

REPORT 3
(1215/52/IM)

POLICY SCOPING PAPER

LEASES POLICY REVIEW – ISSUES AND OPTIONS **Portfolio: Community Facilities**

1. Purpose

Officers seek guidance from the Strategy and Policy Committee (SPC) on the scope of a review of the Leases Policy for Community and Recreation Groups (Leases Policy) and the parameters that could be included as part of it.

The need for a review is prompted as a result of operational challenges with the existing policy, the emerging financial risks for Council and in response to clubs' sustainability in the city. A review of the policy and operational practices would provide greater clarity, improved transparency and usage of Council land and buildings by the community.

A review of the policy could also help inform strategic use of Council land and property management considerations for related environmental policy work, the Long Term Plan and Wellington 2040.

2. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Note the following issues identified by officers from the Leases Policy for Community and Recreation Groups:*
 - *The policy is not responsive to emerging scenarios*
 - *Emerging exposure to high maintenance costs*
 - *Under-utilisation of some buildings on public land*
 - *Declining memberships and/or financial sustainability of some groups*
 - *Inequities created by the current rental model and/or maintenance arrangements*
 - *The acceptability of commercial activities by lessees.*

3. *Note that the proposed scope of the Leases Policy review currently excludes private commercial activity, temporary activity, early childhood centres and community centres.*
4. *Note that policy alignment may be required with the Town Belt, Open Spaces and Recreation strategy review work.*
5. *Note the following approach options that could be adopted in addressing identified issues as part of the policy review:*
 - *Status Quo*
 - *Minor changes to the existing policy*
 - *Improve management practices*
 - *Add guiding principles*
 - *Combine all related community policies*
 - *Complete review of all aspects of the policy*
 - *A hybrid of elements from the above options.*
6. *Note the rental models that are adopted by other councils as part of property lease policies, see Appendix 2.*
7. *Agree that the Leases Policy review include the following parameters:*
 - a) *Principles*
 - b) *Changes and additions to the existing policy*
 - c) *Management practices including support services and monitoring of leases*
 - d) *Investigation of changes to the existing fees structure and their application.*
8. *Note that the existing lessees will be consulted in the development of a draft policy.*
9. *Note that the draft policy will be presented to Strategy and Policy Committee in November 2011.*

3. Executive Summary

The Leases Policy was last reviewed in 2001. Subsequent changes in demand for council land and/or buildings, and gaps in the policy for adequately dealing with various scenarios that have arisen, means that a review of the policy is timely. Any review would potentially impact on 125 leases to community and recreational organisations that currently receive subsidised access to council property. The majority of these relate to ground leases which are presenting most of the property management issues. These issues are:

- Gaps in the policy in not providing sufficient guidance on dealing with scenarios such as the sale of lessee buildings and the treatment of commercial activities by lessees.

- An emerging exposure to building maintenance costs where the Council inherits lessee buildings and assets.
- Under-utilisation of some buildings and limited incentives to change group's operating models to achieve maximum usage.
- The complexity of applying the rental model and the lease renewal process.
- Non compliance with lease agreements
- Areas of declining membership and financial sustainability of clubs

Such issues raise a number of policy questions that could be addressed through the application of some guiding principles and additions to the current policy conditions where required. Alternatively, Council could consider a range of scopes for any review. These would range from the "no change" option through to a comprehensive policy review including objectives, rental fees and relationship with other Council property asset management.

To determine which options could more readily address the issues raised, officers applied 10 criteria and assessed that a combination of adding some guiding principles and minor changes/additions to the policy conditions would meet all the criteria. This was further tested against actual examples (Refer to Appendix 1).

The criteria used for this assessment did not include consideration of the complexity of the current rental model or consideration of fees. Council currently uses a discounted market rental model which has also led to a distortion of fees based on the quality of a property and inflexibility to either incentivise priority activities or collect additional fees from say commercial activity conducted by lessees.

Thus different rental models are presented for consideration as part of any review of the Leases Policy. Officer's preference is that the scope of any review includes further investigation and modelling based on the application of a flat fee structure to existing and future lease agreements. A simplification of the lease renewal process and rental models is promoted as a mechanism to then allow better use of Council resources to support the sustainability of lessee organisations.

Council is also currently developing and reviewing a strategic framework for the Parks, Reserves and Gardens Network (e.g. reviewing the Town Belt Management Plan, Recreation Strategy). Consideration of leasing arrangements and the outcomes sought should be included in this related work.

Findings from further work as directed by the Committee would be presented as a draft policy review in November 2011 per any agreed approach and timelines.

4. Background and Current Situation

The existing Leases Policy has been in operation since 2001. It is applied to property management and community support services relating to Council

owned land and/or buildings leased to community and recreational groups. The primary objectives of the policy relate to strengthening communities, being responsive to community needs and the provision of a transparent leasing process. Some policy conditions now constrain the ability to support such objectives.

The current policy does not make explicit links to Council strategies, plans or priorities. A review could explore how to best make these linkages and provide the flexibility to respond to changing community demands. There are also financial and recreational trends that need to be considered in the context of the Leases Policy review. Recreational activities are increasingly using a “pay as you go” model for access to facilities that are fit for their purpose. This may also relate to a shift away from some traditional activities to sports such as martial arts and cycling for example.

People also have less time for organised activity and instead may be involved in multiple recreational pursuits and participate on a more informal basis. There is an obvious opportunity in the Council’s ability to partner future requests from the community for Council land and/or buildings with existing lessees who have capacity or a demand for additional usage of facilities. A Leases Policy that helps facilitate (e.g. incentives) hub arrangements where there are multiple buildings in an area or shared management activity would be useful in the current environment.

4.1 *Current Community and Recreation Leases*

This section provides some approximated figures on the types of leases, subsidy levels, total income (net GST) and the maintenance costs associated with leases under the current policy. These are designed to give a scale of the activity under review and assist in considering the financial management issues.

Current total annual income from the 125 subsidised community and recreational leases approximates to \$58,500. This excludes Early Childhood Centres, special arrangements with facilities such as museums and commercial arrangements with the likes of yacht clubs, Renouf Tennis Centre, Club Kelburn and the NZ School of Drama and Dance. For comparison, the commercial rental from this latter group is around \$311,000.

The current rent model is a “discounted market rental” one. A commercial rental value is first determined and then discounted by 67% because of the restrictive nature of activity allowed on reserve and Town Belt land. An 80% subsidy is then applied to this assessed encumbered market rental.

Recent annual direct maintenance and legal costs associated with the subsidised leases are approximately \$150,000. In addition there are operational costs including staff and their associated resourcing. Maintenance costs are forecast to significantly increase as a direct consequence of Council inheriting lessee buildings presented in poor condition.

Over 70% of leases under the policy are for ground leases where the lessee owns a building and the Council owns the land. It is in this area that there are significant issues, maintenance risks for the Council and struggling clubs.

Council officers who deal directly with lessees report that there are ongoing issues with groups struggling financially and/or with declining membership. Putting an accurate figure on the number of organisations that fit into this category is difficult to assess due to a large number of lessees not complying with their annual reporting requirements to provide financial and membership information.

Rather than take a compliance approach to agreements, lease management practices favour supporting organisations to remain operational. A more balanced approach between providing support services to clubs and ensuring that the terms of leases are being met, may be warranted to help avoid issues such as Council inheriting deferred maintenance.

National participation rate declines over the last two decades in activities such as lawn bowls¹ and scouts are mirrored in Wellington City. However activities can be cyclical as demonstrated by more recent increases in scout numbers. Also there are changing demands and utilisation of Council owned land and/or buildings from community and recreational organisations. Thus a leases policy that provides the flexibility yet clarity in responding to this changing environment is desirable.

5. Issues, Options and Implications

5.1 Issues

Numerous issues with the Leases Policy have been raised by officers in relation to the wording in the existing policy, the unforeseen impacts of the current policy and gaps in the policy in not dealing with some scenarios. These issues are:

- Ambiguity with some wording particularly related to the term “fresh lease” and the resulting criteria applied to a new and fresh lease.
- Lack of clear links to related Council plans and strategies. Without having a wider strategic context as part of the policy and decision-making process, Council may not be maximising the application of its assets in achieving desired outcomes and priorities.
- Emerging scenarios for the Council are not considered in the policy. For example:
 - i. Where there is a poor quality lessee building and a lease termination, there is a requirement to re-let the land and buildings when an assessment of alternative and cost effective options is warranted.

¹ SPARC Active NZ Survey 2007/08, *Sports and Recreation Participation Rates*

ii. Clubs with ground leases are choosing to sell their building at market rates to other community and recreational groups.

- Low usage of some buildings and/or declining organisational membership resulting in factors such as poor building maintenance and non-compliance of the lease terms.
- The inequity of the amount of rent and /or subsidy provided to lessees due to factors like start dates and property quality. The percentage of market rental formula used to determine current rentals is complex and can lead to distortions in the way that it is applied.
- A perception by lessees that lease renewals are granted as of right and continued tenure is an automatic entitlement.
- Some temporary activities or licences not being covered by the existing policy. In the case of temporary activities on parks and reserves for example, there is a technical requirement in the policy to consider these as leases and undergo the same formal process as any longer term request.
- A cumbersome approval process for small requests (e.g. community gardens, grazing licences) and lease renewals. As with temporary arrangements, the resourcing requirements can far outweigh the scale and impact of the activity.
- Lessees operating significant commercial activities and/or subletting arrangements for which the Council is providing a high level of subsidy. It has become increasingly common for community and recreational groups to be involved in significant commercial activities as a means of generating operating capital for the organisation.
- The increasing risk of Council inheriting poor quality buildings currently owned by the lessee where the organisation is unable to meet the terms of the lease.
- Inequities in the maintenance arrangements for Council owned buildings as opposed to those owned by a community organisation but on Council land.
- A changing demand from the public and organisations for leasing of Council land and/or buildings.
- Non-compliance with lease agreements. Currently about 20% of lessees fully comply with their annual obligations to provide financial information and club membership details.
- Council inheriting poor quality lessee assets (and therefore significant maintenance costs), as opposed to not benefiting from the commercial sale

of a lessee building that has previously received significant subsidies from the Council.

Specific examples are included in Appendix 1.

From a policy perspective these issues can be addressed by Council from further consideration of the policy questions involved, changing operational practices and additions to the existing policy conditions. The policy questions relate to:

- the degree to which Council will subsidise community and recreational groups;
- the degree of tolerance towards commercial activities by lessees;
- the degree to which the Council seeks to recover maintenance and operational costs associated with its assets and lease arrangements;
- incentivising the multiple or targeted use of existing facilities;
- meeting the terms of lease agreements and consequences of non-compliance;
- prioritising links to Council strategies and plans; and
- transparency of process and rent levels including factors such as equity and whether Council seeks a certain level of return on the capital value of the assets.

However many of these issues can be addressed very readily through a change of operational practice, and improved definition and explanation of terms. For example it may simply be a case of more active enforcement of non compliance of the lease conditions and/or working with struggling lessees to facilitate new arrangements that provide some financial sustainability and maximum use of premises.

Any potential solutions need to be considered in the context of different approaches and the degree to which the Council wishes to make significant changes to current arrangements, and the fundamental objectives that drive the Leases Policy.

5.2 Options for Scope of a Review

Depending on the scope of the review that the Committee wishes to consider in the context of the issues presented and related Council work, different approaches can be adopted. Seven options are considered and an assessment made of the best fit to address the policy gaps. These options range from doing nothing (status quo) through to a more comprehensive review that would revisit policy objectives, processes, financial implications and relationships with other property and community support practices.

The options are:

1. Status Quo – continue with the current Leases Policy and management practices.

2. Make minor changes and additions to address the issues outlined.
3. Retain the status quo but improve Council management and support services, and compliance by the community and recreational groups. Such an approach assumes that the issues are predominantly a factor of management practices and the terms and conditions of leases rather than the policy itself.
4. Add some overarching principles and /or revised criteria to the existing policy to better guide decision-making on lease arrangements and subsequent terms. Also include minor changes to conditions where required.
5. Combine related policies and activities into a wider “community support” policy. This could include for example access to Council property, community grants and support services.
6. A complete review of the current policy including objectives, rentals, the level of subsidy provided and the leases agreements. This could include a total strategic review of the property portfolio covered by this policy, and its future use.
7. A hybrid of all or any of the above. It is possible that elements of the above options are required to achieve the best policy and related outcomes for both the Council and the community.

To determine the more appropriate option/s to address the issues raised in this paper, an assessment was conducted based on the various option’s ability to meet, or not meet, a range of criteria considered of importance to the Council. These criteria related to links to Council priorities, resource neutrality, mitigating financial risk, maximised property use, flexibility to respond and supportive management practices. Option 4 was considered the best fit, although the hybrid approach could also be structured to meet all the criteria.

To further test which option would best address all the associated issues with the current policy, some actual examples that have caused operational dilemmas were reviewed. These were then assessed as to how the situation was readily addressed. In many cases the principles–based decision making was appropriate while in other instances some specific conditions in the policy were required (See Appendix 1). On this basis Option 4, add principles and policy conditions, was determined an appropriate approach.

What option 4 does not adequately address however is the issue of financial inequities arising from the policy and the complexity of the current rental model. Further consideration is required as to what model best applies to the City’s community and recreational objectives, property portfolio and management practices.

The officers preferred approach is a hybrid (Option 7) which includes of all of Option 4 plus a review of the rental model included. Reviewing the rental model does not necessarily change the subsidy level or the income to Council. It can for example just focus on developing a simpler model that recognises quality factors, incentivises particular objectives (eg. multiple use, amalgamations) and addresses the sensitivities associated with commercial activity. In most cases there would still be variances from current rentals for individual organisations although accurate modelling of such factors would be presented to the Committee as part of any new draft policy.

5.3 Rent Models

A range of rental models are promoted and practiced by local government in New Zealand, Australia and the United Kingdom (refer Appendix 2). The different models adopted are generally influenced by the scale and quality of Council owned property that is leased, the economic wealth of the local community, the desire to promote community outcomes and the local demand for such property.

These models include:

Discounted market rental – this is the current model used in the Council’s Leases Policy. A subsidy is provided based on a percentage of the current market rental which is discounted by two-thirds to reflect encumbrances placed on reserve land.

Ability to pay – this model would be used based on an analysis of an applying organisation’s ability to meet or not meet a market rental.

Competitive tender – where there is a vacant premises and the Council is confident that there is demand for its property, then a competitive process could be used.

Flat fee schedule rate – there is a trend for councils to move to a flat rate rent based on the property type, the scale of the premises being leased and/or the quality of the property leased.

Rate per specified item – this model provides for a rent applied to the activity (eg. community garden, tennis court) or for the use of particular properties regardless of the nature of the organisation using it.

Cost recovery – a council can operate this model where it knows the total cost of owning and managing its property assets and seeks to operate at a break even level through the rental structure.

The two most commonly applied rental models from the councils reviewed are the “discounted market rental” and “flat fee schedule” models. Recent New Zealand experience has tended towards adopting a flat fee approach. In principle this allows the management of leases to be more directed at

supporting organisations rather than on administrative functions. The neighbouring councils of Porirua and Hutt City use a flat fee model.

In some instances councils apply different models for leased land and premises.

Council officers' preference is that the scope of the policy review includes an investigation of a change to a flat fee schedule rental model. This model readily allows adjustments over time should Council wish to add for example financial incentives, maintenance charges and consumer price index (CPI) rent increases.

Regardless of what rental model is applied, the scale of Council subsidisation and/or financial objectives from the leasing of Council owned property need to be considered as part of any review.

5.4 Relationship with Council plans

The leasing of Council buildings and land to community and recreational groups is largely managed on a case by case basis where the outcomes may ultimately be inconsistent with the desired outcomes from Council strategies and plans such as the Parks, Reserves and Gardens policy work (eg. reviewing Open Spaces Strategy, Town Belt Management Plan and Policy Framework review project, Recreation Strategy). Consideration may need to be given in this environmental policy work on the role, type of activities, location, design/appearance and scale of leases provided for recreational and community purposes; and how this is better aligned through the Leases Policy.

A principles approach in any revised Leases Policy could readily respond to ensure consistency with other Council priorities, plans, policies and strategies, particularly in the environmental, social and recreational areas.

5.5 Risks

The review of the Leases Policy potentially impacts on approximately 125 leases and agreements with community and recreational groups. In addition there are multiple business groups and councillor portfolios with an interest in the application and management of the Leases Policy. As a result there will be risks to be managed, including:

- A possible lack of clarity on the reason, purpose and scope of the review;
- community interest in the outcome resulting in a longer consultation process than envisaged;
- philosophical differences across the Council on the nature or level of support to community and recreational groups resulting in a compromise position that may not provide a enduring solution to current issues; and
- interpretation of the review outcomes by affected parties leading to uniformed debate in the media.

Such risks can be mitigated by open communications and the involvement of all the affected parties.

6. Conclusion

The current Leases Policy is primarily rules based and does not adequately address many of the issues that have subsequently emerged or allow the flexibility to be response to market demands. Thus a review of the policy is recommended in order to maximise the use of existing facilities, allow Council resource to be directed at supporting lessee organisations, mitigate financial risks for Council and monitor lessee performance.

It is recommended that a review include adding principles to guide decision-making, additions or changes to the policy as required, the rent model applied under this policy and improving management practices.

The results of this work would be presented to Council in the form of a draft policy that would then go out for public consultation.

7. Timelines

A proposed process and timeline for a policy review follows:

Stage	Action	Timing
1	<p>Scoping paper to the Strategy and Policy Committee (SPC)</p> <ul style="list-style-type: none"> • Outline the problems, issues and policy gaps • Provide and test evidence-based options on how to best approach identified issues and gaps • Provide and test evidence-based options for rental models • Provide an outline of principles designed to guide decision-making and management practices • Seek agreement on a preferred approach and rental model • Seek guidance on the different elements to be included in a draft policy 	22 September 2011
2	<p>Develop draft policy for consultation</p> <ul style="list-style-type: none"> • Consult with existing lessees, potential lessees and other affected parties • Develop agreed response to each specific issue • Identify impacts of any change in rental model on existing leases • Determine specific formula or fees as required • Develop draft policy and link with other policies, plans and strategies as directed by SPC • Seek agreement from SPC on draft policy for consultation 	Report to SPC mid Nov 2011
3	<p>Public Consultation</p> <ul style="list-style-type: none"> • Seek views on the draft policy from affected and interested parties • Seek view of general public on the use of Council property for community and recreational groups and the application of the draft policy 	November – December 2011
4	Oral Hearings	March 2012
5	Final draft policy to SPC	April 2012

Note that timelines are indicative beyond what has already been scheduled in the Committee's Forward Programme.

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APPENDIX 1. Examples of issues and how the policy review could address these

Issue	Organisation	Detail of issues	Potential Solutions
Sale of Clubs owned buildings on Council owned land	Brooklyn Northern United Association Football Club Incorporated, Bell Road Darts Association, Hataitai Park	The Council has to deal with requests from lessees to sell buildings in the absence of conditions in the existing policy.	<i>Principles and policy conditions</i> Officers now have a process in place which we use when organisations want to dispose of their building. The basis for this process needs to be noted in the revised Leases Policy. Rationale for when sale is appropriate, and on what conditions, needs to be captured in the Leases Policy.
Club asset management responsibilities falling to Council	Cook Island Society	Council assisting with costs for club infrastructure maintenance (eg water supply, sewer) when the lessee is financially unable to.	<i>Principles</i> Clear principles or direction in the policy to deal with shifting maintenance costs to Council.
Buildings reverting to Council ownership with deferred maintenance issues	Scout Buildings eg. Willowbank and Linden Park Wellington Bowling	Clubs fold leaving buildings with deferred maintenance in Council ownership. Current policy requires re-letting. Upgrade and deferred maintenance costs fall on Council without consideration of other options.	<i>Principles</i> The Leases Policy needs to provide clearer guidance on options (including demolition) and clarify responsibilities in such circumstances.
Separate leases for buildings and grounds	Bowling Clubs and Tennis Courts eg Rangimaire, , Berhampore Bowling Club	As with Scout buildings as these clubs close, buildings with deferred maintenance become Council's responsibility and cost. In addition, the leased areas for both these examples include greens and courts. In some cases a club will offer back the greens or courts but retain building premises. However the current lease practice does not separate the building footprint from the total ground lease area, or account for the inherited costs.	<i>Policy Conditions</i> Make explicit in the Policy that a building footprint may be assessed separately to land in any new lease. Some guidelines to assist decision making on whether a grounds or premises lease is most appropriate. Recognition of the cost implications which need to be budgeted in asset management plans.

Lessees undertaking commercial activities on Council owned land and/or buildings	Victoria Bowling Club Incorporated	The Club currently have a TAB gambling machine in their premises. This is not a permitted activity under their existing lease, however is an example of how clubs may try to generate extra income to cover their operational expenses.	<i>Principles</i> The Leases Policy needs to address whether or not commercial activities are appropriate to supplement club's income, recognising the underlying classification of the land and limitations associated with that.
Semi-commercial subleases	Scottish Harriers Renouf Tennis Centre	Clubs sub-leases a portion of their building at near-commercial rates for activities such as martial arts groups, although their own lease is heavily subsidised by Council.	<i>Principles and policy conditions</i> Clarify through principles whether this is satisfactory or not and on what basis a different lease price/rate is required.
Commercial activities on lessee premises not associated with the organisation and/or in competition with the private sector	Maranui Café Limited in the Surf Club building	Another example of a commercial activity. In this case a commercial operator in a subsidised building.	As above.
Non renewal of lease or removal of buildings in special circumstances	Newlands Community House	The existing Leases Policy does not anticipate the provision of existing services being delivered by alternative facilities in close proximity.	<i>Policy conditions</i> Need provisions in the Leases Policy to enable officers to not renew an existing lease where existing services are being delivered by alternative facilities in close proximity.

APPENDIX 2: Examples of lease arrangements and rental models in other local government jurisdictions

Local Authority Area	General Approach	Rent Model	Other Factors
WELLINGTON REGION			
Hutt City Council	Policy on <i>Private Use of Hutt City Council Land</i> that includes section for non-profit organisations.	Flat fee – per sq m rate for ground lease starting at \$4 for first 100m ² . Lower flat fee for bare land.	Policy covers long and short term (licenses) agreements. Applies a set of criteria to applications.
Porirua City Council	Considered in context of Council asset management and property portfolio.	Flat fee – all ground leases at \$100. Charges fee of \$500 where the club operates a licensed bar. Building rent negotiated on basis of level of facilities provided.	Need for policy under review in context of management of reserves and leisure assets. Proposal is to markedly increase fees and include a 3 yearly CPI adjustment.
Upper Hutt City Council	Covered by specific leases section in the council's <i>Manual of Policies</i> .	Discounted market value – rent equates to market value less a subsidy level.	Current policy set in 1995. Has a separate policy for community gardens
Greater Wellington	No leases policy however does have <i>Concessions and Permits Guide</i> as a comparator.	Flat fee or unit rate, discounted for non-profit sector, schools etc.	
NEW ZEALAND			
Auckland City	Leases Policy considered as part of <i>Community Group Assistance Policy</i> and section on subsidies and loans.	Flat fee – \$500/yr for leasing land or building. Discounted for some target groups eg youth. For commercial activity a charge of 5% of gross turnover after \$100,000 is applied.	Separate related policies for community gardens, hall fees and community loans. Strict criteria on demonstrating membership growth and medium-term financial sustainability.
Queenstown	<i>Community Facilities Funding Policy</i> provides a framework for setting all fees and rentals for council owned property and facilities.	Flat fee - for community and recreational organisation a ground rent is charged with the amount set at two thresholds - \$0.50/m ² for first 500m ² and \$0.15 /m ² thereafter.	Policy framework is grounded in a set of principles. In the case of a lessee conducting commercial activity or subletting, 7.5% of gross turnover is also charged. Casual fundraising is excluded for this.

Tauranga	Part of <i>Community, Private, Commercial Use of Council Administered Land Policy</i> .	Flat fee – land area occupied.	Licenses and temporary activities fees dealt with under separate policies.
Hamilton	Leases considered under separate policies for land and buildings – <i>Community Building Rental</i> and <i>Community Land Rental</i> .	Subsidised rental for buildings set at 10% of improved value component of RCV. Flat fee for land based on area of land occupied. Land fee set at \$250/ha plus annual CPI increase.	
Dunedin	Leases dealt with under a range of policies including <i>Use of Reserves Policy</i> and <i>Concessions for Commercial Use</i> .	Flat fee - a ground rate formula (per sq metre) with discounts for targeted groups. Fee structure also accounts for temporary lease and different use activity.	
Palmerston North	Included as part of <i>Community Funding Policy</i> that has a section on rental subsidies. These are generally applied to council owned property but not exclusively.	Ability to pay - generally subsidy based on funding applied for rather than rent formula.	Application process treated as part of grants process.
AUSTRALIA			
Coffs Harbour (NSW)	Part of <i>Property and Commercial Services Policy</i> – covers all leases, licensing, temporary activities and management requirements	Flat fee + annual CPI however maintains discretion based on the type of activity	Policy has more focus on temporary activities than council property.
Moreland City (Vic)	Property Leasing Policy	Discounted market value rental at 5% of property value	Based on set of principals but details reviewed regularly Covers leases and licenses

Morton Bay (Q/L) - merger of three shires so multiple policies operational	Leases and Licenses Policy	Flat fee – generally on a schedule of fees and reviewed annual to CPI.	Some special conditions in certain areas eg. \$100 flat fee for youth activities in Redcliff.
Brisbane (Q/L)	Included in <i>Community Leasing</i> policy	Flat fee or unit charge. A schedule of fees in provided based on the nature of the activity or the type of property. eg tennis court - \$247/yr, bowling green - \$797/yr.	Policy enables some negotiation depending on need
Cairns (Q/L)	<i>Tenures Policy for Not for Profit Recreational, Sporting and Community Groups</i>	Discounted market value – schedule of fees reviewed annually and CPI adjusted. Further discounts for targeted activity	General Principles included. Targeted selection and review criteria for potential tenants.
Esperance (WA)	Leases property for recreational groups incorporated in <i>Building and Property Leases Policy</i> which covers all commercial and community leasing	Discounted market value for community groups with some commercial activity, and lower flat fee for other recreational groups.	

UNITED KINGDOM (UK)

Some UK council property lease arrangements were reviewed however it is considered that a direct comparison with New Zealand practices is unhelpful. This is because of the bias towards property owned to support social services eg. housing, education, health. Thus lease arrangements to community and recreational groups have a strong emphasis towards the social sector and its provision of services in an area.

Noticeable differences in UK council practices are:

1. Using a Community Asset Transfer (CAT) mechanism to pass stewardship of a council property (on a short or long term basis) to a community group in return for contracted services.
2. Using a full market rental model as the default and having organisations apply for a subsidy based on factors such as community benefit and an ability to pay.
3. Strict conditions are applied in considering subsidised lease arrangements and formal service agreements applied for preferred organisations and service provisions. In such cases rentals are at zero or very low.