

Community Facility Funding Policy

Draft for Public Consultation – November 2009



**QUEENSTOWN
LAKES DISTRICT
COUNCIL**

Prepared by the Queenstown Lakes District Council

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Our approach to funding community facilities

The Council provides a wide range of community facilities including parks, halls, pools, venues and sports fields. It also provides land to enable clubs to develop their own facilities for their members. The community's use of these facilities is vital for the health and well being of our community.

Council is able to fund the cost of providing and maintaining these facilities via rating the community or via user charges. This funding policy seeks to strike the right balance of rates funding and direct user charges for the various facilities provided by the Council.

In striking this balance the Council wants to ensure that:

- community, sporting and cultural groups prosper and deliver services and facilities to their members and the wider community
- groups share facilities to maximise their efficient use and reduce the cost to the community
- using community facilities is affordable (particularly for youth) and is not a barrier to participation.
- when public facilities are used for private commercial gain, the community should receive a fair return for the use of the communities' facilities.

This policy includes both long term leases and licences of land and short term facility hire.

How fees and charges are set

This policy has been adopted by the Council in accordance with Sec 102 (4) a of the Local Government Act 2002 and provides specific detail concerning fees and charges for reserves and community facilities under Councils general Revenue Policy. In setting the revenue policy the Council is required to act in a manner that promotes the current and future interests of the community including:

- the community outcomes to which the activity primarily contributes; and
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- the period in or over which those benefits are expected to occur; and
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Having adopted this Policy, the Council requires:

- i. Lakes Property Services (as Council's property management contractor) to administer leases and licences and:
- ii. Lakes Leisure (a Council Controlled Organisation owned and established by the Council to deliver leisure services) to establish a price schedule that is consistent with this Policy. In establishing the price schedule Lakes Leisure shall have regard to cost of supplying the services, the level of funding subsidy provided by the Council, the outcomes sought by the Council as detailed in the service level agreement and market conditions.

Rates

The Council imposes rates in accordance with the Local Government (Rating) Act 2002. The Act describes the categories of land and activities which are rateable and those which are partially or non-rateable. The information below is summarised from the Act as it is interpreted to relate to likely scenarios under this policy.

Non Rateable Land

In summary the following is non-rateable:

- A Reserve held under the Reserves Act 1977 or crown managed foreshore
- Land used by the Council for a public garden or reserve for sports, public halls and swimming pools
- An early childhood centre under section 308 (1) of the Education Act 1989, excluding any early childhood centres that operate for profit.

Where non-rateable land is used by a tenant primarily or exclusively for private or commercial purposes under a lease or licence, that area of the land is rateable land.

Land 50% non-rateable

In summary the following land is 50% non-rateable:

- Land used by a society incorporated under the Agricultural and Pastoral Societies Act 1908 as a showground or place of meeting
- Land used by a society for games or sports
- Land used by a society for the purpose of any branch of the arts.

Where land is used for the private pecuniary profit of members or for which a club licence under the Sale of Liquor Act 1989 is held, that area of land is rateable land.

Effect for Tenants

Generally most clubs occupying land for a charitable purpose will be occupying non-rateable land and therefore will not be charged rates. The exception to this is where clubs use part of the premises for commercial activities or hold a liquor licence for the premise. In these cases rates will be payable.

Commercial tenants will be rated for the land occupied.

Principles

In considering the Council's approach to fees and rentals the Council has adopted the following principles:

- Council supports community groups who provide public good services, facilities and recreation opportunities by funding via the general rating base.
- Council encourages the sharing and optimisation of facilities by subsidising fees and charges.
- Council ensures that the community receives a fair return when the community's assets are used for private gain.
- The level of subsidisation will be proportional to the degree of public good, cost of provision, level of commercial activity and private benefit.
- Capacity and peak demand may be managed via price mechanisms when required to ensure efficient use of facilities and to minimise the cost to ratepayers.
- Costs incurred through misuse or neglect should be borne by the persons or group who caused the damage.
- Individuals and groups should not profit from the on-sale or sub-letting of rights provided by the Council
- Fees and charges should be applied consistently. There will occasionally be circumstances however when administrators will need to have a degree of discretion to manage unusual situations.
- A current schedule of fees and charges will be made widely available including on-line.
- Agreements should manage risk to Council, the parties, other users and the general public and ensure the proper and appropriate use of public facilities in accordance with relevant Bylaws and legislation including Health and Safety in Employment Act, Reserves Act and Resource Management Act. These should be simple plain language agreements.

Costs

Occupation of land and facilities imposes a cost on the community. These costs may be direct costs or indirect costs.

Rates

Properties are rated to provide a contribution to services provided to the community including water, sewage, refuse and other community services. Many activities place additional demand on these services and the community incurs additional costs.

Repairs and maintenance

Facilities such as sports grounds, halls, car parks etc all require repairs and maintenance to keep them in an acceptable condition that is safe and fit for purpose.

Insurance

Buildings require insurance in case of loss or damage.

Operating Costs

Some facilities incur direct operating costs proportional to use such as energy, cleaning and compliance costs like maintaining a building warrant of fitness.

Administration

All facilities require administration including answering enquiries, preparing agreements, collecting revenue and taking reservations, opening facilities, inspections, complaints and general property management.

Damage

Properties sometimes sustain damage due to misuse or accident. These incidents incur additional repair and or cleaning expenses.

Depreciation

The Council has made significant capital improvements to the facilities and needs to budget for the eventual replacement of these facilities when they reach the end of their life.

How the policy works

There are two types of occupation of public space addressed in this policy. The first is long term occupations requiring a lease or licence and the second is short term hire of facilities and/or services.

Leases and Licences

Leases and Licences are provided to formalise the long term occupation of land managed by the Council. These provide the leasee or licensee with security and certainty over the use and development of the assets created on the Council's land. As many leases have long terms, this policy will only come into effect if the lease has reached expiry or the Council is able to review the rental in accordance with this policy. A club may also wish to voluntarily move to the terms and conditions offered under this policy if they are more favourable to the club.

The policy seeks to provide a fair and equitable basis for establishing a rental. Rentals have in the past been set in a variety of ways including valuation of market rentals. This practice is both costly to administer, often is of little relevance and is open to interpretation. As such it is recommended that rentals be charged on land area combined with a discounting and levy approach. The following table provides the rationale for the rentals.

User Description	Definition	Rationale
Service group in Council building	A voluntary charitable organisation providing community services in support of Council's Community Outcomes.	No rental is charged as the use provides an open community service.
Service group in own building on Council land	A voluntary charitable organisation providing community services in support of Council's Community Outcomes.	No rental is charged as the use provides an open community service.
Sporting, Arts or Culture groups occupying Council building	A voluntary charitable organisation providing sporting, arts or culture opportunities in support of Council's Community Outcomes.	A nominal rental is charged to cover the cost of building maintenance, insurance.
Sporting, Arts or Culture groups occupying Council land – exclusive use	A voluntary charitable organisation providing sporting, arts or culture opportunities in support of Council's Community Outcomes occupying land with or without buildings for members	A nominal rental is charged to reflect the private benefit to members and the opportunity cost to the public of the occupation of the land. A tiered system is used to provide an affordable scale for all users.

User Description	Definition	Rationale
Sporting, Arts or Culture groups occupying Council land – non exclusive use	A <i>voluntary charitable organisation</i> providing sporting, arts or culture opportunities in support of Council's Community Outcomes occupying land for open free use by public	No rental is charged as the facility is open to the public at no cost
Education	An early childhood centre under section 308 (1) of the Education Act 1989, excluding any early childhood centres that operate for profit.	A nominal rental is charged to reflect the opportunity cost of the land
Shared Use Discount	Where two or more clubs share the occupation of a facility the Council will discount the rental	The Council wants to see organisations share facilities as this reduces the amount of land required and on-going funding support
Above with professional coaching and tuition services	Professional coaching and tuition via salaried, contracted or licensed persons operating within the reserve	Trade or businesses operating from reserves for profit are using a community resource for private gain. The community should receive some return for the assets used by the business.
Above with retail sales, catering, bar or gaming facilities	Retail sales, food and beverage retailing or sub leases for commercial activities – excludes, equipment hire, green fees, room hire charges, tournament fees	Trade or businesses operating from reserves for profit are using a community resource for private gain. The community should receive some return for the assets used by the business.

Leases and licences are managed on behalf of Council by Lakes Property Services in accordance with Council's revenue policy and the applicable legislation.

Facility charges

Charges are made for the hire of Council owned facilities and services. The charges are set in accordance with Council's revenue policy and are aimed at recovering a small portion of the cost directly from the users of facilities.

The charging policy recognises the need to subsidise the costs of facility hire for community groups and to minimise the costs of participating in sport and recreation, particularly for youth.

Fees and charges are set by Lakes Leisure on behalf of Council in accordance with this policy. As a 100% Council owned company, the level of user subsidy will directly influence the level of rates funding provided by Council to Lakes Leisure.

Categories of users

The following table categorises the various users and is to be used in assessing the appropriate rental or charge applicable.

Community Users

Ref	User Description	Definition	Example
1.1	Service group in Council building	A voluntary charitable organisation providing community services in support of Council's Community Outcomes.	Citizens Advice Bureau
1.2	Service group in own building on Council land	A voluntary charitable organisation providing community services in support of Council's Community Outcomes.	Citizens Advice Bureau
1.3	Sporting, Arts or Culture groups in Council building	A voluntary charitable organisation providing sporting, arts or culture opportunities in support of Council's Community Outcomes.	Queenstown Arts Society
1.4	Sporting, Arts or Culture groups occupying Council land – exclusive use	A voluntary charitable organisation providing sporting, arts or culture opportunities in support of Council's Community Outcomes occupying land with or without buildings for members	Wanaka Tennis Club
1.5	Sporting, Arts or Culture groups occupying Council land – non exclusive use	A voluntary charitable organisation providing sporting, arts or culture opportunities in support of Council's Community Outcomes occupying land for open free use by public	Queenstown Mountain Bike Club
1.6	Education	An early childhood centre under section 308 (1) of the Education Act 1989, excluding any early childhood centres that operate for profit.	Arrowtown Pre-school
.a	Above with recognised shared community use of facility	Two or more community organisations with a significant shared occupation of a lease such that efficient use of the occupation is made and other public land is not required to accommodate the second group.	A rugby club and cricket club sharing the same club rooms

Ref	User Description	Definition	Example
.b	Above with professional coaching and tuition services	Professional coaching and tuition via salaried, contracted or licensed persons operating on the premises	Tennis Coaching, Golf Pro
.c	Above with retail sales, catering, bar or gaming facilities	Retail sales, food and beverage retailing or sub leases for commercial activities	Bar, Pro Shop, sale of art

Rental Policy for Leases and Licences

Community uses

Ref	User Description	Base Rental p.a.	Energy	Rates	Insurance	Maintenance
1.1	Service group in Council building	\$ 1	Tenant	Council	Council	Council
1.2	Service group in own building on Council land	\$1	Tenant	Tenant where applicable	Tenant	Tenant
1.3	Sporting, Arts or Culture groups in Council building	\$10 m ²	Tenant	Tenant where applicable	Council	Council
1.4	Sporting, Arts or Culture groups occupying Council land – exclusive use	\$0.50/m ² for first 500m ² , then \$0.15c/m ² for next 4500m ² , then \$0.015c/m ² thereafter	Tenant	Tenant where applicable	Tenant	Tenant
1.5	Sporting, Arts or Culture groups occupying Council land – non exclusive use	\$1	Tenant	N/A	Council	Council or Tenant as appropriate
1.6	Education	\$0.50c/m ²	Tenant	N/A	Tenant	Tenant
.a	Above with recognised shared community use of facility	50% discount on base rental				
.b	Above with professional coaching services	5% of gross revenue on this activity				
.c	Above with retail sales, catering, bar or gaming facilities (excluding raffles)	7.5% of gross revenue on this activity or market rental for any commercial sub-letting arrangement.				

Commercial uses

Ref	User Description	Base Rental p.a.	Energy	Rates	Insurance	Maintenance
2.1	Street side dining (Table and chair permits)	25% of market rental of average ground floor square metre rate in street	n/a	n/a	n/a	Cleaning responsibility of tenant. Pavement repairs Council
2.2	Markets	\$0.50 m ² for total perimeter area per day	Tenant – fixed Council fee	n/a	n/a	Cleaning and damage – tenant Council – other maintenance
2.3	Council building and land	Market rental	Tenant	Tenant	Council	Council
2.4	Ground lease of Council land	7.5% of gross revenue	Tenant	Tenant	n/a	Tenant or Council as applicable
2.5	Guiding	7.5% of gross revenue	Tenant	n/a	n/a	Council
2.6	Filming	\$500 per day	Tenant	n/a	n/a	Council
2.7	Still Photography (Commercial Shoots)	\$300 per day	Tenant	n/a	n/a	Council
2.8	Mobile Vending	\$ 2000 p.a (annual) or \$50 wk (1 – 6 mths) or \$10 day (casual)	Tenant – fixed Council fee if council supplied	n/a	n/a	n/a
2.9	Aircraft Landing	\$50 per landing	n/a	n/a	n/a	n/a
2.10	Grazing/horticulture	By negotiation	n/a	n/a	n/a	Tenant
2.11	Other licensed commercial uses	7.5% of gross revenue	n/a	n/a	n/a	Council

Note: Fees exclude any regulatory, consent and licensing charges administered by Lakes Environmental or Otago Regional Council. All charges exclude GST where applicable.

Charging policy for facilities

Sports Grounds and Outdoor Courts

Ref	User	Discount of f standard fee	Lighting	Bond	Damage
3.1	Junior Play Exclusive use of junior sports facilities for players aged under 16 years	100%	100%	nil	At cost
3.2	Senior sports fields – charitable Exclusive use of senior sports facilities for players aged 17 and over.	50%	50%	nil	At cost
3.3	Sports fields - standard Exclusive use of junior and senior sports facilities for non-sporting use, pay to play or gated	0%	0%	\$500	At cost
3.4	Seasonal hire Seasonal block booking. Discount applies to total hire value.	25%			

Other Ground use including Parks and Reserves

Ref	User	Discount of f standard fee	Discount of Electricity fee	Bond	Damage
4.1	Booked Site – charitable public event Exclusive use of site for organised event by charitable group for charitable purpose. (e.g. Christmas Carols)	100%	100%	nil	At cost
4.2	Booked Site – charitable private event Exclusive use of site for organised event by charitable group for charitable purpose. (e.g. Club picnic)	50%	50%	nil	At cost
4.3	Booked Site - standard public event Exclusive use of site for public event operated by commercial operator (e.g. open band performance, triathlon)	25%	25%	\$500	At cost
4.4	Booked Site - standard private event Exclusive use of site for private use (e.g. weddings, corporate event, ticketed concert)	0%	0%	\$500	At cost
4.5	Booked Site - serviced Exclusive use of site for private use (e.g. weddings, corporate event) with staff attending immediately prior for services such as gate opening/closing, additional mowing, litter collection etc	+25% on cost	0%	\$500	At cost

Halls and Indoor Stadia

Ref	User	Discount of f standard fee	Bond	Damage
5.1	Charitable public event Venue hire by charitable group for organised free entry event for charitable purpose. (e.g. Christmas Carols)	100%	nil	At cost + 25%
5.2	Charitable private event Venue hire by charitable group (e.g. Club meeting/function)	75%	nil	At cost + 25%
5.3	Standard public event Venue hire for ticketed public event	25%	\$500 - \$1000	At cost + 25%
5.4	Standard private event Venue hire for private use (e.g weddings, corporate event, ticketed concert)	0%	\$500 - \$5000	At cost + 25%
5.5	Serviced Venue hire for private use (e.g weddings, corporate event) with additional services	Standard + commercial charge out rates for personnel		At cost + 25%

Event Infrastructure Hire

Ref	User	Discount of f standard fee	Bond	Damage
7.1	Charitable Hire by local schools, clubs or charitable group for event use	50%	Hire agreement	At cost + 25%
7.2	Standard Hire by event organisers and private hire for event use	0%	Hire agreement	At cost + 25%

Indoor Courts

Ref	User	Discount of f standard fee
6.1	Junior Play Exclusive use of junior sports facilities for players aged under 16 years	100%
6.2	Senior - charitable Exclusive use of senior sports facilities for players aged 17 and over.	50%
6.3	Senior - standard Exclusive use of junior and senior sports facilities for pay to play tournaments etc	0%
.a	Seasonal hire Seasonal block booking. Discount applies to total hire value.	25%