

Canterbury Museum Annual Plan

For the financial year
1 July 2023 to 30 June 2024

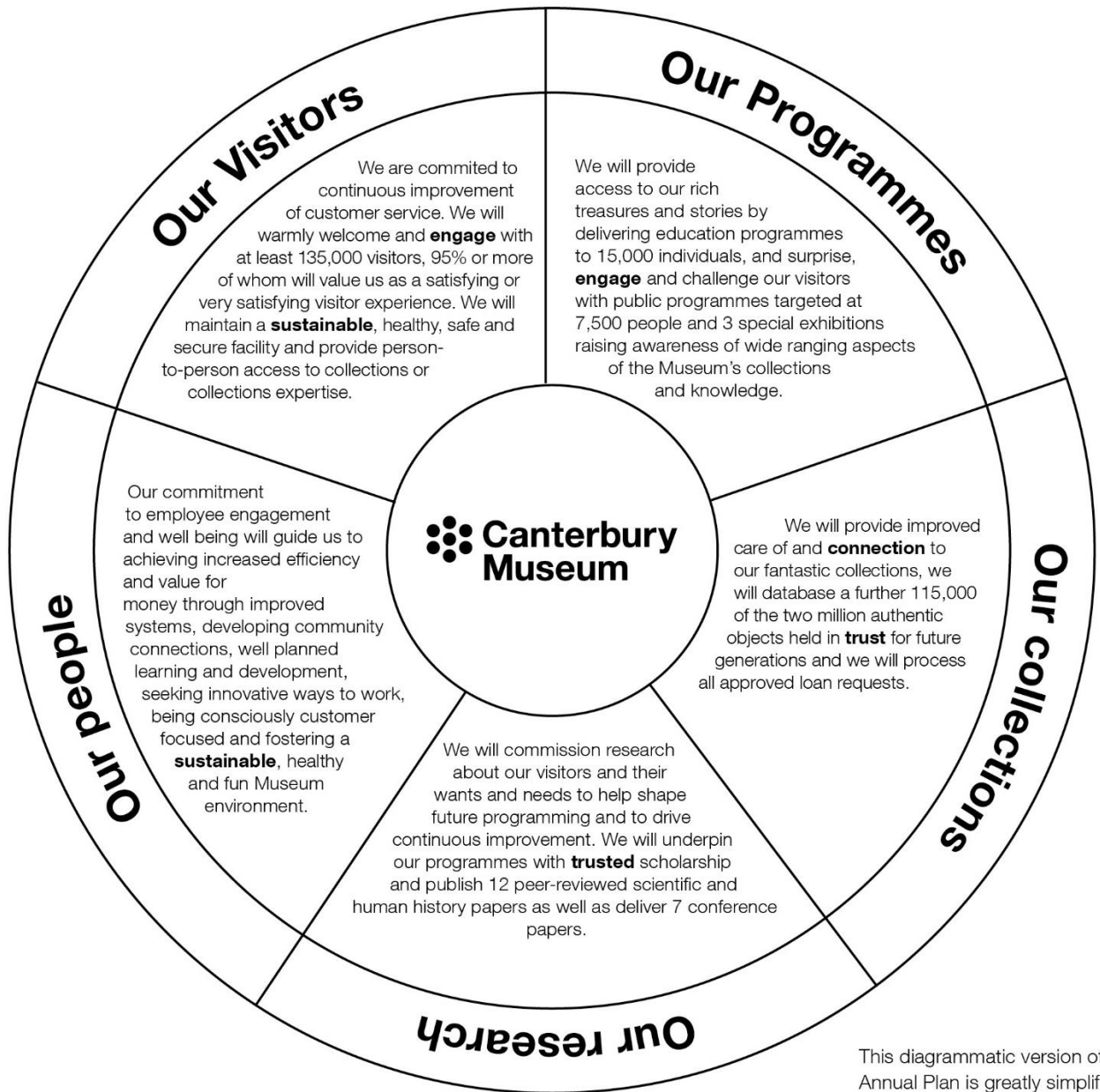
12 June 2023

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OUR CONTRACT – 2023/2024

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 2023/2024

Revenue	Levy	10,162,375
Expenses	Employment remuneration	6,198,562
	Collections Registration & Curatorial	1,883,959
	Public Engagement	1,419,038
	Operations	836,209
	Depreciation	-
		10,337,768
Net deficit from base operating activities		(175,393)
	Self-generated revenue	1,223,698
	Self-generated expenditure	(1,049,287)
Net Operating deficit		(982)

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 2022 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 2023/24.

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, R S Allan Memorial Fund, Adson Trust and Friends of the Canterbury Museum.

1.1 Executive summary

In 2023/24 the overall intent is a combination two main streams of work. The continuation of Business as Usual (through the pop-up Museum in Gloucester St) by maintaining our public exhibitions, events, education programmes, high profile as well as maintaining and advancing our documentation and care for the collections. Over the year we will increasingly transition to planning and early delivery components of the redevelopment project, principally the visitor experience.

Principal activities to be carried out by the Museum during 2023/24 appear in the Performance Objectives (Section 3) and are summarised below.

Our visitors

- Achieve visitor numbers of 135,000 and maintain a highly-rated visitor experience.
- Ensure visitors remain in a safe environment with no notifiable events.

Our programmes

- Develop, deliver and evaluate 3 special exhibitions, education programmes to 15,000 individuals and public programmes to 7,500 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
- Retain commitment to sustainability.

1.2 Canterbury Museum Vision and Values Statement

Our Museum Tō tātou whare taonga

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 Ā mātou mahi

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

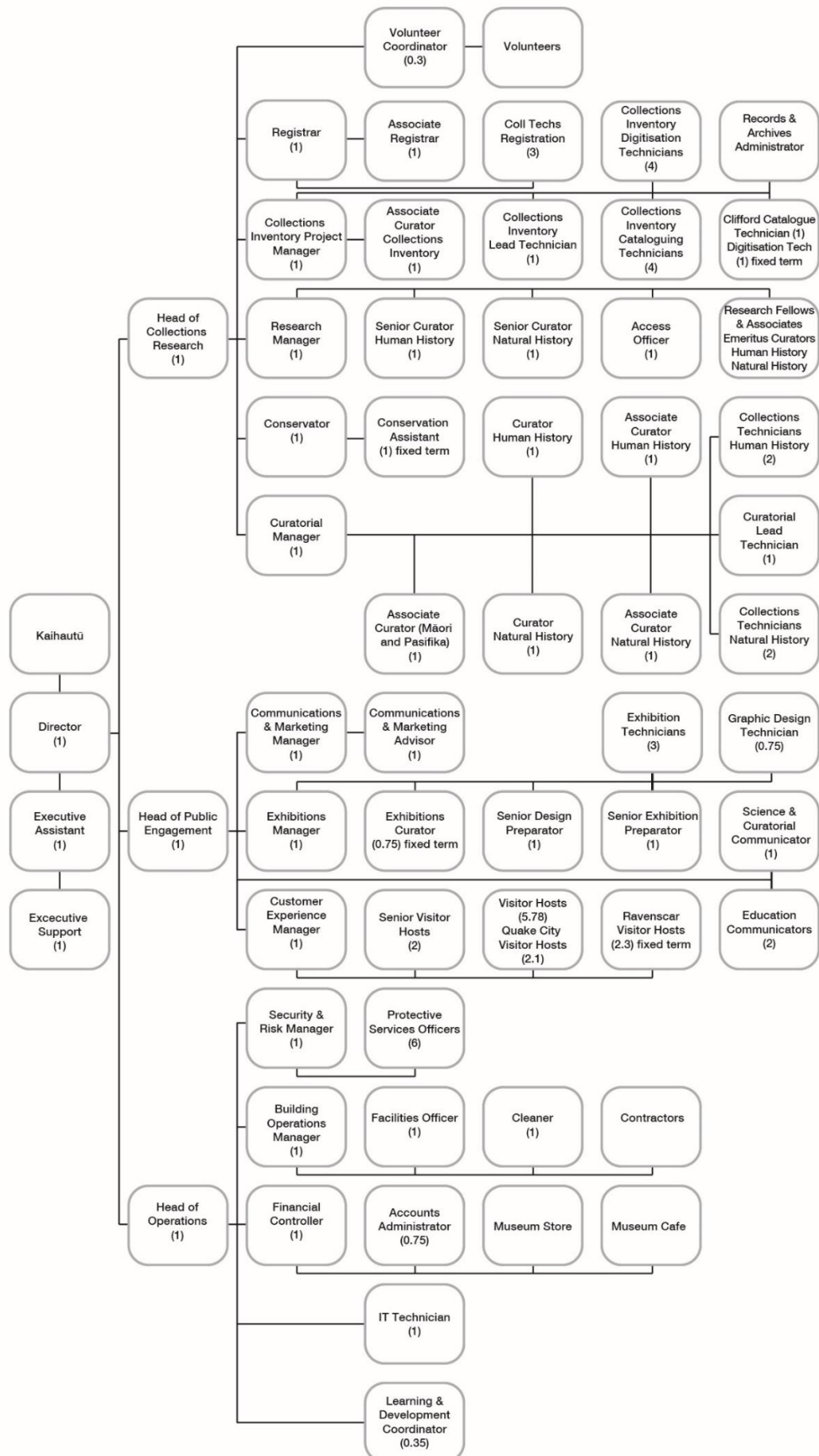
Canterbury Museum is governed by the Canterbury Museum Trust Board. The appointment of trustees and the Board's responsibilities are set out in the Canterbury Museum Trust Board Act 1993.

It is anticipated that at the beginning of the 2023/24 financial year there will be 80 full-time equivalent (FTE) establishment and fixed term staff:

Directorate	3.00
Collections and Research	36.00
Public Engagement	26.68
Operations	14.10

Due to the high level of rostering in front-of-house positions the 80 FTE is represented by approximately 90 staff.

organisational chart



1.5 Ravenscar House

Mr Jim and Dr Susan Wakefield through the Ravenscar Trust built 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 then gifted it to the people of Christchurch through Canterbury Museum. The gifting of the house complies with the objectives of the Canterbury Museum to:

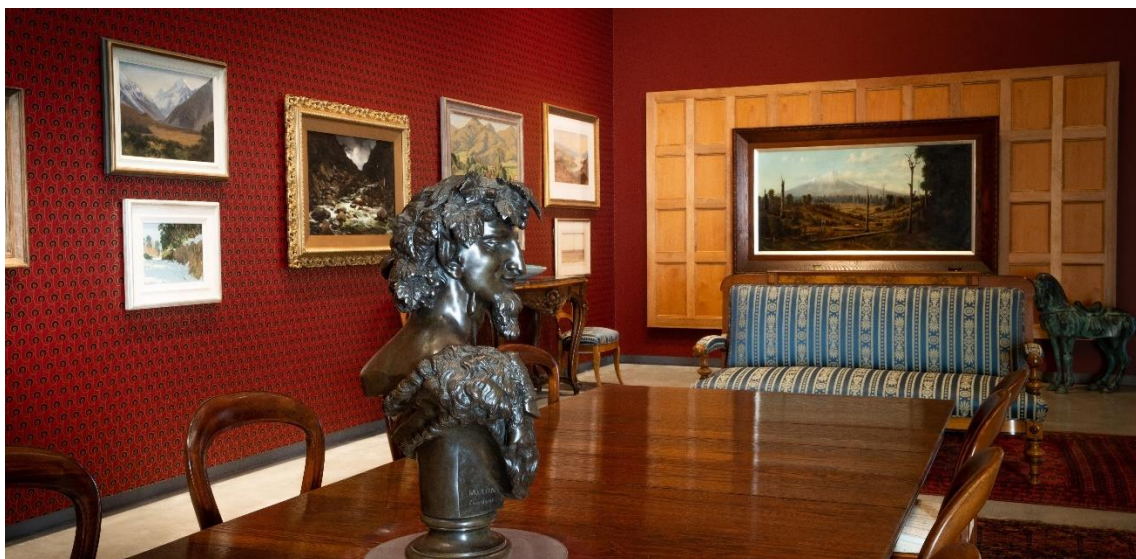
- collect, preserve, act as a regional repository for, research, display and otherwise make available to the people of the present and future, material and information relating to the natural and cultural heritage of New Zealanders; and
- promote interest and education in the natural and cultural heritage of New Zealanders.

Canterbury Museum has a strong design theme in its collections and programming and will benefit from the purpose-built facility in which to exhibit and promote these in the future. The development is 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 to the Museum. The Museum contributed \$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 November 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 2023/24 financial year and those for the immediately preceding 2022/23 financial year.

The Museum will continue to fulfil the current year (2022/23) 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 was referred to the contributing Local Authorities for a period of six weeks from Wednesday 19 April 2023 concluding on Wednesday 31 May 2023.

- (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. 2023/24 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 2023/24 year.

In addition, there will be many other activities furthering the overall objectives of the Museum contained in the 2023/24 Performance Plans of individual staff members.

In 2022/23 (as of February 2023) the Museum is currently almost half-way through the transfer of all the Museum's assets from Rolleston Avenue to the temporary site in Hornby. The remainder on 2022/23 will see the Museum continuing this process.

In 2023/24 the overall intent is a combination two main streams of work. The continuation of Business as Usual (through the pop-up Museum in Gloucester St) by maintaining our public exhibitions, events, education programmes, high profile as well as maintaining and advancing our documentation and care for the collections. Over the year we will increasingly transition to planning and early delivery components of the redevelopment project, principally the visitor experience.

	Objectives	Targets
1.	Our visitors	
1.1	Achieve visitor numbers	135,000 *
1.2	Achieve visitor donations	\$25,000 *
1.3	Achieve % of visitors rating their Museum experience as satisfied or very satisfied	≥ 95%
1.4	Achieve visitor numbers for <i>Quake City</i>	35,000
1.5	Ensure staff have completed relevant customer service training	95%
1.6	Ensure all Museum premises occupants remain in an environment where there are zero Notifiable incidents that arise through negligence of the PCBU's business or undertaking	Achieve
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 3 special exhibitions	3 *
2.2	Tour an exhibit to the three contributing district council areas to reach a visitor target of	150,000
2.3	Achieve 15,000 individuals receiving a Museum education programme delivered either by Museum staff or their own teacher (including 7,000 school students)	15,000 (7,000) *
2.4	Achieve 7,500 individuals engaging in a Museum delivered public programme	7,500 *
2.5	Answer 100% of external written/phone/email enquiries within 5 working days (total number to be reported)	100%
2.6	Achieve 750 media hits (print, broadcast and on-line media)	750
2.7	Actively participate in professional associations/external bodies	40
2.8	Provide outreach advice & support to other Canterbury museums and related organisations (number of interactions)	150
3.	Our collections	
3.1	Process 100% of newly offered objects received between 1 April 2023 and 31 March 2024 in the 2023/24 financial year	100% (Max.750 acquired)
3.2	Create new inventory records and check and verify new and existing Vernon records	115,000
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	40,000

4.	Our research	
4.1	Peer reviewed research papers accepted for publication	12
4.2	Publish research via popular formats, including blogs	10
4.3	Peer review external articles or supervise theses	15
4.4	Publish one volume of Records of the Canterbury Museum	1
4.5	Present conference papers	7
4.6	Adjunct positions held in research institutions	3
4.7	Undertake professional visitor survey research to drive continuous improvement	Achieve
5.	Our people and working environment	
5.1	Maximise return on investment funds within the Museum's Investment Policy	3.79%
5.2	Achieve audit with only qualification being agreed departure from accounting standards as regards valuation and capitalisation of heritage assets	Achieve
5.3	Achieve an end-of-year financial result within budget	Achieve
5.4	Achieve learning and development hours	2,500
5.5	Maintain healthy, safe and secure facilities in accordance with Building Compliance schedules by completing regular cyclical maintenance and achieving Building Warrants of Fitness for Museum sites	Achieve
5.6	Seek an improvement in employee engagement score as indicated by the annual Gallup Q12 survey	Achieve
6.	The Museum Project	
6.1	Maintain an up-to-date project plan and project-manage planning for The Museum Project	Achieve
6.2	Support the Museum team transition to a new working environment and ensure compatibility and good interface between current and new systems	Achieve
6.3	Appoint a fundraising manager and roll out a fundraising strategy and plan to agreed targets	Achieve
6.4	Complete high level new visitor experience plan and deliver the agreed 2023/24 components	Achieve

** Reduced by the smaller size of the pop-up Museum*

*** Once collections are reinstated*

4. Budget

4.1 Introduction

The level of operational levy increase requested from contributing local authorities is 4.5%.

The funded depreciation has been removed from the operating budget for the next 5 years and included as part of the capital budget funded by the contributing local authorities.

The base operating deficit for the 2023/24 financial year is (\$175,393) with a net operating deficit, including self generated income, of (\$982).

In 2020 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. Last year they did not approve the 5% increase requested and included in the Long Term Plan due to the surpluses achieved by the Museum in previous years. The resulting levy increase for the past two years has been 0.29% (effective 0% for CCC) and 0.65% (effective 0% for CCC) respectively. The 2022/23 Annual Plan still indicated a 5% levy increase for 2023/24, which was not challenged by any of the Councils.

It is absolutely critical that our levy matches the base operating expenditure, firstly to halt the draw on accumulated funds that have been specifically put aside for the redevelopment project, which is part of the earmarked funding for the redevelopment. Secondly, we have already lost ground in terms of building up to the inevitable and foreshadowed some 10 years ago the large increase in depreciation funding as the project is realised. All Councils previously agreed to a strategic approach to this over a 10+ years period before, during and after the project to ensure a horrendous increase did not occur.

In an effort to show that the surpluses gained in previous years related to non-operational income sources (eg bequests and investment income on Project funds) and to separate commercial/grant income from the net operating base surplus/(deficit), we have displayed the budget in a form similar to that used by Auckland Museum, where base operating expenditure (to be funded by rates) and earned income supplemented by grants is shown.

The following assumptions have been made in the draft 2023/24 operations budget:

- Funded depreciation has been removed from the operating budget and included as part of the capital budget funded by the contributing local authorities
- The expenditure for moving/decanting the entire Museum contents (2022/23) has been replaced by the new lease costs for Shands Rd (main premises) and Gloucester St (temporary pop-up Museum)
- Maintaining the significant increase in remuneration scales to bring lower scales towards the Living Wage
- Reduction of back-of-house staff remuneration for a 2.5% vacancy rate
- A reduction in front-of-house salary positions due to reduced size of pop-up Museum
- A reduction in cleaning and exhibition costs due to reduced size of pop-up Museum
- A reduction in electrical maintenance and repairs & maintenance costs which will be the Shands Rd landlord's responsibility (paid via outgoings)
- An operating expense inflationary adjustment of 3.0% has been applied
- A 2.0% cost of living adjustment made for remuneration expenses
- Normal promotion allowances reinstated to remuneration expenses
- Deferral of Ravenscar House building depreciation.

Overhead and administration expenses are allocated to each division of Collections and Research, Public Programmes and Operations 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 2021/22	Forecast 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Base Operating Activities						
Operating levy increase		0.29%	0.65%	4.50%	5.0%	5.0%
Operating levy		9,661,956	9,724,761	10,162,375	10,670,494	11,204,019
Base Operating Expenditure						
Employee remuneration		5,313,668	6,499,269	6,198,562	6,548,979	6,788,429
Collections Research division	3	1,234,173	1,864,573	1,883,959	1,729,391	1,768,169
Public Engagement division	4	988,497	1,332,679	1,419,038	1,435,054	1,487,604
Operations division	5	861,003	1,594,348	836,209	1,067,251	1,089,553
Depreciation	6	1,674,276	1,327,000	-	-	-
		10,071,617	12,617,869	10,337,768	10,780,674	11,133,756
Base Operating Surplus/(Deficit)		(409,661)	(2,893,108)	(175,393)	(110,180)	70,263
Self-Generated Revenue						
Commercial activities	1	977,286	1,900,071	979,691	363,146	370,408
Donations and grants	2	257,708	92,257	244,007	219,833	138,921
		1,234,995	1,992,328	1,223,698	582,979	509,329
Self-Generated Expenditure						
Employee remuneration		319,919	307,604	445,977	248,986	150,257
Collections Research division	3	55,687	20,350	37,274	38,019	38,779
Public Engagement division	4	215,784	134,996	175,396	88,328	90,094
Operations division	5	290,707	342,664	390,640	140,193	142,997
		882,097	805,614	1,049,287	515,526	422,127
Net Self-Generated Surplus/(Deficit)		352,898	1,186,714	174,411	67,453	87,202
Net Operating Surplus/(Deficit)		(56,763)	(1,706,394)	(982)	(42,727)	157,465
Non Operating income/(expenditure)						
Investment income on Project funds	1	4,070,464	2,112,536	1,020,000	520,000	380,000
plus capital grants	7	15,945,523	2,000,000	45,433,500	58,411,500	65,488,500
plus bequest income		364,580	300,000	300,000	320,000	340,000
plus interest on trust and bequest funds		523,854	500,000	500,000	500,000	500,000
less relocation expenses		-	(2,503,310)	-	-	-
less capital levy funded depreciation	6	-	-	(1,610,300)	(1,574,100)	(1,580,600)
less bequest funded acquisitions		(86,391)	(97,995)	(500,000)	(500,000)	(500,000)
Net Annual Report Surplus/(Deficit)	8	20,761,266	604,837	45,142,218	57,634,673	64,785,365

4.3 Capital budget

	Note	Actual 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Capital expenditure		103,645	700,000	700,000	800,000	900,000
Ravenscar House		17,109,051	-	-	-	-
Asset replacement/gallery redevelopment reserve		1,570,631	627,000	(700,000)	(800,000)	(900,000)
Fixed asset expenditure	9	18,783,327	1,327,000	-	-	-
Museum Project works	7	-	13,710,000	45,433,500	58,411,500	65,488,500
Net capital budget		18,783,327	15,037,000	45,433,500	58,411,500	65,488,500

4.4 Notes to the operational and capital budgets

1 Commercial activities (exchange transactions)						
Discovery income		50,175	91,457	-	-	-
Lease income		107,628	164,100	-	-	-
Image Service income		10,354	5,000	5,000	5,100	5,202
Exhibitions income		9,815	-	-	-	-
Special exhibition income		1,452	-	-	-	-
Other trading income		797,863	872,313	974,691	358,046	365,206
Realised gain/(loss) on sale of investments		2,412,226	-	-	-	-
Interest on operating funds		902,469	1,015,000	620,000	420,000	270,000
Dividends on operating funds		755,770	240,000	400,000	100,000	110,000
		5,047,751	2,387,870	1,999,691	883,146	750,408
2 Donations and grants (non-exchange transactions)						
Donations admission		69,341	75,000	50,000	70,000	90,000
Donations and bequests		16,037	11,000	1,500	1,530	1,561
Grants		172,330	77,874	192,507	148,303	47,360
		257,708	163,874	244,007	219,833	138,921
3 Collections Research						
Collections Inventory		385,893	549,305	605,105	545,801	558,273
Collections Registration		325,579	414,295	446,183	427,642	436,794
Curatorial		578,388	798,948	869,945	793,967	811,882
		1,289,861	1,762,548	1,921,233	1,767,410	1,806,948
4 Public Engagement						
Communications		223,569	328,346	344,246	340,145	347,187
Customer Experience & Education		495,467	710,258	633,910	574,194	587,256
Exhibitions		485,244	732,438	616,278	609,043	643,256
		1,204,280	1,771,042	1,594,434	1,523,382	1,577,699
5 Operations						
IT		70,497	114,612	136,075	133,304	136,089
Building Operations		829,896	1,025,695	816,169	816,014	832,694
Security		251,317	381,043	274,605	258,126	263,767
		1,151,710	1,521,350	1,226,849	1,207,443	1,232,550
6 Depreciation						
Buildings		1,079,183	826,000	777,200	777,200	777,200
Building systems / plant		137,866	50,000	326,000	327,000	330,000
Security		202,055	200,000	120,000	100,000	105,000
Exhibition galleries		5,086	20,000	10,000	13,000	17,000

	Actual 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
Front of house fixed facilities	4,474	3,500	4,200	4,200	3,700
Collection stores	45,692	45,000	132,000	115,000	117,000
Back of house fixed facilities	8,685	7,500	7,900	7,700	7,700
Furniture fittings and equipment	102,288	85,000	113,000	115,000	123,000
Information technology and audio visual	88,947	90,000	120,000	115,000	100,000
Museum Redevelopment Project	-	-	-	-	-
	1,674,276	1,327,000	1,610,300	1,574,100	1,580,600

7 Capital grants

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

8 Income

Levies	9,661,956	9,724,761	10,162,375	10,670,494	11,204,019
Grants	172,330	77,874	192,507	148,303	47,360
Capital Grants	15,945,523	45,433,500	45,433,500	58,411,500	65,488,500
Bequest income	364,580	300,000	300,000	320,000	340,000
Donations admission	69,341	75,000	50,000	70,000	90,000
Donations and bequests	16,037	11,000	1,500	1,530	1,561
Trading activities	977,286	1,132,870	979,691	363,146	370,408
Interest	902,469	1,015,000	620,000	420,000	270,000
Interest on trust and bequest fund	523,854	500,000	500,000	500,000	500,000
Dividends	755,770	240,000	400,000	100,000	110,000
Realised gain/(loss) on sale of investments	2,412,226	-	-	-	-
Total income	31,801,371	58,510,005	58,639,573	71,004,973	78,421,848

Expenses

ACC levies	10,939	38,182	38,434	38,187	38,951
Audit fees	43,915	43,214	45,510	46,420	47,349
Building services	395,248	499,461	439,562	448,354	457,321
Board expenses	28,383	29,345	30,226	30,830	31,447
Books and journals	14,392	23,113	23,807	24,283	24,768
Cleaning	310,898	363,780	273,823	262,979	268,239
Collection acquisitions	303,941	831,878	832,954	833,813	834,689
Depreciation	1,674,276	1,327,000	1,610,300	1,574,100	1,580,600
Equipment	17,594	28,363	27,526	28,076	28,638
Exhibition expenses	324,188	433,132	238,568	262,934	289,327
Heat, light and power	185,584	246,011	232,551	223,942	228,421
Human resources support	9,689	35,035	36,086	36,808	37,544
Insurance	535,946	707,545	677,403	698,315	719,245
IT expenses	60,498	93,704	106,215	98,139	100,102
Legal fees	58,568	39,786	24,256	24,741	25,236
Management expenses	31,111	56,723	54,395	55,483	56,592
Marketing and public relations	236,659	369,655	345,414	326,312	332,838
Operational expenses	658,900	803,316	794,300	513,260	523,525
Postage and freight	8,279	7,470	8,694	8,868	9,045
Rates	59,537	40,900	41,827	42,664	43,517
Recruitment	20,096	29,153	24,256	24,741	25,236
Remuneration	5,520,223	6,396,162	6,509,739	6,661,483	6,799,474
Repairs and maintenance	87,817	199,307	122,287	120,652	123,066
Staff expenses	102,424	88,881	96,367	98,295	100,260
Staff training	49,155	103,825	106,940	109,079	111,261
Stationery	21,280	20,190	20,796	21,212	21,636
Strategic development	255,986	533,047	717,624	738,483	759,952
Telephone and tolls	14,578	16,988	17,497	17,847	18,204
Total expenses	11,040,104	13,405,166	13,497,355	13,370,300	13,636,483

Net surplus

	20,761,266	45,104,839	45,142,218	57,634,673	64,785,365
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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 and Museum Café lease agreements are reviewed and renewed annually.

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 30 June 2022. 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%
Building fit-out	10% - 33%
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 \$275,144 (2021: \$643,466).

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 4.5% for 2023/24 and 5.0% is required for the next two years.

The funding of depreciation for the five years from 2023/24 totalling \$7.55m has been added to the Local Government capital levy contribution to the Museum Project.

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 2028/29 to 2029/30, 11% for 2030/31, and 10% for 2031/32 to 2033/34. These principles for outer years are being reviewed and will be brought back for Council agreement.

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. Christchurch City Council has deferred its first Capital Levy payments in their LTP for the main premises until 2024/25

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 (\$101m)
 - 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 (\$104m)
- Major options analysis identified 21 potential options leading to a preferred option
- The Museum Project budget was re-costed and had increased from \$195.2m to \$212.7m. Cost savings has reduced this to \$205m.
- The proposed funding mix for the overall project is as follows:

Central Government	\$50.0 million	24%
Local Government	\$69.8 million	34%
Canterbury Museum fundraising	\$85.2 million	42%
- Retention of the grants in advance received from Selwyn District Council and Christchurch City Council, and accrued interest until required
- Earliest start of demolition of May 2023
- 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 \$50m. This includes \$25m committed from Treasury and \$25m being sought from Lotteries and the Regional Culture & Heritage Fund
- 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 in 2028.

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 2022.

6.2 Seven-year forecast – operations

	Actual 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30
Local Authority levy	9,661,956	9,724,761	10,162,375	10,670,494	11,204,019	11,764,219	12,352,430	13,587,673	14,946,441
Commercial activities	5,047,751	2,387,870	1,999,691	883,146	750,408	757,817	968,207	1,078,882	1,098,101
Donations and grants	257,708	163,874	244,007	219,833	138,921	139,699	210,791	231,913	253,065
Total revenue	14,967,415	12,276,505	12,406,073	11,773,473	12,093,348	12,661,735	13,531,428	14,898,468	16,297,608
Operating expenses	(9,279,438)	(11,521,336)	(11,387,055)	(11,296,200)	(11,555,883)	(11,971,270)	(13,145,469)	(13,467,839)	(13,556,517)
Depreciation (existing assets)	(1,674,276)	(1,327,000)	(1,610,300)	(1,574,100)	(1,580,600)	(1,491,000)	(1,300,000)	(1,332,500)	(1,365,813)
Depreciation (Project assets - funded) *	-	-	-	-	-	-	-	(687,134)	(1,661,401)
Total expenditure	(10,953,714)	(12,848,336)	(12,997,355)	(12,870,300)	(13,136,483)	(13,462,270)	(14,445,469)	(15,487,473)	(16,583,730)
Net operating surplus/(deficit)	4,013,701	(571,832)	(591,282)	(1,096,827)	(1,043,135)	(800,535)	(914,041)	(589,004)	(286,122)
Unfunded expenditure									
Depreciation (Project assets - deferred) *	-	-	-	-	-	-	-	(154,605)	(863,815)
Depreciation (Project assets - unfunded) *	-	-	-	-	-	-	(470,650)	(1,411,950)	(1,882,599)
	-	-	-	-	-	-	(470,650)	(1,566,555)	(2,746,415)
Net operating surplus/(deficit)	4,013,701	(571,832)	(591,282)	(1,096,827)	(1,043,135)	(800,535)	(1,384,691)	(2,155,559)	(3,032,537)
CLA levy % increase (excl Project depn)	0.29%	0.65%	4.50%	5.00%	5.00%	5.00%	5.00%	4.44%	2.83%
CLA levy % increase (funded Project depn)	-	-	-	0.00%	0.00%	0.00%	0.00%	5.56%	7.17%
Local Authority levy % increase	0.29%	0.65%	4.50%	5.00%	5.00%	5.00%	5.00%	10.00%	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 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30
Income - Project									
Capital levy - local government	251,388	277,682	2,102,011	11,133,715	11,133,715	9,031,702	-	-	-
Capital fundraising by the Museum	-	1,380,000	31,380,000	21,000,000	4,648,109	-	-	-	-
Capital grants - central government	-	-	15,000,000	15,000,000	15,000,000	5,000,000	-	-	-
Extension towards McDougall – Districts	-	-	1,244,296	1,244,296	1,244,297	-	-	-	-
Robert McDougall Gallery - CCC	-	12,700,000	7,400,000	9,300,000	3,900,000	3,913,646	-	-	-
	251,388	14,357,682	57,126,307	57,678,011	35,926,122	17,945,348	-	-	-
Income – other									
Funded depreciation	1,674,276	1,327,000	-	-	-	-	-	-	-
Total income	1,925,664	15,684,682	57,126,307	57,678,011	35,926,122	17,945,348	-	-	-
Expenditure – Project									
Project works	-	13,710,000	45,433,500	58,411,500	65,488,500	22,610,001	660,999	-	-
	-	13,710,000	45,433,500	58,411,500	65,488,500	22,610,001	660,999	-	-
Expenditure – other									
Capital expenditure	103,645	700,000	700,000	800,000	900,000	1,000,000	1,000,000	900,000	800,000
Ravenscar House	17,109,051	-	-	-	-	-	-	-	-
Asset replacement / gallery redevelopment reserve	1,570,631	627,000	(700,000)	(800,000)	(900,000)	(1,000,000)	(1,000,000)	(900,000)	(800,000)
	18,783,327	1,327,000	-	-	-	-	-	-	-
Total expenditure	18,783,327	15,037,000	45,433,500	58,411,500	65,488,500	22,610,001	660,999	-	-
Surplus/(deficit)	(16,857,663)	647,682	11,692,807	(733,489)	(29,562,378)	(4,664,653)	(660,999)	-	-

6.4 Operations and capital levies

Operations levy for 2023/24 by population and distance factor

Local Authority	Population * % of total	No.	Differential	Product	% of Total products	TOTAL	Installment amount
Christchurch City	0.71	389,300	1.00	70.76	84.69	8,607,011	2,869,004
Hurunui District	0.02	13,700	0.30	0.75	0.89	90,868	30,289
Selwyn District	0.14	79,300	0.45	6.49	7.76	788,958	262,986
Waimakariri District	0.12	67,900	0.45	5.55	6.65	675,539	225,180
	1.00	550,200	2.20	83.54	100.00	10,162,375	3,387,458

* The population numbers used are the estimated resident populations as at 30 June 2022, 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	Funded Depn	TOTAL	Outstanding capital levy	
											23/24	24/25 - 26/27
Christchurch City	0.71	389,300	1.00	70.76	84.69	7,297,703	211,633	45,209,214	6,399,545	59,118,095	16,700,000	34,908,759
Hurunui District	0.02	13,700	0.30	0.75	0.89	-	-	556,571	67,563	624,134	208,045	416,089
Selwyn District	0.14	79,300	0.45	6.49	7.76	626,093	18,157	4,188,171	586,611	5,419,032	1,591,594	3,183,188
Waimakariri District	0.12	67,900	0.45	5.55	6.65	-	-	4,137,722	502,281	4,640,004	1,546,668	3,093,336
	1.00	550,200	2.20	83.54	100.00	7,923,796	229,790	54,091,679	7,556,000	69,801,265	20,046,307	41,601,372

* The population numbers used are the estimated resident populations as at 30 June 2022, as provided by Statistics New Zealand.