

## 7. ART GALLERY – CHALLENGE GRANTS SCHEME AGREEMENT

<b>General Manager responsible:</b>	General Manager Community Service, DDI 941-8608
<b>Officer responsible:</b>	Art Gallery Director
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### PURPOSE OF REPORT

1. The purpose of this report is to recommend to the Council that it grants delegated authority to the General Manager Community Services to negotiate and enter into an agreement with the Christchurch Art Gallery Trust (“the Trust”) in respect of the Challenge Grants Scheme provided for in the 2009-2019 LTCCP and administered by the Christchurch Art Gallery (“the Gallery”).

### EXECUTIVE SUMMARY

2. In the 2009-2019 LTCCP the Council provided for the funding of the Challenge Grants Scheme in support of the Gallery’s collection development.
3. The Challenge Grants Scheme is an arrangement by which the Council has agreed to match funds raised by the Trust for the development of the Gallery’s collection on a dollar for dollar basis up to the maximum amount specified in the LTCCP as being available in each year. The purpose of the Scheme is to provide a substantial incentive to the Trust to raise funds in support of the Gallery’s collection development.
4. To formalise the arrangements concerning the Challenge Grants Scheme it is proposed that the Council negotiates and enters into a written agreement with the Trust setting out in detail the terms and conditions of the arrangement.

### FINANCIAL IMPLICATIONS

5. The 2009-2019 LTCCP makes provision for expenditure of \$2,209,000 on the Challenge Grants Scheme over ten years from the 2009/10 to the 2018/19 financial years inclusive. The proposed agreement between the Council and Trust is merely intended to regulate their relationship concerning such funding and its delivery.

### Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

6. Yes.

### LEGAL CONSIDERATIONS

7. Whilst at the date of writing this report the final form of the proposed agreement has not yet been concluded, it is anticipated that the agreement will generally provide as follows:
  - (a) The Term of the agreement will align with the ten year period of the 2009-19 LTCCP.
  - (b) The Trust will agree to use its reasonable endeavours to raise funds from third party donors in support of the Gallery’s collection development.
  - (c) The funds raised by the Trust must be held and managed in a transparent and accountable manner.
  - (d) The Trust will report to the Council on a quarterly basis identifying and verifying the funds raised by it in each quarter.
  - (e) Following receipt of such reports the Council will, on a quarterly basis, by internal transfer, credit a new ‘Challenge Grants Scheme’ account in the Council’s internal accounts with an amount equal to the amount raised by the Trust in the applicable quarter. In any event the total amount of all such transfers made by the Council in any financial year will not exceed the relevant LTCCP provision for that financial year.

- (f) The Art Gallery Director will make recommendations to the Trust from time to time to purchase appropriate works of art from the funds raised and held by the Trust and the Council funds held in the Council's internal 'Challenge Grants Scheme' account.
- (g) If the Trust accepts the Art Gallery Director's recommendation, the work of art will be purchased and owned by the parties according to the proportions of their financial contributions to the purchase price. The work of art will then be placed in the Gallery as part of the Gallery's collection.
- (h) Any work of art purchased as a result of the Challenge Grants Scheme may not be disposed of without the agreement of both parties.
- (i) Tax advice has been received that states that it is possible, without infringing its charitable tax status, for the Trust to gift its portion of the works of art purchased as a result of the Challenge Grants Scheme so that ownership vests exclusively in the Council.
- (j) The Council will retain the ability to increase or decrease the LTCCP funding for the Challenge Grants Scheme through its normal planning processes.

**Have you considered the legal implications of the issue under consideration?**

8. Yes, see above.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

9. The recommendations of this report align with the LTCCP and relevant activity management plans. In these, the Council recognised that the gallery's 'buying power' had slipped relative to the art market, and accepted the well-benchmarked argument for improved funding in this, a core area of the Gallery's responsibility.

**Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?**

10. Yes.

**ALIGNMENT WITH STRATEGIES**

11. Yes.

**Do the recommendations align with the Council's strategies?**

12. Yes.

**CONSULTATION FULFILMENT**

13. The adoption of the Challenge Grants Scheme was consulted on and adopted as part of the process undertaken to consult on and adopt the 2009-2019 LTCCP.

**STAFF RECOMMENDATION**

It is recommended that the Council resolves to grant to the General Manager Community Services the delegated authority:

- (a) To negotiate and agree on terms and conditions acceptable to him an agreement with the Christchurch Art Gallery Trust to implement the Challenge Grants Scheme specified in the 2009-2019 LTCCP.
- (b) To manage and administer the Council's rights and obligations under that agreement.