

Officer responsible Leisure Manager	Author Peter Walls, Senior Facilities Adviser
Corporate Plan Output: Major Grants	

The purpose of this report is to draw the Council's attention to the implications of the resolution to cap the grants budget, passed at the Annual Plan meeting on 23 July 1999.

The Council has made commitments to Orana Park and Science Alive which still have two years to run and are inflation-adjusted each year. In addition the payment to Surf Lifesaving is also inflation-adjusted to cover the wages for paid patrols over summer. The Community Development Scheme fund is also inflation-adjusted and is based on a per head of population allocation which increases in line with the increase in the city's population.

The impact of the commitment to the above four, if the grants budget remains capped would be to reduce the resources available for all other grants by between \$12,000 to \$15,000 each year. This means that no new grants can be approved until others finish. As many grants are ongoing this will create a major financial constraint as well as requiring a reduction to other grants.

It is appreciated that the Council was looking to keep costs down but if the grants budget remains capped there will be little scope for new initiatives and existing grants will be reduced.

All recommendations from the Grants Committee are referred to the Annual Plan Working Party for acceptance or otherwise for the following year's budget, and taking into account the factors above, it is suggested that it would be appropriate to allow the grants budget (excluding funds from Hillary Commission and Creative NZ) to increase each year by up to 2%. This would allow some flexibility for the Grants Committee to address new initiatives and still allow the Council to cut back the amount, through the budget process, if it desired.

A 2% increase on this year's budget (excluding Hillary Commission and Creative NZ) would amount to an increase of \$55,637. An increase of this size would cap the grants budget in real terms, but cover inflation.

A 1.5% increase would provide an increase of \$41,728.

The Director of Finance comments:

I have no objection to such a movement. It is realistic given the ongoing commitment to a number of grants, all of which have at least two years to run.

The Chairman comments:

The Senior Facilities Adviser has pointed out that the Council's decision to cap the grants budget results in a reduction in real terms. This suggestion that the Council instead allow an increase of up to 2% pa is sensible and would relax the inflexibility of the previous decision whilst still maintaining a tight restriction on the grants budget.

Chairman's

Recommendation: That the Council resolve to amend its resolution on the grants budget for 2000/01 by allowing an increase of up to 2% in the total budget.