

GOVERNANCE POLICY

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		REFERENCE	CS3.1

1. Purpose

To be drafted

2. Definitions

Nil

3. Policy

3.1 The Act

The Auckland War Memorial Museum Act 1996 provides for a levy to be imposed on the seven Territorial Local Authorities from the Auckland region and the Act requires prudence in the management of the Museum's financial resources. In addition, the Act requires the Trust Board to adequately maintain, manage and develop the Museum, and to achieve greater financial self-sufficiency through the provision of compatible revenue-producing and fundraising activities.

3.2 Rating Levy Income

Levy income provides for the core functions of the Museum:

- i. maintaining the fabric of the building, its equipment and services
- ii. providing for the housing of the collections and their maintenance
- iii. providing displays and exhibitions from the collections, their upkeep and refreshment
- iv. providing basic visitor services and operations

The Museum has established a staffing and operational structure which provides for those core activities and it is operating within the available income. The Museum continues to seek efficiency in the use of those resources and to use them effectively to achieve maximum community benefit.

3.3 Admission Donations and Tourist Charges

Arising out of Policy introduced in the 1998/99 Plan, an 'admission by donation regime' has been implemented for independent visitors in early 1999. At the same time a service charge has been introduced for overseas visitors. The purpose of these regimes is to:

- i. seek a contribution from Museum users to the operational costs of protecting, preserving and presenting the Museum's collections to its visitors

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- ii. help moderate the increase in operating levies (that is the portion of the levy excluding the depreciation charge) provided by the Territorial Local Authorities
- iii. improve and maintain visitor services to international standards

It is the Trust Board's goal to maintain operational levies at the existing level in real terms, and to achieve institutional growth by the provision of compatible revenue producing and fundraising activities.

3.4 Non-Levy Revenues

The Act requires the Museum to develop appropriate additional sources of income from compatible commercial activities. Compatible commercial activities are those which maximise their contribution to the Museum and to the service provided to the public. To be compatible an activity must either utilise the skills the Museum needs for its core activities or be an activity which is necessary to improve customer satisfaction. Compatible commercial activities will not always be designed to produce maximum gross revenue. For example, café services have been franchised rather than operated by the Museum to maximise cash contribution to the Museum's core activities while providing food and beverage service of appropriate quality for the majority of visitors. The Museum Store is also required to maximise its net contribution while providing good quality, and appropriate retail services which are complementary to Museum activities. Audioguide services, publications, some education and information services, and "private good" enquiry and research services are also required to contribute to the Museum's operational revenues.

3.5 Caring for Treasures

"Caring for Treasures" is the Museum's raison d'être and is acknowledged in the requirement that the Rating Levy provide for core function of the Museum, the housing and maintenance of the collections of the Museum. A further purpose of the Admission, Donation and Tourist Charge regimes is to seek a contribution from Museum users to the operational costs of protecting, preserving and presenting the Museum's collections to its visitors.

The Museum's commitment to "Caring for Treasures" requires an active acquisitions programme in addition to the care and maintenance of existing collections. Recent collection purchases have been minimal. The Museum will continue to encourage the gift of relevant treasures and to seek grants from Government agencies, public and

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private trust funds. Collection acquisition and the caring for treasures is a key purpose which may be nominated by supporters making gifts and bequests to the Endowment Trust established by the Museum. The cost of caring for treasures is considerable, therefore the Museum's acquisition and deaccessioning policy sets priorities and focus so that what the Museum does collect is relevant and cared for appropriately.

3.6 Gathering Knowledge

One of the Museum's key missions is "Gathering Knowledge". Levy funding of the Museum is insufficient to support research activity beyond the broad needs of the Museum's collections. Additional research will be funded from external sources. Whilst the Museum is not a major research provider per se, it has skills that equip it to carry out research activity for outside parties in the future on the basis of a full recovery of costs and a margin to provide for Museum overheads.

3.7 Sharing Knowledge

"Sharing Knowledge" through the provision of educational programmes, displays, events, and special exhibitions is a key mission of the Museum, and additional revenue enables the Museum to present more of its knowledge to its public. Central Government funding of schools-based educational programmes will continue to be sought. Sponsorship and grant funding will be pursued for the provision of special exhibitions, special events and activities such as the Children's Discovery Centres. User charges will often be made for these special programmes, and charging policies will be outlined annually in the Museum's Annual Plan in accordance with the requirements of the Act. The objective with special exhibitions is to achieve better than breakeven on each year's programme. Profits over budget will be transferred annually to build a reserve fund to cover the risks in staging exhibitions and future exhibition development. Any surplus in excess of \$1,000,000 may be applied to any Museum activity.

3.8 Visitor services

The introduction of the admission by donation regime has raised expectation that visitor services will be of international standard, and accordingly a significant proportion of the income will be applied to improving visitor services. Where the visitor services are a compatible commercial activity the objective will be to maximise the cash contribution for general Museum purposes.

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A further source of revenue for the Museum is public fundraising. Funds raised will be applied to the enhancement of collections and facilities or such other purposes declared at the time.

3.9 Depreciation and Perpetual Maintenance Charges

As from 1 July 1999 the Territorial Local Authorities have been required to fund depreciation and have agreed the Museum should also fund depreciation by way of the rating levy. Funded depreciation of the Museum building is not appropriate given the high heritage value of the building. Accordingly, an annual charge calculated on the basis of a perpetual maintenance programme will be set to ensure that the building fabric is maintained in first class condition. The perpetual maintenance charge will be applied from 1 July 2001. Asset replacement will be funded from annual depreciation charges supplemented by operational funding where required to adjust for inflationary effects. Unspent depreciation funds and perpetual maintenance funds will be held in a separate fund, and interest thereon will also be credited to it. The funds will only be applied to the replacement of those assets to which the depreciation relates

3.10 Asset acquisition

Those assets which are not replacement or collections acquisitions will be funded from operational cashflow, or if appropriate, by sponsorship or grant funding. Where they are of significant value they will be acquired only after cost/benefit justification. New assets of substantial value, are most likely to be required as a part of new facilities.

3.11 Fundraising

The Museum has established an Endowment Trust Fund for gifts and bequests. An active programme encouraging specific and general bequests is being introduced. Benefactors will be able to select one of the following purposes to which a gift or bequest may be applied .

The Collection Purposes Fund'
for the acquisition, maintenance, development and display
of the collections of the Museum

'The Research Fund'
for the gathering of knowledge, the carrying out of research and
any activities for the benefit of the Museum designed for the
broadening and development of human knowledge

'The Education and Information Fund'

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for the maintenance and development of the Museum Library, the education of the public, the provision and presentation of data and information and the preservation of archival material

‘The Building and Equipment Fund’
for the acquisition, maintenance and enhancement of the Museum buildings and the acquisition of scientific and other equipment required for the Museum’s activities

‘The Special Purposes Fund’
for either a nominated specific Museum purpose or for a combination of any one or more of the first four funds.

3.12 New Facilities

The Act requires the Trust Board not only to adequately maintain and manage the Museum, but also to develop it. Certain facilities essential in a museum are still lacking or inadequate e.g.comprehensive collection storage and goods handling facilities. Other facilities necessary for the Museum to be *Auckland’s outstanding attraction* may also require additional capital funding. As with the refurbishment project, the capital funding requirements for the development of new facilities, and new assets of significant value (other than replacement) will be negotiated on a project by project basis; and then only after surveying their impact on operational costs, maintenance and depreciation funding. Contributions to further facilities development will be sought from Government, the Territorial Local Authorities, Government funding agencies, public and private community funds, Museum fundraising, and gifts and bequests. Projects will only be undertaken as funding is pledged or secured.

3.13 Operational Surpluses

Prudent funds management will allow the Museum to achieve modest operational surpluses and these will be required to accommodate minor upgrades and deal with unforeseen contingencies.

3.14 Conclusion

This funding policy outline will provide a framework for the preparation of the Museum’s Ten Year Plan and a basis upon which to set the annual levy. It is then for the Museum to ensure customer satisfaction, maximum community benefit, and be accountable for its performance.