

**Community & Services Committee
23 August 2018**

Report for Agenda Item 1

Department: Community Services

Community Services Fees & Charges

Purpose

- 1 To seek approval to consult on a change to community services fees & charges including a review of the Community Facilities Pricing Policy.

Recommendation

That the Community & Services Committee:

1. **Note** the contents of this report and in particular;
2. **Agree** that the proposed changes to the Community Services fees & charges be consulted on with the community from 31 August 2018 for a period of 4 weeks closing on 28 September 2018
3. **Direct officers** to prepare a final report to Council with feedback from the community consultation for a final decision on the Community Facilities Pricing Policy, including aquatic and cemeteries pricing, before December 2018

Prepared by:



Simon Battrick
Sport & Recreation Manager

7/08/2018

Reviewed and Authorised by:



Thunes Cloete
GM Community Services

20/08/2018

Background

- 2 The Community Facility Funding Policy 2011 (CFFP) was adopted by Council in accordance with Section 102(4)(a) of the Local Government Act 2002 and provides specific detail concerning the fees & charges for reserves and community facilities under Councils 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.
- 3 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.
- 4 In August 2017 a workshop was held with the Community & Services Committee regarding proposed changes to the policy. Further information on detailed financial figures and user feedback was proposed with a report back to the Community & Services Committee for a recommendation. The recommendations from the workshop included that the fee changes were to apply to community facilities, reserves and grounds only and that leases and licences were not to be reviewed at this point in time.
- 5 In addition to the policy regarding CFFP, Council officers also undertook a review of aquatic facility and cemetery pricing. A workshop was held with the Community & Services Committee in November 2017 to discuss 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 & 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.
- 6 Prior to both workshops council officers engaged a consultant to complete a benchmarking exercise of other council facilities fees & charges, national standards and recovery ratios. A financial analysis of the impacts on the proposed fees & charges on the community and commercial users has also been undertaken.
- 7 Preliminary informal discussions have occurred with some sporting codes regarding the seasonal fees and charges but officers believe further formal consultation is required with sporting groups and the wider community regarding the proposed changes to the community services fees & charges.
- 8 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.

Comment

Community Facility Funding Policy

Principles

- 9 The 2011 CFFP has a range of principles that are still relevant to today's approach to setting fees & 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

- 10 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.
- 11 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.
- 12 Recognising that small businesses providing community recreation are beneficial to the community, these hires are to be charged at the community rate.
- 13 Seasonal club rates have been determined by hour's usage rather than one flat rate for all recognising it is a fairer approach.
- I. Less than 200 hours usage – pay 50% off the full seasonal rate
 - II. 201 – 499 hours usage - pay 25% off the full seasonal rate
 - III. 500 hours plus usage – pay full seasonal rate
- 14 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.
- 15 Fees & charges are annually adjusted by CPI and or major industry market changes
- 16 In Kind support for community groups (venue hire and other) will be charged at the full applicable rate. Should the Council events fund support groups in-kind then the full rate will be transferred to the Sport & Recreation revenue budget to ensure no loss occurs to venue hireage expenditure. Budget adjustments for this will be reviewed in the 2019/20 Annual Plan process.

Aquatic Fees & Charges

- 17 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).

18 In 2017/18 Annual Plan process Alpine Aqualand/Wanaka Pool Swim School pricing moved from \$9.50 per lesson to \$10.50 per lesson.

Council officers undertook a benchmarking exercise again in late 2017/early 2018 to review the entire aquatic fees & charges and the proposed changes are documented in Attachment B.

Main Aquatic Changes

19 The main changes areas are around increasing adult prices, ensuring minimal changes to children and senior/beneficiaries and increasing casual use pricing.

20 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 the 10th 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.

21 An increase in Swim School lesson pricing (\$10.50 to \$11.50) is proposed to 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

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

23 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 C).

24 Main Cemetery Pricing Changes

- Introduce a differentiated pricing model (by groups of cemeteries with similar cost structure) to improve the recovery ratio and ability to steer demand
- Maintenance fee is to be included in the internment fees rather than a separate fee
- Define and re price baby and children categories for burials and ash internments (keeping the fee well below benchmarked standards)
- Elimination of unnecessary items from the price list and compile into a simpler easy to understand structure and pricing list
- Increase the recovery ratio from user pays fees and charges, i.e. 63% - 74 recovery%

Proposed Consultation

25 It is proposed to consult from 31 August 2018 for a maximum of 4 weeks. Consultation will be with sporting organisations, user groups and the wider community utilising a mixture of engagement methods such as face-to-face meetings, social media, formal information medium and local media outlets.

26 Feedback can be made via the QLDC website www.qldc.govt.nz by email to haveyoursay@qldc.govt.nz or post to Simon Battrick, Community & Services, Private Bag 50072, Queenstown.

Options

27 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

28 Option 1 - Note the proposed policy and changes to fee and charges increases to the CFFP, aquatic fees and charges and Cemeteries pricing. Direct officers to complete consultation with formal sporting groups and prepare a final report to be presented to the Community & Services Committee by December 2018.

Advantages:

- 29 Review of the policy accurately reflecting national benchmarks for hire fees.
- 30 A policy that future proofs for venue and grounds allocation during a period of exponential population growth.
- 31 Increased revenue to meet Council revenue targets and higher maintenance costs across venues and grounds.
- 32 Provides clarity and transparency to user groups regarding Councils' community services fees & charges

Disadvantages:

- 33 Not for profit groups and small businesses may have to pass on any increases in fees to members
- 34 Increased cost for individuals / ratepayers hiring privately
- 35 50% increase in seasonal fees for sports clubs
- 36 Possible disagreement with levels of service being provided and proposed fees & charges increase to sporting groups

37 Option 2 - Council do nothing and retain the status quo

Advantages:

- 38 No further financial impact on users of our facilities

Disadvantages:

- 39 Outdated policy with fees & charges not accurately reflecting the current standard benchmarks
- 40 No provision for planning to manage expected population growth and allocation of venues and grounds
- 41 Lack of transparency and fairness for the community user groups and individuals.
- 42 This report recommends Option 1 for addressing the matter because of the requirements under the Local Government Act 2002 regarding setting of fees & charges as part of the Council revenue and financing policy.

Significance and Engagement

- 43 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

- 44 This item relates to 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
- 45 The proposed changes to the community services fees & 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

- 46 A financial impact review has been 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.
- 47 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 & 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

48 As per the QLDC Revenue & 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 & reserves and 27/73 for cemeteries.

Council Policies, Strategies and Bylaws

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

50 This matter is included in the 10-Year Plan/Annual Plan financial forecasts but requires formal consultation and hearings (if required).

Local Government Act 2002 Purpose Provisions

51 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

52 The persons who are affected by or interested in this matter all members of the Queenstown Lakes District community who use Council community facilities and services, specifically sport and community organisations and individuals.

53 Council officers have undertaken some informal discussions with some sporting organisations regarding the proposed changes but community views and preferences are not entirely understood. No engagement has occurred with major regular community hirers or commercial entities.

54 A consultation period is proposed from 31 August 2018 for a maximum of 4 weeks. Consultation will be with sporting organisations, user groups and the wider community utilising a mixture of engagement methods such as face-to-face meetings, social media, formal information medium and local media outlets.

Legal Considerations and Statutory Responsibilities

55 Council is not required to undertake formal consultation regarding changes to fees & charges in the community services area, however best practice would ensure that all fees & 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 2018 Aquatic Pricing Review
- C Cemetery Pricing Review Fees & Charges