

Canterbury Museum Annual Plan

For the financial year
1 July 2021 to 30 June 2022

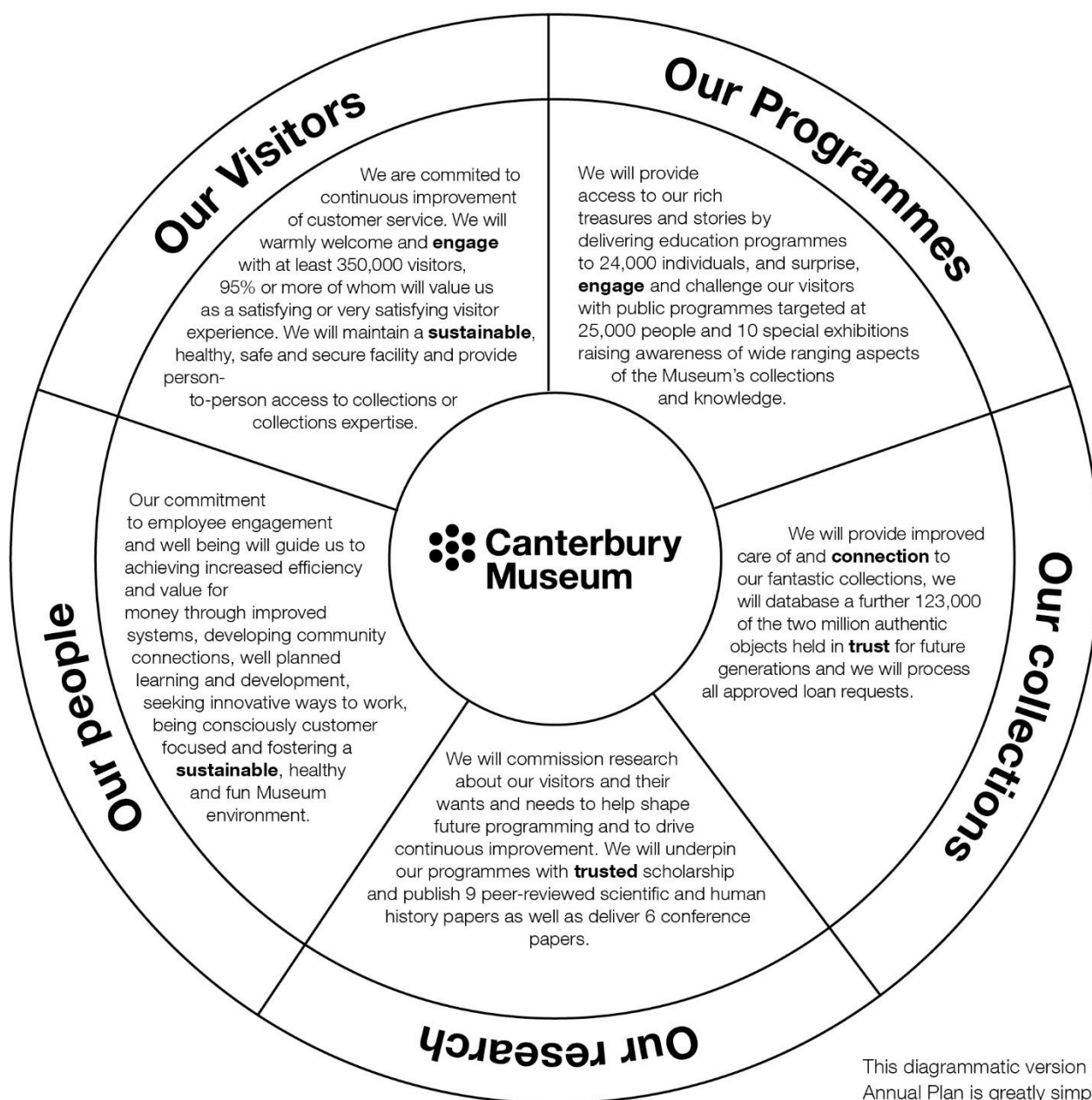
Adopted 30 June 2021

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OUR CONTRACT – 2021/2022

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 2021/2022

Revenue	Levy	9,661,958
	Commercial activities	2,125,225
	Donations and grants	233,428
		12,020,611
Expenses	Employment remuneration	6,270,763
	Collections Registration & Curatorial	1,645,001
	Public Programmes	2,807,385
	Communications	346,750
	Depreciation	1,342,530
		12,412,429
Net deficit from operating activities		(391,818)

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 2021/22.

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, Adson Trust and Friends of the Canterbury Museum.

1.1 Executive summary

Principal activities to be carried out by the Museum during 2021/22 appear in the Performance Objectives (Section 3) and are summarised below.

Our visitors

- Achieve visitor numbers of 350,000 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 24,000 individuals and public programmes to 25,000 people.
- Maintain or increase current levels of activity in other operational areas, eg responding to enquiries, achieving media hits, participating in external organisations and providing outreach advice & support.

Our collections

- Expand 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

- Project-manage planning for The Museum Project and complete the development of Ravenscar House.
- Retain commitment to sustainability through conscientious recycling and the development of a sustainability plan.

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

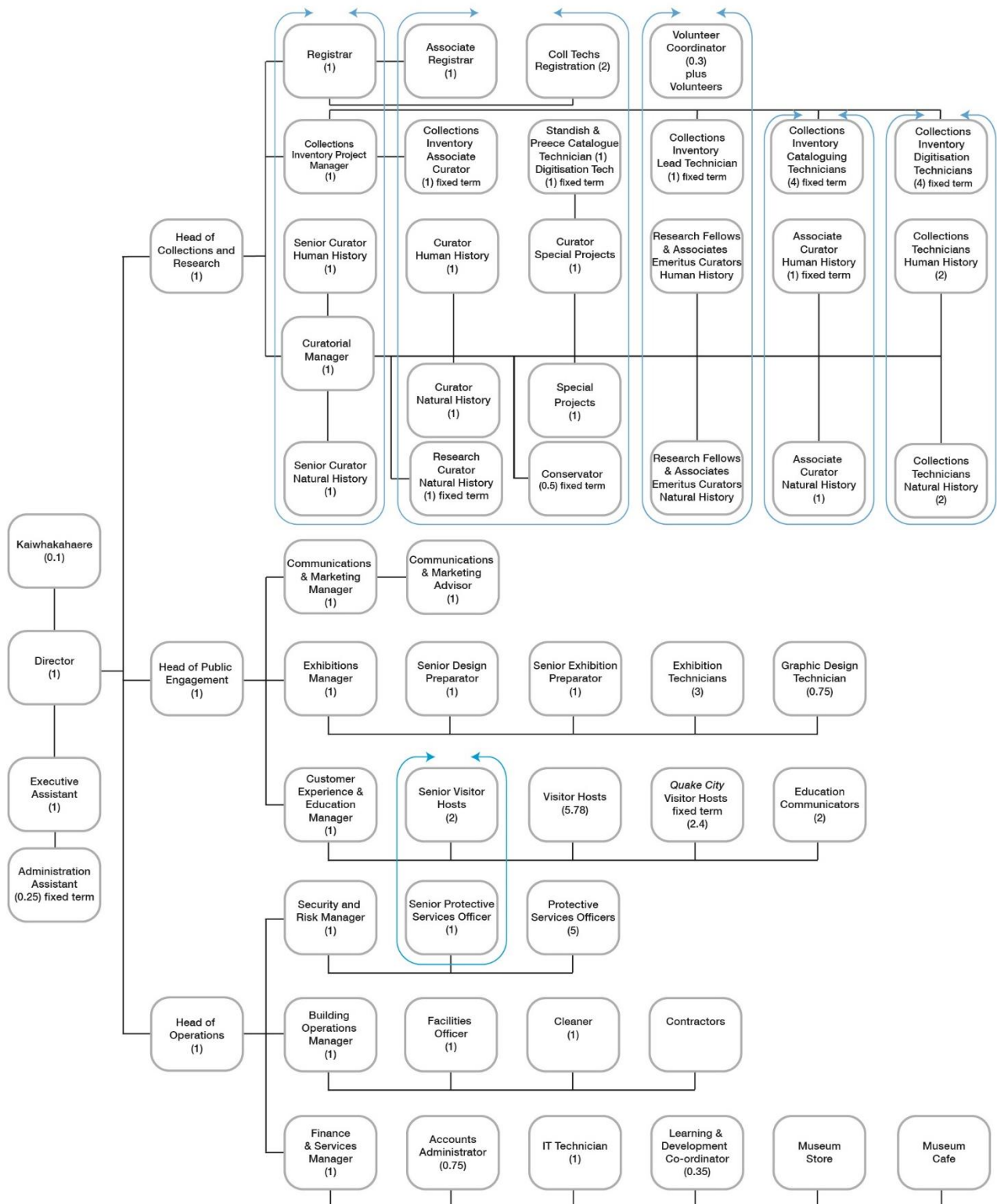
Canterbury Museum is governed by the Canterbury Museum Trust Board. The appointment of trustees and the Board's responsibilities are set out in the Canterbury Museum Trust Board Act 1993.

It is anticipated that at the beginning of the 2021/22 financial year there will be 72 full-time equivalent (FTE) establishment and fixed term staff:

Directorate	2.35
Collections and Research	32.90
Public Engagement	22.93
Operations	14.10

Due to the high level of rostering in front-of-house positions the 72 FTE is represented by approximately 81 staff.

organisational chart



1.5 Ravenscar House

Mr Jim and Dr Susan Wakefield through the Ravenscar Trust are building 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 will 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 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 Museum has agreed to contribute \$1m to the capital costs of the development.

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 started construction in early 2019 with the building opening to the public in 2021.



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 2021/22 financial year and those for the immediately preceding 2020/21 financial year. The Museum will continue to fulfil the current year (2020/21) 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.

The draft annual plan was referred to the contributing Local Authorities for a period of six weeks from Friday 12 March 2021 concluding on Friday 23 April 2021. Given the timing of the Christchurch City Council LTP process the submission period was extended to 31 May 2021.

- (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. 2021/22 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 2021/22 year.

In addition, there will be many other activities furthering the overall objectives of the Museum contained in the 2021/22 Performance Plans of individual staff members.

Assumptions:

- Project earliest start of detailed design of mid-2021
- Earliest opening of redeveloped Museum in July 2025

Objectives	Targets
1. Our visitors	
1.1 Achieve visitor numbers	350,000
1.2 Achieve visitor donations	\$90,000
1.3 Achieve % of visitors rating their Museum experience as satisfied or very satisfied	≥ 95%
1.4 Achieve visitor numbers for Quake City	21,600
1.5 Ensure staff have completed relevant customer service training	95%
1.6 Ensure the Museum's occupants remain in an environment where there are zero Notifiable incidents that arise through negligence of the PCBU's business or undertaking	No attributable notifiable incidents
1.7 Number of unique visits to Museum websites by our digital visitors	170,000
1.8 Social media engagement (eg. comments, interactions, shares, likes)	45,000
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 24,000 individuals receiving a Museum education programme delivered either by Museum staff or their own teacher (including 12,800 school students)	24,000 (12,800)
2.4 Achieve 25,000 individuals engaging in a Museum delivered public programme	25,000
2.5 Achieve paid admissions to Discovery and achieve 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 750 media hits (print, broadcast and on-line media)	750
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 Process 100% of newly offered objects received between 1 April 2021 and 31 March 2022 in the 2021/22 financial year	100% (Max.1,500 acquired)
3.2 Create new inventory records and check and verify new and existing Vernon records	123,000
3.3 Process 100% of all approved loan requests (total number of objects loaned)	100%
3.4 Provide access to collections or collections expertise in response to 98% of requests (total number to be reported)	98%
3.5 Make collections more accessible by adding records and images to Collections Online	20,000

4.	Our research	
4.1	Peer reviewed research papers accepted for publication	9
4.2	Publish research via popular formats, including blogs	10
4.3	Peer review external articles or supervise theses	12
4.4	Publish one volume of Records of the Canterbury Museum	1
4.5	Present conference papers	6
4.6	Adjunct positions held in research institutions	2
4.7	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	Complete the Ravenscar House development on time and within budget	Achieve
5.3	Maximise return on investment funds within the Museum's Investment Policy	2.71%
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	Maintain best sustainability practices through developing and implementing a sustainability plan	Achieve
5.9	Implement a new employee engagement scheme and to develop an appropriate employee engagement measure	Achieve

4. Budget

4.1 Introduction

The level of operational levy increase requested from contributing local authorities is 0.29%.

The net deficit forecast for the 2021/22 financial year is (\$391,818).

Last year Christchurch City Council advised that they were trying to achieve substantial savings across the board, largely as a result of the Covid-19 pandemic, and requested a 0% levy increase. The Museum was already in straightened circumstances with failing buildings and services, and actively preparing for a major redevelopment. We had curtailed staff travel and learning and development, and made no provision for staff remuneration increases. We offered a reduced levy increase from 5% (effective 4.3% for CCC) to 3% (effective 2.3% for CCC) which was accepted. The 2020/21 Annual Plan still indicated a 5% levy increase for 2021/22, which was not challenged by any of the Councils.

The Christchurch City Council has again advised that it is looking for no increase in the operating levy to minimise the rates exposure for residents.

There was extensive debate at the Board meeting, trying to balance the financial constraints of our funders, who are the main source of income for the Museum, with the already diminished operating budgets, the impact of Covid-19 on earned income and the increased costs of operating ageing facilities.

After making a submission to the CCC Long Term Plan, the CCC has not changed its request for no increase to their operating levy. Because of the change in population numbers, the same value operating levy for the CCC can be achieved with an overall increase of 0.29% to the operating levy.

The following assumptions have been made in the draft 2021/22 operations budget:

- Increase in visitor donations of \$30,000
- Budgeted increase of Quake City admission income of \$100,000 has been removed due to continued border restrictions
- No operating expense inflationary adjustment has been applied
- No cost of living adjustment made for remuneration expenses
- Creation of new 'Heads of' roles for Collections Research, Public Engagement and Operations to position the Museum for the redevelopment
- Operational cuts of \$95,000
- Exhibitions and repairs and maintenance cuts of \$50,000
- Deferral of Ravenscar House building depreciation.

A capital contribution for the Ravenscar House project has been included for 2020/21. Operational budgets for the forecast opening in 2021/22 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 Collections Research, 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 (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 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Revenue						
Operating levy		9,353,418	9,634,019	9,661,958	10,145,056	10,652,309
Commercial activities	1	2,589,921	1,721,050	2,125,225	1,688,741	1,664,136
Donations and grants	2	417,088	254,078	233,428	168,450	149,419
Total operating revenue and funded depreciation		12,360,427	11,609,148	12,020,611	12,002,247	12,465,864
Expenses						
Employee remuneration		5,321,581	5,801,829	6,270,763	6,534,670	6,906,464
Collections Research	3	1,251,165	1,539,356	1,645,001	1,599,991	1,688,951
Public Programmes	4	2,229,989	2,727,694	2,807,385	2,793,265	2,932,894
Communications	5	286,423	336,256	346,750	347,427	358,951
Depreciation	6	1,376,089	1,412,000	1,342,530	1,337,500	1,242,060
Total expenditure		10,465,247	11,817,135	12,412,429	12,612,853	13,129,320
Net surplus/(deficit) including depreciation		1,895,180	(207,987)	(391,818)	(610,606)	(663,457)
<i>plus</i> capital grants		-	13,710,000	13,710,000	33,270,000	55,630,000
- bequest income		2,425,843	300,000	300,000	320,000	340,000
- earthquake insurance claims		-	-	-	-	-
- interest on trusts & bequests		497,329	500,000	500,000	500,000	500,000
<i>less</i> bequest funded acquisitions		-	(500,000)	(500,000)	(500,000)	(500,000)
- bequest funded remuneration		(51,487)	(53,434)	(54,643)	(37,157)	-
- earthquake remedial expense		-	-	-	-	-
Net surplus incl extra-ordinary items	8	4,766,865	13,748,579	13,563,539	32,942,237	55,306,543

4.3 Capital budget

CANTERBURY MUSEUM TRUST BOARD

Capital budget

	Note	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Capital expenditure		1,174,818	700,000	700,000	800,000	900,000
Ravenscar House		-	1,000,000	-	-	-
Asset replacement/gallery redevelopment reserve		201,271	(288,000)	642,530	537,500	342,060
Fixed asset expenditure	9	1,376,089	1,412,000	1,342,530	1,337,500	1,242,060
Museum Project works	7	-	13,710,000	13,710,000	33,270,000	55,630,000
Net capital budget		1,376,089	15,122,000	15,052,530	34,607,500	56,872,060

4.4 Notes to the operational and capital budgets

	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
1 Commercial activities (exchange transactions)					
Discovery income	67,895	91,457	91,457	93,286	95,151
Lease income	141,877	164,100	164,100	166,950	169,857
Image Service income	7,559	5,000	5,000	5,100	5,202
Exhibitions income	14,911	-	-	-	-
Special exhibition income	2,261	-	-	-	-
Other trading income	755,204	320,494	624,668	843,405	953,926
Realised gain/(loss) on sale of investments	(26,340)	-	-	-	-
Interest on operating funds	1,364,554	950,000	1,000,000	480,000	330,000
Dividends on operating funds	262,000	190,000	240,000	100,000	110,000
	<u>2,589,921</u>	<u>1,721,050</u>	<u>2,125,225</u>	<u>1,688,741</u>	<u>1,664,136</u>
2 Donations and grants (non-exchange transactions)					
Donations admission	122,036	60,000	90,000	110,000	90,000
Donations and bequests	26,367	11,000	11,000	11,220	11,444
Grants	268,685	183,078	132,428	47,230	47,975
	<u>417,088</u>	<u>254,078</u>	<u>233,428</u>	<u>168,450</u>	<u>149,419</u>
3 Collections Research					
Registration & Inventory	537,587	724,103	752,096	735,536	773,351
Curatorial	713,578	815,252	892,905	864,455	915,600
	<u>1,251,165</u>	<u>1,539,356</u>	<u>1,645,001</u>	<u>1,599,991</u>	<u>1,688,951</u>
4 Public Programmes					
Customer Experience & Education	456,425	603,120	663,878	640,923	680,231
Exhibitions	652,615	803,817	819,480	830,620	883,462
Building Operations / Security	1,120,949	1,320,756	1,324,027	1,321,721	1,369,201
	<u>2,229,989</u>	<u>2,727,694</u>	<u>2,807,385</u>	<u>2,793,265</u>	<u>2,932,894</u>
5 Communications					
Communications	286,423	336,256	346,750	347,427	358,951
	<u>286,423</u>	<u>336,256</u>	<u>346,750</u>	<u>347,427</u>	<u>358,951</u>
6 Depreciation					
Buildings	768,915	870,000	776,000	776,000	776,000
Building systems / plant	12,269	14,000	77,850	76,700	76,000
Security	202,823	203,000	193,070	181,980	65,390
Exhibition galleries	134,735	46,000	10,200	10,000	14,000
Front of house fixed facilities	4,400	3,000	2,570	2,570	2,570
Collection stores	50,855	46,000	43,590	45,820	45,590
Back of house fixed facilities	9,038	8,000	7,440	7,440	7,380
Furniture fittings and equipment	92,589	102,000	123,000	129,750	146,740
Information technology and audio visual	100,465	120,000	108,810	107,240	108,390
Museum Redevelopment Project	-	-	-	-	-
	<u>1,376,089</u>	<u>1,412,000</u>	<u>1,342,530</u>	<u>1,337,500</u>	<u>1,242,060</u>
7 Capital grants					
Capital Grants are only recognised when the project expenditure has been spent.					

	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
8 Income					
Levies	9,353,418	9,634,019	9,661,958	10,145,056	10,652,309
Grants	268,685	183,078	132,428	47,230	47,975
Capital Grants	-	13,710,000	13,710,000	33,270,000	55,630,000
Bequest income	2,425,843	300,000	300,000	320,000	340,000
Donations admission	122,036	60,000	90,000	110,000	90,000
Donations and bequests	26,367	11,000	11,000	11,220	11,444
Trading activities	989,707	581,050	885,225	1,108,741	1,224,136
Interest	1,364,554	950,000	1,000,000	480,000	330,000
Interest on trust and bequest fund	497,329	500,000	500,000	500,000	500,000
Dividends	262,000	190,000	240,000	100,000	110,000
Realised gain/(loss) on sale of investments	(26,340)	-	-	-	-
Total income	9,353,418	9,634,019	26,530,611	46,092,247	68,935,864
Expenses					
ACC levies	8,293	34,918	37,455	38,204	38,969
Audit fees	41,720	41,955	41,955	42,794	43,650
Building services	385,506	473,554	463,554	472,825	482,282
Board expenses	12,170	28,491	28,491	29,060	29,642
Books and journals	14,420	22,440	22,440	22,889	23,347
Cleaning	284,827	279,696	304,985	311,275	317,680
Collection acquisitions	295,596	830,833	830,833	831,649	832,482
Depreciation	1,376,089	1,412,000	1,342,530	1,337,500	1,242,060
Equipment	16,458	27,537	27,537	28,087	28,649
Exhibition expenses	306,358	441,438	420,823	448,200	418,211
Heat, light and power	213,490	220,841	239,161	244,194	249,318
Human resources support	32,711	34,015	34,015	34,695	35,389
Insurance	509,653	542,667	649,430	669,565	689,703
IT expenses	50,281	69,648	81,557	82,988	84,448
Legal fees	67,917	39,100	39,100	39,882	23,787
Management expenses	71,804	55,071	55,071	56,172	57,296
Marketing and public relations	256,001	309,127	333,864	340,541	313,567
Operational expenses	781,409	744,167	753,051	787,621	798,809
Postage and freight	8,149	7,252	7,252	7,397	7,545
Rates	13,344	30,000	45,000	45,900	46,818
Recruitment	8,609	28,467	28,467	29,036	23,787
Remuneration	5,296,454	5,734,776	6,201,484	6,445,427	6,777,536
Repairs and maintenance	122,181	199,064	222,608	227,490	231,960
Staff expenses	68,321	85,569	86,467	88,196	89,960
Staff training	75,283	100,801	100,801	102,817	104,874
Stationery	17,594	22,602	19,602	19,994	20,394
Strategic development	170,390	533,047	533,047	348,787	600,000
Telephone and tolls	11,706	21,493	16,493	16,823	17,159
Total expenses	10,516,734	12,370,569	12,967,072	13,150,010	13,629,320
Net surplus	4,766,865	13,748,579	13,563,539	32,942,237	55,306,543

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)(viii). 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

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 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 8 June 2020. 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 \$272,641 (2019: \$581,138).

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 0% for 2021/22 and 5.0% is required 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 2024/25 to 2025/26, 11% for 2026/27, and 10% for 2027/28 to 2029/30.

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. We are very grateful that the District Councils have agreed to support the increased capital levy across the 2022/23-2024/25 years to enable the expansion of the Museum buildings into the linkage with the Robert McDougall Gallery.

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 contained at \$195m. This cost has been revalidated after several years of inflationary adjustments.
- The provision of Base Isolation and Earthquake Strengthening is \$94m
- The pre-earthquake component of the Project cost is \$101m (in 2024 dollars)
- The proposed funding mix for the overall project is as follows:

Central Government	\$72.3 million	37%
Local Government	\$62.2 million	32%
Canterbury Museum fundraising	\$60.7 million	31%
- 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 mid-2021
- The funded depreciation on the \$101m 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 costs of Base Isolation and Earthquake Strengthening of the Robert McDougall Gallery and construction of the Extension to the Museum and Link Building has been contained to \$37m.
- A \$3.7m contribution towards the extension from the Museum towards the link building to the McDougall Gallery is funded by the District Councils.
- The funding of Base Isolation and Earthquake Strengthening of the main premises required from the Central Government is \$66m
- Given the significant impact on operating expenditure and levies to fund depreciation for the additional \$101m, 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 2025.

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 2020.

6.2 Seven-year forecast – operations

	Actual 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Local Authority levy	9,353,418	9,634,019	9,661,958	10,145,056	10,652,309	11,717,540	12,889,294	14,307,116	15,737,828
Commercial activities	2,589,921	1,721,050	2,125,225	1,688,741	1,664,136	1,060,197	1,276,659	1,393,573	1,419,202
Donations and grants	417,088	254,078	233,428	168,450	149,419	150,407	221,794	243,218	264,681
Total revenue	12,360,427	11,609,148	12,020,611	12,002,247	12,465,864	12,928,144	14,387,746	15,943,907	17,421,711
Operating expenses	(9,089,158)	(10,405,135)	(11,069,899)	(11,275,353)	(11,887,260)	(11,914,938)	(12,550,746)	(13,037,414)	(13,538,933)
Depreciation (existing assets)	(1,376,089)	(1,412,000)	(1,342,530)	(1,337,500)	(1,242,060)	(1,273,112)	(1,304,939)	(1,337,563)	(1,371,002)
Depreciation (Project assets - funded) *	-	-	-	-	-	(625,467)	(1,476,401)	(2,752,801)	(3,352,801)
Total expenditure	(10,465,247)	(11,817,135)	(12,412,429)	(12,612,853)	(13,129,320)	(13,813,516)	(15,332,086)	(17,127,778)	(18,262,736)
Net operating surplus/(deficit)	1,895,180	(207,987)	(391,818)	(610,606)	(663,457)	(885,372)	(944,340)	(1,183,871)	(841,025)
Unfunded expenditure									
Depreciation (Project assets - deferred) *	-	-	-	-	-	(140,730)	(822,190)	(1,844,380)	(1,244,380)
Depreciation (Project assets - unfunded) *	-	-	-	-	(470,650)	(1,411,950)	(1,882,599)	(1,882,599)	(1,882,599)
	-	-	-	-	(470,650)	(1,552,680)	(2,704,790)	(3,726,980)	(3,126,980)
Net operating surplus/(deficit)	1,895,180	(207,987)	(391,818)	(610,606)	(1,134,106)	(2,438,051)	(3,649,130)	(4,910,851)	(3,968,005)
CLA levy % increase (excl Project depn)	5.00%	3.00%	0.29%	5.00%	5.00%	4.13%	2.74%	1.10%	5.81%
CLA levy % increase (funded Project depn)	-	-	-	0.00%	0.00%	5.87%	7.26%	9.90%	4.19%
Local Authority levy % increase	5.00%	3.00%	0.29%	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 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Income - Project									
Capital levy - local government	297,786	277,682	277,682	1,472,063	8,772,063	8,772,063	7,300,000	-	-
Capital grants - central government	-	-	-	2,000,000	2,500,000	1,909,387	-	-	-
Capital fundraising by the Museum	-	1,380,000	1,380,000	28,643,971	19,183,971	9,003,971	950,000	-	-
Provision - Base Isolation & Strengthening	-	-	-	20,000,000	20,000,000	20,000,000	5,883,436	-	-
Extension towards McDougall – Districts	-	-	-	1,244,296	1,244,296	1,244,297	-	-	-
Provision - McDougall Strengthen - CCC	-	12,700,000	-	518,000	6,877,000	9,238,000	3,933,000	3,947,646	-
	297,786	14,357,682	1,657,682	53,878,329	58,577,329	50,167,717	18,066,436	3,947,646	-
Income – other	1,376,089	1,412,000	1,342,530	1,337,500	1,242,060	1,898,578	2,781,340	4,090,364	4,723,803
Funded depreciation	1,376,089	1,412,000	1,342,530	1,337,500	1,242,060	1,898,578	2,781,340	4,090,364	4,723,803
Total income	1,673,875	15,769,682	3,000,212	55,215,829	59,819,389	52,066,296	20,847,776	8,038,010	4,723,803
Expenditure – Project									
Project works	-	13,710,000	13,710,000	33,270,000	55,630,000	62,370,000	22,610,000	6,110,000	-
	-	13,710,000	13,710,000	33,270,000	55,630,000	62,370,000	22,610,000	6,110,000	-
Expenditure – other									
Capital expenditure	1,174,818	700,000	700,000	800,000	900,000	1,000,000	1,000,000	900,000	800,000
Ravenscar House	-	1,000,000	-	-	-	-	-	-	-
Asset replacement / gallery redevelopment reserve	201,271	712,000	642,530	537,500	342,060	898,578	1,781,340	3,190,364	3,923,803
	1,376,089	2,412,000	1,342,530	1,337,500	1,242,060	1,898,578	2,781,340	4,090,364	4,723,803
Total expenditure	1,376,089	16,122,000	15,052,530	34,607,500	56,872,060	64,268,578	25,391,340	10,200,364	4,723,803
Surplus/(deficit)	297,786	(352,318)	(12,052,318)	20,608,329	2,947,329	(12,202,283)	(4,543,564)	(2,162,354)	-

6.4 Operations and capital levies

Operations levy for 2021/22 by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	TOTAL	Installment amount
Christchurch City	0.73	394,700	1.00	72.77	85.96	8,305,366	2,768,455
Hurunui District	0.02	13,300	0.30	0.74	0.87	83,958	27,986
Selwyn District	0.13	69,700	0.45	5.78	6.83	659,989	219,996
Waimakariri District	0.12	64,700	0.45	5.37	6.34	612,644	204,215
	1.00	542,400	2.20	84.66	100.00	9,661,958	3,220,653

* The population numbers used are the estimated resident populations as at 30 June 2020, 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 21/22	22/23-24/25
Christchurch City	0.73	394,700	1.00	72.77	85.96	6,573,272	502,239	46,430,175	53,505,687	518,000	45,912,175
Hurunui District	0.02	13,300	0.30	0.74	0.87	-	-	540,886	540,886	-	540,886
Selwyn District	0.13	69,700	0.45	5.78	6.83	563,942	43,089	3,644,821	4,251,852	-	3,644,821
Waimakariri District	0.12	64,700	0.45	5.37	6.34	-	-	3,946,841	3,946,841	-	3,946,841
	1.00	542,400	2.20	84.66	100.00	7,137,214	545,328	54,562,723	62,245,265	518,000	54,044,723

* The population numbers used are the estimated resident populations as at 30 June 2020, as provided by Statistics New Zealand.