

**Sockburn Service Centre**

Phone: 941 6547

Fax: 941 6545

C/- P O Box 11-011  
Christchurch

**Riccarton House**

Phone: 341 1018

Fax: 341 6839

Email: [graham@riccartonhouse.co.nz](mailto:graham@riccartonhouse.co.nz)

Website: [www.riccartonhouse.co.nz](http://www.riccartonhouse.co.nz)

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4 May 2004

Mr Roy Baker  
General Manager Corporate Services  
Christchurch City Council  
PO Box 237  
**CHRISTCHURCH**

Dear Roy

**RICCARTON BUSH TRUST – FUNDING SUPPORT**

Thank you again for the opportunity for Trust representatives to meet with you, and Bob Lineham and Alister James, on 29 March 2004, to discuss the particular financial difficulties currently facing the Trust. I am sure that I speak for my colleagues in acknowledging the courtesies extended to us during our discussion.

As agreed at the conclusion of our discussion I am now elaborating on the issues in front of the Trust, and I have provided supporting financial information which substantiates the Trust's concern that the current difficulties have had a dramatic effect on cashflow.

While I noted that any future deliberation on the Trust's claim could be handled outside of this year's Annual Plan process, I have copied this letter also to Julie Sadler, as a flag to the option of the matter being dealt with through the Annual Plan subcommittee. I shall though be guided by you on the process that should be followed to recognise the Trust's submission.

In support of the Trust's concern, and in general terms, there are a number of issues which have impacted on the Trust's current financial position. These are as follows:

- No real increase in the annual levy sought by the Trust for the 2003/04 and 2004/05 years.

- Considerably less revenue than expected under a previous catering licence agreement (terminated from 31 March 2004).
- Delays affecting revenue stream while new catering arrangements are being pursued
- Slower than expected build up of heritage visitors, and related revenue stream

I have enclosed a support paper which elaborates on these matters.

I look forward to your advice as to the method for dealing with the Trust's present concerns. Please do not hesitate to contact either Graham Hemming, Administration Officer (341 1018), or Tony Gemmill (ext 6701), as to the next steps which should be followed by the Trust.

Yours sincerely



Charles Deans  
**Chairman**

cc Mr Bob Lineham, Director, Strategic Investments  
CCC, PO Box 237, Christchurch

Julie Sadler

# RICCARTON HOUSE & BUSH RICCARTON BUSH TRUST

## Funding Support Paper May 2004

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} Enclosed  
separately



# **RICCARTON BUSH TRUST**

## **FUNDING SUPPORT PAPER**

### **INTRODUCTION**

The Riccarton Bush Trust seeks funding assistance in the immediate term in order to help it cope with a crisis arising from the collapse of a licensee, and in the medium term an increase in the ongoing levy provided by Christchurch City Council so that the Trust's operations can be properly maintained.

This paper is written in support of the application. The paper begins by describing the situation of need, while later sections give a brief but essential background to those considering the request. The Act of Parliament upon which the Riccarton Bush Trust is based places an obligation on both the Trust and the Christchurch City Council to jointly establish an effective and agreed basis for the funding of the Trust.

### **SUMMARY OF NEED**

The assistance needed by the Trust is summarised as follows.

- ◆ an immediate injection of \$50,000 excluding GST in order to redress an immediate cash crisis, to restore reasonable cash levels, and to restore a cash deposit of tagged special purpose funds provided by a member of the Deans family.
  
- ◆ for the year 2004-2005 and subsequent years an increase in the annual operating levy so that it fully funds the Bush operation and partly funds the House operation, ie a total levy of \$241,284, excluding GST. As the House operation becomes more self supporting it should be possible to reduce this levy in subsequent years. The figure currently proposed in the Draft Annual Plan for 2004-2005 is \$181,120 excluding GST.

## THE CURRENT FINANCIAL SITUATION

In recent years the Trust has moved from a focus on projects and restoration work – where it was generously supported by Christchurch City Council - to a focus on operations, including the heritage experience. In October 2002 the previous catering/licensee operation from the House was changed to become one that was to support the heritage experience. The projections of the new licensee have not been met by the licensee, not even at a modest and substantially detuned level. At the end of March 2004 the licensee has literally walked off. Projections for day time heritage visitor numbers have not yet been reached either, although there is good news in other areas eg night time heritage/dining tours.

Table One below shows operations revenue and expenses for the two most recent years, the current year, and a projection for 2004-2005. The projection for the current year is an operational deficit of \$47,695, and in the new year a deficit of \$ 60,164. These figures are not sustainable without major change and/or injection of substantial extra support. Figures in all tables within this paper exclude depreciation and GST. The projections for 2004-2005 exclude all non-operational project work which, if it occurs at all, would be separately funded.

At the end of March the cash available to the Trust (after accounting for accounts payable and un-presented cheques) amounted to \$76,247. Given certain commitments including a range of end of year payments and considering operational projections this cash is expected to reduce to \$7,700 by 30 June 2004, and to completely run out by 31 August 2004. The current amount of \$76,247 includes \$50,000 given to the Trust by a member of the Deans family for special tagged purposes. The Trust should not be using this money for anything else other than the intended purpose.

Table Two below presents an analysis of the operations situation, showing keys sources of money and key items that it is spent on.

The Trust's operations are focussed on two key activities ie house and heritage, and Bush and Grounds. They are supported by an administration activity. For study purposes it is reasonable to distribute the cost of administration activity across the two key activities. Table Three below does this, allocating 60% of administration costs to the house, and 40% to the

bush and grounds. In doing this Table Three demonstrates what might be the true cost of running the heritage house activity and, separately, the bush and grounds activity.

While it is within reason to predict that heritage visitor numbers to the House will increase within a few years to make the house activity break even, it will be a long time before this activity will make a worthwhile contribution to the costs of running the Bush – something that the Trust is not permitted to make a charge for.

In essence what the Trust needs by way of long term support is a levy that fully funds the reasonable costs of running the Bush and Grounds, PLUS medium term support by way of levy that funds the shortfall between the funding achieved through the heritage house operation and the true cost of running that.

## **BACKGROUND MATERIAL**

### **HISTORICAL SIGNIFICANCE OF RICCARTON BUSH**

The Riccarton Bush Act 1914 was passed to enable the gift, by the Deans family, of “about 15 acres of native bush at Riccarton” to the Mayor of Christchurch “as the representative of the people of Canterbury” and to create the authority for the bush to be managed in accordance with the conditions of the gift. The gift was the family’s way of fulfilling the 1854 dying wish of their grandfather, John Deans I, that “the remaining stand of native bush be preserved forever”. The Deans family is acknowledged as the founding European family of Canterbury. The land at Riccarton is where they first established themselves, and where they maintained their base for many years.

The property was extended in 1947 to include Riccarton House, Deans Cottage and associated grounds. These grounds included a further 1.4Ha of native bush.

## THE RICCARTON BUSH TRUST

The Riccarton Bush Trust is a Board of Trustees incorporated in terms of the Riccarton Bush Act 1914 and subsequent amendments. The assets for which the trust is responsible include 7.8Ha of native bush (most correctly known as Riccarton Bush), 4.0Ha of other grounds (lawns and notable exotic trees) on which stand the buildings known as Riccarton House and Deans Cottage. Both these buildings are registered historic buildings rated as Category 1 by the New Zealand Historic Places Trust.

The Christchurch City Plan provides for the area as follows:

- The whole site is zoned as Conservation 1.
- Riccarton House, its setting including Riccarton Bush, and Deans Cottage are listed, with Group 1 status, as “protected buildings places and objects”.
- A large number of trees within the house grounds are listed as “notable”.

The Declaration of Trust, as updated by the 1947 amendment to the Act, states that

*..... land ..... is vested in the Board upon trust to keep, administer, manage, and control the same for*

- a) *The preservation and cultivation of trees and plants indigenous to New Zealand:*
- b) *The use and enjoyment of the public for the purposes of health, instruction, and recreation:*
- c) *The planting and cultivation of trees not indigenous to New Zealand (with some provisos):*

## **THE MISSION AND VISION OF RICCARTON BUSH TRUST**

The Riccarton Bush Trust is charged by Act of Parliament to manage the assets in its care – the Bush, Grounds, House and Cottage – for the purpose of preserving those assets and making them available to the public for the public’s enjoyment, health, instruction and recreation. That is the mission of the Trust.

The vision of the Trust is that Riccarton Bush will become the premier natural and cultural heritage attraction in Christchurch and Canterbury.

The Trust is now clearly focused on the heritage aspect of its role. Earlier roles of Riccarton House as a community centre and as a function centre are now largely phased out. Heritage experience is now the lead role of the House. The Trust has engaged professional advice through the restoration phase of the House and, in more recent years, on presentation and marketing of the heritage experience.

### **POWERS AND OBLIGATIONS - BRIEFLY**

The Act gives the Board certain duties and obligations appropriate to its purpose. It also gives the Board certain powers, including those with respect to funding and management, and the ability to make by-laws.

The Board has a long term responsibility to ensure that the assets of the Trust continue to exist and, wherever possible, are improved to enhance the achievement of the Act’s intentions.

The Board is deemed to be a local authority in terms of the Local Authorities (Members Contracts) Act 1934, with certain provisos.

The Board is empowered to raise money for general maintenance and improvement of The Riccarton Bush by levying upon the Christchurch City Council an annual contribution, also with certain provisos. While the power to make a levy upon the City Council exists, the amount of it is required to be by agreement.



There is an obligation upon the Trust to make its assets available to the public for the purposes prescribed. Importantly, and by virtue of the Act, Riccarton Bush must be made available free of charge; the same requirement does not apply to Riccarton House.

Levy funds are essential to operate the Bush which must be made available free of charge. They are also essential, at least for a period, to support the business operation within the House. The Trust intends to achieve, before too long, self sufficiency within the Riccarton House business operation so that the House can achieve the purposes of the Act without making further demands upon the community. The business operation could eventually and hopefully become strong enough to help fund the Bush operations and thereby enable a further decrease in the levy support required from the community.

#### **WORK DONE TO DATE – BUILDINGS**

Since 1990 major work has been undertaken in Riccarton House to conserve restore and preserve its attributes and character for generations to come. Following advice from conservation architects and other specialists this work has included such things as re-roofing with shingle tiles, fire alarm and security systems, restoration of the original 1856 foundations, restoration of wood work and treatment with traditional finishes, complete repainting of the exterior in heritage colours, and period decoration and furnishing of rooms in the Victorian and Edwardian styles. Additionally the original 1900 domestic kitchen has been restored by the introduction of a coal fired double oven and refurnishing/interpreting the room in period style.

Work in Deans Cottage, built in 1843 and now the oldest building on the Canterbury Plains, has included restoration of roofing shingles, fire protection, painting in heritage colours, and the installation of a static and well lit interpretation display.

This work has cost in the order of \$1.5M and has been funded by generous grants from Christchurch City Council, Community Trust, the Royal Society, Historic Places Trust, and the Department of Conservation.

The restoration work carried out on Riccarton House is represented by the photographs in the attached *Appendix 2*.

#### **WORK DONE TO DATE – RICCARTON BUSH**

Major progress has been made since the mid 1970s, prior to which time the bush had been treated like a woodland, with debris gathered up and burned, while grassy clearings and the forest floor were regularly mown to produce a tidy appearance. The bush had become grossly over tracked. The more natural strategy adopted over the last 30 years, including the stopping of the above practices and the removal of non-indigenous species, has seen tremendous regrowth as a natural forest which is now in a condition where natural processes can take over. The Trust has also invested heavily in a major irrigation/fire protection system for the Bush.

During 2002/03 extensive botanical and historical interpretation panels and displays have been installed in the Bush and House Grounds through a contract with Council's City Solutions Unit.

During 2003-2004 a predator proof fence has been erected around the Bush. the removal of predators will enable further improvements in the quality of the Bush and the bird life living within it. This has been achieved with major support from a private benefactor, plus important contributions from Christchurch City Council, Department of Conservation and the World Wildlife Fund.

The Bush is used for recreational, ecological, and educational purposes.

The progress achieved in Riccarton Bush is represented by the photographs attached as *Appendix 3*.

**Table One – Operations Revenue and Expenses - Summary**

	Actual 0102	Actual 0203	Budget 0304	Proj Actual 0304	Projection 0405
<b>Administration Revenue</b>					
CCC Levy	158,175	174,088	177,569	177,569	181,120
Other	13,020	8,367	47,500	16,900	17,500
<b>Total</b>	<b>171,195</b>	<b>182,455</b>	<b>225,069</b>	<b>194,469</b>	<b>198,620</b>
<b>Administration Expenses</b>					
<b>Total</b>	<b>102,059</b>	<b>128,972</b>	<b>116,530</b>	<b>143,550</b>	<b>149,180</b>
<b>Administration Net</b>	<b>69,100</b>	<b>53,483</b>	<b>108,539</b>	<b>50,919</b>	<b>49,440</b>
<b>House Revenue</b>					
Door Sales		10,163	30,000	16,490	21,600
Other Tours	2,857	3,507	3,520	7,733	24,000
Catering Rent	52,067	38,301	25,000	25,521	23,000
Catering %	incl.	incl.	14,000	3,770	5,000
Other	89			50	
<b>Total</b>	<b>55,013</b>	<b>51,971</b>	<b>72,520</b>	<b>53,564</b>	<b>73,600</b>
<b>House Expenses</b>					
Guiding	5,836	13,308	21,000	20,952	21,000
Other	26,676	33,475	43,020	38,430	44,620
<b>Total</b>	<b>32,512</b>	<b>46,783</b>	<b>64,020</b>	<b>59,382</b>	<b>65,620</b>
<b>House Net</b>	<b>22,501</b>	<b>5,188</b>	<b>8,500</b>	<b>(5,818)</b>	<b>7,980</b>
<b>Bush &amp; Grounds Revenue</b>					
<b>Total</b>	<b>6,389</b>	<b>21,652</b>	<b>8,600</b>	<b>4,939</b>	<b>8,600</b>
<b>Bush &amp; Grounds Expenses</b>					
<b>Total</b>	<b>91,732</b>	<b>125,485</b>	<b>125,184</b>	<b>97,735</b>	<b>126,184</b>
<b>Bush &amp; Grounds Net</b>	<b>(85,343)</b>	<b>(103,833)</b>	<b>(116,584)</b>	<b>(92,796)</b>	<b>(117,584)</b>
<b>Operations Net</b>	<b>6,258</b>	<b>(45,162)</b>	<b>455</b>	<b>(47,695)</b>	<b>(60,164)</b>

**Table Two – Operations Revenue and Expenses - Analysis**

	Actual 0102	Actual 0203	Budget 0304	Proj Actual 0304	Projection 0405
<b>Revenue</b>					
Administration	171,175	182,455	225,069	194,469	198,620
House	55,013	51,971	72,520	53,564	73,600
Bush & Grounds	6,389	21,652	8,600	4,939	8,600
<b>Total</b>	<b>232,577</b>	<b>256,078</b>	<b>306,189</b>	<b>252,972</b>	<b>280,820</b>
<b>Sourced from</b>					
CCC Levy	158,175	174,088	177,569	177,569	181,120
Heritage Tours	2,857	13,670	33,520	24,223	45,600
Catering Rent, %	52,067	38,301	39,000	29,291	28,000
Other	19,478	30,019	56,100	21,889	26,100
<b>Expenses</b>					
Administration	102,059	128,972	116,530	143,550	149,180
House	32,512	46,783	64,020	59,382	65,620
Bush & Grounds	91,732	125,485	125,184	97,735	126,184
<b>Total</b>	<b>226,303</b>	<b>301,240</b>	<b>305,734</b>	<b>300,667</b>	<b>340,984</b>
<b>Spent on</b>					
Salaries & Wages	135,216	163,184	149,250	156,842	180,000
CCC Charges	19,000	19,000	19,380	22,880	22,880
Promotions	4,563	31,112	24,000	24,332	24,000
Other	67,524	87,944	113,104	96,613	114,104

**Table Three – Operations Accounts after Distribution of Administration Expenses**

	Actual 0102	Actual 0203	Budget 0304	Proj Actual 0304	Projection 0405
<b>Expenses</b>					
Administration	102,059	128,972	116,530	143,550	149,180
60%	61,235	77,383	69,918	86,130	89,508
40%	40,824	51,589	46,612	57,420	59,672
House	32,512	46,783	64,020	59,382	65,620
Bush & Grounds	91,732	125,485	125,184	97,735	126,184
<b>Total</b>	<b>226,303</b>	<b>301,240</b>	<b>305,734</b>	<b>300,667</b>	<b>340,984</b>
<b>Expenses (adjusted)</b>					
House (incl 60% admin)	93,747	124,166	133,938	145,512	155,128
Bush & Grounds (incl 40% admin)	132,556	177,074	171,796	155,155	185,856
<b>Total</b>	<b>226,303</b>	<b>301,240</b>	<b>305,734</b>	<b>300,667</b>	<b>340,984</b>
<b>Revenue</b>					
Other	74,402	81,990	128,620	75,403	99,700
CCC Levy	158,175	174,088	177,569	177,569	181,120
<b>Total</b>	<b>232,577</b>	<b>256,078</b>	<b>306,189</b>	<b>252,972</b>	<b>280,820</b>
<b>Operations Net Result</b>	<b>6,274</b>	<b>(45,162)</b>	<b>455</b>	<b>(47,695)</b>	<b>(60,164)</b>