

TUHURA OTAGO MUSEUM - DCC FUNDING APPROACH

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report provides background information in relation to the Otago Museum Trust Board Act 1996 (the Act). In particular the sections of the legislation that outline the calculation of the museum levy to be paid by the Dunedin City Council (DCC).
- 2 The report also provides a summary of the DCC levy that has been paid to Tūhura – The Otago Museum (Otago Museum) over the previous 26 years since the legislation was enacted.
- 3 The report also outlines proposed next steps to be undertaken by DCC staff in collaboration with Otago Museum. This work will seek to develop a plan with long term sustainable options for supporting the museum.

RECOMMENDATIONS

That the Council:

- a) **Notes** an options report on the Otago Museum operating budget requirements will be prepared in time for Annual Plan deliberations in May 2024.
- b) **Notes** an options report on the Otago Museum's ongoing operating budget requirements will be prepared for consideration as part of the DCC's 9 Year Plan.

BACKGROUND

- 1 The DCC has a commitment to provide opportunities to access and experience arts, culture and heritage by viewing and experiencing collections held in safe and quality environments. The DCC maintains and preserves a rich heritage of stories, treasures and knowledge through the cultural facilities we own and operate as well as through the support we provide to the Otago Museum.
- 2 The DCC currently supports the Otago Museum by contributing to the management and funding of the museum under the Otago Museum Trust Board Act 1996. In particular, sections 16 and 17 of the Act relate to the process by which contributing Council's pay levies for the operation of the Otago Museum.
- 3 The DCC is one of four local authorities in Otago (Dunedin, Central Otago, Clutha and Waitaki Councils) that contributes to the management and funding of the museum under the Act.
- 4 The museum levy for each contributing local authority is calculated in accordance with s17 of the Act. This section outlines a method for apportionment of levies between the contributing authorities. The initial schedule that was established in 1996 was set in place for first 5 years after the Act was passed (July 1997 to July 2001).

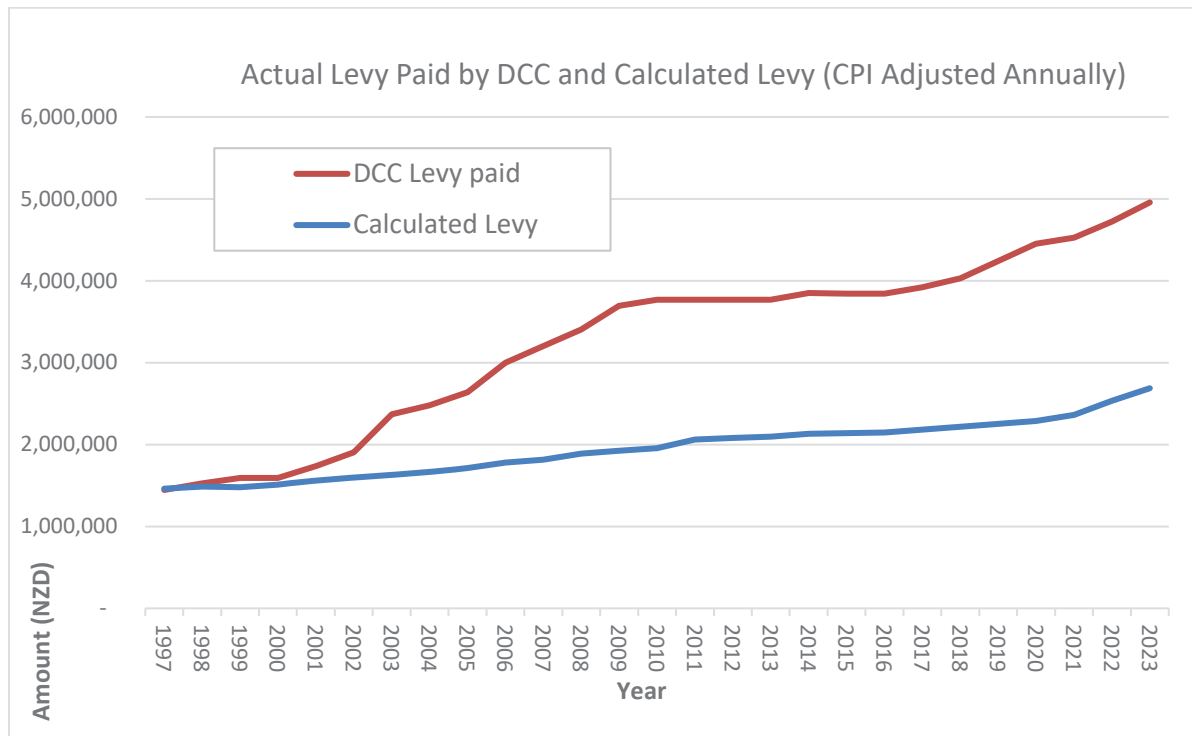
- 5 Following the first 5 years of the Act, the Act then made an allowance for the contributing authorities to come to an apportionment funding agreement between Councils. The Act also makes an allowance for if the contributing local authorities failed to come to an agreement. In the event that Councils did not come to an agreed approach, the Act sets out the default calculation method under schedule 2 of the Act.

DISCUSSION

- 6 Historically there has not been an agreed funding apportionment arrangement between the relevant local authorities. Therefore, the default levy calculation mechanism set out at schedule 2 of the Act has been applied.
- 7 The DCC has currently received a draft annual budget from Otago Museum in accordance with s15 (3) of the Act.
- 8 Over the last 26 years the DCC has paid the levy in accordance with the Act. The levy paid by DCC is over and above a standard CPI adjusted amount from the base year (1997). This is in recognition of the importance of cultural heritage to both our city and the region. The DCC also acknowledges the unique stories and taonga (cultural artefacts) that the Otago Museum holds and shares for all of Aotearoa New Zealand and the world.
- 9 The total amount paid by the DCC to the Otago Museum over the last 26 years (1997-2023) is outlined below.

DCC Levy Calculation Based on the CPI adjusted amount from the base year (1997) TOTAL (1997-2023)	Actual DCC Levy Paid to Otago Museum TOTAL (1997-2023)
\$52,645,242	\$88,034,414

- 10 The below graph shows the calculated levy amount in blue (based on a CPI adjusted amount from the base year of 1997); and the actual levy amount in red, paid by the DCC to Otago Museum over the period from 1997 to 2023.



- 11 The DCC has worked collaboratively with the museum over many years. The DCC has four appointed members on the Otago Museum Board ensuring that there is aligned strategic governance oversight between the DCC and the Museum. At a staff level, senior management across both organisations meet on a regular basis to discuss operational matters and to keep updated on proposed annual plan budgets. However, for many years the Otago Museum has been seeking a more consistent approach to its funding to provide certainty.
- 12 The Otago Museum's proposed 2024-25 draft budget includes an increase in the DCC's levy from \$4,949,232m in 2023-24 to \$5,162,124m in 2024-25. The Otago Museum's proposed budget is a 4.3% increase of \$212,892.
- 13 This increase has not been included in the DCC's proposed annual plan budget 2024-25.
- 14 Under the Act, the DCC may give notice in writing, objecting to the levy proposed by the Otago Museum Board. This notice must be undertaken prior to 31 May and state the grounds for DCC's objection. The process following this notice is set out in section 16 of the Act.
- 15 If the DCC wishes to object, the following steps are to be taken:
 - a) The DCC is to write to the Museum Board, no later than 31 May 2024, stating the grounds of objection.
 - b) Within 14 days the Museum Board is to convene a meeting of all contributing authorities, who are to be represented by at least one delegate. The meeting is to be held no later than 1 month following 31 May 2024.
 - c) Within 14 days of this meeting, the delegates are required to make a recommendation to their authority who are to inform the Board of such recommendations.

- d) If an agreement cannot be reached within 28 days of the meeting, the contributing authorities may resolve that the total Levy be reduced to an amount not less than the previous year.

NEXT STEPS

- 16 In the short term the recommendation is that DCC staff work with Otago Museum to discuss and understand the Otago Museum operating budget requirements. A report with options will be presented to Council as part of the DCC's Annual Plan 2024-25 deliberations in May. This report would be prepared for consideration in time to give written notice to Otago Museum (under section 16 of the Act) if Council decides to object to the proposed levy increase.
- 17 In the medium term the recommendation is that staff work with Otago Museum to develop a long term forecast of operating revenue and operating expenditure. This information would form the basis of a sustainable funding mechanism to provide the necessary certainty to both parties for how the DCC will continue to support the Otago Museum. A report outlining the plan with options will be prepared for consideration as part of the DCC's 9 Year Plan.
- 18 **OPTIONS** There are no options.

Signatories

Author:	Jeanette Wikaira - General Manager Arts, Culture and Recreation
Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	✓	<input type="checkbox"/>	<input type="checkbox"/>

Tūhura – The Otago Museum primarily contributes to the objectives and priorities of DCC’s Arts and Culture Strategy.

Māori Impact Statement

As a cultural heritage institution, Tūhura – The Otago Museum impacts broadly across all Dunedin communities including Māori. The adoption of Te Taki Haruru – Māori Strategic Framework signals Council’s commitment to mana whenua and to its obligations under the Treaty of Waitangi. Mana whenua and Māori will have the opportunity to engage in the Annual Plan 2024/25 consultation process.

Sustainability

Major issues and implications for sustainability are discussed in the Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 10 year plan 2021-31.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no immediate implications for the Annual Plan.

Financial considerations

An increase to Tūhura – The Otago Museum’s 2024-25 funding levy would have budgetary implications for Council.

Significance

The decision is assessed to be of low significance in terms of the Council’s Significance and Engagement Policy.

Engagement – external

Relevant DCC staff have met and been in contact with senior Museum representatives and financial advisors to the Museum.

Engagement - internal

Staff and managers from across council have been involved in the development of this report.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interests.

Community Boards

Tūhura – The Otago Museum is of interest to all Community Boards in Dunedin.