

**QLDC Council
13 December 2018**

Report for Agenda Item: 6

Department: Community Services

Community Services Fees and Charges

Purpose

The purpose of this report is to seek approval from Council to change community services fees and charges following a review of the Community Facilities Funding Policy.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Adopt** the Community Facility Funding Policy 2018.

Prepared by:

Reviewed and Authorised by:



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Manager
30/11/2018



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Background

- 1 The Community Facility Funding Policy 2011 (hereafter referred to as CFFP) (**Attachment A**) was adopted by Council in accordance with Section 102 (4)(a) of the Local Government Act 2002 and provides specific detail concerning the fees and charges for reserves and community facilities under Council's *General Revenue Policy*. In setting the revenue policy Council is required to act in a manner that promotes the current and future interests of the community.
- 2 The CFFP contains information on the fees and charges for QLDC's community facilities, grounds and reserves, in addition to fees for leases and licences. The policy was last adopted in 2011, with a recommendation that it be reviewed every 3 years. This policy has never been reviewed.
- 3 Fee changes were to apply to community facilities, reserves and grounds only. Leases and licences were not to be reviewed at this point in time.

- 4 In addition to the policy regarding CFFP, Council officers undertook a review of aquatic facility and cemetery pricing. Staff consulted the Community and Services Committee in November 2017 about the cemeteries proposed pricing (as a recommendation from the Cemeteries Bylaw adopted by Council in March 2017). The aquatic pricing has been reviewed by Sport and Recreation staff considering national and regional benchmarking. Cemetery pricing has not been reviewed for 6+ years but some aquatic pricing was last increased in 2015/16.
- 5 Prior to these discussions council officers engaged a consultant to complete a benchmarking exercise of other council facilities fees and charges, national standards and recovery ratios. A financial analysis of the impacts on the proposed fees and charges on the community and commercial users has also been undertaken.
- 6 Current recovery targets in the Ten Year Plan for facilities is 30% user pays, 70% rate payer funded and for grounds it is 40% user pays and 60% rate payer funded. The current ratios are to remain.
- 7 In August 2018 the Community and Services Committee gave approval for community consultation to be undertaken on a change to CFFP.
- 8 Consultation took place from 31 August 2018 for a period of 4 weeks closing on 28 September 2018.
- 9 The proposed change was publicly notified by a media release, posts on social media, Alpine Health and Fitness email newsletter; Council snippets column in LWB and Upper Clutha Messenger; email to 285 hirers of community facilities and sports grounds.
- 10 Direct consultation with clubs about financial implications for proposed pricing was conducted with Queenstown Football Club, Wakatipu Rugby Club, Queenstown Cricket Club, Upper Clutha Rugby Club, Wakatipu Netball, Wanaka Football Club, Wanaka Junior Football Club and Wanaka Athletics.
- 11 On 23 November 2018 a hearing of submissions took place where 2 submitters spoke in support of their submissions.
- 12 The hearing panel has recommended that the Queenstown Lakes District Council Community Funding Facility Policy be adopted without changes (**Attachment B**).

Community Facility Funding Policy

Principles

- 13 The 2011 CFFP has a range of principles that are still relevant to today's approach to setting fees and charges but are not particularly clear to the wider public. The proposed changes to these principles are based around the existing policy principles of community / customer centric, affordability, fairness, consistency, transparency and accountability (see **Attachment A**.)

Main Policy Changes

- 14 Rapid population growth is leading to more demand on services and maintenance. The updated policy aims to future proof issues around supply and demand by introducing peak and off peak rates. Peak rates apply from 4pm onwards and weekends. Off peak rates apply to any hire prior to 4pm on weekdays. Peak rates can have a 50% uplift on off peak rates.
- 15 The three different pricing tiers are community, standard (private hires) and commercial. Using the standard rate as the benchmark, community rates have been calculated at 40% of the standard rate, while commercial rates have been calculated at 150 to 300% more based on the desirability of the venue.
- 16 Recognising that small businesses providing community recreation are beneficial to the community, these hires are to be charged at the community rate.
- 17 Seasonal club rates have been determined by hour's usage rather than one flat rate for all recognising it is a fairer approach.
 - a. Less than 200 hours usage – pay 50% off the full seasonal rate
 - b. 201 – 499 hours usage - pay 25% off the full seasonal rate
 - c. 500 hours plus usage – pay full seasonal rate
- 18 Parks and reserves categorised by premium, gold and silver standards based around levels of service and facilities available at the grounds. Peak and off peak rates to apply.

Fees and charges are annually adjusted by CPI and or major industry market changes.

Aquatic Fees and Charges

- 19 In the 2016/17 Annual Plan process a selected range of aquatic prices were approved to be increased. The rationale for the movement was based on ensuring Council was consistent with national/regional benchmarks and the need to increase the revenue recovery ratio (30% private/70% public subsidy).
- 20 In 2017/18 Annual Plan process Alpine Aqualand/Wanaka Pool Swim School pricing moved from \$9.50 per lesson to \$10.50 per lesson.
- 21 Council officers undertook a benchmarking exercise again in late 2017/early 2018 to review the entire aquatic fees and charges and the proposed changes are documented in **Attachment C**.

Main Aquatic Changes

- 25 The main changes areas are around increasing adult prices, ensuring minimal changes to children and senior/beneficiaries and increasing casual use pricing.
- 26 Wanaka Pool has been excluded from a proposed price increase for the 2018/19 financial year due to the opening of the new Wanaka Pool. When this pool was opened on 10 June 2018, it opened with increased/new pricing consistent with Alpine Aqualand and officers believe another increase so close to the new increase would not be fair to the Wanaka residents.

27 An increase in Swim School lesson pricing (\$10.50 to \$11.50) is proposed to be implemented at Alpine Aqualand but not Wanaka Recreation Centre Pool until such time the EOI for the Wanaka Swim School process is concluded or alternatively until the beginning of the 2018/19 financial year.

Cemeteries Pricing Review

28 Following the adoption of the Cemeteries Bylaw (March 2017) a range of recommendations were implemented by Council officers including a review of cemetery pricing and a review of the cemeteries handbook.

29 The rationale to changes to the cemeteries pricing has been a lack of movement for 6+ years, the Districts rapid growth requires a new perspective on funding and service levels including new investment, i.e. new Shotover cemetery, and the increased costs of quality maintenance through the High Performance Turf Contract (**Attachment D**).

Main Cemetery Pricing Changes

30 Introduce a differentiated pricing model (by groups of cemeteries with similar cost structure) to improve the recovery ratio and ability to steer demand.

31 Maintenance fee is to be included in the interment fees rather than a separate fee.

32 Define and re price baby and children categories for burials and ash interments (keeping the fee well below benchmarked standards).

33 Elimination of unnecessary items from the price list and compile into a simpler easy to understand structure and pricing list.

34 Increase the recovery ratio from user pays fees and charges, i.e. 63% - 74 recovery%.

Options

35 Option 1 Council adopt the policy without changes.

Advantages:

36 Review of the policy accurately reflecting national benchmarks for hire fees.

37 A policy that future proofs for venue and grounds allocation during a period of exponential population growth.

38 Increased revenue to meet Council revenue targets and higher maintenance costs across venues and grounds.

39 Provides clarity and transparency to user groups regarding Councils' community services fees and charges.

Disadvantages:

40 Not for profit groups and small businesses may have to pass on any increases in fees to members.

- 41 Increased cost for individuals / ratepayers hiring privately.
 - 42 50% increase in seasonal fees for sports clubs.
 - 43 Possible disagreement with levels of service being provided and proposed fees and charges increase to sporting groups.
- 44 Option 2 Council do nothing and retain the status quo.
- Advantages:*
- 45 No further financial impact on users of our facilities.
- Disadvantages:*
- 46 Outdated policy with fees and charges not accurately reflecting the current standard benchmarks.
 - 47 No provision for planning to manage expected population growth and allocation of venues and grounds.
 - 48 Lack of transparency and fairness for the community user groups and individuals.
- 49 The hearing panel recommends **Option 1** for addressing the matter because of the requirements under the Local Government Act 2002 regarding setting of fees and charges as part of the Council revenue and financing policy.

Significance and Engagement

- 50 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because there will be a financial impact on all users of our facilities and grounds.

Risk

- 51 This matter relates to the Strategic Risk SR6B – Assets critical to service delivery, as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because it relates to the financial performance of the assets and cost recovery
- 52 The proposed changes to the community services fees and charges puts in place measures to directly impact the risk of loss of financial performance of the assets in the community services area

Financial Implications

Financial Analysis Summary

A financial impact review was undertaken by an external consultant considering the sensitivity of community pricing for non-profit clubs and organisations, Council financial rating policy and national/regional benchmarking of similar type regions. The financial summary of the main changes are below based on the 2016/17 actual financial performance.

Community Facilities

	Proposed \$	Actuals \$	Adjustment	
Total Venue Hire				
Community	209,722.72	147,493.33	62,229	42%
Commercial	265,990.60	190,815.13	75,175	39%
Standard	82,830.48	66,728.08	16,102	24%
	558,543.80	405,036.55	153,507	38%

Parks and Reserves

	Proposed \$	Actuals \$	Adjustment	
Total Parks Hire				
Community	269,180	228,522	40,658	18%
Commercial	150,326	82,640	67,686	82%
Standard	273,196	247,605	25,591	10%
	692,702	558,767	133,935	24%

Cemeteries

	Proposed \$	Actuals \$	Adjustment	
Total Cemetery Hire				
Community	91,014	77,836	13,178	18%

Aquatic Fees and Charges

	Proposed \$	Actuals \$	Adjustment	
Total Aquatic Hire				
Pool pricing	837,868	710,956	126,912	18%
Swim School	467,417	461,912	5505	1.2%
Lane Hire	TBC	TBC		TBC

53 As per the QLDC Revenue and Financing Policy the proposed financial costs for private and public subsidy are consistent with the revenue recovery ratios of 30/70 for community and aquatic facilities, 40/60 for parks and reserves and 27/73 for cemeteries.

54 Council Policies, Strategies and Bylaws

55 The option presented to Council supports the principles of the policy

56 This matter is included in the 10-Year Plan/Annual Plan financial forecasts.

Local Government Act 2002 Purpose Provisions

57 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by ensuring assets are able to be maintained through the cost recovery ratios
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

58 22 submissions (**Attachment E**) were received. 18 were on-line submissions and 4 were email submissions to QLDC officers.

59 In addition to feedback from consultation meetings, questions were asked on the online survey. Responses are provided below. Note figures are given as proportions of those who responded to the online survey, not of total submissions received.

60 For sports grounds, indoor / outdoor courts, venues, parks and reserves. Do you agree with the new pricing?

Yes = 7

No = 8

No response = 3

61 For cemeteries: Do you agree with the proposed new pricing?

Yes = 10

No = 2

No response = 6

- 62 For Alpine Aqualand Pool Facilities: Do you agree with the new pricing?
Yes = 5
No = 9
No response = 4
- 63 2 submissions supported the increases providing QLDC still continued to give in kind support for venue hire for community hires.
- 64 There was general understanding from the sports clubs of the price increases, however there was also an expectation that levels of service should improve because of the increase.
- 65 2 on-line submissions opposing the price increases were commenting on areas not being reviewed in the policy i.e. leases and licences and rock wall pricing
- 66 Wanaka Football Clubs play on Pembroke Park and Kelly's Flat which are reserves and want to see the pricing reduced because they are substandard playing surfaces to sports fields.

Legal Considerations and Statutory Responsibilities

- 67 Council is not required to undertake formal consultation regarding changes to fees and charges in the community services area, however best practice would ensure that all fees and charges are transparent and freely available for review by the wider community. Council also needs to take into account the potential financial impacts on the assets under their management and ownership in accordance with the revenue and financing policy.

Attachments

- A. Community Facility Pricing Policy 2018 (includes seasonal charges for sports clubs)
- B. Hearing Panel Minutes
- C. 2018 Aquatic Pricing Review
- D. Cemetery Pricing Review Fees and Charges
- E. Submissions