

7. NEW CHRISTCHURCH ART GALLERY DONATIONS-IN-KIND

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The purpose of this report is to seek Council approval of the donations-in-kind initiative proposed by the Art Gallery Fundraising Committee and to proceed with its implementation in the tender documentation.

BACKGROUND

The Council has requested the Art Gallery Fundraising Committee to raise a substantial proportion of the Gallery capital cost through donations from central Government and the wider community. The fundraising target is \$13.05 million including the cost of fundraising and the grant received for the land purchase. To date \$12.27 million has been raised.

As part of their strategy to achieve this target, the Fundraising Committee, in collaboration with the Gallery Project Team, has carefully explored the provision of donations-in-kind. This report outlines the donations-in-kind initiative (i.e. manufacturers providing product at a significant discount or at no cost for inclusion in the tender documentation) and seeks Council approval to enter into specific arrangements.

To ensure that the process was fair and transparent, legal advice on the correct procedure was sought from Buddle Findlay in September 1999 and followed judiciously.

An advertisement was run in the Christchurch Press and Star on 11 and 18 September 1999 asking for expressions of interest from Christchurch and Canterbury organisations which were interested in participating in the donations-in-kind initiative.

Subsequently the Fundraising Committee identified a small number of Christchurch based manufacturers of materials and equipment that would be of the appropriate technical quality for inclusion in the gallery contract. The chief executives of these organisations were approached by the Director of the Robert McDougall Art Gallery, members of the Fundraising Committee, the Project Manager, appropriate technical consultants and the quantity surveyor to determine whether these organisations were interested in participating and to discuss the details.

The following report outlines the outcomes of this process and the mechanisms by which each donation-in-kind is proposed to be handled.

DONATIONS-IN-KIND PROCESS AND MECHANISM

Companies were identified that met the following criteria:

- They manufacture products that comply with the gallery's specification requirements.
- They are the only Christchurch, Canterbury or South Island manufacturer of such a product.
- The company is willing to participate.
- No other Christchurch, Canterbury or South Island manufacturer would be disadvantaged by this process.

In return for the Council specifying its product and appropriate sponsor benefits, the company would offer the Council a rebate on the tender cost.

Discussions have been held with the chief executives of the selected companies to confirm:

- The adequacy of the products offered.
- The likely value of the donation-in-kind.
- A way of confirming that the project would be charged the lowest price for the product that would otherwise be achieved in the tender market.
- The mechanism by which the payment would be valued and paid.

In every case it was agreed that the company supplying the product would make their product available to all tenderers at the same cost – a cost that the project's quantity surveyor has independently confirmed is the normal price offered in a competitive tender situation.

The product would then be supplied to the successful contractor. The supplier would track all product supplied and provide an agreed rebate in the form of a cheque to either the Christchurch Art Gallery Trust or the New Gallery Trust. The project quantity surveyor will independently verify the quantities supplied and the value of the rebate.

The net benefit to the Council of this donations-in-kind programme is approximately \$120,000 (after costs), plus additional cash donations still being negotiated.

Details of the donations-in-kind offers received to date are included in the Public Excluded section of this report.

- Recommendation:**
1. That the proposed donations-in-kind initiative be approved.
 2. That the Major Projects Co-ordinator be authorised to proceed with the implementation of the initiative by instructing the project team to specify the nominated suppliers in the tender documentation.

Chairman's

Recommendation: That the above recommendation be adopted.