13,464,020	14,811,639	48,944,699	48,057,154

9 Fixed asset expenditure

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

5. Summary of significant 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 and is a charitable organisation registered under the Charities Act 2005. 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 surplus 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 ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards as appropriate that have been authorised for use by the External Reporting Board for Public Sector entities, with the exception of PBE IPSAS 17 'Heritage Assets' as stated in Note 1(d)(vii). For the purposes of complying with NZ GAAP, the Museum is a public benefit not-for-profit entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The financial statements have been prepared in accordance with Tier 2 PBE standards and the Museum has taken advantage of all applicable Reduced Disclosure Regime (RDR) concessions.

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

Changes in accounting policy

The accounting policies adopted in these financial statements are consistent with those of the previous reporting period.

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

D) SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of surplus and financial position have been applied consistently to both reporting periods:

i) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Museum and revenue can be reliably measured. Revenue is measured when earned at the fair value of consideration received or receivable. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Grants and donations

Grants and donations, including Government grants, are recognised as revenue when received. When there are conditions attached which require repayment of the grants and donations if they are not met, revenues are recognised when the conditions for their use are met. Where there are unfulfilled conditions attached to the revenue, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Bequests

Bequests are recognised in the income statement upon receipt. Where contributions recognised as revenue during the reporting period 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.

Capital donation

Capital donations are recognised as non-operating revenue when received.

Revenue from exchange transactions**Discovery income, image service income and other revenues**

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

Lease income

Revenue is recognised on a straight-line basis over the rental period. The Museum Store lease agreement is reviewed and renewed annually. The Museum Café lease is for two years with a one year right of renewal.

Interest income

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

Dividend income

Dividends from investments are 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, typically from the Museum's insurance provider, such insurance claim monies 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 9 May 2016. Budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

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 on 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 amounts 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)

Available for sale financial assets

Assets and liabilities in this category 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 surplus or deficit. 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 reporting period that are unpaid and arise when the Museum becomes obliged to make future payments. These amounts are unsecured.
- term loan with determinable repayment terms and interest rate. This loan is unsecured.

Other financial liabilities include:

- creditors
- employee entitlements (refer to item ix below)
- grants received in advance (refer to item i above)
- retirement gratuity (refer to item ix 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, except for land, so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. Land is not depreciated.

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.

Revaluation

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 surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. 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.

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 Revenue and Expenses. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

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 Revenue and Expenses. During the reporting period, the acquisition cost of collection items amounted to \$114,631 (2016: \$2,504,972).

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.

PBE IPSAS 17 requires that where an asset, eg 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. PBE IPSAS 17 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 PBE IPSAS 17 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.

Impairment of property, plant and equipment and intangible assets

The Museum does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash generating assets

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or service units approach. The most appropriate approach used to measure value in use depends on the nature of impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

ix) **Employee entitlements.** Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, alternate 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.

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 the reporting date.

x) **Borrowings.** Borrowings, which consist of term liabilities, are stated initially at fair values, net of 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 surplus or deficit 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.

xi) **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 Statement of Financial Position.

xii) **Inventories.** Inventories are measured at the lower of cost and net realisable value.

xiii) **Leases.** Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

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) of 5.0% is required for 2018/19 and for the next two years.

After consultation with the Contributing Local Authorities the Museum has agreed to spread the levy increases resulting from the depreciation of the Museum Project redevelopment as it is capitalised, over a seven year period to lessen the immediate impact on the Contributing Local Authorities. This results in operating levy increases of 10% for 2021/22 to 2022/23, 11% for 2023/24, and 10% for 2024/25 to 2026/27.

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 100 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
- The Museum Project is split into two separate components:
 - the pre-earthquakes Project
 - the provision of Base Isolation and Earthquake Strengthening to protect the heritage collections, including the Category 1 Heritage Buildings, to reflect location in an active seismic zone
- Major options analysis identified 21 potential options leading to a preferred option
- The overall cost of the Museum Project has increased from \$180m to \$185m. This is to incorporate the inflationary cost of a 12 month delay.
- The provision of Base Isolation and Earthquake Strengthening has increased by an inflationary amount to \$87m
- The pre-earthquake component of the Project cost has also increased by an inflationary amount to \$98m (in 2021 dollars)
- The proposed funding mix for the overall project is as follows:

Central Government	\$69.9 million	38%
Local Government	\$56.6 million	30%
Canterbury Museum fundraising	\$58.5 million	32%
- Retention of the grants in advance received from Selwyn District Council and Christchurch City Council, and accrued interest until required
- Earliest start of detailed design of January 2019
- The funded depreciation on the \$98m Project conceived pre-earthquakes will, as per last year, have building depreciation deferred for the first 5 years, and the remaining depreciation spread over the first 7 years
- The funding for the additional costs of Base Isolation and Earthquake Strengthening includes an indicative contribution of \$24m from the Christchurch City Council towards the costs of the Council-owned Robert McDougall Gallery, with the remaining \$63m being requested from Central Government
- Given the significant impact on operating expenditure and levies to fund depreciation for the additional \$98m, no additional depreciation for the Base Isolation and Earthquake Strengthening works has been included in the budget. It is proposed that over time a provision in Repairs & Maintenance is created to maintain the Base Isolation and Earthquake Strengthening improvements
- Earliest opening of the new redeveloped Museum of July 2022.

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 2017.

6.2 Seven-year forecast – operations

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Local Authority levy	8,293,083	8,483,825	8,908,016	9,353,417	9,821,088	10,803,197	11,883,516	13,190,703	14,509,773
Commercial activities	2,963,946	1,420,039	1,452,008	1,246,616	1,221,517	662,563	868,089	973,767	987,852
Donations and grants	616,773	416,500	408,801	336,938	149,419	150,407	221,794	243,218	264,681
Total revenue	11,873,802	10,320,363	10,768,826	10,936,971	11,192,023	11,616,167	12,973,399	14,407,688	15,762,307
Operating expenses	(8,281,875)	(9,244,343)	(9,616,536)	(9,949,122)	(10,044,169)	(10,013,266)	(10,541,617)	(10,956,712)	(11,383,981)
Depreciation (existing assets)	(1,112,316)	(1,172,000)	(1,300,650)	(1,298,150)	(1,315,700)	(1,348,593)	(1,382,307)	(1,416,865)	(1,452,287)
Depreciation (Project assets - funded) *	-	-	-	-	-	(602,895)	(1,408,684)	(2,617,368)	(3,217,368)
Total expenditure	(9,394,191)	(10,416,343)	(10,917,186)	(11,247,272)	(11,359,869)	(11,964,753)	(13,332,608)	(14,990,944)	(16,053,635)
Net operating surplus/(deficit)	2,479,611	(95,980)	(148,361)	(310,301)	(167,846)	(348,586)	(359,209)	(583,256)	(291,328)
Unfunded expenditure									
Depreciation (Project assets - deferred) *	-	-	-	-	-	(135,651)	(806,954)	(1,813,908)	(1,213,908)
Depreciation (Project assets - unfunded) *	-	-	-	-	(437,829)	(1,313,487)	(1,751,316)	(1,751,316)	(1,751,316)
	-	-	-	-	(437,829)	(1,449,138)	(2,558,270)	(3,565,224)	(2,965,224)
Net operating surplus/(deficit)	2,479,611	(95,980)	(148,361)	(310,301)	(605,675)	(1,797,725)	(2,917,479)	(4,148,480)	(3,256,552)
CLA levy % increase (excl Project depn)	3.20%	2.30%	5.00%	5.00%	5.00%	3.86%	2.54%	0.83%	5.45%
CLA levy % increase (funded Project depn)	-	-	-	0.00%	0.00%	6.14%	7.46%	10.17%	4.55%
Local Authority levy % increase	3.20%	2.30%	5.00%	5.00%	5.00%	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. It has been agreed with the Contributing Local Authorities that the building depreciation would be deferred for 5 years, no charge would be made for base isolation & earthquake strengthening, and that the remaining funded depreciation would be spread evenly over the first seven years of Project depreciation.

6.3 Seven-year forecast – capital

	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25
Income - Project									
Capital levy - local government	269,958	3,378,569	236,862	8,621,280	8,621,280	8,621,280	-	-	-
Capital grants - central government	-	2,000,000	2,000,000	2,000,000	1,000,000	1,196,472	-	-	-
Capital fundraising by the Museum	-	16,490,538	16,886,108	13,886,108	13,886,108	13,886,108	-	-	-
Provision - Base Isolation & Strengthening	-	2,500,000	2,500,000	15,000,000	15,000,000	15,000,000	16,192,417	-	-
Provision - McDougall Strengthen - CCC	-	-	-	10,000,000	5,500,000	8,198,500	-	-	-
	269,958	24,369,106	21,622,970	49,507,388	44,007,388	46,902,360	16,192,417	-	-
Income – other									
Funded depreciation	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700	1,951,487	2,790,991	4,034,233	4,669,654
	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700	1,951,487	2,790,991	4,034,233	4,669,654
Total income	1,382,274	25,541,106	22,923,620	50,805,538	45,323,088	48,853,847	18,983,408	4,034,233	4,669,654
Expenditure – Project									
Project works	-	13,925,000	14,925,000	49,200,000	48,150,000	42,900,000	20,900,000	8,925,000	-
Expenditure – other	-	13,925,000	14,925,000	49,200,000	48,150,000	42,900,000	20,900,000	8,925,000	-
Capital expenditure									
Asset replacement / gallery redevelopment reserve	256,894	700,000	700,000	800,000	900,000	1,000,000	1,000,000	900,000	800,000
	855,422	472,000	600,650	498,150	415,700	951,487	1,790,991	3,134,233	3,869,654
Total expenditure	1,112,316	1,172,000	1,300,650	1,298,150	1,315,700	1,951,487	2,790,991	4,034,233	4,669,654
Surplus/(deficit)	1,112,316	15,097,000	16,225,650	50,498,150	49,465,700	44,851,487	23,690,991	12,959,233	4,669,654

6.4 Operations and capital levies

Operations levy for 2018/19 by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	Levy amount due under Sec 15	Ex-gratia loan funding	TOTAL	Installment amount
Christchurch City	0.74	381,500	1.00	74.38	86.96	7,746,366	-	7,746,366	2,582,122
Hurunui District	0.02	12,800	0.30	0.75	0.88	77,971	-	77,971	25,990
Selwyn District	0.12	59,300	0.45	5.20	6.08	541,840	-	541,840	180,613
Waimakariri District	0.12	59,300	0.45	5.20	6.08	541,840	-	541,840	180,613
	1.00	512,900	2.20	85.54	100.00	8,908,016	-	8,908,016	2,969,339

* The population numbers used are the estimated resident populations as at 30 June 2017, as provided by Statistics New Zealand.

Capital levy payments by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	Levy paid and held in trust	Projected interest accrual	Additional levy	TOTAL	Outstanding capital levy 18/19	19/20-21/22
Christchurch City	0.74	381,500	1.00	74.38	86.96	6,021,980	428,915	45,829,607	52,280,503	-	45,829,607
Hurunui District	0.02	12,800	0.30	0.75	0.88	-	-	287,693	287,693	-	287,693
Selwyn District	0.12	59,300	0.45	5.20	6.08	516,646	36,798	1,445,798	1,999,242	-	1,445,798
Waimakariri District	0.12	59,300	0.45	5.20	6.08	-	-	1,999,242	1,999,242	-	1,999,242
	1.00	512,900	2.20	85.54	100.00	6,538,626	465,714	49,562,340	56,566,679	-	49,562,340

* The population numbers used are the estimated resident populations as at 30 June 2017, as provided by Statistics New Zealand.