

Project title: Wellington Museums Trust (C102) **KAA: Culture and Arts**

1. Project summary

The Wellington Museums Trust (the Trust) wishes to request a further increase in core funding of \$40,000. During the Draft Annual Plan deliberations the Council agreed to provide additional funding of \$60,000 for increases in salaries. The Trust wishes to increase the funding by a total of \$100,000 for 2005-2006 and subsequent years.

The Council's Property Business has undertaken a rental review for the facilities leased to the Wellington Museums Trust, these include: the City Gallery; Capital E and the Bond Store within the City and Sea Museum. The total impact of the review results in an increase of \$394,403.65 in annual rental. The Council provides an accommodation grant to the Trust and the rental income is received by the Property Business Unit, meaning the result of this transaction has no bottom line impact on the Council's budget.

2. Submissions

Of the ten submissions received for C102 Wellington Museums funding project, eight were in support of the funding provided to the Trust. Two out of the ten opposed on the basis that overall funding should be reduced and the Trust should be encouraged to seek additional funding from sponsorship and voluntary donations.

3. Relationship to Existing Activities

The Council provides an annual core funding grant to the Wellington Museums Trust to enable it to deliver arts, heritage and creative technology services through the City Gallery Wellington, Museums of Wellington City & Sea, Colonial Cottage Museum, Cable Car Museum, Capital E, Museum of Wellington City & Sea (including Plimmers Ark) and the New Zealand Cricket Museum to more than 600,000 visitors annually. The Trust (apart from the national institutions) is the principal provider of these services in Wellington.

4. Proposal Costs

C102 Wellington Museums Trust funding										
Project Component	Operating expenses \$000									
	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
<i>Operating Funding</i>		40	40	40	40	40	40	40	40	40
<i>Rental grant</i>		368	394	394	394	394	394	394	394	394
Total		408	434	434	434	434	434	434	434	434

Property Business Unit										
Project Component	Operating expenses \$000									
	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
<i>Investment property income</i>		(368)	(394)	(394)	(394)	(394)	(394)	(394)	(394)	(394)
Total		(368)	(394)	(394)	(394)	(394)	(394)	(394)	(394)	(394)

5. Project Outline

The required funding of \$100,000 relates to business as usual costs, these include:

SALARIES AND WAGES (approx 2.2% of total personnel costs)	\$60,000
AUDIT FEES	\$3,500
ENERGY	\$20,000
MARKETING	\$10,500
CLEANING	\$6,000
TOTAL	\$100,000

An increase in the core funding of \$100,000 equates to 2.4% over a two year period. During the Draft Annual Plan deliberations the Council agreed to provide \$60,000 out of the \$100,000 request from the Trust, representing the salaries and wages portion. This is consistent with other CCO's requests for CPI.

As part of the funding to the Trust the Council provides an accommodation grant for the City Gallery, Capital E and the Bond Store. The impact of the rental review undertaken by the Council's Business Unit is an increase of \$394,403.65 per annum, but this will have a nil net effect on the Council's budget as the Trust repays the accommodation grant to the Council as rent. However, for the purpose of transparency, this has to be budgeted within the Museums Trust C102 project and the Council's Property Business Unit Project (as investment property income). Note that due to the effective dates of the increase, there is a smaller amount due in 2005/06 of \$368,074.90. Officers have provided a commitment to the Trust to review the lease policy and will report back to the Council later in the year.

6. Conclusion

The Trust acknowledges the recommended increase of \$60,000, but would like to request that a further \$40,000 for other business as usual costs is approved. Officers' recommendation is unchanged from the Draft Annual Plan.

The impact of the rental review transaction is nil net effect on the Council's budget and officers recommend that this be budgeted for until a review of the current policies is completed.

7. Recommendation

It is recommended that the \$40,000 additional grant not be approved.