

## 7. RICCARTON BUSH TRUST – REQUEST FOR ADDITIONAL FUNDING - 2003/04

<b>Officer responsible</b> Director Strategic Investment	<b>Author</b> Bob Lineham, DDI 941-8411
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The purpose of this report is to seek Council approval for additional assistance for Riccarton Bush Trust (RBT) for the 2003/04 year in view of the trust's adverse forecast operating result for the year. This assistance is proposed to be in the form of an additional grant plus the diversion of the remainder of an uncommitted capital grant.

### BACKGROUND

Riccarton Bush Trust (RBT) has approached the Council for additional funding support of \$50,000 in 2003/04 and for an additional sum of \$60,000 in 2004/05 and subsequent years.

The request for funding for 2004/05 and subsequent years is being dealt with by the Annual Plan Subcommittee and will be the subject of a report to the Council meeting considering the adoption of the LTCCP.

The funding provision made by CCC for RBT over the last three years has been as follows:

	2001/02	2002/03	2003/04
	\$	\$	\$
Operating Levy	108,310	108,310	108,310
Operating Grant	49,865	65,778	69,259
Capital grant	50,000	50,000	50,000
Total	208,175	224,088	227,569

### FINANCIAL POSITION

In 2003 the Council received a request from RBT for operating funding of \$217,310 but the Council reduced that to \$177,569 since it was also paying a capital grant of \$50,000 to complete the predator fencing project. This made the budget of RBT quite tight for the year from the outset but it would have been achievable apart from the issues noted below.

In March 2004 the resident caterer at Riccarton House withdrew after allowing the business to slide downhill over the preceding year. The RBT had budgeted to receive a significant revenue flow from catering (based on the conservative forecasts of the original caterer who was clearly unable to perform) with the result that RBT revenues from catering have fallen short of target by \$10,000 and a significant sum remains owing to RBT. The trust made immediate moves to find a temporary replacement and has moved relatively quickly to select a new permanent replacement because catering is such an important component of the ability to achieve other revenues from heritage tours. Other revenue forecasts including heritage tours have also not achieved forecast results because they have grown more slowly than originally projected.

A recent assessment of the financial position of the trust indicates that at 30 June 2004 the trust is likely to be overdrawn by \$17,000 after allowing for known commitments including the completion of the predator fencing project (\$36,000) for which the Council made available a \$50,000 capital grant in 2003/04.

An assessment of the situation indicates that a solution to this immediate cash need could be achieved by allowing the unallocated balance of the capital grant (\$14,000) to be applied to ordinary operations and providing an additional grant of \$20,000 for the 2003/04 year.

### FUTURE PROSPECTS

Discussions have been held with representatives of RBT to explore the cause of the present situation and investigate the true need.

As outlined above, the current crisis has largely been the result of the failure of the previous caterer to produce even the budgeted low case forecasts and also the slowness to achieve anticipated revenues from heritage tours.

The General Manager Community Services and I visited Riccarton Bush with the Chairman and were generally satisfied with the explanations given and impressed with the extent of the work carried out in recent years by RBT both in the house itself and also in the bush area. Both are clearly historical icons in the city and are well on the way to being restored to a very high standard. It would be a shame to allow the operation to founder when it is on the verge of establishing a growing and important presence in the historical tour market in Christchurch.

The trust has reviewed the costs of grounds maintenance periodically and has a policy of tendering the mowing work on a triennial basis. Staffing is also modest with the grounds being maintained by contractors, a ranger, an assistant ranger and a part time gardener. The bush and grounds cover 30 acres. Several years ago the Financial Services Unit reviewed the cost of grounds maintenance for the bush and grounds and found that it compared favourably with the cost of maintaining other Council parks.

The trust has an administration officer who also acts as the chief guide with the help of a number of part time guides to meet the demands for tours as necessary.

RBT has a vision of growing the heritage revenues to the extent that they will be able service the cost of operating the house in the medium term and hopefully in the longer term be able to contribute to the cost of the Bush, thereby enabling a decrease in the operating support levied through rates.

The trust is taking a responsible attitude in endeavouring to resolve its current problem and has little other source of funding which it can turn to in the short term.

#### **TYPE OF ASSISTANCE**

As RBT has approved donee status for tax purposes, the Council is able to obtain tax deductibility for all grants which it makes to RBT. It is preferable therefore that any increase in the funding be in the form of a grant.

#### **Staff**

- Recommendation:**
1. That approval be given to Riccarton Bush Trust to apply any unexpended capital grant for operating purposes in 2003/04.
  2. That an additional \$20,000 grant be made to the Trust from the contingency fund for 2003/04.

#### **Chair's**

**Recommendation:** That the above recommendation be adopted.