

9. RICCARTON BUSH TRUST LEVY AND GRANT

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The purpose of this report is to clarify the situation in relation to the levy and grants made by the Council to the Riccarton Bush Trust. At present there is confusion over whether the Council payment to Riccarton Bush Trust is a levy, a levy/grant or a straight grant.

BACKGROUND

A levy is a payment which the Council is required by statute to make, whereas a grant is at the Council's discretion.

This matter was first raised in June 2000 and the Council resolved to:

"invite the Riccarton Bush Trust Board to apply for an operating grant instead of its annual levy".

The Riccarton Bush Trust did not agree to the Council's request primarily because of concerns about lack of certainty on funding which could result.

Council grants are deductible for tax purposes. In the current Annual Plan the funding provided for Riccarton Bush Trust has been described as "Levy and Grant" pending resolution of an agreement between the parties on the split.

CURRENT LEGISLATION

The current legislation (the Riccarton Bush Trust Act) was enacted in 1947 well prior to local government amalgamation in 1989. It places a statutory maximum on the amount that can be levied at \$30,000 except by agreement of the Council with the approval of the Minister of Local Government.

Section 10 states that the levy is:

"For the general maintenance and improvement of the said Riccarton Bush the Board is hereby empowered (to levy upon the contributories an annual contribution not exceeding \$30,000 or such higher amount as all the contributories agree to with the consent of the Minister of Local Government); such contribution to be apportioned pro rata among the contributories upon the basis of the total rateable capital values shown in their valuation rolls on the first day of April in the year in which the contribution is levied."

All the contributories were amalgamated into the new Christchurch City Council in 1989.

The most recent Ministerial approval was given in 1988/89 for a levy of \$108,310 but was specific to that year only and so did not increase the base levy on an ongoing basis.

The Legal Services Manager comments:

"The Riccarton Bush Trust can only 'levy' up to \$30,000 as there has not been any resolution by the Council and consent of the Minister that the amount be higher on a permanent basis. For 2001/02 the Council budget provisions have been set as follows:

<i>For operations</i>	<i>\$158,175</i>
<i>For capital projects</i>	<i>\$50,000</i>
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	<i>\$208,175</i>
	<i>=====</i>

This is substantially in excess of the levy maximum of \$30,000. Because the funding source in recent years has been with one territorial authority, I understand that the Board has not had any need to make a formal request for a change in the amount of the levy. From a technical point of view it could be said that of the \$208,175 for 2001/02 \$30,000 was a levy and \$178,175 was an operating and capital grant."

The Riccarton Trust Board would prefer that the Council's present operating contribution should be treated as a levy. It points to the funding condition as set out in the 1914 letter of offer from the Deans family to the Mayor of Christchurch.

The funding condition in the 1914 letter states that:

“Provision be made for the upkeep of the Bush. Such provision to be not less than £100 per annum and to be of a permanent nature and not subject to an annual vote of the City Council.”

Unlike a grant, a levy would not be subject to annual vote.

POSSIBLE WAY FORWARD

At a recent informal meeting between the Chairman and the Chairman of the Riccarton Bush Trust Board, Christchurch City Council representatives on the Riccarton Trust Board and senior staff it was suggested that rather than raise the levy to the full amount of the present contribution the levy be raised to level of the last Ministerial approval which was for 1988/89.

The impact of such a change for 2001/02 would be:

Total Christchurch City Council Contribution for 2000/01	\$208,175 =====
Levy	\$108,310
Operating Grant	\$49,865
Capital Grant	\$50,000

	\$208,175 =====

This proposed change would be for 2001/02 and future years and once approved by the Minister of Local Government would have the effect of increasing the statutory levy from \$30,000 to \$108,310 permanently or until a further increase was agreed to.

This would provide an appropriate balance as between levy and grant.

- Recommendation:**
1. That the Council agree to approve an increase in the levy for the Riccarton Bush Trust to \$108,310 in terms of Section 10 of the Riccarton Bush Trust Act (1947).
 2. That the Council approve the payment of an operating grant of \$49,865 and a capital grant of \$50,000 for 2001/02.