

22 September 2022

[REDACTED]

[REDACTED]

Request for Information under the Local Government and Official Information and Meetings Act 1987 (the Act)

Thank you for your email of 21 September 2022 requesting following up questions from [REDACTED] OIR 2223/367. There is uncertainty around much of the budget. When we finalise the better off funding with DIA we are likely to have to enter Deeds (or other contractual arrangements) that outline in detail where the funds will be spent. It is at that stage that we had anticipated working through some of the details with the Mahara Gallery Trust.

- 1. Many thanks for both these pieces of information. I do note though that the Official Information Act Request reply to [REDACTED] was not complete as the OPEX figures were not provided. Therefore, can they please be provided to her urgently.**

The OIR response to [REDACTED] included operating grants (opex) to the Mahara Gallery Trust since 2009/10 in the tables shown in OIR 2223/367. A copy is attached for your reference.

Now, to the Mahara Gallery to ascertain for myself, at least, the implications of supporting various funding options on the table, given now that additional information has come to light.

So, from what I am seeing and hearing and I have some more questions. Please correct me if I have got my assumptions wrong:

- 2. According to Information Note dated 19 September 2022 Mahara has currently been allocated \$127k to operate in this financial year, where as the Agenda for tomorrow states \$223k.**

We believe the \$127k referred to in the Mahara Gallery Trust letter of 19 September, is the opex increase included in the most recent LTP from \$211,867 in 2020/21 (the year before the LTP) to \$339,591 in 2023/24 (year three of the current LTP).

- 3. These figures were somehow arrived at, although a 2010 report (yes, I note 12 years old!) indicated that the staff costs alone would amount to \$350k with a further shortfall of another \$200k once budgeted revenue of \$100k was added into the equation. Although the Mahara Galley Trust has been talking to KCDC for some time about the serious operational shortfall, it's only been since you have become the Acting Group Manager that covers this project that this shortfall is being looked into. My question here, is: why was this funding shortfall not raised during the recent Annual Plan process?**

As mentioned last Thursday, unfortunately changes in key roles has meant it was not raised earlier as a level of service discussion, ideally via the Long-term Plan.

- 4. How was \$400k to be spent over the next 3 years arrived at?**

The \$400k is an estimate of the funding shortfall based on the indicate budgets put forward by the Mahara Gallery Trust.

5. In further trying to get a more up-to-date handle on the shortfall Councillors are being asked to agree to cover:

a. can you confirm that the actual and budgeted revenue from the gallery is expected to amount to \$0 in this financial year and \$45k and \$110k in 23/24. I would have thought that the Opex figure provided to the Mahara Gallery would be included here. I also thought KCDC provided another \$30k too. Is this correct?

The Mahara Gallery Trust budgets indicate income from supporters and merchandise sales of \$45k in 2022/23 and \$110k in 2023/24. The KCDC opex grants of \$223k in 2022/23 and \$339K are also included in Trust budgets. I am unable to confirm the additional \$30k you refer to in the timeframes allowed, we will follow up with you separately.

b. What do the "other" and "Other Operating costs" refer to? I note that the "Other Operating Costs" doubles next year. What is this for?

Understanding these budget estimates will require further discussion with the Trust. Other operating costs have not doubled but instead are budgeted to remain the same between 22/23 and 23/24.

c. The salary costs in the 2nd half of the year seem disproportionately high compared to subsequent years. I am wondering why this is?

Again, understanding this budget estimate will require further discussion with the Mahara Gallery Trust. However, total budgeted volunteer and salary costs estimated for 2022/23 is \$425,000 and \$500,000 for 2023/24. The increase in budgeted volunteer and salary costs most likely reflects best estimate of the timing of onboarding volunteers and FTE as the business ramps up.

6. I see in the approved minutes of the Waikanae Community Board meeting of 21 June 2022, that the Waikanae Community Board provided 2 streams of funding to Mahara Gallery, namely:

i. **WAIKANAE COMMUNITY BOARD MEETING MINUTES** **21 JUNE 2022**

COMMITTEE RESOLUTION WCB2022/18

Moved: Mr Richard Mansell
Seconder: Ms Michelle Lewis

That the Waikanae Community Board approves a Promotion Fund grant of \$14,273.33 to the Mahara Gallery Trust for funds to assist with organising a programme of community events in Mahara Place to attract shoppers and visitors to the village, to build engagement and interest in the months leading up to the opening of the new gallery.

CARRIED

ii.

COMMITTEE RESOLUTION WCB2022/20

Moved: Mr Richard Mansell
Seconder: Cr Jocelyn Prvanov

That the Waikanae Community Board approves a Capital Improvement Fund grant of \$25,000 to the Mahara Gallery Trust, for funds to assist with the purchase of IT equipment.

CARRIED

So it seems that see that the 25k for new IT equipment has already been paid for by the Waikanae Community Board and maybe the promotion funds have also been covered well and truly.

The \$25k for IT equipment was funded from the Waikanae Capital Improvement Fund in 2021/22. This item appears as a one-off expense in the Mahara Gallery Trust budget in 2021/22. Further discussion with the Mahara Gallery Trust is required to understand whether grant income for IT equipment and promotions activity has been accounted for within income – it does appear that an adjustment may be required.

7. **The budget provided by the Trust states \$727k - \$127k allocated by KCDC (namely \$627k) is required in this financial year. The Agenda recommends \$400k. This is still a shortfall of the Trust's budgeted operating costs? What is the risk because of this shortfall to the operation of the Gallery in its first year and in subsequent years of operation?**

The actual funding requirement for 2022/23 is very uncertain and in particular is dependent on the timing of the building completion and opening. The Trust budget indicates a 2022/23 shortfall of \$459k (costs of \$727k, less KCDC grant of \$223k and other income of \$45k), however this will be subject to further discussion. The indicative 2023/24 shortfall of \$371k is likely to be a more reliable basis for future funding discussions.

8. **This budget has been provided by the Mahara Trust. I am wondering if KCDC have vetted and agree with these figures? I see that no operating model has been established and I am surprised at this.**

A Council Business Analyst has been working alongside the Mahara Gallery Trust to understand the costs. There will be further discussions with the Trust before final budgets are agreed. As above we anticipate this will occur when Deeds are finalised with DIA.

Ngā mihi



Mark de Haast
Group Manager Corporate Services
Te Kaiwhakahaere Rōpū Ratonga Tōpū