



# Review of fees for sports grounds and facilities in the greater Wellington region

**Final Report**

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05 July 2024  
Commercial in Confidence



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# Preface

This report has been prepared for the Affordable Sport Working Group (ASWG). Wellington City Council is the client on behalf of the ASWG. The report has been prepared by Nick Carlaw, Chelsea Steen-Jones, Andrew Horwood, Bryan Field, and Sargam Shah from MartinJenkins (Martin, Jenkins & Associates Ltd).

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Established in 1993, we are a privately owned New Zealand limited liability company, with offices in Wellington and Auckland. Our firm is governed by a Board made up of Partners and Independent Directors. Our Independent Directors are Sophia Gunn and Chair David Prentice. Our Partners are Sarah Baddeley, Nick Carlaw, Allana Coulon, Nick Davis, Michael Mills, and Richard Tait.





# Executive summary

## What we were asked to do

In June 2022, five sporting codes and College Sport Wellington lobbied candidates in the local body elections to commit to a review of sport fees across five territorial authorities in the Wellington region. Those organisations sought greater transparency in the setting of fees and charges for using sports grounds and facilities.

The purpose of this review is to examine the sports facility fees charged by councils in the Wellington region, in order to provide transparency in:

- how fees are set
- what the fees contribute towards, and
- how capital works for sport facilities are developed or renewed.

The review considered the needs of all stakeholders, including sports groups, users, and the councils involved.

## The current arrangements for setting fees and recovering costs

### **The Wellington region offers a large number of sports facilities, catering for many different sports and skill levels**

The Wellington region hosts grounds and facilities for an extensive range of sporting codes and skill levels, both indoor and outdoor, and both natural and artificial surfaces. The sports grounds and facilities are subject to many variables that determine the cost of providing the services.

### **Each council has its own approach to recovering the cost of providing these services**

Councils have reasonable freedom in determining their approach to recovering costs. Each council in the region seeks to recover a percentage of the total cost of providing sports fields and facilities through fees and charges. This percentage ranges from less than 5% for sports fields provided by Kāpiti Coast District Council, to nearly 60% for Hutt City Council's indoor facility. Councils can change their cost recovery targets over time.

Across all councils in the region, the delivery of sports facilities is significantly subsidised by ratepayers. Fees generally contribute a relatively limited portion of the revenue that pays for providing playing surfaces, with the bulk of revenue supplied by rates or other sources. In general, sports fields are funded by a higher proportion of rates than other recreation facilities provided by councils.



Some councils also offer discounts to make facilities more accessible for certain users based on their age or skill level – for example, discounted or zero fees for junior or college users.

Ultimately, the different council approaches to cost recovery mean that even if all councils provided identical services at the same level of cost, the price of the fees charged by different councils would be different.

### **Clubs and regional sports organisations pay the councils' fees and pass all or some of the cost onto their members**

Costs from fees and leases are passed on by clubs to players through their membership fees. Council fees for grounds and facilities are only one part of the cost of players' membership fees. Membership fees also cover the costs of running a club, and fees paid by the club to local, regional, and national sports organisations.

As membership fees are not broken down by cost item, many players are probably unaware of how much they are contributing to council services.

### **Across all councils in the region, there are a lot of fees**

Each council has a different fee framework, leading to a large number of unique fees across the region – over 300 ground and facility fees in total. Councils with a larger and more diverse range of fields and courts have more fees listed (for different field grades and groups of users).

In addition, some sport organisations (particularly for hockey turfs and indoor facilities) have lease agreements with the council, which are a different arrangement to cost recovery.

Of the more than 300 fees, only about 10% are charged very frequently. About half the fees are charged infrequently or not at all. This suggests councils may be able to rationalise the number of fees listed in their schedules without affecting their fee revenue.

### **The price of each fee is based on the underlying cost of providing the sports facilities, and the cost of service differs across councils**

The cost to councils of providing sports facilities depends on several factors, including:

- **facility-specific reasons** like how well a field drains and therefore how much stormwater infrastructure is needed
- **the amount of use**, which determines the level of wear and tear a facility faces and therefore the cost of maintenance
- **the council's overhead cost allocations** – councils allocate different proportions of their total overhead costs to their grounds and facility functions, ranging from 0% to about 40% of direct costs.



## Problems with the current arrangements

### **The cost of delivering sports facilities is not always transparent, and it's difficult to compare costs across councils on a like-for-like basis**

Councils set up their financial systems and record costs in different ways. For example, Wellington City Council records all costs for its grass fields together in one cost centre, making it difficult to identify the cost of a specific field. In other instances, the costs associated with a single facility are easily identifiable – for example, indoor facilities like WCC's Ākau Tangi Sports Centre have their own cost centre. None of the councils regularly collect time recording data, which could be used to disaggregate grouped costs.

This is not a problem in itself – councils need to balance the various financial information needs of the entire organisation with the need for administrative efficiency and the constraints of their financial system. In the context of setting fees, however, that wide variation in financial systems and cost recording can:

- limit councils' ability to identify and analyse the costs of individual sports facilities at a granular level, and
- make it harder to compare costs across the different councils.

### **The different council approaches to fees creates a lot of complexity and an administrative burden for fee payers**

The way fees are set and the underlying costs are recovered varies across the region. Clubs pay different amounts for similar sports facilities, and the logic behind a particular fee is not always clear to fee payers. There is also no one entity that the fee payers can hold to account for the price of the services they pay for.

This variation and inconsistency adds a lot of complexity to the administration of the sports clubs. It can also significantly affect how a sports organisation plans for, funds, and runs its operations.

The sheer number of different council fees also creates a significant administrative burden for some clubs and regional sports organisations who pay fees to councils.

### **There are reasonable grounds for believing that the fees councils charge are not recovering the targeted amount of cost**

There are two reasons for concluding that the total fees councils charge are not recovering the targeted levels set out in their policies.

First, while some councils seek to recover all the components of total cost, others do not. For example, Kāpiti Coast District Council does not recover the costs of depreciation or overheads through their fees. Normally we would expect a portion of these types of costs to be recovered through the fees.



The second reason is that the cost of providing sports facilities will change over time. This could be because of changes to the services provided, or because of the rising cost of labour and material inputs to maintenance. The cost of capital will also change over time. It is good practice to review the price of fees (and the fee schedule) every three to five years.

Most fee adjustments are made to keep up with inflation (based on the Consumer Price Index), but changes in the underlying costs of service are not always considered when adjusting fees, and councils have only infrequently reviewed the prices of their fees. The longer the time since fees were last reviewed, the higher the chance that the underlying costs have changed and the fees are not recovering all the actual costs, or that some cross-subsidisation is occurring (for example, some cost increases for one sport using one set of playing surfaces might be recovered by the fees from other sports using other playing surfaces).

Some amount of cross-subsidisation is present in many cost recovery regimes and is not necessarily a problem. For example, councils often charge lower fees for junior sport, meaning it is subsidised by senior sport to support the policy aim of encouraging junior participation. Some councils allow cross-subsidisation across codes to make some sports affordable, or across facilities, such as where a high-demand facility can cross-subsidise a low-demand facility to ensure it remains available.

However, cross-subsidisation can become a problem when it is unintentional, or where the amount of subsidisation becomes significant and unfair. It is important that council accounting systems accommodate adequate detail to allow cross-subsidies to be identified and managed in a way that supports council policy objectives. It is also important that the parties paying more to subsidise other parties are not incurring unreasonable costs.

## Recommendations for achieving more transparency and consistency

In developing our recommendations we have sought to strike a reasonable balance between what is desirable and what is practicable.

The recommendations are briefly summarised here. Further detail is provided in the chapter "Recommendations for creating more transparency and consistency", from page 63.

We have grouped the recommendations into three timeframes – short-, medium-, and longer-term – according to how difficult we expect it will be to action the recommendations, and the planning cycles that councils must work within (such as their Annual Plan and Long-Term Plan processes).

When we refer to "councils" in our recommendations, we mean all councils in the Wellington region.

### Short-term recommendations (next 6 – 12 months)

1. Councils and sports organisations should continue to collaborate through a formal working group.
2. Councils should provide a timetable to the working group (See Rec 1) setting out when their next substantive fee reviews will happen.





3. Sports organisations should raise awareness among their membership of how fields and facilities are provided and the cost of using them.

### **Medium-term recommendations (12 – 24 months)**

4. Councils should consider how to make their cost bases transparent so that all parties in the system can see the total cost, the components of the total cost, and the extent of and limits to granularity in council accounting systems.
5. The working group should agree on a broad approach for doing future substantive fee reviews so that the processes are consistent and transparent (while recognising the legal and policy framework under which councils operate).
6. Councils should identify whether some of the fees they currently list in their fee schedules could be removed in the following Annual Plan process because they are not charged to sports groups or users very often or at all.
7. Councils should regularly provide to the working group the costs of providing sports grounds and facilities and the key metrics (such as the number of playable hours).
8. The working group should deepen its understanding of issues around affordability of playing sports across the region, and demand for different facilities and quality of services.

### **Longer-term recommendations (>24 months)**

9. As a precursor to future substantive fee reviews, each council should assess the effectiveness of its service delivery of sporting grounds and facilities.
10. Councils should carry out substantive fee reviews on a rolling basis every three to five years.



# **PART 1: INTRODUCTION AND SCOPE**





# This report and its purpose

## The origins of this report

### This report responds to concerns from sports organisations

In June 2022, five sporting codes came together with College Sport Wellington to form the Affordable Sports for Greater Wellington group. The group lobbied candidates in the local body elections to commit to a review of sport fees across five territorial authorities in the Wellington region.

The review follows calls from sports organisations for greater transparency about fees and charges for using sports grounds and facilities.

The urgent need for this review was highlighted by several factors:

- The rising costs of delivering sport are creating a barrier to participation, which has broader social implications.
- There is a lack of transparency and understanding about how these fees are set.
- Environmental considerations, such as rising risk of flood in a changing climate, add another layer of complexity and upward pressure to the costs of land use and maintenance.
- Some councils do not charge user fees for sports fields at all, and instead fund all sports field operating expenses through rates.

### A Working Group supported the review

The Affordable Sport Working Group (ASWG) brings together representatives from councils and sports organisations (including those in the Affordable Sports for Greater Wellington group).

The ASWG has played an important role in this review through providing MartinJenkins with technical insights, guidance, and relevant expertise.

The ASWG is chaired by an independent Chair to ensure that this review is fair and impartial; has access to the expertise necessary to foster trust among stakeholders; and to facilitate effective decision making.

The ASWG consists of:

- Alan Isaac (Independent Chair)
- Ben Keat (Wellington City Council)
- Paul Andrews (Wellington City Council)
- Glenn Quintal (Porirua City Council)
- Marcus Sherwood (Nuku Ora)





- Todd Bryant (Capital Football)
- Lisa Jones (Cricket Wellington)
- Bryan Dickinson (College Sport Wellington).

## **We worked with Wellington City Council and other councils**

Wellington City Council<sup>1</sup> was the organisation that commissioned MartinJenkins to carry out the review. While Wellington City Council is the client, other territorial authorities participated in the review, including Upper Hutt City Council, Kāpiti Coast District Council, and Porirua City Council.

Hutt City Council is carrying out its own review at the same time and, while it contributed data to the review, it did not actively participate in it.

## **The purpose of this report**

The purpose of this review is to examine the sports facility fees charged by councils in the Wellington region, in order to provide transparency in:

- how fees are established and set
- what the fees contribute towards, and
- how capital works for sport facilities in the region are developed or renewed.

<sup>1</sup> Background into Wellington City Council's decision to launch a review is available here: [Wellington Region Sports Fees and Charges Review - Sports - Wellington City Council](#)



# The scope of this review

## What is within scope

The following matters are within scope of this independent review of fees and charges in the Wellington region:

- the levels of services and facilities provided by the councils in the region, the fee-setting process, and the level of cost recovery by councils for different activities and services
- how capital expenditure and operational expenditure are decided and funded for new projects and renewals
- benchmarking of fees and charges for sports facilities across the region's councils, and for other councils in New Zealand and Australia
- analysis of alternative models for cost recovery and pricing, including comparisons with other territorial authorities
- recommendations to the Affordable Sport Working Group (ASWG) for any changes to pricing and cost recovery models, including the feasibility and trade-offs of any recommended changes to the fees and charges, and options for aligning fees across the region.

The review considered the needs of all stakeholders, including sports groups, users, and the councils involved.

## What is out of scope

### **In general, this review does not consider affordability for sports organisations and clubs**

As we discuss in this report, council fees are passed on to participants by sports organisations through their members' subscription fees.<sup>2</sup> Council fees therefore have an impact on how affordable it is to participate in sports in the Wellington region.

Affordability for participants is also driven by:

- the demand for quality and quantity of services – that is, how many playing surfaces are needed and to what level of quality do they need to be prepared?
- councils' efficiency and effectiveness in providing those services.

This relationship is shown in the diagram below.

<sup>2</sup> The other key component of subscription fees is the costs of running sports clubs and organisations.



**Figure 1. Links between affordability and service delivery**



Parts of this relationship are out of scope of the review. The review does not include:

- recommending any changes to the price of fees and charges for sports grounds and facilities
- considering whether the fees charged by councils are affordable for clubs and RSOs and, ultimately, their members
- assessing whether councils (or contracted third parties) are delivering the right services, and doing so efficiently and effectively.

**Facilities that are within and outside the scope**

The following section sets out the facilities that are within and out of scope. In brief, we focussed on facilities that are comparable across councils. We did not look at facilities that are often privately run, for example tennis courts and golf clubs, non-bookable public facilities such as skate parks, and commercial sports grounds (like Sky Stadium).

The review also excluded schools. At times, councils have invested in school grounds to alleviate the pressure from junior games on community sports fields.

**The facilities and services covered by this review**

**Most sports fields and some indoor courts in the Wellington region are within scope of this work**

The Wellington region has a large and diverse range of sports grounds and indoor courts. It is important to be clear about which ones are within scope of this work.



## Grass and artificial fields

This report relates to:

- **Grass fields** – These are traditional grass fields used for rugby, football, cricket, and other sports. They may be used for different sports in different seasons. While the playing surface itself is grass, the sub-surface layers may include sand or other materials that affect drainage, the quality and performance of the playing surface, and the ability of the grass to regenerate.
- **Grass surfaces with artificial cricket pitches** – Traditional grass cricket pitches require significant care and attention from trained ground staff, particularly getting them ready each spring after winter codes have used the field. Some councils have reduced maintenance costs by installing artificial cricket pitches in grass fields.
- **Grass fields with other specialist surfaces** – Some codes need surfaces that require specialised maintenance, such as lime diamonds for softball, and tracks for athletics. These specialist surfaces incur additional costs, but ensure these codes have facilities suitable for high-grade training and competitions.
- **Artificial surfaces** – Artificial turf has been used for hockey for some time but is increasingly used for other codes such as football. Hockey turfs tend to be purpose-built for the sport. Water-based pitches offer a higher quality surface where the ball can travel faster, catering for a higher standard of hockey. They require regular watering which can use significant volumes of water. Other turfs are more accommodating of a range of activities (depending on line markings).

The table in Appendix 1 shows the fields within the scope of this review. It is taken from the Regional Sports Fields Report produced by Nuku Ora in September 2023. We have not sought to provide a total number of playing surfaces of different sports at different levels of quality because playing surfaces can overlap and change over time (for example, between summer codes and winter codes).

## Indoor courts

The Wellington region is home to indoor courts that host a range of sports including basketball, floorball, netball, futsal, badminton, and others.

The review includes the three large indoor sports facilities in the region – Ākau Tangi Sports Centre in Kilbirnie, the Walter Nash Centre in Lower Hutt, and Te Rauparaha Arena in Porirua. These indoor facilities also host non-sport events, with the proportion of sport and non-sport events varying between facilities.

They generate revenue from the use of courts (through charging fees) and providing related services like carparking or food and drink.





## Facilities that are out of scope

The scope of the review excludes:

- other indoor recreation and sports facilities, such as the Nairnville Recreation Centre and the Tawa College Recreation Centre
- swimming pools
- playgrounds
- outdoor park spaces not used for organised sport
- other Porirua facilities accounted for under Porirua City Council's "Indoor Recreation" cost code
- facilities that are often privately run such as tennis courts and golf clubs
- non-bookable public facilities such as skate parks
- sports grounds that exist primarily for professional sport, such as Sky Stadium and the Basin Reserve
- schools.<sup>3</sup>

## This report also considers the level of service

The level of service provided by councils is relevant to this report as it is a factor in determining the costs that councils incur in providing sports grounds and facilities. It sits alongside the other factors that drive costs (and therefore fees), as described later in this report.

The level of service can include:

- **Specialist surfaces** – Some sports require surfaces beyond basic grass to be prepared, such as cricket pitches, lime diamonds, and athletics areas such as long jump pits.
- **Different levels of inground infrastructure** – for example, drainage, irrigation systems, sand-based fields.
- **Line marking** – Most sports require a field to be marked with lines, and the council provides this service in most cases.
- **Other work for ground staff** – for example, mowing, preparing pitches, and collecting litter.
- **Toilets and changing rooms** – Some fields and indoor courts offer these amenities, which need to be cleaned and maintained. This includes changing rooms for referees.
- **Lights** – Some fields offer lights so play can comfortably continue into the evening. Where councils own the lights they are responsible for maintaining this service.

<sup>3</sup> While school facilities are excluded, the partnership model for artificial turf sees the community having access to some school fields with the income collected by the council from community hours funding asset renewal.



- **Stands** – Some fields and courts have stands for spectators, reserves, and coaches, and dugouts for players.
- **Goalposts** – These may be owned by a council, which will incur costs in providing them, or by regional sports organisations or clubs.
- **Other amenities** such as carparks, fences, and pathways.
- **Preparing a surface or facility to a higher standard**, according to the standard of play for which the ground or indoor court will be needed.

### Field grading

Some councils set fees according to the grade of field. However, there does not appear to be a consistent grading applied across regions. Further, the level of services included in fees, such as maintenance or line marking, also varies. Some sports grounds and facilities within the scope of this review are provided at a regional, national or international level of service (as defined by Nuku Ora)<sup>4</sup> as shown in the table below.

**Table 1. Wellington region facilities offering a higher level of service**

Hierarchy level	Fields	Indoor courts
<b>International</b>	<ul style="list-style-type: none"> <li>• Porirua Park – Trust Park Porirua (Porirua City)</li> <li>• National Hockey Stadium Artificial Turfs (Wellington City)</li> <li>• Newtown Park Athletics Track (Wellington City)</li> </ul>	<ul style="list-style-type: none"> <li>• Te Rauparaha Arena</li> </ul>
<b>National</b>	<ul style="list-style-type: none"> <li>• Fraser Park Softball Diamond (Hutt City)</li> </ul>	<ul style="list-style-type: none"> <li>• Ākau Tangi Sports Centre</li> </ul>

<sup>4</sup> See: [Nuku-Ora-Regional-Indoor-Courts-Report.pdf \(nukuora.org.nz\)](https://www.nukuora.org.nz/Regional-Indoor-Courts-Report.pdf) and Nuku Ora, *Regional Sports Fields Report*, September 2023.



Hierarchy level	Fields	Indoor courts
<b>Regional</b>	<ul style="list-style-type: none"> <li>• Wakefield Park (Wellington City)</li> <li>• Fraser Park (Hutt City)</li> <li>• Fraser Park Hockey Turf (Hutt City)</li> <li>• Rugby League Park (Wellington City)</li> <li>• Martin Luckie Park (Wellington)</li> <li>• David Farrington Park (Wellington City)</li> <li>• Hutt Recreation Ground (Hutt City)</li> <li>• Hataitai Park Diamond (Wellington City)</li> <li>• Petone Memorial Park Artificial Turf (Hutt City)</li> <li>• Trentham Memorial Park (Upper Hutt City)</li> <li>• Harcourt Park (Upper Hutt City)</li> <li>• Maidstone Park (Upper Hutt City)</li> <li>• Fraser Park Artificial Turf (Hutt City)</li> <li>• Coastlands Kāpiti Sports Turf (Kāpiti Coast)</li> <li>• Ascot Park Artificial Turf – Bernie Wood (Porirua City)</li> <li>• Elsdon Park Artificial Turf (Porirua City)</li> <li>• Maidstone Park Artificial Turf (Upper Hutt City)</li> </ul>	<ul style="list-style-type: none"> <li>• Walter Nash Stadium</li> </ul>

## High-level comparison of service levels across the councils

### Wellington City Council

Of the five councils in the Wellington region, Wellington City Council provides the most fields (natural and artificial), specialist surfaces (like cricket pitches) and indoor courts and has the widest range of facilities of different grades.

- WCC provides a high standard of maintenance for three grades of grass fields and 37 grass fields with a sub-soil sand base. Maintenance includes weekly mowing, grooming, line marking, and grounds work. Grass surfaces are renovated in autumn and spring, involving seeding, fertilising, and sand application.
- Artificial surfaces are groomed, cleaned and decompacted.
- Bookings of the international standard athletics ground (Newtown Park) include part of the cost of sweeping the track, mowing the banks of the grounds, and collecting rubbish after big events.
- Bookings of croquet facilities include part of the cost of two mows per week.
- Further work is done as needed to keep premier fields up to standard and comply with international codes when needed for international team events.
- Many fields and indoor courts have toilets and changing rooms that can be booked with the playing surface or separately on a per-day basis.
- A number of playing areas are lit.



- The Wellington Region Hockey Stadium Trust pays a “booking fee” (effectively a lease) for complete use of the hockey stadium grounds at Mt Albert Park. A memorandum of understanding between Wellington City Council and the Wellington Region Hockey Stadium Trust sets out who owns which assets, who uses the assets, who is responsible for day-to-day management of the turf and other assets, and who is responsible for determining when the turf needs replacing.
- Ākau Tangi has 12 sprung-floor courts for multiple uses. Fees include part of the cost of cleaning and maintaining the courts, as well as the public space and adjacent parking area.
- Wellington City Council also has partnership agreements with two colleges to provide community access to artificial fields.

### **Porirua City Council**

Porirua City Council has a smaller range of fields and indoor courts but still provides a range of facilities for the community.

- Grass fields include sand-based fields to cater for elite club-level sport, and standard grass fields for general community sport needs.
- Porirua Park, an international training field, is maintained to the highest level.
- Small sports, like croquet, are supported through land leases.
- Lights are available on premier fields, and standard rugby and football fields. These are owned and operated by Porirua City Council.
- For tournaments, wheelie bins are provided for litter, and toilets are checked during the event.
- Bernie Wood Turf bookings include access to public toilets, use of the pavilion, and lights.
- Te Rauparaha Arena includes four international-sized basketball/netball courts, which are marked for multiple community uses. Bookings include part of the costs of cleaning, maintenance, and car parking.

### **Kāpiti Coast District Council**

The Kāpiti Coast does not offer the higher levels of service that Wellington offers:

- Fields are maintained to a community sport standard. High-quality soil and drainage systems help keep fields dry.
- Part of the cost of line marking is included in seasonal fees. Additional line marking can be done for a fee in the off season.
- Bookings include access to changing rooms where applicable.
- Kāpiti Coast does not provide any lights, training areas, or indoor facilities.





### **Upper Hutt City Council**

Upper Hutt provides the lowest number of fields of the five councils in the Wellington region.

- There are no indoor facilities within the scope of this review.
- Lights on natural fields are generally owned by clubs. Upper Hutt City Council owns the lights on the artificial surfaces used for hockey, football, and tennis.
- Grounds are not graded. However, there are some high-grade facilities including Maidstone Park's sand carpet field. Trentham Memorial Park was originally built to a standard that could host first class cricket but is now used for club cricket.
- Maintenance includes mowing, line marking, weed control, pest control, fertilising, decompaction, releveling, and irrigation.

### **Hutt City Council**

- There are three flagship grounds.
- Hutt Recreation Ground has three sand-based pitches, toilets, changing rooms, a long room, a grandstand, and a digital scoreboard. It also has a ¾ size floodlit artificial turf.
- Fraser Park has floodlights and a fully fenced hockey turf (managed by the Wellington Region Hockey Stadium Trust) and a full natural sand pitch.
- Petone Recreation Ground has toilets and changing rooms, parking, and a grandstand (currently closed due to earthquake risk).
- All maintenance is outsourced to a third-party provider, including mowing, line marking and any sport-specific costs.
- Lights are available on facilities, but most of these are owned by clubs.
- Few fields have toilets available.



# **PART 2: ANALYSIS OF COSTS AND FEES**





# Costs: Types of costs, accounting approaches, and drivers

This chapter:

- describes the types of cost we talk about in this report
- shows that different councils account for costs differently, and that this inconsistency reduces transparency and our ability to meaningfully compare cost structures
- shows that councils' operating costs have generally risen over time
- describes the general drivers of operating and capital costs
- describes how capital and operational expenditure are decided and funded for new projects and renewals.

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## Types of cost

This part of the chapter functions like a glossary, explaining terms we will use throughout the rest of this report.

### Direct and indirect costs

**Direct costs** are expenses directly linked to the services provided by councils. In the context of this report, they include inputs like grass seed and paint for sidelines, and the wages of ground staff. Direct costs can arise from either in-house or outsourced maintenance.

**Indirect costs** are an organisation's general expenses that are not directly linked to providing services. They are the counterpart to direct costs. The following two types of indirect costs are particularly relevant:

- **Overheads** are ongoing expenses not directly attributed to delivering a particular service. These include "back office" costs, such as the rent for office space, electricity bills for any office used, insurance bills, and the wages and associated costs for functions like ICT, legal, human resources, finance, and communications.
- **Depreciation** is used to allocate the cost of a tangible asset over its useful life. This process helps organisations account for the declining value of an asset as it ages and is used over time. The cost of depreciation is normally recovered through fees. When an asset is fully depreciated, the price of the fees would reduce, all else being equal. Councils use depreciation to fund renewal of



assets, sometimes accounting for revaluations throughout the life of the asset to ensure any change in the cost of asset renewal is accounted for.

## **Operational expenditure and capital expenditure**

Costs are classified as:

- operational expenditure (also known as "operating costs", "cost of operations", or "OpEx"), or
- capital expenditure, also known as "capital costs" or "CapEx".

Operational expenditure consists of the expenses related to the ongoing operation of the grounds and facilities. This could include things like:

- wages and salaries
- ongoing expenses like sand, grass seed, fertiliser, and paint, and
- utility bills.

Capital expenditure consists of the costs of acquiring or building new assets, or upgrading existing assets – for example, new underground infrastructure like stormwater drainage, artificial turfs, and built facilities.

## **Cost elements**

To allow comparisons to be made across councils, we organised the cost data that we were provided with into four cost elements or categories of cost. The cost elements are:

- staff and contractors – the direct cost of labour for providing the fields and facilities
- maintenance – the direct cost of inputs to maintaining fields and facilities
- overheads – as defined above, and
- depreciation – as defined above.

## **Cost centre**

Cost centres are used to record and manage the costs of a function or activity within an organisation. Strictly speaking, cost centres do not have any direct revenue attributed to them (that's normally referred to as a "profit centre"). However, in this report we use the term "cost centre" in a general sense – even if there is fee revenue generated directly because of the cost centre's activities.

## **Our analysis relied on cost data provided by councils**

We were commissioned to look at the cost structures underpinning the fees charged by councils in the Wellington region in order to recover costs. In this chapter, we aim to provide transparency in relation to costs. We set out how the costs differ across councils, and how councils make decisions about funding their operating and capital expenditure.



As noted in our "Approach and method" section in Appendix 2, we asked each council for detailed information about its costs (and fees). The text of our data request is included in Appendix 3. We also had email exchanges with each council seeking additional information and we interviewed key people from each of the councils in the Wellington region and those councils that were benchmarks.

We analysed the information we received and put it into a comparable data set. It showed a wide range of practices used by councils in collecting, recording, and analysing their data.

One of the key takeaways from this exercise was that it is more difficult than we expected to compare how costs are incurred across councils. That finding has shaped a lot of our recommendations. Our recommendations are intended to support councils to, over time, record cost information that is sufficiently detailed and standardised to demonstrate to stakeholders that services are delivered effectively and that fees are set at appropriate levels to recover the cost of those services.

## Councils record costs differently

The councils we looked at use different Financial Management Information Systems (FMIS) and have different ways of coding costs. This part of the chapter describes some of the different ways councils account for costs.

For example:

- Wellington City Council and Porirua City Council record costs in aggregate for all grass fields – that is, costs for grass fields are lumped together, meaning it is hard to tell how the costs of one field relate to another. In contrast, indoor facilities have separate cost centres and their costs are more easily identifiable.
- Wellington City Council is the only council in the region that has provided some time-recording data. By understanding how long key activities take, it becomes possible to better model the cost of those and related activities and to disaggregate costs of individual facilities that have been recorded in the same cost centre. For example, it makes it possible to identify the costs of different fields that are all recorded in the same cost centre.
- Kāpiti Coast District Council does not have the same data collection and reporting practices as other councils. The Council is in the process of updating their cost coding system.
- Upper Hutt City Council has an outsourced model with a different cost profile compared to a council that does the same activities in-house. Under this model, the council was able to estimate the costs of each ground broken down by sport – which not all other councils could do.

## It is entirely reasonable for councils to have different accounting systems and approaches

Each of the councils in the Wellington region has its own elected governing members and council organisation serving the unique needs of the local communities. It is entirely reasonable that each council has its own approach to accounting for and managing its costs.



Councils need to balance the various financial information needs of the entire organisation. Granular cost coding and time recording come with an administrative cost, and all financial management information systems have constraints.

However, in the context of setting fees and understanding costs at a regional level, this has implications, including:

- compromising the ability of councils to identify and analyse the costs of individual sports facilities at a detailed level, and
- making it more difficult to compare the costs across different councils.

## The varying approaches of councils affects transparency and the ability to compare cost across councils

### More granular data would provide more transparency

In general, the approaches taken by councils lack the level of detail needed to provide transparency of cost at a facility or location level, and provide a sense of how these costs relate to the fees charged. The exception to this is the three stadia discussed further below.

More granular cost information will allow particular activities in specific locations (for example mowing of a particular field) to be better understood.

### Stadia revenue and costs are more identifiable

The exception was for stadia which have their own cost centres for recording revenue and expenditure. However, the three stadia have different revenue streams and operate quite differently so they are not all comparable in any event. More information on stadia is in the next chapter dealing with fees.

### A more consistent approach across councils to recording costs would allow better comparability

Further, having a range of approaches makes it harder to compare the costs faced by councils. Below we describe our method of using four main cost elements to compare cost drivers across councils to the extent possible.

We spent a lot of effort coding all the different costs from the councils into a consistent data set.

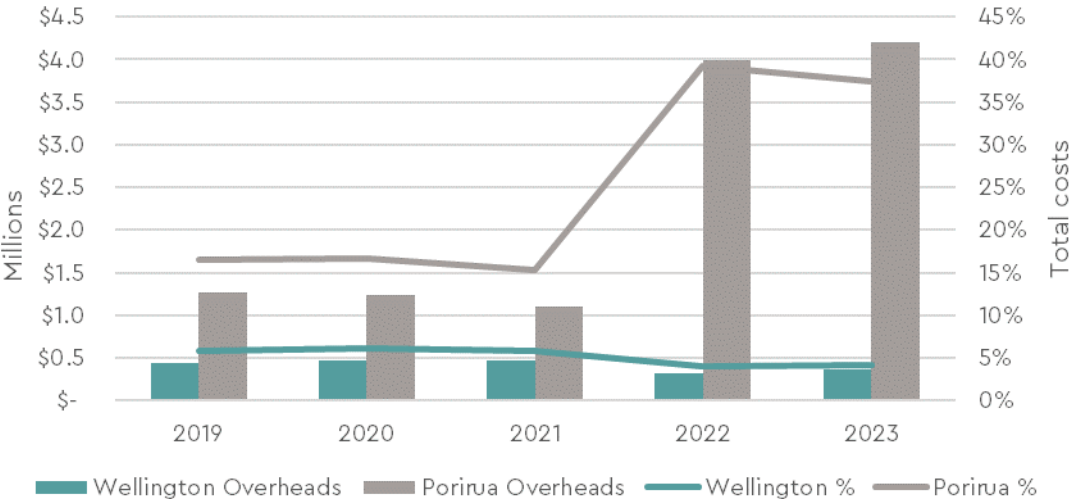
### Examples of the implications of inconsistent approaches to accounting

Wellington City Council and Porirua City Council were the only two councils from which we could get data that was sufficiently detailed for somewhat meaningful comparative analysis. In this part of the report, we present graphs comparing staff and maintenance costs, overhead costs, and depreciation between those two councils. These cost elements collectively equate to total operating costs incurred in providing grounds and facilities.



The graph below shows that overhead costs are higher for Porirua City Council than Wellington City Council. We are not suggesting that these costs are higher in absolute terms (beyond sports fields and courts). Wellington City Council is a much larger organisation operating a suite of fields, courts, and facilities that are higher in standard and bigger in quantity than any other council in the region. For that reason alone, Wellington would be expected to have higher overhead costs. However, the comparison illustrates the point that for a significant cost type, a very different methodology behind how much cost is allocated is applied. There is not necessarily a right or wrong way for this allocation, within reason. However, two different cost allocation approaches yield different results, making it hard to draw any further conclusion from comparative analysis.

**Figure 2. Overhead costs incurred in providing fields and indoor courts for Wellington and Porirua**

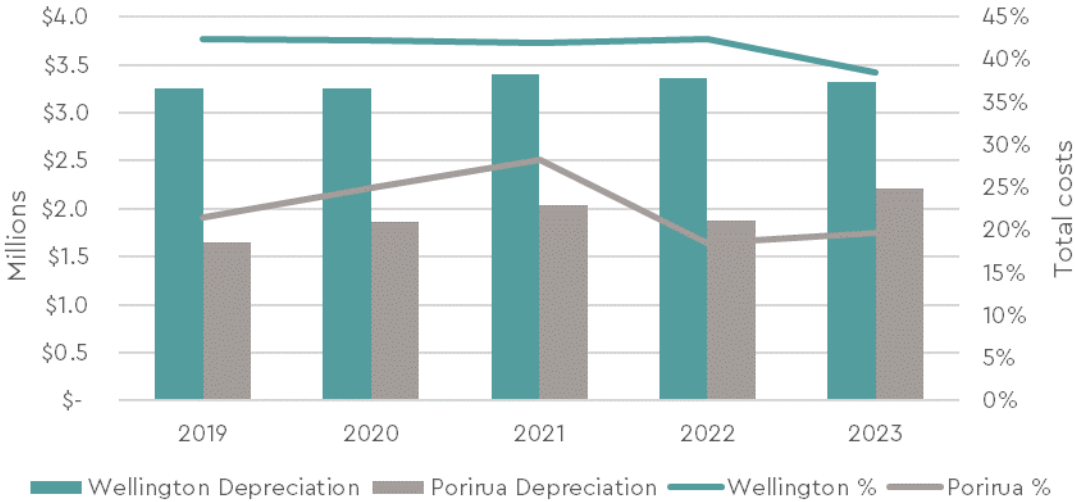


Below is a similar figure for depreciation cost associated with grounds and facilities for the two councils. The depreciation comparison is somewhat more as we expected. Wellington City Council faces greater costs from depreciation than Porirua City Council, reflecting its much larger suite of fields, indoor courts, and facilities, including some of the highest grades in the region. The data presented in the graph will be influenced by the value of the assets owned by a council and the depreciation model used.



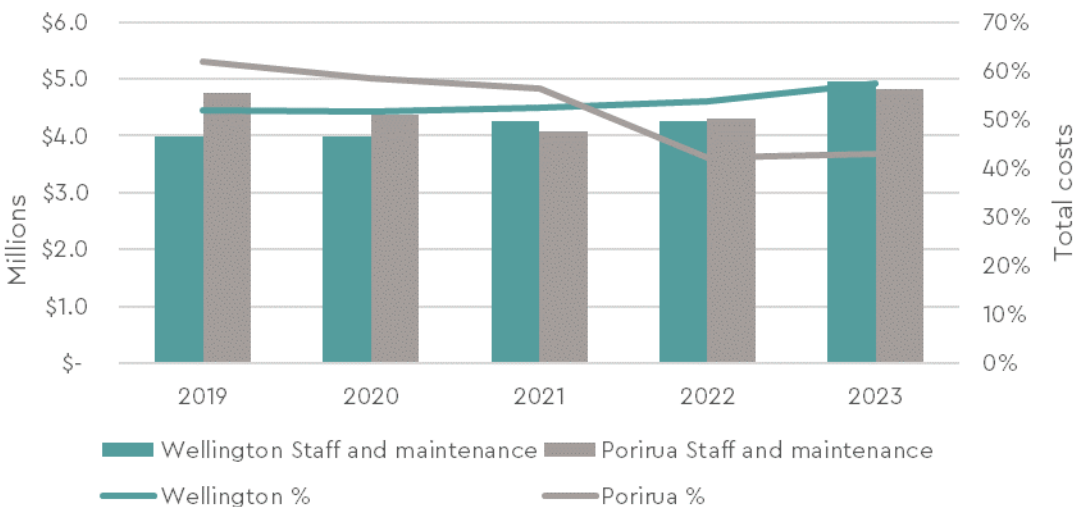


**Figure 3. Depreciation costs incurred in providing fields and indoor courts for Wellington and Porirua**



The remaining cost elements in our broad categorisation of costs are staff costs and maintenance costs. The figure below shows staff and maintenance costs are reasonably consistent at both councils but subject to upward pressure from inflation in goods, utilities, and labour. However, crucially, staff and maintenance costs comprise quite different proportions of total operating costs faced by the councils. There could any number of reasons for this – the service delivery approach, the type and number of facilities provided, the levels of service, and how effective the council is at delivery. In the next section, we discuss some of the drivers of cost.

**Figure 4. Staff and maintenance costs incurred in providing fields and indoor courts for Wellington and Porirua**



## The experience of Capital Football

Capital Football is the regional sports organisation for football in the Wellington region. Its experience with fees for sports fields is one factor that has led to this review.

Capital Football runs an artificial turf at Petone Memorial Park. It charges a fee to use the surface. Capital Football argues this provides enough revenue to recover almost all the costs Capital Football incurs in providing the turf.

As explained elsewhere in this report, councils set the percentage of costs they seek to recover from fees. This varies across councils (and other variables) but generally sport is highly subsidised. Wellington City Council, for example, seeks to recover about 15% of the operating costs of sports fields from fees, with the other 85% met from other revenue sources such as rates.

Capital Football understands that fees contribute to the costs of providing services such as maintenance, and contribute to recovering the cost of depreciation. However, given that councils heavily subsidise the cost of providing sports fields, Capital Football has questioned why the fees charged by councils are similar to the fees charged by Capital Football, which it claims almost fully recover the cost of similar services.

Ultimately, Capital Football wants it to be affordable for Wellingtonians to play football. This experience has led Capital Football to call for transparency in councils' fee setting. It wants to understand the costs recovered through fees, why councils increase fees, and why fees vary across councils.

As discussed in this report, there are likely to be several reasons why the fees set by Capital Football and councils are different. The underlying cost structure is different, driven by the approach to, and scope of service delivery. The type and scale of overhead costs will vary between the organisations. The way that capital costs are funded will have an impact too. If capital costs are funded by debt, fees may be set to recover some interest cost but not if the capital outlay is funded by grants.

There is also likely to be a degree of cross subsidisation in the councils' cost recovery arrangements – for example, between natural and artificial fields, across different fields, or between sports codes.



## Total council costs have generally increased over time

In the remainder of this chapter we:

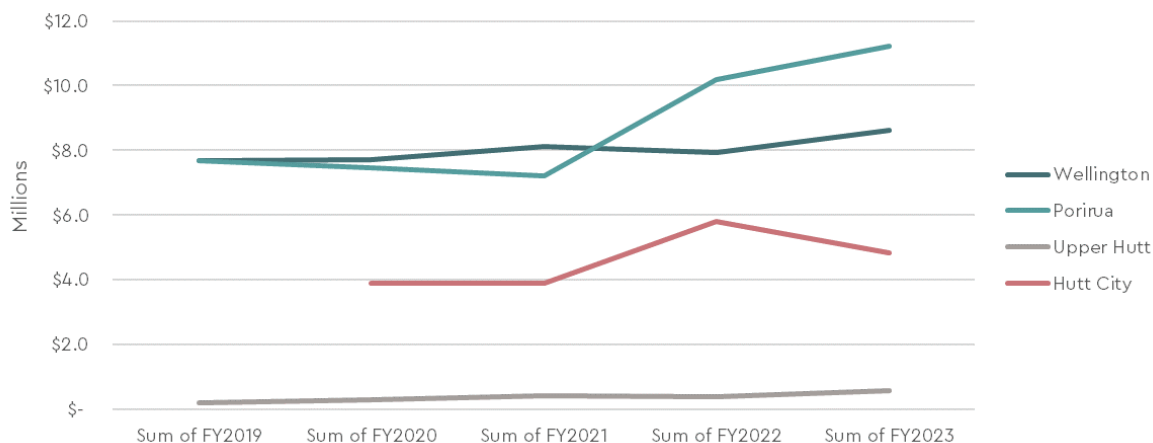
- present the cost data
- draw comparisons where it is reasonable to do so, and
- demonstrate the limitations of comparative analysis.

### The data shows that councils face increased operating costs

The data provided by four councils show that costs have generally risen since 2019, and especially since the COVID lockdowns. This is shown in the graph below.

Given Wellington has the largest suite of fields and indoor courts in the region, we would not have expected Porirua to have higher operating expenditure in FY22 and FY23. However, this is due to a change in the way that Porirua allocated its overhead costs to the functions that deliver its services (which include the sports and recreation function).

**Figure 5. Total operating costs of fields and indoor courts faced by councils over time**



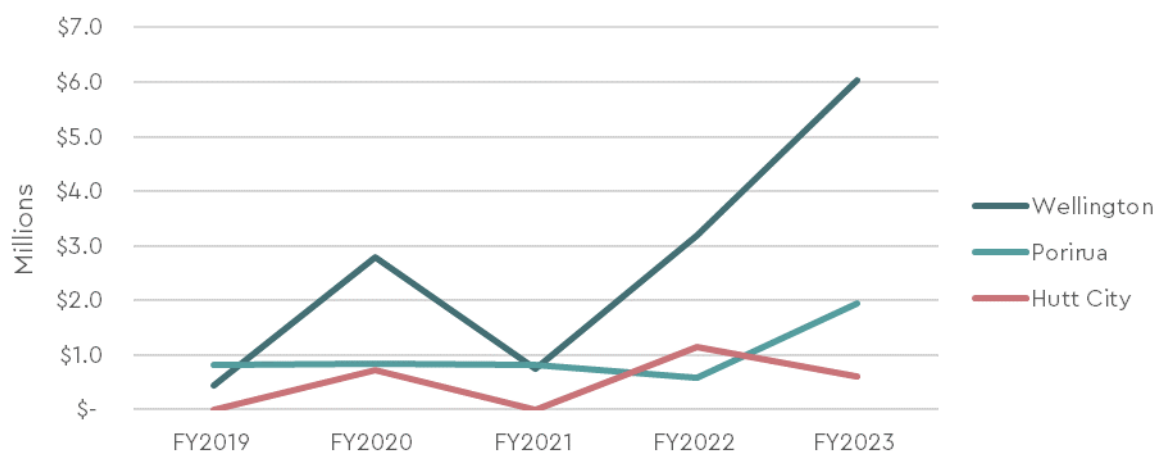
### Capital expenditure is generally less even than operating expenditure, characterised by a lower number of large outlays

As the figure below shows, councils' capital expenditure on grounds and facilities has a "lumpier" profile than the operating expenditure, because of bigger, one-off investments. In 2023, Porirua City Council increased its investment above historical levels to upgrade Porirua Park and Te Rauparaha Arena.



Wellington City Council invested significant capital in drainage, irrigation, and sand-based fields, as needed to maintain the quality and quantity of service.

**Figure 6. Councils' capital expenditure on fields and indoor courts**



## General drivers of councils' costs

We set out general drivers of cost below, grouped by levels of service, demand, service delivery, and effectiveness of delivery. We comment on specific cost drivers for individual councils in Appendix 4.

- **Level of service**

- **The level of sport played on a surface** can affect the level of preparation needed, and therefore the cost of preparing the surface. For example, a grass pitch for first-class cricket and the surrounding outfield requires significant development and care compared to an artificial wicket and grass outfield used for junior cricket.
- **Higher expectations from communities** about the quality of public sports grounds and facilities can increase costs. Some councils, such as Christchurch City Council, have responded by bringing maintenance in-house, not to reduce costs, but to ensure the facilities are high-quality.
- **The amenities associated with a ground or facility** generate ongoing maintenance costs. Some facilities have toilets and other amenities. Other playing surfaces do not come with these costs.

- **Demand**

- **Changes in population, demography, and participation** can mean a community's needs for playing surfaces change over time. Total participation in sport may increase, meaning increased demand for playing surfaces, and higher maintenance costs from more people



using a surface. Alternatively, sports with more expensive playing surfaces may become more popular, meaning other playing surfaces need to be repurposed at a cost.

- **Wear and tear** drives maintenance costs. Aside from human use, several factors can affect the wear incurred by a sports ground or facility. Generally speaking, greater wear entails greater maintenance costs.
  - The drainage of an area under the playing surface will affect the wear it incurs from use. The type of soil under a playing surface can directly affect the ability to drain and regrow grass.
  - The amount of time a playing surface is used affects the cost of maintenance. This is true both for the time a playing surface is used each week, and the time a playing surface is used across a season.
  - The nature of the sports being played drives maintenance costs. For example, winter sports played on grass and where the players wear sprigs will have a significant impact compared to cricket. In the case of cricket, wear of the pitch will probably generate higher maintenance cost compared with wear of the outfield.
  - Weather conditions directly affect the wear and tear sustained by outdoor surfaces, as well as the rate at which grass can recover. Climate change may increase the occurrence of unfavourable weather conditions.
- **Capital investment** may be necessary to meet increasing demand. Councils may need to acquire land or build new facilities as demand increases over time. The cost of capital – that is, the rate of interest charged on money borrowed – has a significant impact on council decisions relating to capital investment, and the associated depreciation and maintenance costs that may be recovered in the form of higher fees. The funding source of capital investment is important. If capital investment can be funded without incurring interest through borrowing, the impact on cost recovery may be lower.
- **Service delivery**
  - **Targeted capital investment** can reduce operating costs – for example, artificial turfs can be cheaper to maintain than grass fields. Similarly, sand carpets (a type of subsoil drainage system) can improve the drainage of a field, reducing wear.
  - **Increased cost of capital and insurance** – Interest rates have risen since 2022 so it costs more to service debt than it did a few years ago. Insurance premiums are also rising as risks from climate change increase.
  - **Increases to the cost of wages** – The minimum wage has risen annually<sup>5</sup> and some councils are paying the living wage to staff and contractors, which involves additional cost.

<sup>5</sup> [Previous minimum wage rates » Employment New Zealand](#)



- **Significant increases to the cost of materials, including fuel and utilities** – New Zealand's consumers price index increased 4.0% in the 12 months to the March 2024 quarter, according to Stats NZ. Higher than targeted inflation is expected to persist, particularly for key resources like sand, which is a finite resource (limited by resource consents) and also sought after by the construction industry.
- **The role played by clubs varies across councils** – In some territories, clubs play a greater role in maintaining facilities, for example, by doing their own line marking. In extreme examples, the sports organisation may pay for all facilities. For example, Wellington Hockey and the Wellington Region Hockey Stadium Trust fund and manage the redevelopment and maintenance of all Fraser Park hockey turf and associated facilities.
- **Effectiveness of delivery**
  - **Effective, efficient delivery of services** will help councils manage cost pressures and optimise value for money. It is good practice to consider the effectiveness and efficiency of service delivery before a fee review to ensure the cost of delivering a service is appropriate. It is outside the scope of our review to assess this, but we note it here as an important determinant of cost.

## How capital expenditure and operational expenditure are decided and funded for new projects and renewals

When costs change as a result of the cost drivers they face, councils have a set process for considering how to respond (through investment or achieving efficiencies) and how they will recover the costs. This process is set out in this section of the report.

The process works in three main phases:

- Considering future demand for playing surfaces
- Making decisions on future investment through the Long-Term Plan process
- Deciding how costs will be recovered through this process.

### Research provides a picture of future demand

In the course of producing this report, we have seen reports from Nuku Ora that:

- estimate the future demand for fields and indoor courts in the territories that make up the Wellington region, and
- consider how future demand relates to future supply of playing surfaces.

Individual councils have also carried out or commissioned research for their territories. Generally, research of this kind uses a method like the following:



- Estimate future demand for playing surfaces by looking at trends in population, demography, and participation in a range of sports played in a study area.
- Consider the supply of indoor and outdoor playing surfaces, including looking at:
  - confirmed future plans for investment in new playing surfaces
  - whether increases in demand can be met by the current available playing surfaces (for example by playing more games per week on existing playing surfaces)
  - whether current surfaces need to be, and can be, repurposed for new needs in the future.

From research of this kind, councils can consider how to meet future demand for playing surfaces. Options may include:

- avoiding new investment by making better use of existing playing surfaces, possibly including through new partnerships (such as with schools or other owners of suitable land)
- approving new investment to upgrade existing playing surfaces, or build new ones
- maintaining or decreasing (rather than increasing) future levels of service.

## **Councils consider investment in services in their Long-Term Plan setting process**

Councils set a Long-Term Plan every three years. In the context of this report, a plan considers:

- what a council will spend money on
- how much it will spend, and
- how it will recover the cost through rates, fees, and charges, and other revenue streams.

Councils are in the final stages of approving Long-Term Plans for 2024–2034 as we write this report. Long-Term Plans will set out a council's priorities and include details of the activities, services, and projects it intends to deliver, and therefore what the proposed rates and debt will be for the next 10 years.

Plans are ultimately approved by Mayors and Councillors after engaging with the public. For Wellington City Council, the final plan came into force on 1 July 2024. The plan directs the Council's work and expenditure until the next review in 2027.

Any significant investments that a council wants to make outside of their Long-Term Plan needs to be decided on as part of the Annual Plan process.

The cost of capital is a key consideration for councils when weighing up future investments. Debt is a common way to fund significant capital investment. The interest rate – effectively the price of the debt – is a key driver of ongoing cost for councils. This cost will need to be recovered and the way this is done (for example, through rates, fees, or a combination of both) is an important decision for councils.







# Fees: How fees are set, types of fees, and fee revenue

This chapter:

- describes how fees are set by councils
- shows how fee revenue has changed over time
- describes the types of fees that councils use
- describes the price of fees imposed on different sports.

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## How fees are set

### Fees are made under bylaws and council policy documents

The legal authority for setting fees comes from council bylaws. The relevant bylaws are listed in Appendix 5.

Bylaws generally provide high-level settings that are supplemented by written policies. For example, a bylaw may provide a legal basis for charging fees to users of sports grounds and facilities, and a policy will set out how this will be done.

The policy may identify the fee payer, the basis for charging the fee, the price of the fee (including whether it is fixed for a certain period or charged on a variable, time-used basis), and when the fee is applied. The policy will also set out any discounts or exemptions that might be applied to certain fee payers or under certain conditions.

The Local Government Act 2002 requires councils to adopt a Revenue and Financing Policy that provides detail on the funding of operational and capital expenditure, including which parts of the community will contribute to paying for council's activities. For Wellington City Council, this is currently set out in its 2021–2031 Long-Term Plan – Financial Policies document.<sup>6</sup>

Councils determine which parts of a community will contribute to funding a service through beneficiary analysis. This is the process through which a council will answer the question: who benefits? The answer to this question will strongly influence how that service is funded and who should pay.

<sup>6</sup> [2021-2031 Long-Term Plan – Financial Policies \(wellington.govt.nz\)](#) See activity 5.1.2: Sports Fields



Where the benefits are generally to the public at large, rates-based funding will be appropriate. This happens where individual users cannot be easily identified or cannot be easily excluded from entry. Where individuals or an identifiable part of the community can be identified, it is possible to consider the use of targeted rates or user charges, such as fees.

Many community sport facilities in the Wellington region are funded through a combination of rates and fees. This reflects the mix of benefits they provide: access for the general public to well-maintained outdoor spaces, and contributing to the region's landscape and biodiversity values (funded through general rates), and specific use of facilities by individuals or teams at particular times (funded through fees).

The result of the beneficiary analysis is different for councils across the country. For example, Christchurch City Council's view is that the benefits of parks accrue to the community as a whole and therefore it is appropriate to fund them primarily through general rates.<sup>7</sup>

## Councils seek to recover different levels of cost for different facilities and types of users

The table below shows the cost-recovery levels targeted by councils in the Wellington region. The table compares the level of cost recovery (and rates funding) for fields, recreation centres, and swimming pools. In general, sports fields are funded by a higher proportion of rates than other recreation facilities provided by councils.

**Table 2. Cost-recovery levels targeted by councils**

Wellington City Council			
	Recreation Centres	Pools	Sports fields
<b>Rates</b>	75%	70%	85%
<b>Fees and Charges</b>	25%	30%	15%
Porirua City Council			
	Recreation Centres	Pools	Sports fields
<b>Rates</b>	75 – 85%	60 – 70%	90 – 95%
<b>Fees and Charges</b>	15 – 25%	30 – 40%	5 – 10%
Hutt City Council			
	Recreation Centres	Pools	Sports fields
<b>Rates</b>	40 – 60%	40 – 60%	70 – 95%
<b>Fees and Charges</b>	40 – 60%	40 – 60%	5 – 30%

<sup>7</sup> <https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Policies/Financial/2022-2023-RFP-Revenue-and-Financing-Policy-Trim-22-878392.pdf>; page 14. <https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Policies/Financial/2022-2023-RFP-Revenue-and-Financing-Policy-Trim-22-878392.pdf>.



Upper Hutt City Council			
	Recreation Centres	Pools	Sports fields
Rates		55%	80%
Fees and Charges		44%	20%
Kāpiti Coast District Council			
	Recreation Centres	Pools	Sports fields
Rates		70 – 75%	95 – 100%
Fees and Charges		25 – 30%	0 – 5%

### Councils' cost-recovery targets change over time

Councils regularly review and reset their financial plans through the Annual Plan and Long-Term Plan processes and, over time, the target level of cost recovery for sports grounds and facilities has changed. For example, Wellington City Council's cost recovery targets have changed from 60% rates funding (for artificial turf) to a combined 85% rates funding for grass and artificial turf, as shown in the table below.

**Table 3. Wellington City Council's cost-recovery targets over time**

Financial Year	Natural Grass Revenue & Financing Policy	Artificial Grass Revenue and Financing Policy	Combined Revenue and Financing Policy
Long-Term Plans (LTP) from 2015/16 to 2017/18	90% rates 10% cost recovery	60% rates 40% cost recovery	
LTPs from 2018/19 to 2020/21			80% rates 20% cost recovery
LTPs from 2021/22 to 2023/24			85% rates 15% cost recovery

### Councils aim to improve affordability or accessibility for certain groups of users

Councils may also set policies that recover different levels of cost from particular sports or user groups. Across the Wellington region, councils aim to support junior sport through lower fees than senior or higher-graded teams. Some examples (including some from outside the Wellington region) are outlined here:

- **Porirua City Council** does not charge junior playing groups who use adult facilities (where the booking is for a season, except for Porirua Park #1).



- **Upper Hutt City Council** generally charges juniors a fee that is 25% of the senior fee.
- **Wellington City Council:**
  - does not charge juniors for competition games and in-season trainings on natural grass fields
  - charges college-grade participants 50% of the senior fee
  - charges discounted rates for junior and college athletes using artificial surfaces.
- The table below shows that **Hutt City Council** recovers less cost from children and lower playing levels than it does from the top playing level. It also seeks to recover a lower proportion of costs from cricket and croquet than other sports – although the cost of providing those is often greater than for other sports like football or rugby.

**Table 4. Hutt City Council's cost-recovery targets**

	Level 1	Level 2	Level 3	Children	Training/winter
<b>Cricket/croquet</b>	25% cost recovery	15% cost recovery	10% cost recovery	5% cost recovery	N/A
<b>All other sports</b>	30% cost recovery	20% cost recovery	10% cost recovery	5% cost recovery	5% cost recovery

- **Christchurch City Council** and **Tauranga City Council** generally do not charge fees for grass fields (other than athletics in Tauranga and for unaffiliated clubs in Christchurch) but lease artificial surfaces and indoor courts. Tauranga is proposing to introduce fees for seasonal training bookings as part of its Long-Term Plan process.
- **Hamilton City Council** recovers only a small percentage of costs through fees.

## How often do councils set fees?

At a bare minimum, councils will generally update their fees each year as part of the Annual Plan process, to account for at least rising costs due to inflation. Historically, a nominal increase may be applied – for example 3%.

Councils also conduct more substantial reviews of their underlying costs and fees. This is important to make sure that changes to service delivery and significant cost changes are factored into the fee setting process, so the right amount of cost is recovered. This is also an opportunity to make sure the design of the fees structure is fit-for-purpose.

Two councils advised us of the last time they carried out a substantial review of their fees:

- Wellington City Council last conducted a major review in 2005 but adjusts fee levels for inflation annually



- Hutt City Council last undertook a major review in 1993 and has another review underway at the time of writing.

It is good practice to review the price of fees (and the fee schedule) every three to five years. The longer it has been since fees were last reviewed, the higher the chance that the underlying costs have changed and that the fees are not recovering all of the actual and intended costs, or that some cross-subsidisation is occurring (for example, some cost increases for one sport using one set of playing surfaces might be recovered by the fees from other sports using other playing surfaces).

Before each fee review, it is also a good time to consider whether the right services are being delivered, and in an efficient and effective way. This process also helps to give fee payers confidence that fees are set at appropriate levels.

## Fee setting process

Based on what we heard in interviews, most councils follow a broadly similar approach for setting fees (where fees are charged). There are generally four steps for setting sports and facilities fees:

1. Forecasting costs and revenue
2. Beneficiary analysis to determine the role fees will play in cost recovery
3. Developing the fee adjustment proposal
4. Getting feedback through the Council Committee and public consultation
5. Implementing fee changes.

The steps are described in detail in Appendix 6.

## Councils calculate their fees in different ways

The previous sections describe how each council in the Wellington region sets its fees for sports grounds and facilities according to its own bylaws and policies. This means that even if every council delivered the same services for the same cost, they would have differently priced fees.

Councils also calculate their fees in different ways. While every council seeks to recover its direct costs (such as for parks and recreation staff, lawn mowing, and other maintenance activities), not every council recovers costs associated with its organisation's overheads or depreciation costs, as shown in the table below. Where costs are not fully recovered from fees, the remainder of the cost is met from rates and other sources.



**Table 5. Costs recovered through fees**

	Types of costs recovered		
	Direct costs	Overheads	Depreciation
Wellington City Council	✓	✓	✓
Porirua City Council	✓	✓	✓
Kāpiti Coast District Council	✓	✗	✗
Upper Hutt City Council	✓	✗	✓*
Hutt City Council	✓	✓	✗

Source: ASWG data request (fee policies), plus cost details from interviews and data provided.

Note: Upper Hutt recovers depreciation on artificial turfs for hockey and multi-turf, but not artificial cricket pitches.

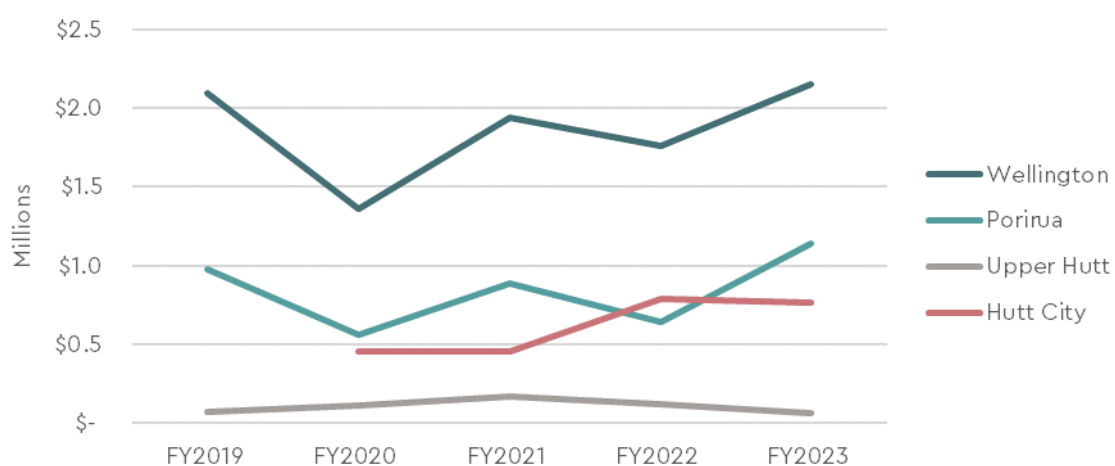
## Fee revenue

### Fee revenue varies over time

Fee revenue is a function of fee price and the number of times a fee is charged. The fee revenue collected can therefore change over time.

The following graph shows the revenue each council has recovered from fees over time.

**Figure 7. Fees revenue over time**



Note: Fee revenue includes artificial hockey turf and related facilities.



As mentioned above, when fees are set, they are priced to recover an annual average amount of cost. Because both fee revenue and cost will fluctuate year to year, the amount of cost recovered each year may be more or less than the target level (all else being equal). The table below shows the actual levels of cost recovery for Wellington City Council against the target level for the period from 2015/16 to 2019/20.

**Table 6. Actual and targeted levels of cost recovery for Wellington City Council**

Year	Target cost recovery level for natural grass	Target cost recovery level for artificial surfaces	Actual cost recovered through user charges
2015/16	10%	40%	16%
2016/17	10%	40%	17%
2017/18	10%	40%	16%
2018/19	20% across natural grass and artificial surfaces		17%
2019/20			11%

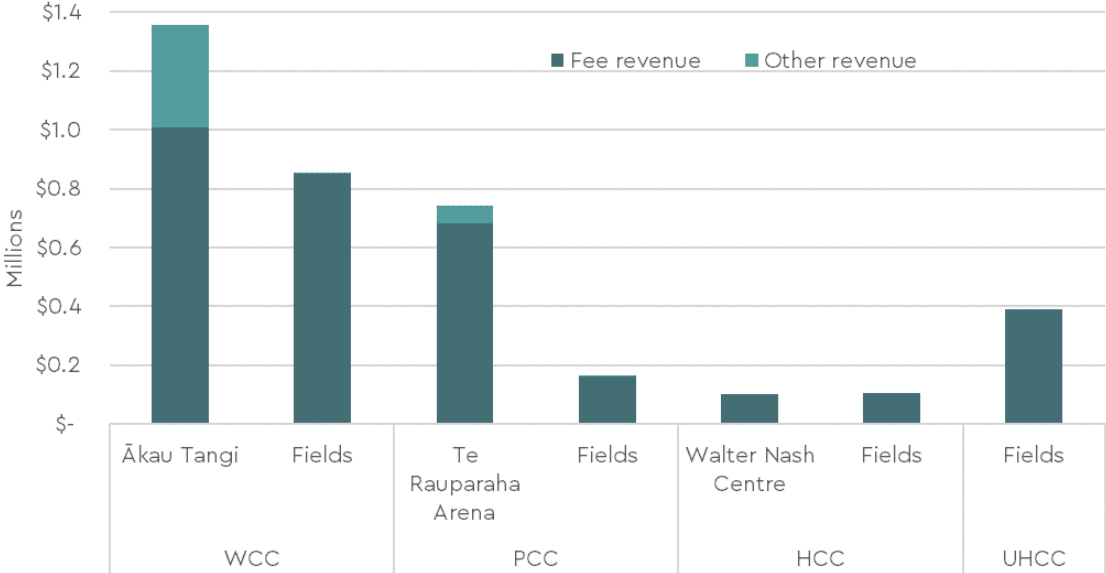
### Fees are one source of revenue

The following graph shows the average annual fee revenue for stadia and fields (including artificial turfs).

For Wellington and Hutt City Councils, at least half of the total fee revenue comes from the stadia. For Porirua City Council this is higher, at 84%. Also, the stadia generate commercial revenue as well as fees to recover the cost of their operations. Wellington City Council generates the highest amount of fee revenue from fields, consistent with it providing the most sports grounds of all councils.



**Figure 8. Fees revenue as a component of total revenue**



Note: Income from leases (eg of hockey turfs) is not included as it's not fee revenue.





## Not all sports pay fees to use council facilities

Wellington Hockey runs the Wellington region's junior, secondary school, and open-grade hockey competitions. Games are played at one of four facilities across the Wellington region, each located within different council boundaries: the National Hockey Stadium (WCC), Fraser Park (HCC), Maidstone Park (UHCC), and Elsdon Park (PCC).

The way that hockey pays councils to use these facilities is different from other sports played in the Wellington region, and different again depending on the location of the facility that hockey is played in.

This means that Wellington Hockey needs to be a sports organisation, a facilities management function, and a raiser of funds to pay for its facilities. In 1985, the Wellington Region Hockey Stadium Trust (WRHST) was formed to fund and manage the region's hockey turf and facilities, which it does in partnership with Wellington Hockey.

The following examples contrast how councils' approaches to developing and maintaining hockey facilities differ across the region.

When a third hockey turf was needed at the National Hockey Stadium in 2016/17, WCC built a flood-lit water-based hockey turf, including fencing, carparks, and pathways. The council funded two-thirds of the development cost through its Annual Plan and Long-Term Plan processes, with the remaining cost funded by WRHST. The WRHST pays a "fee" to Wellington City Council each year for exclusive use of the turf – effectively a lease – and funds the cost of the flood light bulbs, dugouts, and hockey goals. WCC is responsible for ongoing replacement, repairs, maintenance, and cleaning of the turf. The WRHST also pays a ground lease for the Town Belt land under the turf and an annual maintenance fee.

In contrast, WRHST entirely funded an upgrade at Fraser Park in 2022 from an old sand-based turf to a water turf, including new LED lighting, dugouts, and scoreboard. The WRHST pays a lease each year to Hutt City Council and, while that lease is less than the one paid to WCC, the WRHST is responsible for the ongoing upkeep of the Fraser Park turf. The upgrade depleted most of WRHST's available funds, and further investment in facilities across the region will be limited until more funding is raised.

This mixture of models adds complexity to the administration of hockey in the Wellington region. But the models also show different approaches to determining the costs that should fall to sports organisations. While the bottom line of cost imposition ultimately matters most to Wellington Hockey, the process for getting there raises questions about fairness, efficiency, and how total costs imposed on a regional sports organisation should be determined.



## Types of fees

### There are many different types of fees

Across the Wellington region and beyond, councils use different types of fees for sports grounds and facilities. Here are the main types of fees we encountered:

- **Seasonal fees** – Most sports are seasonal, so it makes sense for this to be a common basis for charging fees. However, there is variation – for example, the start and end dates of a season can differ between sports and councils. Some councils (such as Hamilton, and Melbourne) also offer a half-season fee.
- **Casual fees** – Casual fees are charged for ad hoc use of fields and facilities. Councils set casual fees in different ways – some codes have up to 12 different fees applied for a casual booking. Casual fees are set by surface or grade (Wellington, Lower Hutt, and Upper Hutt), by purpose (Porirua), by field size (Christchurch), for full day or half day (Lower Hutt, Tauranga, and Hamilton), by the hour (ACT), per player per session (Melbourne training for all sports), or simply by code (Kāpiti, Melbourne).
- **Discounted or zero-rated fees** – Youth sports often attract discounted rates. Again, how the discount is applied varies. Some councils offer free junior sports (Kāpiti), others have discounted fees for junior sports (Upper Hutt, Hamilton, ACT), and others provide a mix of free and discounted fees where fields are free and court sports have a youth rate (Wellington, Porirua, and Christchurch). The City of Melbourne discounts junior sport and sport played by women by 50% and has zero-rated fees for primary schools. Upper Hutt does not charge fees for training.
- **Service fees** – Councils often charge for other services such as storage, changing rooms, and lights.

The following table shows the types of fees used by each council in the Wellington region and the benchmarks.<sup>8</sup> We have grouped the types of fees into three categories:

- **Base fees** charged by the council, usually on a seasonal or casual basis
- **Discounted or zero-rated fees** where councils adjust the base fee – for example, a cheaper fee depending on who is playing, when they are playing, or the grade of surface they are playing on
- **Service fees** for services or amenities in addition to the base fee. Sometimes councils offer an alternative base fee that includes services like lights. These are marked in the table with the annotation "(alt rate)".

<sup>8</sup> The benchmarks are Christchurch City Council, Hamilton City Council, Tauranga City Council, the City of Melbourne (a local government area located in Melbourne), and the Australian Capital Territories (ACT) Government. The approach to benchmarking is discussed in Appendix 2 on page 75.



**Table 7. The types of fees used by councils**

	Wellington City Council	Porirua City Council	Kāpiti Coast District Council	Upper Hutt City Council	Hutt City Council	Tauranga City Council	Hamilton City Council	Christchurch City Council <sup>9</sup>	City of Melbourne <sup>10</sup>	ACT <sup>11</sup>
<b>Base fees</b>										
Seasonal fee	✓	✓	✓	✓	✓	✓ (athletics)	✓	✓ (cricket)	✓	
Casual fee	✓	✓	✓	✓	✓	✓ (athletics)	✓	✓ (alt rate)	✓	
Tournament/competition fee	✓	✓		By quotation			✓	✓		✓ (hourly)
Training fee	✓	✓		By quotation	✓		✓		✓	✓ (hourly)
<b>Discounts or zero-rated fees</b>										
Field grade/surface	✓		✓ (cricket)	✓	✓		✓	✓	✓	✓
Half season					Half days		✓		✓	
Weekend/peak fee	✓	✓		✓					✓	
Junior fees	✓ Free (grass)	✓ Free or 25%	Free	✓	✓	✓ (athletics)	✓		✓	✓
College fees	✓								✓	
Per person fee						✓ (athletics)			✓ (training)	
Non-club fee						✓		✓		
<b>Service fees</b>										
Line marking			✓ (off season)	✓			Provide paint	✓	✓ (alt rate)	✓
Grass preparation/damage							✓	✓		
Toilets/changing rooms	✓ (alt rate)					✓			✓	✓
Storage							✓			
Lights		✓								✓

<sup>9</sup> Christchurch City Council only charges fees to unaffiliated clubs.

<sup>10</sup> City of Melbourne is a local government area located in Melbourne.

<sup>11</sup> ACT is the Australian Capital Territories Government.



## In aggregate across the region, there are a large number of fees

### Total fees by council

Across the five councils in the Wellington region there are over 300 different fees listed for sports grounds and facilities. Councils with larger populations tend to have a larger and more diverse range of fields and courts, meaning they have more fees listed for different field grades and groups of users.

**Table 8. The number of fees across councils**

Council	Number of fees
Wellington City Council	100
Porirua City Council	51
Kāpiti Coast District Council	23
Hutt City Council	88
Upper Hutt City Council	50
<b>Total fees in Wellington region</b>	<b>312</b>
Tauranga City Council	8
Hamilton City Council	64
Christchurch City Council	30
City of Melbourne	50
ACT	102

### Total fees by sport

The following table groups the fees charged by the councils in the Wellington region by the individual sports that pay fees. Some sports organisations have to contend with a large number of fees, and this can make setting their own membership fees administratively complex.



**Table 9. Total fees by sport**

Sport	Wellington City Council	Porirua City Council	Kāpiti Coast District Council	Hutt City Council	Upper Hutt City Council	Total
Rugby union	18	8	2	14	5	47
Rugby league	18	8	2	14	1	43
Touch	0	4	2	0	4	10
Football (including twilight football)	18	8	3	14	13	56
Athletics	4	3	0	6	1	14
Cricket (including Kirikiti)	9	6	4	17	15	51
Croquet	2	0	1	2	0	5
Softball	4	7	2	11	3	27
Tennis	0	4	2	0	4	10
Netball	3	4	2	0	0	9

Note: Number of fees may not be the same as Table 8 because non-sport fees are excluded (eg fees for lighting or facilities).

### While there are a lot of fees, some are not charged very often

Of the more than 300 fees, only about 10% are charged very frequently. About half the fees are charged infrequently or not at all – suggesting that councils may be able to rationalise the number of fees that are listed in their schedules without affecting their fee revenue.

The fees most commonly charged are for multi-sport facility bookings, including artificial turfs and general sports fields, plus training fees for court sports, Porirua's softball diamond training, and Wellington casual cricket on artificial turfs. Athletics facilities in Wellington and Porirua are also the most commonly booked.

Rarely booked fees include off-peak rates, tournament rates, and casual bookings for codes that more typically make seasonal bookings (such as softball, touch rugby, and athletics), as well as tournament



and seasonal bookings for premier grounds. Least commonly booked are seasonal bookings for a single club.

The table below shows how often fees are charged for the four councils that provided data.

**Table 10. Estimated number of times each distinct fee is charged in a year**

	Never	Once	Rarely	Sometimes	Often	A lot
Wellington City Council	31%	8%	17%	23%	12%	10%
Porirua City Council	10%	0%	19%	39%	7%	25%
Hutt City Council	6%	2%	4%	71%	14%	4%
Upper Hutt City Council	2%	34%	32%	30%	2%	0%
Kāpiti Coast District Council	N/A	N/A	N/A	N/A	N/A	N/A

Source: Council provided data. Kāpiti have low and often no cost recovery, and limited data – no fee volume information was provided.

Note: For councils that couldn't provide volume data, we assumed 1=once, 2-3= rarely, <10=sometimes, <50= often, >50= a lot.

## Fee prices

### The price of fees varies across councils

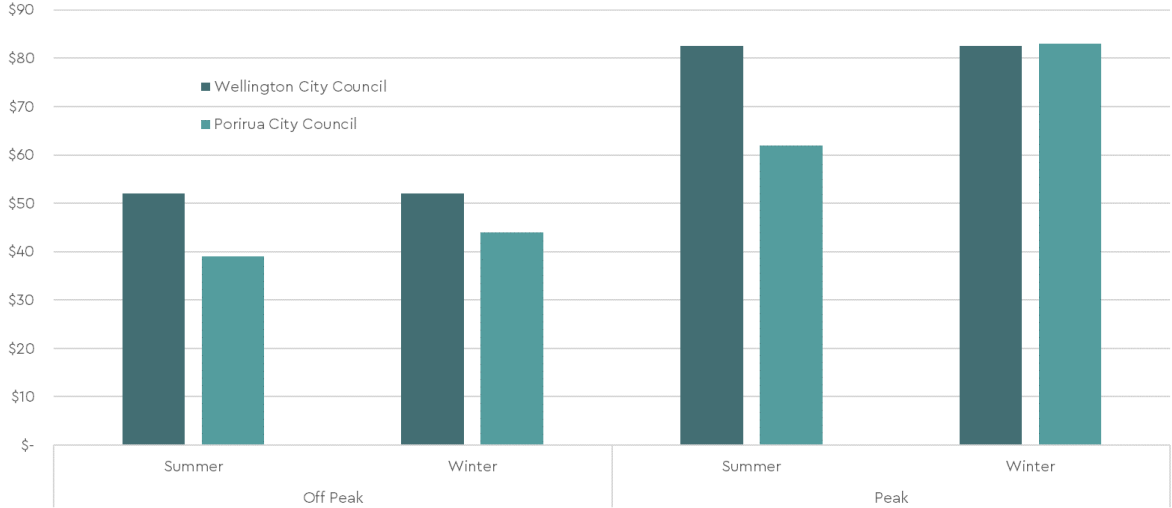
#### Artificial turf fees

Four of the councils in the Wellington region provide artificial turf facilities (Kāpiti Coast District Council being the exception). The graph below compares the hourly booking fee charged by Wellington City Council and Porirua City Council to seniors for full-size artificial turfs.

Fees for the artificial turfs in Fraser Park and the Hutt Recreation Ground are set in discussion with the council and, in the case of Maidstone Park, the Trust that manages the facilities.



**Figure 9. Artificial turf fees in Wellington and Porirua**



**Stadia fees**

All three stadia charge fees for court and venue bookings. However, fees are set on a different basis – for example peak and off-peak (WCC), discounts for community (PCC), and lower fees for regular users of the courts (HCC). The graph below shows the different court and venue bookings.<sup>12</sup>

**Figure 10. Stadia fees**



<sup>12</sup> We note for completeness that the stadia have different quantities of courts. Ākau Tangi has 12 sprung floor courts for basketball, netball, and futsal. Te Rauparaha Arena has four courts that can be used for basketball or netball. The Walter Nash Centre has five courts for basketball, netball, or futsal. The courts are also marked for six volleyball courts or three floorball courts.



Ākau Tangi and Te Rauparaha Arena both charge for casual rates, with discounted fees for children. All casual rates for courts are less than swimming pool entry fees. Ākau Tangi also has separate fees based on pro rata spatial use which effectively means sports pay different fees based on the space they require.

As noted elsewhere, stadia have quite different cost-recovery profiles compared to fields, as they are used for a variety of purposes, some of which are outside of sport (for example, events, expos, and conferences). These uses may attract fees that are quite different from sport fees as they create a different set of beneficiaries. Compared to sports fields, stadia costs are also more likely to be met from commercial users.

## Comparison of fees charged for different sports

This section compares the fees charged by councils for a range of fields and grounds. Because there are such a large number of fees and significant variation in the way they are charged across councils, we have used a subset of all fees for the comparison, as described below.

- We have compared fees for rugby union, rugby league, football, cricket, softball, and athletics. All councils charge the same price for the use of fields for rugby union and rugby league – therefore we have grouped these two sports together in the comparison.
- We have compared the minimum, median, and maximum fees charged by each council. The maximum fee ignores premier stadiums, which are not likely to be used for community sport.
- Australian fees are listed in AUD.
- A comparison of fees across all sports within a council is provided in the next section.

## Rugby union and rugby league fees

### Seasonal fees for these sports vary significantly across councils

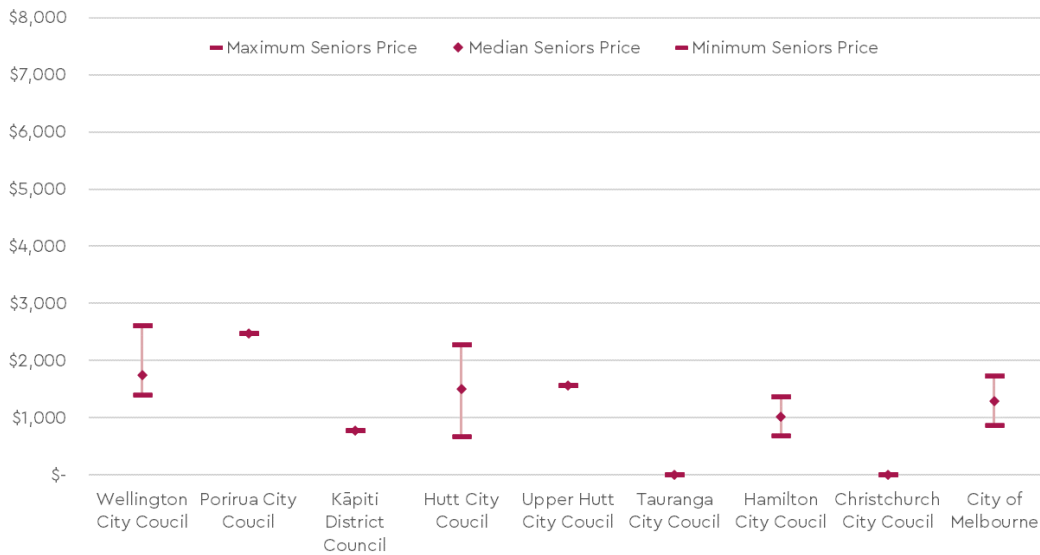
The minimum that a club will pay varies, with Tauranga and Christchurch providing fields without requiring a fee, and Kāpiti Coast, Lower Hutt, and Hamilton providing some of the most affordable rates. There is a step up in price for field grades in Wellington and Lower Hutt. In Wellington there is a small fee increase for a mid-grade field but then a sizable increase for a top-grade field. Porirua has a single fee that is comparable with what clubs in Wellington and Lower Hutt would pay for a top-grade field, but Porirua does not provide clubs with any options in relation to the quality (and ultimately the price) of their seasonal booking.

Seasonal fees for rugby are presented in the figure below.





**Figure 11. Seasonal fees for rugby (seniors)**



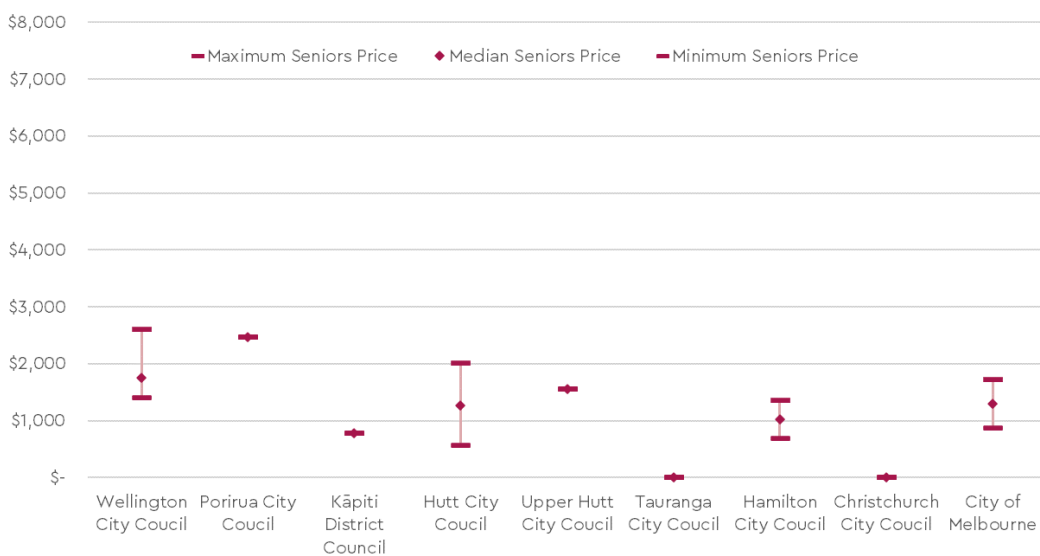
**Casual booking fees for rugby are relatively consistent**

Casual booking fees for rugby, where charged, are largely consistent across councils, except for a full-day booking in Lower Hutt for its top grade of field.

**Football fees**

Seasonal fees for football follow the same distribution as seasonal fees for rugby union and rugby league. This is shown in the following figure.

**Figure 12. Seasonal fees for football (seniors)**

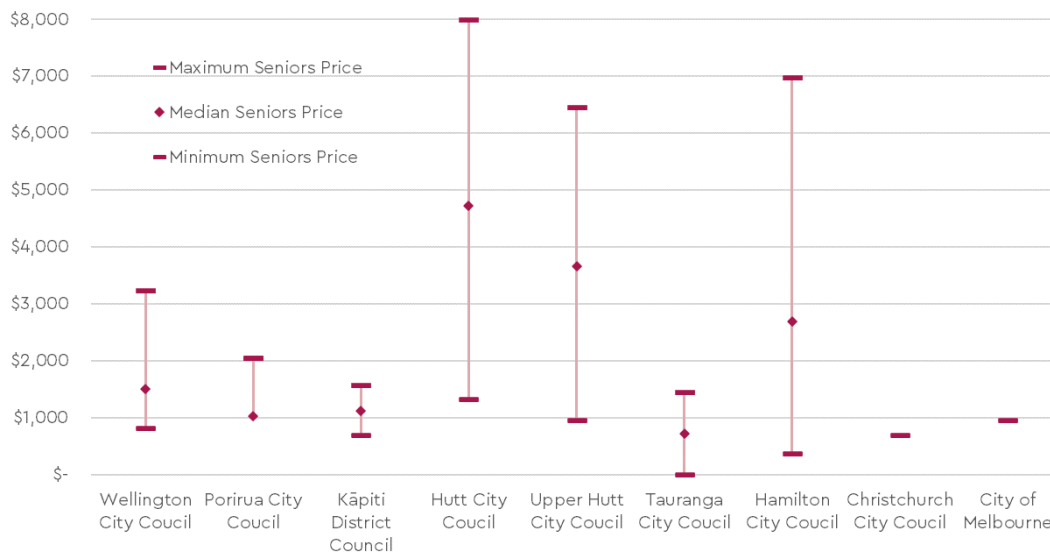


## Cricket fees

### Seasonal fees for cricket are highest in the Hutt Valley (and in Melbourne)

Cricket fees across councils vary widely in the median, and maximum amounts that a team will pay for a season (minimum seasonal fees are reasonably consistent). Higher fees are set for higher grades of wicket – Wellington and Lower Hutt offer grade 1 fields for hire and Upper Hutt has two senior blocks for premier play.

**Figure 13. Seasonal fees for cricket (seniors)**

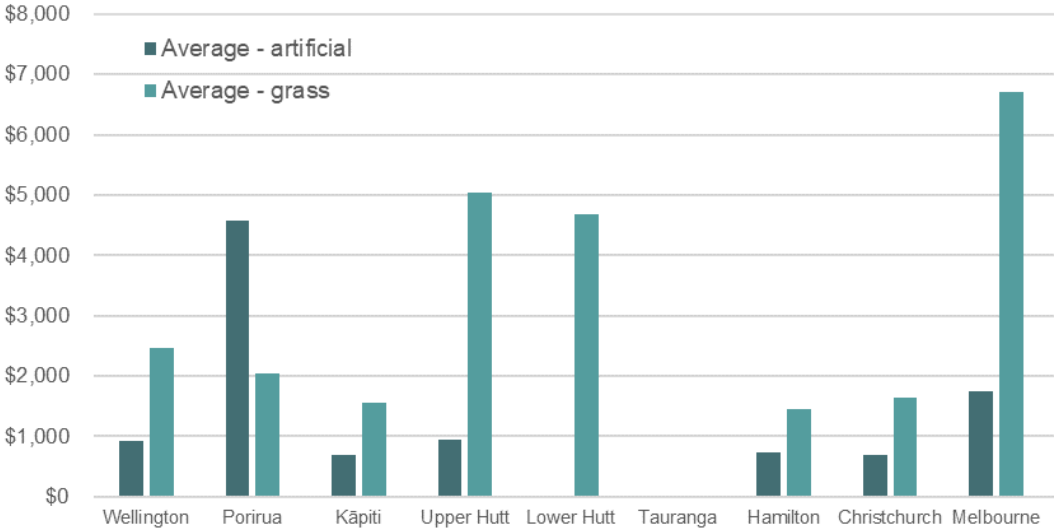


### Fees for grass and artificial cricket pitches are different

Different surfaces for cricket pitches attract different fees in every territory we looked at that had both grass and artificial pitches. The comparison below converts the hourly and weekly rates used in Melbourne into seasonal rates. For most councils, fees for artificial wickets are less than grass wickets.



**Figure 14. Seasonal fees for cricket on pitches with different surfaces**



**Casual fees for cricket are relatively consistent**

For casual cricket fees, the main outlier is Lower Hutt, which offers casual bookings for full days on three different grades of field. Other councils mainly distinguish price for a casual session booking by surface.

**Softball fees**

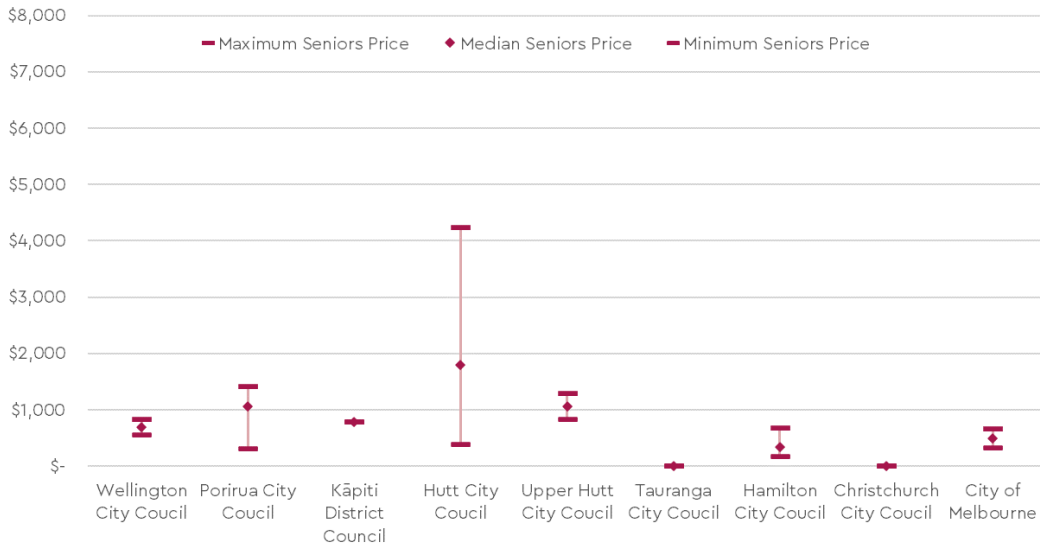
Softball is another summer sport but with a drastically different cost profile to cricket. Based on fees alone, there appears to be less work required on a softball diamond compared to a grass cricket strip, noting softball fields are also smaller overall.

**Seasonal fees for softball are relatively consistent, with one outlier**

Lower Hutt is the main outlier in seasonal fees. Most of its softball fields are based at Fraser Park where there is 1 artificial diamond, 3 lime diamonds, 2 senior grass diamonds, and 3 junior grass diamonds, each with different fees.



**Figure 15. Seasonal fees for softball (seniors)**



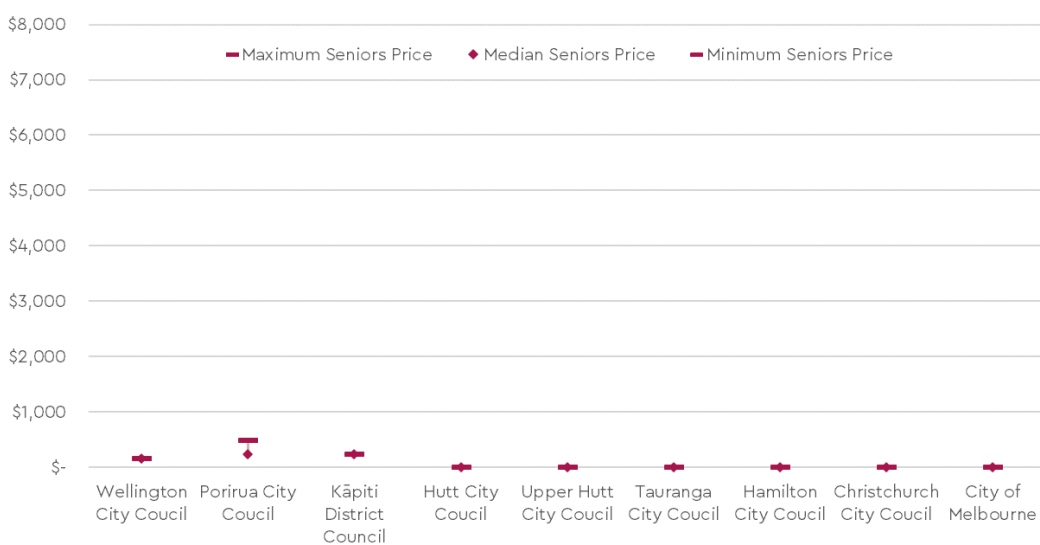
**Casual fees for softball follow a similar pattern to seasonal fees**

Similarly, for casual softball bookings, the main outlier is Lower Hutt, which offers three surface grades for half- or whole-day bookings.

**Netball**

Seasonal fees for netball are lower than for a lot of other sports – and free in some jurisdictions. This is shown in the figure below.

**Figure 16. Seasonal fees for netball (seniors)**



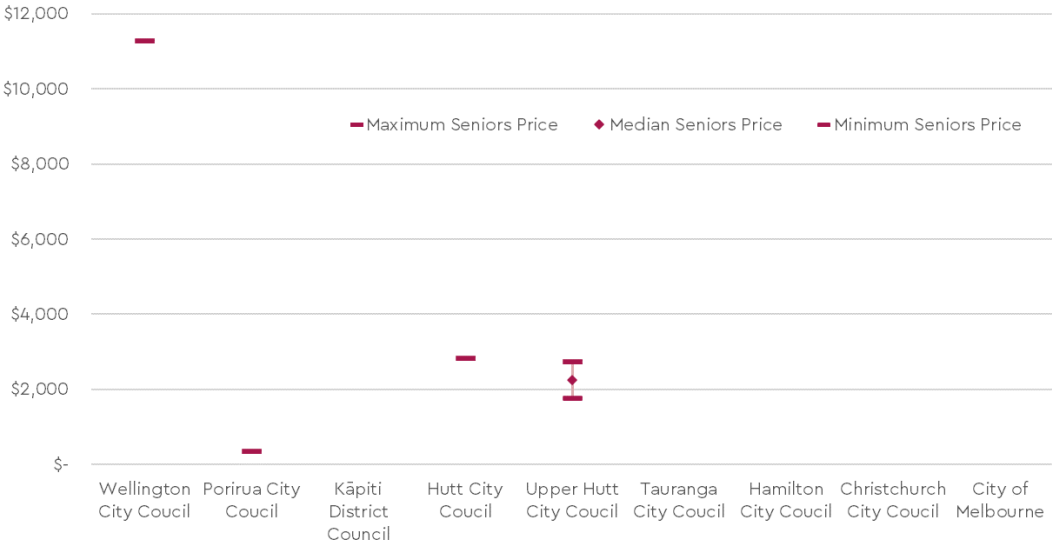
## Athletics fees

Athletics is a summer sport that often sees high participation through schools. It includes a series of disciplines that at the very least have two needs: a running track and a field for field disciplines. More advanced facilities have additional components such as a long jump pit and throwing cages. Very few councils offer seasonal booking for athletics facilities.

### Seasonal fees for athletics have one outlier

Seasonal fees for athletics are much higher in Wellington than other territories. This reflects the standard of facilities offered. Wellington offers an all-weather running track of international standard, and facilities for throwing and jumping. Facilities elsewhere can be as simple as a grass field and a mown running track. The difference is shown in the figure below.

**Figure 17. Seasonal fees for athletics (seniors)**



### Casual fees for athletics vary in level and approach across territories

Councils that have athletics facilities available to book have casual fees. There does not appear to be any consistency in the basis for a casual booking:

- Wellington offers bookings for the whole facility (track and field).
- Porirua offers bookings on a "per track" basis.
- Upper Hutt does not charge for casual bookings by clubs and schools.
- Lower Hutt differentiates bookings by field grade for half or whole days.
- Tauranga offers summer and winter rates on a "per person" basis.
- ACT offers "per hour per field" bookings for training or matches.



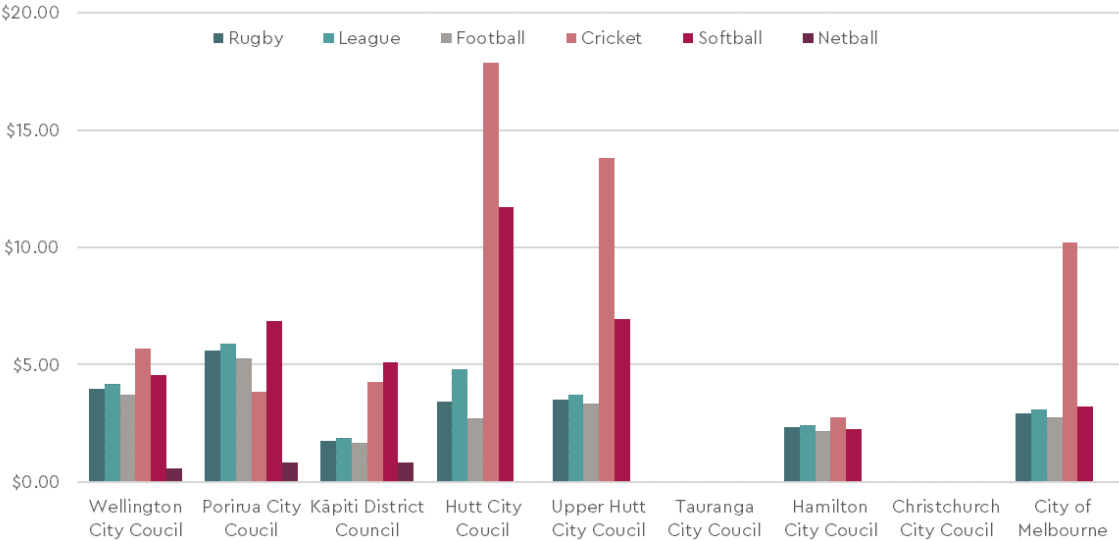
## Dollar-value of fees vary across sports, per game, and per hour of playing time

We calculated the fees that sports would face per game, and per hour of game time. This analysis required us to make assumptions about the number of games per season, the players per team (including reserves), and the length of game time.

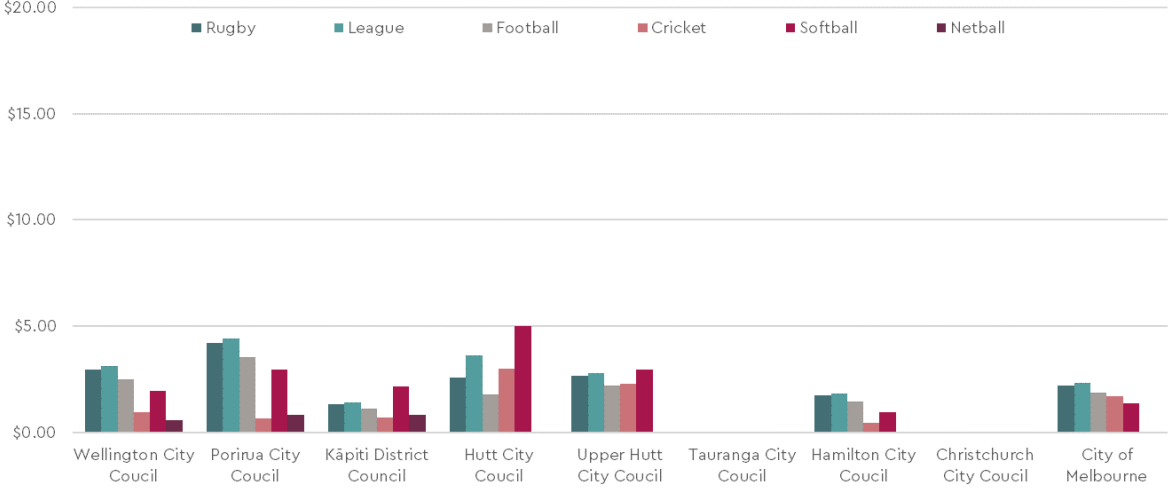
Generally, sports follow the patterns shown in the figures relating to seasonal fees above. Within most territories, cricket is relatively expensive on a per-game basis, but cheaper on a playing-hour basis due to the longer game time.

For most sports in the Wellington region, the fees per game are comparable to the casual fee for the three stadia and entry to the region’s swimming pools. The exceptions are cricket played in Lower Hutt and Upper Hutt, and softball played in Lower Hutt.

**Figure 18. Fees per game**



**Figure 19. Fees per hour of game time**



# **PART 3: FINDINGS AND RECOMMENDATIONS**







# Findings: Problems with the current arrangements

## The current arrangements for setting fees and recovering costs

### The Wellington region offers a large number of sports facilities, catering for many different sports and skill levels

The Wellington region hosts grounds and facilities for an extensive range of sporting codes and skill levels. For example:

- All councils have outdoor grass fields.
- Some councils have indoor courts.
- Some councils have traditional grass cricket pitches, some have artificial cricket pitches, and many have both.
- Some have artificial turfs used exclusively for hockey while others have artificial turfs used for a range of sports.

### The cost of providing the grounds and facilities depends on many variables

The cost to councils of providing the sports grounds and facilities depend on many variables. For example:

- Natural and subsoil characteristics can determine the quality of a playing surface, as well as the cost of the maintenance needed (for example, if the soil is less able to regrow grass).
- Different surfaces will attract different standards of care, depending on their intended use. For example, a first-class cricket pitch requires significantly more care than an artificial wicket used for junior cricket.
- Councils provide services at some facilities such as lighting, toilets, and rubbish collection, but the extent of these services varies across councils and across different grounds and facilities.

### Each council has its own approach to recovering the cost of providing these services

The way that sports grounds and facilities are funded varies by council and over time. In general, sports facility services are funded through rates (which usually fund maintenance-related activities) and debt (which usually funds large, one-off development works).



Across all councils in the region, the delivery of sports facilities is significantly subsidised by ratepayers. A relatively small proportion of funding comes from revenue from fees.

Under the Local Government Act 2002, councils have the power to make bylaws,<sup>13</sup> and each council has a bylaw empowering it to charge a fee to users of its sports facilities.

Councils have policies setting out how they will use the power to set fees. Generally, councils seek to balance accessibility for users, demand for the services, the level of service, and users' willingness and ability to pay.

Each council seeks to recover a percentage of the total cost of providing sports fields and facilities through fees and charges. The percentage ranges from less than 5% for sports fields provided by Kāpiti Coast District Council, to nearly 60% for Hutt City Council's indoor facility.

Some councils also offer discounts to make facilities more accessible for certain users based on their age or skill level – for example, discounted or zero-rated fees for junior or college users.

Ultimately, the different council approaches to cost recovery mean that even if all councils provided identical services at the same level of cost, the price of the fees charged by different councils would be different.

### **Clubs and regional sports organisations pay the councils' fees and pass all or some of the cost onto their members**

Most fees are paid to councils by clubs or regional sports organisations (RSOs) for bookings. Some specialist facilities such as indoor courts may be leased to an RSO, who manage the bookings themselves. An RSO – for example, Wellington Hockey working in partnership with the Wellington Region Hockey Stadium Trust – may also develop and maintain these assets and hold a ground lease.

Clubs pass on the costs of paying fees and for leases to players through their membership fees. Council fees for grounds and facilities are only one part of the cost of players' membership fees, which also cover the costs of running the club, and fees paid by the club to local, regional, and national sports organisations.

As membership fees are often not broken down by cost item, many players will probably be unaware of how much they are contributing to council services.

### **Across all councils in the region, there are a lot of fees**

Each council has a different fee framework, leading to a large number of unique fees across the region – over 300 ground and facility fees in total. Councils with a larger and more diverse range of fields and courts have more fees (for different field grades and groups of users).

Some sport organisations (particularly for hockey turfs and indoor facilities) have lease agreements with the council, which are a different cost-recovery arrangement.

<sup>13</sup> See section 150: [Local Government Act 2002 No 84 \(as at 17 February 2024\)](#)



Council fee schedules are designed in different ways. For example, fees are charged according to:

- the type of sports facility the council provides
- the sport being played (and the impact it has on the field or court)
- the length of time a field or court is used for
- the age or skill level of the user of that facility
- the level or grade of the field or court
- whether the facility is being used in summer or winter, or
- whether the cost of delivering peripheral services like lighting or toilets are included in other fees, or charged for separately.

Of the more than 300 fees, only about 10% are charged very frequently. About half are charged infrequently or not at all. This suggests councils may be able to rationalise the number of fees listed in their schedules without affecting their fee revenue.

### **The price of each fee is based on the underlying cost of providing the sports facilities, and the cost of service differs across councils**

The cost to councils of providing sports facilities depends on several factors. Some of these reasons are within the councils' control, and others are not.

- **Some factors are specific to the particular facility** – For example, how well a grass field drains in winter will determine how much stormwater infrastructure is needed, and how much maintenance in wet conditions. This might mean a higher cost for providing a grass field in Wellington that doesn't naturally drain as well, compared to a field in Kāpiti with a sandier base and good drainage.
- **How much a facility is used will determine its maintenance needs** – For example, artificial turfs that are used heavily will wear more quickly and need more maintenance, all else being equal. Depending on demand and ability to provide new facilities, councils will tend to encourage higher use of existing facilities.
- **The five council organisations are different in size and in how they operate** – Some councils employ staff to deliver their sports facilities, whereas others (like Upper Hutt City Council) contract this out to third parties. Choices about how the services are delivered have implications for the cost of service delivery, the level of service provided and the councils' visibility of those costs.
- **Councils also have different management structures and organisational-support needs** – Therefore, the cost of these differs across councils. Overhead costs make up a significant proportion of the total cost recovered by fees for providing sports facilities. Councils allocate different proportions of their total overhead costs to their grounds and facility functions, ranging from 0% to about 40% of direct costs.



## Problems with the current arrangements

### **The cost of delivering sports facilities isn't always transparent, and it's difficult to compare costs across councils on a like-for-like basis**

Councils set up their financial systems and record costs in different ways. For example, Wellington City Council records all costs for its grass fields together in one cost centre, making it difficult to identify the cost of a specific field. In other instances, the costs associated with a single facility are easily identifiable – for example, indoor facilities like WCC's Ākau Tangi Sports Centre have their own cost centre. None of the councils regularly collect time recording data, which could be used to disaggregate grouped costs.

This is not a problem in itself – councils need to balance the various financial information needs of the entire organisation with the need for administrative efficiency and the constraints of their financial system. In the context of setting fees, however, that wide variation in financial systems and cost recording can:

- limit councils' ability to identify and analyse the costs of individual sports facilities in detail, and
- make it harder to compare costs across the different councils.

### **The different council approaches to fees create a lot of complexity and an administrative burden for fee payers**

The way the fees are set and the underlying costs are recovered varies across the region. Clubs and sports organisations have to navigate five different fee schedules and different council intentions for cost recovery. Clubs pay different amounts for similar sports facilities, and the logic behind any given fee is not clear to fee payers. There is also no one entity that the fee payers can hold to account for the price of the services they pay for.

This variation and inconsistency adds a lot of complexity to the administration of the sports clubs and regional sports organisations. It can also significantly affect how a sports organisation plans for, funds, and runs its operations (for example, Wellington Hockey is responsible for the redevelopment and maintenance of the Fraser Park hockey turf).

Clubs need to budget for the use of the sports fields and recover the costs they pay from the membership fees they charge their members. However, the sheer number of council fees also creates a significant administrative burden for clubs who pay fees to councils.

### **There are reasonable grounds for believing that the fees councils charge are not recovering the amount of cost they are meant to**

There are two reasons for concluding that the total fees councils charge do not recover the targeted levels set out in their policies.



First, while some councils seek to recover all the costs, others do not. For example, Kāpiti Coast District Council does not recover the costs of depreciation or overheads in their fees. Normally we would expect a portion of these types of costs to be recovered through fees.

Second, the cost of providing sports facilities changes over time. This could be because of changes to the service provided or how it is provided, or rising staff costs and other maintenance costs. It is good practice to review the price of fees (and the fee schedule) every three to five years.

Most fee adjustments are made to keep up with inflation (based on the Consumer Price Index), but changes in the underlying costs of service are not always considered when adjusting fees. Councils have only infrequently reviewed the price of their fees. Wellington City Council last reviewed its cost coding regime in 2005. Hutt City Council had a fulsome review in 1993, with another review currently underway.

The longer the time since fees were last reviewed, the higher the chance that the underlying costs have changed and the fees are not recovering all the actual costs, or that some cross-subsidisation is occurring (for example, some cost increases for one sport using one set of playing surfaces might be recovered by the fees from other sports using other playing surfaces).

Some amount of cross-subsidisation is present in many cost recovery regimes and is not necessarily a problem. For example, councils often charge lower fees for junior sport, meaning it is subsidised by senior sport to support the policy aim of encouraging junior participation. Some councils allow cross-subsidisation across codes in order to make some sports affordable, or across facilities, such as where a high-demand facility can cross-subsidise a low-demand facility to ensure it remains available.

However, cross-subsidisation can become a problem when it is unintentional, or where the amount of subsidisation becomes significant and unfair. It is important that council accounting systems accommodate adequate detail to allow cross-subsidies to be identified and managed in a way that supports council policy objectives. It is also important that the parties paying more to subsidise other parties are not incurring unreasonable costs.



# Recommendations for creating more transparency and consistency

## Our recommendations balance ambition and practicality

We have thought particularly carefully about the recommendations of this review. In order for people to participate in sports across the region, the many councils and sports organisations have to work together as a well-functioning ecosystem. The recommendations need to strike a reasonable balance between what is desirable and what is practicable.

Each council has unique sport facilities, user demographics, levels of service, and community priorities. For the reasons set out in this report, we don't think it is realistic to expect all councils to shift to a common set of fees that are charged at the same price. Nor do we expect that councils will deliver their sports grounds and facilities in the same way at the same cost.

Some of the changes that are needed to make the cost of service delivery more transparent require councils to either change their systems or invest in new ones. These changes must be considered alongside other investment decisions and are likely to have consequences for other system users across the council.

Outside the scope of this review there are also other dimensions relating to council fees and the cost of playing sport in the region more generally. For example:

- the ability and willingness of people to pay for their sports grounds and facilities – this is a function of both the councils' fees and membership fees charged by sports organisations and clubs, and
- whether councils are providing the right services, and how effective they are at delivering them. This point applies equally to sports organisations and clubs.

## Recommendations

We have grouped the recommendations into different timeframes – short-, medium-, and longer-term – according to how difficult we expect it will be to action the recommendations, and the planning cycles that councils must work within (such as their Annual Plan and Long-Term Plan processes).

Where we refer to "councils" in the recommendations, we mean all councils in the Wellington region.



**Table 11. Recommendations**

Timeframe	Recommendation
<p><b>Short term (next 6 – 12 months)</b></p>	<p><b>Continue to work together</b></p> <p>1. Councils and sports organisations should continue to collaborate through a formal working group. There are options for this. The review was instigated following advocacy by the Affordable Sports for Greater Wellington Working Group, and the Affordable Sports Working Group supported the development of this report. We understand Nuku Ora also runs a group with similar membership. Any of those groups could support collaboration around fee setting. This would provide a regional view and would support councils and sports organisations, helping them to communicate effectively, build consensus, and align their different timelines and priorities. It may be that the group's terms of reference would need to be adjusted over time as its role evolves and to ensure its membership is representative across the region.<sup>14</sup></p> <p><b>Commit to the next fee reviews</b></p> <p>2. Councils should provide a timetable to the working group (see <i>Rec 1</i>) setting out when their next substantive fee reviews will happen. The reality is that each council has competing priorities and limited resources, and different councils have different levels of commitment to aligning fees and charges. It is therefore likely that the fee reviews themselves will happen over a number of years.</p> <p><b>Increase transparency and awareness</b></p> <p>3. Sports organisations should raise awareness among their membership of how fields and facilities are provided and the cost of using them. We understand some sports organisations do this already, but that many do not. We consider this useful practice for providing transparency to club members and their families.</p>
<p><b>Medium term (12 – 24 months)</b></p>	<p><b>Be transparent about costs</b></p> <p>4. Councils should consider how to make their cost bases transparent so that all participants in the system can see total cost, the components of total cost, and the extent of and limits to the detail in council accounting systems. This supports the recommendation of Nuku Ora to take steps to improve regional consistency. It will be important to consider any lessons from the Hutt City Council fees review when striving for regional consistency.</p>

<sup>14</sup> We note that Nuku Ora's *Regional Sports Fields Report* and *Regional Indoor Courts Report* made recommendations that could be supported by a formal working group offering a forum for collaboration and information sharing across parties. The three key recommendations were:

1. Maximise the use of what is currently available through maintaining and improving the current network
2. Realise partnering opportunities
3. Take steps to improve regional consistency.





	<p><b>Align the different approaches to fee setting over time</b></p> <p>5. The working group should agree on a broad approach for doing future substantive fee reviews (while acknowledging the legislative and policy parameters that apply to councils) so that the process is consistent and transparent. The approach will need to be pragmatic, balancing the aims of the sports organisations with the fact that councils are established in legislation, are governed independently, and need to be financially sustainable. The approach could, for example, move councils toward a more consistent fee structure over time, and a more consistent approach for discounts and fee exemptions. This supports the recommendation by Nuku Ora to take steps to improve regional consistency.</p> <p><b>Simplify fee schedules where possible</b></p> <p>6. Councils should identify whether some of the fees they currently list in their fee schedules could be removed in the following Annual Plan process because they are rarely or never charged to sports groups or users. This would help to simplify the current fee structures (which amount to a total of more than 300 fees across the region) without materially affecting councils' fee revenue.</p> <p><b>Share key data to allow benchmarking</b></p> <p>7. Councils should regularly provide to the working group the costs of providing sports grounds and facilities and key metrics (such as the number of playable hours). This exercise will need to be pragmatic, recognising each council has limitations to its data, and limited resources available to do the benchmarking. It could be done using third-party tools like Yardstick. The benchmarking will provide transparency about service delivery and guide councils to collect better information about their costs.</p> <p><b>Working group to deepen understanding and monitor demand</b></p> <p>8. The working group should increase its understanding of issues around the affordability of playing sports across the region, and demand for different facilities and quality of services. This work would identify how demand differs by sports and council jurisdictions, and help inform future council policy and funding decisions.</p>
<p><b>Longer term (&gt;24 months)</b></p>	<p><b>Assess effectiveness</b></p> <p>9. As a precursor to future (substantive) fee reviews, each council should assess how effectively it is delivering sports grounds and facilities. This can be done as part of a cost-effectiveness review under s 17A of the Local Government Act 2002. Key results would be shared with the working group.</p> <p><b>Review fees regularly</b></p> <p>10. Councils should review their substantive fees on a rolling 3- to 5-year basis.</p>



# APPENDICES





# Appendix 1: Sports grounds and facilities within the scope of this review

## Natural and artificial fields

Upper Hutt City Council	
Heretaunga Park (Kiwi Park)	1x artificial wicket 1x junior football
Trentham Memorial Park	1x grass athletics track and associated athletics formats ie discus 8x small-sided summer football, 4x senior grass cricket blocks (including Barton Oval), 5 junior grass strips, 2x artificial wickets, 2 lane nets, and site of 3 lane indoor facility (Trentham Sports Centre), 11 Rugby fields (senior & junior), 7 Football fields (Senior & junior), Harriers club, Cross country courses
Whakatiki Park	Junior rugby league, 1x lime (skin) diamond, 2x grass diamonds, Multiple areas for T-Ball, 4x junior cricket strips
Maidstone Park Artificial	1x full artificial hockey turf, lights, electronic score board, 1x full artificial multiuse turf – football/rugby, lights, electronic score board, 1x ¼ size training artificial. Lights, 4x tennis courts, lights
Maidstone Park natural	2x senior rugby fields, Wrap-around training area, lights, Casual usage for 2x senior football fields (tournament use), 4 hectare sand profile field
Oxford Park	2x junior football
Māoribank Park	2x senior rugby, 3x junior rugby, 1 x grass softball diamond
Harcourt Park	2x full football fields, 2x junior cricket strips
Awakairangi Park	Overflow / casual usage park, 10x Ultimate fields, 3x Gaelic Football
Hutt City Council	
Fraser Park	Artificial turf for hockey (new water-based turf recently installed by Wellington Hockey)
Fraser Park	3 senior rugby fields, 5 junior rugby fields, 2 rugby training areas, 4 senior football fields, 7 junior football fields, 1 dual (football/rugby) field, 1 full artificial field, 1 artificial diamond, 2 senior grass diamonds,



	3 lime diamonds, 3 junior grass diamonds, 4 artificial cricket strips, 2 cricket blocks, 3 lane cricket practice nets (cricket practice nets owned by club), 1 grass baseball diamond, 13 touch rugby fields
Hutt Park	4 senior football fields, 2 junior football fields, training areas, 1 Aussie Rules field, 8 touch fields, 4 junior touch fields
Hutt Recreation Ground	3 senior rugby fields, junior rugby, rugby training areas, half size artificial, 400m grass athletics track; 110m artificial sprint track with 2 jumping pits, 3 cricket blocks, 3 lane cricket practice nets (cricket practise nets owned by the club), 2 junior cricket, grandstand (toilets and changing rooms); discus / shot put throwing circle
Te Whiti Park	2 rugby league fields, 1 senior football field, 1 junior football field, 1 football training field, 4 cricket blocks, 1 artificial cricket strip, 2 lane cricket practice nets (cricket practice nets owned by club), 1 grass diamond, 2 touch fields
Mary Crowther Park	3 senior rugby fields, training rugby area, 2 touch fields
Memorial Park (Petone)	3 football fields, Home of Football facility, 1 full artificial field
Frederick Wise Park	4 rugby league fields, 1 junior rugby league field, 1 lime diamond, 1 grass diamond, 4 touch fields
Delaney Park	2 senior football fields, 2 senior rugby fields, 1 junior football field, football training area, 2 cricket blocks, 2 artificial cricket strips, 3 junior grass cricket, 2 bay practice cricket nets (cricket practice nets owned by club), 2 grass softball diamonds, 2 touch fields
Naenae Park	2 senior football fields, 1 junior football field, 2 rugby league fields, 2 cricket blocks, 1 artificial cricket strip, 4 junior grass cricket, 2 lane cricket practice nets (owned by club)
Richard Prouse Park	4 senior football fields, 1 junior football field, 2 artificial cricket
Petone Recreation Ground	4 rugby fields, 4 junior rugby fields, 5 cricket blocks, 6 junior grass cricket, 5 touch fields
North Park	1 training rugby field
Fraser Park	Artificial Diamond (winter low usage)
HW Shortt Park	1 rugby field, 1 cricket block, 2 lane cricket practice nets (owned by club), 1 public hardcourt outdoor basketball court, 3 public hardcourt outdoor tennis courts
CL Bishop Park	2 football (1 senior / 1 junior), 1 junior grass cricket
McEwan Park	2 rugby league fields, 2 touch fields
Sladden Park	1 senior football field, 3 junior football fields, 1 artificial cricket wicket



Williams Park	2 junior football fields, 6 public hardcourt tennis courts, 4 public grass tennis courts, 1 grass croquet green
Bryan Heath Park	2 senior football fields, 2 cricket blocks, 3 junior grass cricket wicket, 2 lane cricket practice nets (owned by club)
William Jones Park	1x rugby field, 2 touch fields
Arakura Park	2 junior football fields
Riverside Park	3 junior football fields
Holburn Park	2 junior football fields
The Oval (Taitā)	1 football field, 1 NFL field.
Trafalgar Park	1x rugby field, 2 junior cricket fields
<b>Wellington City Council</b>	
Wakefield	Football, cricket, softball, artificial all-weather sports fields, changing rooms
Kilbirnie Park	Football, rugby, community softball, cricket, cricket artificial surfaces, changing rooms
Te Whaea	Artificial all-weather sports field, changing rooms
Terawhiti – Wilf Glover *CR4	Football, training, general activities.
Ian Galloway (1, 3, 4)	Rugby, cricket, cricket artificial surfaces, BMX track, changing rooms
Miramar Park (1 & 2)	Football, cricket, tennis, changing rooms
Nairnville Park	Football, rugby, cricket, netball, athletics, cricket artificial surface, artificial all-weather sports field, play area, changing rooms
Redwood Park (1 & 2)	Football, rugby, softball, changing rooms
Newtown Park (1 & 2)	Football, athletics, 400m all-weather running track, grandstand, function rooms, changing rooms
Lyndhurst Park	Rugby, toilets
Grenda North Park	Football, cricket, cricket artificial surfaces, athletics, changing rooms
Helston	Rugby, softball, touch rugby, toilets
Polo Grounds (1 & 2)	Rugby, softball, changing rooms
Alex Moore Park	Football, rugby, cricket, softball, cricket artificial surface, artificial all-weather sports field, changing rooms



Evans Bay Park	Rugby, changing rooms
Hataitai Park	Rugby, football, softball, cycling, tennis, netball asphalt surfaces, changing rooms
Seatoun Park	Football, play area, changing rooms
Martin Luckie	Tennis, softball, ultimate frisbee, changing rooms.
Pukehuia (Newlands) Park (1 & 2)	Football, rugby, softball, changing rooms
Tanera Park	Football, cricket, cricket artificial surface, changing rooms
Karori Park (1, 2, 3)	Football, cricket, all-weather track, play area, changing rooms
Nairn Street Park	Football, changing rooms
Wilton Park	Football, cricket, cricket artificial surface, changing rooms
Kelburn Park	Football, rugby, rugby league, cricket, croquet, play area, changing rooms
Ben Burn Park	Football, cricket, athletics, cricket artificial surface, play area, changing rooms
Kaiwharawhara Park	Football, changing rooms
Kowhai Park	Grass
Anderson Park	Football, cricket, touch rugby, changing rooms
Vogelmorn Park	Football, cricket artificial practice nets, changing rooms
Liardet Street Park	Football, cricket, cricket artificial surfaces, changing rooms
Raroa	Football, softball, changing rooms
MacAlister Park (1 & 2)	Football, rugby league, cricket, changing rooms
Crawford Green	Football, softball, play area, changing rooms
Melrose Park	Tennis, softball, ultimate frisbee, changing rooms.
Churton Park	Junior football, cricket, cricket artificial surface, changing rooms
David Farrington Park	Football, changing rooms
Grenada North Park	Football, cricket, cricket artificial surfaces, athletics, changing rooms
Happy Valley Park (1 & 2)	Football, cricket, cricket artificial surfaces, changing rooms
Pinkerton Park (1 & 2)	Football, cricket artificial surface, play area, changing rooms



Linden Park West (Accumulated)	Football, cricket
Linden Park (Accumulated)	Hockey, cricket, cricket artificial surface, changing rooms
Sinclair	Football, changing rooms
Southgate	Junior football
Mark Ave	Junior football, junior cricket
Rugby League Park	Changing rooms, play area, grandstand.
<b>Porirua City Council</b>	
Ascot Park – Summer	4x Tag/ Flag – 3x Tag
Porirua Park (Trust Park Porirua) – Winter	4x fields. 2 higher grades and 2 lower grade landfill caps, training areas with lights. #1 field is international standard (sand carpet) with grandstand.
Ngāti Toa Domain – Summer	5x tag fields 5 x junior softball 1 x full size diamond 1 x full size lime diamond 2 x cricket pitches, 1x grass cricket block, 4 x practice nets
Ascot Park – Winter	3x junior Football, 1x League – 1 training area League floodlit
Onepoto Park – Winter	Junior Rugby Field, 2x football fields, 1x league fields
Bernie Wood – Winter	Artificial Turf 1x field
Kura Park – Winter	1x football field 2x junior football fields
Ngati Toa Domain – Winter	4x junior football, 4x rugby (2 with lights) 5x junior rugby
Adventure Park – Winter	2x football fields
Cannons Creek – Winter	2x fields plus lit League training area
Plimmerton Domain – Winter	3x junior training fields
Porirua Park (Trust Park Porirua) –	1x full Lime diamond, 1 full grass diamond, one 16m diamond
Endeavour Park – Summer	1x artificial cricket wicket, 2x training nets
Adventure Park – Summer	2x fields, throwing circle and long jump pits
Kura Park – Summer	400m running track 60 x 40 running track
Endeavour Park – Winter	2x football fields. Field 1: sand carpet, high performance (training) Field 2: sand carpet, high performance, 12 x junior fields
Bernie Wood – Summer	Artificial Turf 1x field Footie, League, or Rugby





Plimmerton Domain – Summer	1x baseball diamond
Waihora Park – Summer	2x full diamonds 1x 16m diamond
Waihora Park – Winter	1x Football
Cannons Creek – Summer	1x Cricket, 1x American Football, 4x Ripa (on request)
Elsdon Park	1x full artificial hockey turf, full competition, and training lights. Administered by Wellington Hockey
<b>Kāpiti Coast District Council</b>	
Te Ātiawa Park	Summer – 2x Softball Diamonds and 4x artificial cricket wickets. Winter – 1x Senior rugby field, 3x smaller/junior fields, 6 mini rugby fields. Clubrooms by main Softball Diamond
Mazengarb Reserve	2x senior Football, 2x junior football, 4x mini football. Used for several touch fields in Summer
Matthews Park	2 field areas. 1x Rugby League field (TAG in Summer) with practice lights and pavilion, and 1x back-up football Field with artificial cricket wicket (summer)
Paraparaumu Domain	North Domain has 400m Athletics Track with Field facilities and central area with 1x cricket block, 2x junior football fields, training/perimeter lights and adjacent clubrooms
Haruātai Park	2x Senior football, 4x junior, lights on 1 senior field, 3x artificial cricket wickets. Small pavilion/clubrooms
Weka Park	2x senior football fields and 1x artificial cricket block, lighting
Coastlands Kāpiti Sports Turf	Hockey water turf with flood lights and pavilion facility with viewing deck. Used for hockey, football, and rugby.
Campbell Park	1x Football Field, 2x Junior, lights owned by club
Jim Cooke Park	2x senior football fields and 1 junior field 1 field with training lights), as well as 2x artificial cricket blocks
Otaraua Park	Junior football fields
Waikanae Park	2x Cricket wickets (1x artificial) and 4x junior wickets, 1x senior Rugby field plus 3x junior/training fields, 1x senior football field, rugby, and cricket clubrooms
Ōtaki Domain	1x Senior Rugby Fields, 1x League, 2x training and 3x Junior Rugby. Lights on 3 fields. Clubrooms for Rugby and League clubs
Tilley Road Reserve	2x Junior football in small reserve.

Source: Nuku Ora, *Regional Sports Fields Report*, verified with data provided by Councils or publicly available information.



## Stadia

Hutt City Council	
Walter Nash Centre	5x basketball/netball courts also marked for 6x volleyball, 5x futsal, 3x floorball, and used for various other indoor sports and events
Wellington City Council	
Ākau Tangi – ASB Sports Centre	12x sprung floor courts, multiple community uses (basketball/netball/futsal)
Porirua City Council	
Te Rauparaha Arena (Mana Community Grants Stadium)	3x basketball/netball court (international size). Grandstand seating for 3,000 people. Space can be split into 3 separate courts or one large space. Caters for conferences, dinners, sporting events & expos. Can combine with NZCT Stadium
Te Rauparaha Arena (NZCT Stadium)	Part of Te Rauparaha Arena. 1x basketball/netball court (international size). Adjacent to Mana Community Grants Stadium

Source: [Nuku-Ora-Regional-Indoor-Courts-Report.pdf \(nukuora.org.nz\)](https://www.nukuora.org.nz/wp-content/uploads/2019/04/Nuku-Ora-Regional-Indoor-Courts-Report.pdf)



# Appendix 2: Approach and method

We worked in six phases to produce this report. Each is described in turn below.

## 1. Set up and scoping

In this phase we:

- held a project inception meeting with you to confirm the scope, timing, our approach, and how we will work together (including any Steering Group arrangements).
- identified background documents and agreed staff and stakeholder interviews.
- developed a plan to enable the client to communicate the high-level process and timeframe.
- agreed with Wellington City Council how we will keep them informed as the project progresses, distinct from project deliverables.

## 2. Stakeholder engagement

### Stakeholder engagement with councils in the Wellington Region

We scheduled and conducted interviews with key personnel from councils in the Wellington region to collect data on current fee structures, costing models and Long-Term Plans. These councils include Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt City Council, and Kāpiti Coast District Council.

### Benchmarking with other councils and jurisdictions

We conducted interviews and analysed publicly available information about sport facility costs, fee structures, and policies of councils from outside the Wellington region. This included Christchurch City Council, Hamilton City Council, Tauranga City Council, the City of Melbourne (a local government area located in Melbourne), and the Australian Capital Territories (ACT) Government. These councils were selected to provide a range of approaches to service provision and cost recovery.

### Stakeholder engagement with sports organisations

We scheduled and conducted interviews with Affordable Sports for Greater Wellington, the participating councils, Capital Football, Cricket Wellington, Capital Basketball, Wellington Hockey, College Sport Wellington, and other organisations to collect data on demand, user experiences and perceived value.



### 3. Analysis to understand services and facilities

We sought to understand current facilities and service levels provided by councils across the Wellington region and documented feedback received during our stakeholder engagement. We explored differences in how facilities are used and maintained across councils.

Much of the work in this phase and the two subsequent phases was built upon data received from councils. Wellington City Council sent a data request on behalf of the Affordable Sport Working Group before the review started and made subsequent data requests on our behalf during the review. The initial data request is in Appendix 3.

### 4. Analysis to understand costs

In this phase we reviewed:

- current and forecast operational costs for the different activities and services, as well as any overhead costs, and
- current and forecast capital costs associated with facilities.

### 5. Analysis to understand fees

We reviewed the current fee structure and pricing models used by councils.

We benchmarked fees and charges, levels of service, cost recovery methodologies, and provision of facilities against councils in the Wellington region and other jurisdictions in New Zealand and Australia (listed above). We assessed how appropriate other cost recovery and pricing model options are for the Wellington region.

### 6. Final presentation and report

The final phase was to write this report to detail our findings and present these to the Affordable Sport Working Group. The Working Group had an opportunity to review a draft of the report. The councils that were not on the working group had an opportunity to review how we used the material they contributed to the report, including how we have used the data they provided.

### We worked closely with the councils throughout the process

Throughout the independent review, we provided milestone deliverables to the Affordable Sports Working Group and to participating councils to confirm our interpretation of the information provided. These milestone deliverables included:

- Project plan (provided to the ASWG).
- Summary of feedback from stakeholder interviews (provided to the ASWG).
- List of facilities in scope for the review (provided to the ASWG).



- Summary of capital and operating costs (provided to the ASWG and tested with councils).
- Summary of fees and benchmarking against a selection of other councils (provided to the ASWG and tested with councils).

We have updated our initial analysis with feedback provided by councils on the costs and fees presented in the milestone reports, and have kept connected with the ASWG throughout to ensure our approach meets the agreed scope of this work.



# Appendix 3: Data request sent to councils by the Affordable Sport Working Group

The request below is copied verbatim.

*Please provide data by the 6/10/23 to enable the reviewer to begin work as soon as possible.*

## **Scope**

*The participating Territorial Authorities (TA's) include:*

- *Upper Hutt City Council*
- *Kāpiti Coast District Council*
- *Porirua City Council*
- *Wellington City Council*
- *Hutt City Council are undertaking their own review at this time and are therefore not an active participant in this review, they will however contribute data to the reviewers as part of this process to help capture the region wide dataset.*

## **Inclusions**

- *Sport Fields both natural and artificial*
  - *includes natural and synthetic sports surfaces (and relevant services & partnerships that fit within these activities)*
- *Sports Facilities including Ākau Tangi Sport Centre, Te Rauparaha Arena, Walter Nash Stadium*
- *Public Toilets (Changing rooms) associated with the above*

## **What is the level of facility supplied?**

- *List of sports facilities provided (see attached spreadsheet Benchmarking Data Request tab)*
- *Name of TA who provides the park or recreation centre.*
- *Name of park or recreation centre*
- *Season*
- *Sport*
- *Surface Type*



- *Quality – should match how the fees or charges are determined.*
- *How is the fee charged (eg per day, per 3 hours)*
- *Cost to Hire / Use*
  - *Season Hire – senior*
  - *Season Hire – junior*
  - *Ad hoc Cost – senior*
  - *Ad hoc Cost – junior*
- *The goal of this data request is to enable us to summarise the sports facilities provided to the community. We should be able to create a region wide summary that summarises the number of fields by sport, the number of each quality field and the cost to hire these facilities for junior and senior sport. This data table will be the key source of information that will enable benchmarking across the region and similar councils nationally. Note the reviewer will require information to allow them to understand how the charges are established.*
- *Qualitative description of facilities provided. The goal is to give background to what is provided to allow assessments to be made on the different standards of provision provided by the different TAs so they can be grouped and assessed. The outcome is we will be able to group the various quality standards across the region to enable us to compare the level of service and costs across the region.*

### **Current Fee Structure**

- *Provide a current fee structure that shows cost to use the services provided above, and how these costs are established. There should be a way to link the charges to the assets provided. I.e. TA, Cricket, grass pitch quality level 2.*
- *Discount policies – e.g. for junior usage.*
- *Worked real life example of what we actually charge the clubs and sports bodies. Aim is to make sure the review covers all costs councils charge.*

### **Cost of Providing the Facilities**

- *How Capital expenditure and operational expenditures are approved and funded for new projects and renewals.*
- *Last five years management accounts for providing the sports facilities.*
  - *Enough information to enable basic analysis such as bench marking of costs across the region, identification of fixed v variable and overhead allocation methodologies.*
  - *If possible breakdown by providing the different types of assets. E.g. Indoor, outdoor, artificial.*
  - *Breakdown of key revenue sources. Ground Hire, indoor sports fees, and casual hiring etc*



- Last 5 years capex spend by facility and how funded
- Most up to date LTP focussing on PSR. (including planned Capex)
- Key ratio analysis.
  - Actual cost recovery v costs to deliver
  - Cost per field
  - Cost per player analysis over time
- The level of cost recovery achieved by Councils on different activities and services. Summarised as below [NB: at the time the data request was sent – at least one council has updated its cost recovery approach through the recent long-term planning process.]

<b>Wellington City Council</b>			
	<b>Recreation Centres</b>	<b>Pools</b>	<b>Sportfields</b>
<b>RATES</b>	75%	70%	85%
<b>Fees and Charges</b>	25%	30%	15%
<b>Porirua City Council</b>			
	<b>Recreation Centres</b>	<b>Pools</b>	<b>Sportfields</b>
<b>Rates</b>	60 – 65%	55 – 70%	90 – 95%
<b>Fees and Charges</b>	30 – 35%	30 – 40%	5 – 10%
<b>Hutt City Council</b>			
	<b>Recreation Centres</b>	<b>Pools</b>	<b>Sportfields</b>
<b>Rates</b>	40 – 60%	40 – 60%	70 – 95%
<b>Fees and Charges</b>	40 – 60%	40 – 60%	5 – 30%
<b>Upper Hutt City Council</b>			
	<b>Recreation Centres</b>	<b>Pools</b>	<b>Sportfields</b>
<b>Rates</b>		55%	80%
<b>Fees and Charges</b>		44%	20%
<b>Kāpiti Coast District Council</b>			
	<b>Recreation Centres</b>	<b>Pools</b>	<b>Sportfields</b>
<b>Rates</b>		70 – 75%	95 – 100%
<b>Fees and Charges</b>		25 – 30%	0 – 5%

## **Other**

- Usage stats for the sports fields and courts and any market research
- Any benchmarking that has already been completed.





# Appendix 4: Relative contribution of different types of operating cost to councils

The figures in this appendix show how types of cost contribute proportionally to total cost for individual councils and how the costs have changed over time.

As set out in the body of the report, we grouped costs into four cost elements to allow for some comparisons between councils to be made.

The four cost elements we used for our analysis are:

- staff and contractors
- maintenance
- depreciation, and
- overheads.

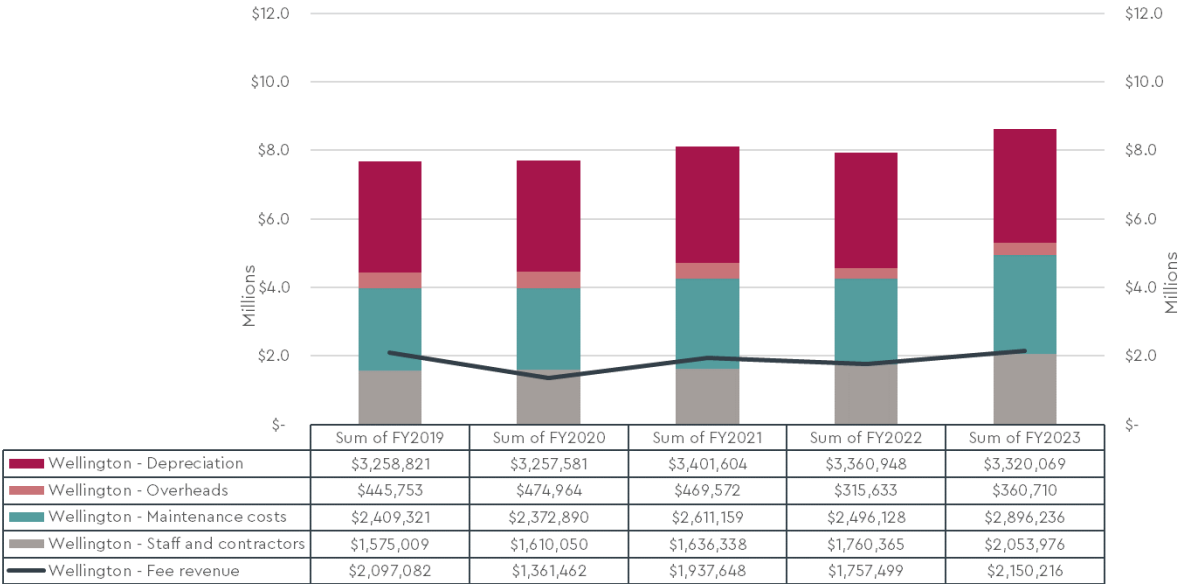
We present below the costs incurred by four councils in providing sports grounds and facilities: Wellington City Council, Porirua City Council, Upper Hutt City Council, and Hutt City Council. For each, the relative contribution of different types of cost is a function of the grounds and facilities they provide and the accounting practices they employ. As noted in the body of the report, the presentation of total cost broken down by cost elements for these councils illustrates the difficulty and limited value in comparing council cost structures.

## Wellington City Council

The figure below shows the costs incurred by Wellington City Council in providing fields, indoor courts, and associated amenities.



**Figure 20. Costs incurred by Wellington City Council in providing sports grounds and facilities**



We make the following points about the figure above:

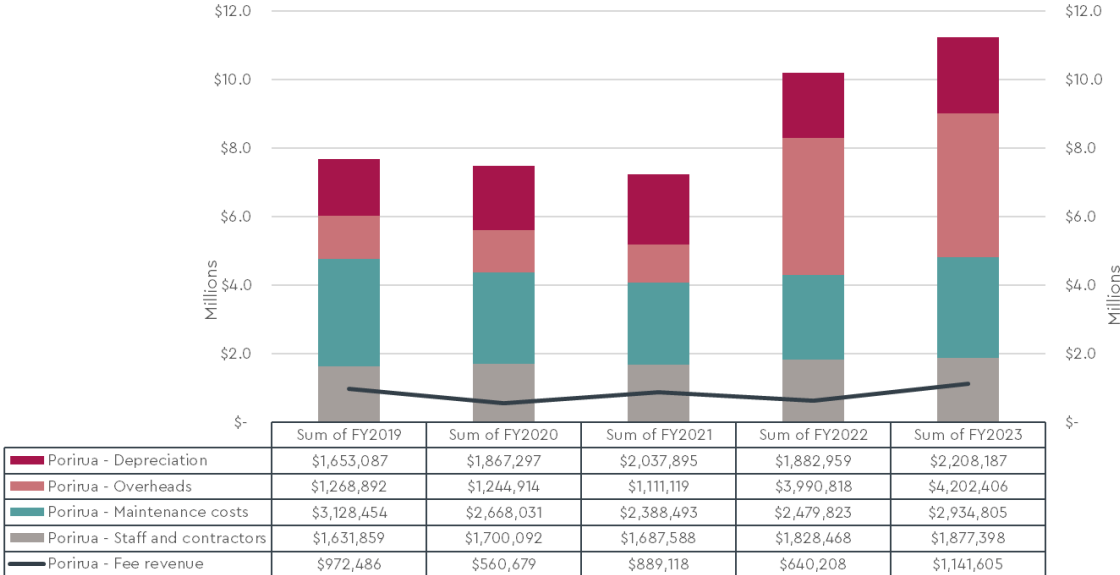
- Wellington has made significant capital investment in drainage, irrigation, and sand-based fields. Costs have shifted to those facilities receiving a high level of service – necessary to uphold quality and quantity of service in the Capital. Wellington has the most capital-intensive suite of grounds and facilities in the region which reflects the large portion of cost attributable to depreciation compared with other councils.
- The rising cost of materials, utilities, and personnel (as discussed in the main body of the report) is reflected in increases in the cost elements of maintenance costs and staff and contractor costs.
- The period of COVID restrictions created some downward pressure on costs and revenue.
- Fee revenue has been relatively consistent, other than a reduction through the COVID period. Total revenue from natural turf fields has been very consistent. Revenue from Ākau Tangi decreased over COVID restrictions but increased in 2022/23.

### Porirua City Council

The figure below shows the total cost of providing fields and facilities faced over time by Porirua City Council.



**Figure 21. Costs incurred by Porirua City Council in providing sports grounds and facilities**



Ostensibly, Porirua City Council faces a vastly different cost profile to Wellington City Council, particularly in regard to overheads which comprise a much larger portion of total costs in Porirua.

We make the following points about the figure above:

- Porirua has a high proportion of costs from internal expenses that we have categorised as overheads. These costs include "true overheads", such as an allocation for finance and corporate services. However, some portion of this cost is work undertaken by the Property Team that may be more commonly categorised as maintenance costs by other councils. The result is that overheads are probably over-represented in the figure above (and maintenance costs and staff and contractor costs are probably under-represented).
- The period of COVID restrictions created significant downward pressure on costs, particularly regarding overheads, and fee revenue in the lockdown period of 2019/2020.
- Personnel costs increased due to the Council becoming a living wage employer. The nature of the council's accounting system means this largely shows in overheads rather than in the other cost elements.<sup>15</sup>
- The cost of materials, fuel, and utilities increased (as set out in the body of the report) – again this is partially reflected in the overheads cost element rather than maintenance.

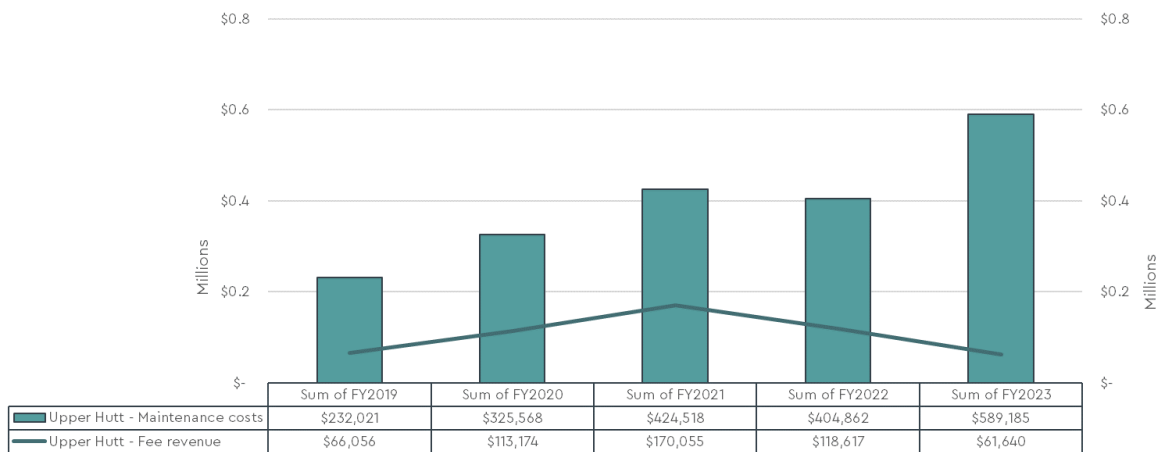
<sup>15</sup> We note Wellington City Council is also a Living Wage Employer.



## Upper Hutt City Council

Ostensibly, Upper Hutt City Council has a vastly different cost profile to both Wellington and Porirua. This is reflected in the figure below.

**Figure 22. Costs incurred by Upper Hutt City Council in providing sports grounds and facilities**



Note: Fee revenue includes artificial hockey turf and related facilities.

Most strikingly, costs in Upper Hutt are solely attributed to "maintenance". Further, no cost is attributed to overheads or depreciation.

Upper Hutt City Council's costs reflect an annual contract increase for three years, with a bigger contract increase in 2022/23.



# Hutt City Council

**Figure 23. Costs incurred by Hutt City Council in providing sports grounds and facilities**



As for Upper Hutt, costs in Hutt City are solely attributed to "maintenance". No cost is attributed to overheads or depreciation.



# Appendix 5: Mandates for fees as provided by council bylaws

## Wellington City Council

## Public Places Bylaw 2022

### Part B: Functions of the Council

- Fees and charges
- 8.1 The Council may set fees and charges, either temporarily or permanently, where payment is a condition for access to, or use or continued use of any public place.
- 8.2 The Council may refund, remit or waive any fee prescribed by this Bylaw or charge payable for a certificate or approval from, or inspection by, the Council, for any reason it thinks fit.

### Part C: Application

- Sports and games
- 12.1 The organiser of any game, sporting activity or group activity (excluding informal or casual play) proposed to take place in any part of a public place must notify the Council as soon as reasonably practicable prior to commencing the activity.
- 12.2 The Council may set conditions for use of the public place such as to manage the potential for any damage caused by the activity and minimise conflict between users.

See: [Public Places Bylaw 2022](#)

## Porirua City Council

## Public Places Bylaw 2019

### 9 Trading and Events

- 9.1c A permit is required for events.
- Event means an organised temporary activity that brings people together for the primary purpose of participating in an uplifting community, cultural, commemorative, recreational, sport, art, educational, or entertainment experience and includes an organised gathering, outdoor market, political meeting, parade, protest, festival, filming, concert, celebration, or sporting event of a significant scale.
- 9.2 Permits may be subject to fees and charges prescribed by Council.

### 13 Fees

- 13.1 Fees for permits which may be issued under the provisions of this bylaw will be prescribed from time to time under section 150(3) of the Local Government Act 2002, using the special consultative procedure set out in Section 83 of the Local Government Act 2002.

See: [Public Places Bylaw 2019](#)

## Porirua City Council

## General Bylaw 1991 Part 9: Reserves Bylaw

### 9.4 Reserves open to the public

- 9.4(1)(b) A reserve will be open to the public at all times except when the Council has determined that the public are not entitled to enter the reserve or part of it without payment of a fee. Any fee must be set by the Council in accordance with the Reserves Act 1977 or agreed by the person to whom exclusive use of the reserve or part of it will be granted.



#### 9.14 Sports and games

- A person must not, if expressly forbidden to do so by an Authorised Officer:
  - play a sport or game in a reserve
  - enter or remain on any part of the reserve marked out as a playing area for sport or game while the sport or game is in progress.

See: [General Bylaw 1991 Part 9: Reserves Bylaw](#)

### Kāpiti Coast District Council

### 2017 Public Places Bylaw

#### 19 Parks and Reserves

- 19.4 An Authorised Officer may prevent any sport or other recreation activity being played on any reserve if in the Authorised Officers opinion that sport or activity is liable to damage the reserve or any article within the reserve or be a danger to any user of the reserve.
- 19.5 The Council may fix charges for the entry to any reserve or portion of reserve in accordance with the Reserves Act 1977. Where a person has entered any reserve, or a portion thereof set aside for a particular purpose, before the commencement of an event for which an entrance fee will be charged, they must either leave the reserve or that portion or pay the entrance fee.

#### 26 Fees and Charges

- 26.1 The Council may set fees and charges, either temporarily or permanently, as a condition for access to, or use of, any public place. Payment of such fees shall be a condition for access to, or use of, that place.
- 26.2 A voluntary organisation, school or community group, where the profits from any trading are retained wholly for charitable or community purposes may be exempt from the payment of fees at the Council's discretion.

See: [2017 Public Places Bylaw](#)

### Hutt City Council

### Parks and Reserves Bylaw 2017

#### Part 1 – Access to Reserves

##### 4. Leased or Licensed Premises in Reserves

- 4.1 The Council may lease premises in a reserve to any organisation or member of the public, or license any organisation or member of the public to use premises in a reserve, upon any conditions the Council considers appropriate.
- 4.2 No person may enter or use any premises in a reserve that are subject to a lease or a licence other than the Custodian or any other person in accordance with a lease or licence.

##### Part 3 – Organised Events in Reserves

##### 17 Organised Sports and Games in Reserves

- 17.1 No person may play any organised sport or game in any reserve, or any part of a reserve, that is not set aside for that purpose.
- 17.2 The Council may set aside any reserve, or any part of a reserve, for the purpose of playing any organised sport or game.
- 17.3 For the purposes of this clause 17, "organised sport or game" includes playing or practising golf, whether by one person or by one or more persons in a group.

##### 18 Organised Events in Reserves

- 18.1 No person may attend or take part in any organised event held in a reserve, or in any part of a reserve, whether a one-off event or a repeatedly scheduled event, unless the event is being held with the prior written permission of the Council.



- 18.2 A person may apply to the Council for permission to hold an organised event in a reserve, or in any part of a reserve, using a Council approved form.
- 18.3 The Council may grant permission to hold an organised event on such conditions as the Council considers appropriate, and in doing so, may specify whether the person:
  - may charge an entry fee for the event;
  - has the exclusive use of a reserve, or any part of a reserve, for the duration of the event.
- 18.4 Any person to whom the Council grants permission to hold an organised event, and any person who attends or takes part in an organised event, must comply with any conditions imposed by the Council on its written permission.
- 18.5 A Custodian may require any person to leave a reserve, or any part of a reserve:
  - if the person is attending or taking part in the organised event without paying the required entry fee; or
  - if the person is not attending or taking part in the organised event, but is in part of a reserve that has been set aside for exclusive use for an organised event – where the Council specified as part of its permission to hold an organised event that an entry fee could be charged, or that the reserve, or any part of the reserve, could be used exclusively for the organised event.
- 18.6 For the purposes of this clause 18, "organised event" includes an organised sport or game under clause 17.

See: [Parks and Reserves Bylaw 2017](#)

#### Upper Hutt City Council

Bylaws can be viewed here: [Bylaws \(Ture ā-Rohe\) UHCC \(upperhuttcity.com\)](#)

For parks and reserves, the Revenue and Finance Policy provides that where groups have exclusive use of a facility, fees and charges are obtained.

See: [Final Draft 2021-2031 Revenue and Financing policy 2021 - SI for Consultation \(ehq-production-australia.s3.ap-southeast-2.amazonaws.com\)](#)

#### Tauranga City Council

#### Street Use and Public Places Bylaw 2018

##### 27 Fees

- 27.1 Council may in accordance with section 150 of the Local Government Act 2002 prescribe fees or charges payable for any certificate, licence, approval, permit or consent form or inspection made by Council under this Bylaw.

See: [Street Use and Public Places Bylaw 2018](#)

#### Hamilton City Council

#### Hamilton City Parks, Domains and Reserves Bylaw 2019

##### 5. Entrances, Exits and Closures on Parks

- 5.3 Closure of Parks
  - 5.3.1 Subject to the provisions of this Bylaw, every Park shall be open to the public at all times, except during such hours as the Council determines that any particular Park or Parks shall be closed to the public for a prescribed period or periods.

##### 5.4 Waikato Stadium and Seddon Park

- 5.4.1 Notwithstanding the general principle that the public shall have freedom of entry and access to any Park, the Council declares that is necessary to control access to Waikato Stadium and Seddon Park for the protection and general wellbeing of those Parks and for the protection and control of the public using those Parks.

##### 5.5 Fixing of charges for use of Parks





- 5.5.1 The Council may close all or any portion of a Park for a particular event, sport, or other recreation activity, as it thinks fit, and where charges may lawfully be made, fix charges for the right to use such portions as are open to the public.
- 5.5.2 The Council may adopt policies and procedures governing the use of such portions by any individual or group for sport, recreation or other activity, on any day or days but not more than six days consecutively and may similarly fix charges therefore.
- 5.5.3 Every specified sport, recreation or other activity area shall be used only for the purpose for which it was constructed or set apart, and no person shall go thereon for the purpose of the specified activity unless they shall have first paid the charge fixed for that purpose.
- 5.5.4 Every person who has entered a Park or part thereof before the start of an activity for which a charge has been set, must, before the activity starts, either pay the proper charge for admission or leave such Park or part thereof.

See: [Parks Domains and Reserves Bylaw 2019](#)

#### 14. Sporting and Other Organised Events

- 14.1 Sporting events or games may only be held in areas of reserves set aside for that purpose or with the approval of an Authorised Officer.

*The following note is explanatory and does not form part of this Bylaw: Clause 14.1 is not intended to restrict the playing of impromptu games on reserves.*

- 14.2 No person may enter or remain on a marked sports ground area in a reserve when an organised sports game is in progress, unless he or she is a player or is administering the game in some capacity (for example, refereeing or providing first aid assistance).

14.3 No person may, without the permission of an Authorised Officer and having paid any applicable fees, hold or organise any organised event in a reserve.

14.4 The Council may specify in its permission whether the person —

- may charge an entry fee for the event; or
- has the exclusive use of a reserve, or any part of a reserve, for the duration of the event.

See: [Parks and Reserves Bylaw 2016](#)



# Appendix 6: Fee setting process

Based on what we heard in interviews, most councils follow a broadly similar approach for setting fees (where fees are charged). There are generally four steps for setting sports and facilities fees:

1. Forecasting costs
2. Beneficiary analysis to determine the role fees will play in cost recovery
3. Developing the fee adjustment proposal
4. Getting feedback through the Council Committee and public consultation
5. Implementing fee changes.

The steps are described below.

## Step 1: Forecasting costs

As part of the annual plan process, finance teams set a budget for the next financial year's costs.

Depending on the council, costs may include some or all the following:

- Personnel
- Contracts, services, materials
- Professional costs
- General expenses
- Overheads associated with facility staff
- Overheads from central management and corporate services, and
- Depreciation.

Councils also consider the impact of inflation (CPI adjustments).

## Step 2: Beneficiary analysis to determine the role fees will play in cost recovery

Councils determine which parts of a community will contribute to funding a service through beneficiary analysis. This is the process through which a council will answer the question: who benefits? Determining who benefits from a service will strongly influence who should pay.

Where the benefits are generally to the public at large, rates-based funding will be appropriate. This happens where individual users cannot be easily identified or cannot be easily excluded from entry. Where individuals or an identifiable part of the community can be identified, it is possible to consider the use of targeted rates or user charges, for example, fees.



Many community sport facilities are funded through a combination of rates and fees. This reflects the mix of benefits they provide: broad community benefits to the public at large funded through general rates and specific benefits captured by the individuals who have exclusive use of facilities at particular times.

Where a council does not have fees for exclusive use of facilities, the costs of operating those facilities will be met from rates of other sources of funding. This might be to pursue a public policy objective, for example, to encourage participation in sport. However, policy objectives and funding decisions are ultimately a decision for Councillors. We note that Tauranga City Council is looking to introduce fees for sports fields to help contribute to the cost of maintaining these facilities and to provide better consistency across recreational facilities.

When considering whether to impose a fee, councils will also consider if it is practical and economically viable to do so, and whether a fee will undermine any core community outcomes.

### **Step 3: Developing the fee adjustment proposal**

Once the level of cost to be recovered through fees is set, councils then review the structure of the fees for the year ahead. Increases to the amount of fee revenue can be addressed through:

- Increasing the number of bookings in the year, including working with clubs to get a more efficient use of fields and facilities (although this may have an impact on maintenance and other costs), or
- Increasing the dollar value of the fees charged.

Councils may adjust fee proposals to give effect to their policies. For example, fees for some codes may be scaled down based on a group's ability to pay, or any factors that may limit their access to fields and facilities. Councils may also seek to incentivise use by certain groups, for example by offering fully or partially discounted junior fees. Some councils, including Wellington City Council, benchmark fee proposals against fees charged by other councils.

For most councils, small, regular adjustments to fees allows them to keep pace with cost inflation and allows clubs to plan and set their own subscription fees for members. In the past, some councils did not make regular adjustments to keep up with rising costs. This meant clubs were faced with substantial fee increases years apart that were hard to accommodate or explain to their members.

### **Step 4: Getting feedback through the Council Committee and public consultation**

The initial proposal for changes to annual fees is provided to a Council Committee for feedback. Wellington City Council noted there is very rarely feedback or questions on sports grounds and facility fees, compared with pool fees which are tabled at the same time.

Once Council Committee feedback is considered, some councils then share the proposed fees with the public for consultation. Feedback from RSOs, clubs, and individuals is considered, and the final fees are provided to Councillors for approval by 30 June each year.



## **Step 5: Implementing fee changes**

The start of a Councils' financial year (which is when new fee levels take effect) falls in the middle of winter seasonal bookings. Councils apply different approaches to address this issue.

For Wellington City Council, winter codes typically continue to be charged for the season at last year's rate unless there are extenuating circumstances for the new fees to be applied. The updated fees are applied for all winter codes the following year. Another approach is to collect fees slightly above the revenue and finance policy which ensures there is enough costs recovered given there is a lag in adjusting rates.

Hutt City Council navigate the winter season by charging half of the seasonal fee at the current years rate, and half at the next years rate.

Summer codes have the new fees applied from the start of the season. This means that, through the consultation process (or direct engagement with clubs where there is no public consultation), summer codes can see what the new fees will be and plan accordingly.



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