



# Management of Community Facilities

## REVIEW



# Introduction

## The Review context

The Review of Management of Community Facilities will ascertain the state of the Shire of Chittering's (the "Shire") practices, processes and systems. The Review will specifically look at:

- the Shire's policy and corporate framework governing facility management
- the leases, licences and hire/user agreements used by the Shire in defining its relationships with occupiers
- the Shire's costs for providing community facilities
- general observations
- local government trends in facility management
- the way forward

It is the intention of this Review to explore a way forward for the management of community facilities, which the Shire can use for the purposes of its community consultation.

## Consultation

Consultation with relevant parties is important to ensure proposed changes to how community facilities are managed are relevant to the local community and in line with the Shire's aims for the facilities. The proposed policy and corporate framework will be the starting point for discussions with various facility managers and groups providing services and programs with a view to encouraging feedback and input in the final design of policy and corporate framework.

The community consultation may also involve direct engagement of users of various facilities and services to:

- determine the importance of community facilities and services and
- level of satisfaction with facilities and services.

This report presents the findings of the Review of Management of Community Facilities and proposes a way forward for the Shire's community consultation.

## Nothing is set and forget

The new normal in doing business –

- where the cost of service delivery is challenged on an ongoing basis and validated
- where the way services are delivered is challenged on an ongoing basis and validated
- where the investment in service delivery is challenged on an ongoing basis and validated
- where the underlying assumptions around community needs and expectations are challenged on an ongoing basis and validated

Aligning service levels/standards against community needs and expectations includes delivering services at a price the community can afford and is prepared to pay.

Increasingly the community is not prepared to pay more for council services.

# Environmental Context

Councils have generally provided a range of community facilities for community use. In times gone by, without too much consideration, councils have continued to support growth in facilities, services and programs provided/delivered to meet community needs and expectations.

In recent times, this has become more and more challenging for councils as Tony Abbott’s freezing of the Commonwealth Financial Assistance Grants has seen councils lose millions of dollars annually.

The financial constraints being experienced by the WA Government will see additional pressure on councils as State grants to local government continue to fall in coming years.

Ongoing debate and threats, by state political parties, to introduce rate capping, has seen councils self-impose their own

form of rate capping, by adopting lower than usual rate increases for the 2017/18 financial year. Some WA councils adopted the lowest rate increases in 10-15 years (below 2%), while the rate cap for Victorian councils is 2% and NSW councils 1.5%.

Pressures on council priorities and finances are such that everything must continue to be finetuned against community needs and expectations before further scarce funds are committed to another facility, service or program. In years to come Chittering will find it challenging to balance the needs and demands of a growing population against available funding and resources.

CHITTERING RATE INCREASES	
2017/18	2.0%
2016/17	1.5%
2015/16	0%

# Review of the Policy and Corporate Framework

In reviewing the Shire's policy and corporate framework we discovered no specific policies in place governing/guiding the provision of community facilities and delivery of services and programs. While this is not a unique position, some councils in more recent times have moved towards providing a guiding framework for the operation of their community facilities and delivery of services and programs.

## Proposed policies

Appropriate policy(ies) should be developed to guide:

- multi use and shared use
- operational practices of various user groups
- delivery of services and programs
- access and utilisation
- fees and charges and levels of subsidies
- management and good governance
- responsibility for maintenance and repairs
- responsibility for operating costs

By introducing these policies, the Shire would aim to achieve good governance, universal access and ensure the facilities are well used. Afterall, establishing a community facility requires a

large investment by the Shire, which should have a significant and lasting impact on the community.

An effective policy and corporate framework provides a transparent approach to managing the council's community facilities. This ensures a uniform approach by councils when dealing with community groups/businesses responsible for providing/managing community facilities and delivering services and programs.

It also enables all parties involved in providing community facilities and delivering services and programs to understand what each group is receiving and why. This removes the temptation for one-off special deals behind closed doors and the potential for community criticism.

The occupancy deals with the Shire should not vary depending on the depth of relationship with the prospective facility manager. The occupancy deals should represent best value for the community and deliver efficient and effective services and programs that meet the community's needs and expectations.

Policies need to be grounded in transparency whilst promoting communitywide utilisation of community facilities.

# Governance and Accountability Framework

Councils have an obligation to take responsibility, account for their activity and disclose their results in a transparent manner. Some of the council's activity may involve expenditure of funds and use of entrusted property, as in the provision of community facilities.

The important thing to note is that this obligation, to be accountable, does not diminish because elements of the council's activities are outsourced to another party such as a not-for-profit community group. The responsibility for the activity remains with the council and it should do all it can to ensure the activities are undertaken in a way that will stand up to scrutiny over time.

Therefore, the council should:

- provide its facility managers sufficient guidance on operating its community facilities and delivering various services and programs; and
- establish sufficient controls, such as regular reporting, to monitor facility managers' performance and compliance.

The Shire's accountability obligations to its community – residents and ratepayers are the main reason for developing and implementing an appropriate policy and corporate framework to manage community facilities.

Regular reporting is critical to ensure the:

- viability of the facility manager
- performance of the facility manager as per the Service Level Agreement
- utilisation of the council's facility

# Facility Manager

Facility managers are engaged for major community facilities, where there may be multiple occupiers, with responsibility for managing the facility and overseeing the delivery of services and programs. The facility managers are in effect the council's agent taking on the responsibility for managing a significant public asset.

In considering a facility manager, to take on the responsibility for managing the community facility and overseeing the delivery of services and programs, the council must determine whether the applicant is a suitably sound/fit entity:

- appropriately constituted not-for-profit organisation based in the community
  - where most of the not-for-profit's membership resides in the community
  - where the number of members have remained relatively stable over time
- mandate consistent with the council's aims and objectives for the community facility, services and programs
- strategic capacity to meet responsibility for managing a council facility
- has at least three years of solvent trading in the community

The engagement of a facility manager may well be by way of a formal EoI/tender process for new facilities. For existing facilities, annual reviews of KPIs will ensure the facility management for that facility remains the best fit for Council.

A similar due diligence approach would be taken to ensure a commercial entity was fit to be a facility manager.

# Review of Leases, Licences and Hire/User Agreements

In reviewing a sample of the Shire's tenancy agreements we discovered extensive use of a standard leasing document, which details amongst other general things the purpose/use of the facility and user obligations. The user obligations generally specified:

- payment of peppercorn rentals
- responsibility for outgoings and
- obligation to clean and maintain the facility in good repair/order.

The lease documents provide for payment of a more market based rental by commercial occupiers.

The lease documents don't provide for any:

- governance arrangements
- reporting or monitoring
- executive oversight

While the lease terms vary there are some (20 years) that would be considered excessive.

While longer lease terms are easier to administer there is a need for councils to review the lease terms with greater regularity to ensure they keep pace with community's expectations.

## **Governance/executive oversight**

Clearer strategic direction should be established for the provision of community facilities – and this should drive the development and delivery of the Shire's policy and corporate framework including occupancy arrangements.

The following questions should be addressed by the Shire on an ongoing basis in conjunction with its facility manager and various committees of management:

- Are we working to a plan?
- What are our aims and objectives?
- Are we delivering what we set out to deliver?
- Are we measuring performance against KPIs?
- Are we meeting expectations?
- Are we managing costs?
- Are we improving our delivery?

While the Chittering lease documents do not require establishment of committees of management or user forums there are facilities where this has been the practice.

Participants/users should be represented as part of the Shire's oversight.

# Tenancy Agreements

A policy and corporate framework establishes standardised tenancy agreements for users of council facilities/reserves. The agreements should broadly outline the conditions of use, times of use, fees and charges and responsibilities of the user group and responsible management structure. Three types of tenancy agreements may be considered depending on the specific circumstances of the user group and facilities/reserves in use.

## Leases

A lease agreement should be used to provide sports clubs and/or associations/businesses with exclusive occupancy of facilities for an agreed period. The lessee has use of the leased facility under clearly stated terms and conditions.

Under the lease agreement the lessee may pay all costs associated with the operation of the leased area including minor and major maintenance, utility charges, water costs, rates, garbage charges, and any other costs associated with the normal operation of the leased area.

Due to its exclusive nature, a lease agreement may best be issued in exceptional circumstances for single purpose activities such as Bowling Clubs, Golf Clubs, Equestrian Groups and in some circumstances Tennis Clubs.

## Licences

A licence agreement permits a sports club and/or association to use a facility for an agreed purpose for an agreed period of time providing certainty of tenancy. Licences do not provide user groups with exclusive occupancy rights to a facility.

Under a licence agreement the licensee pays sportsground and pavilion fees and charges as scheduled, utility charges and may be required to pay some maintenance cost where appropriate. As the terms of licence agreements are negotiable, many users will be allocated use of facilities on a seasonal licence basis.

## Casual Use Agreement (CUA)

A CUA is generally issued to a casual user, an event or user groups, to confirm a particular facility/ground for specified activities, times. These agreements are normally best used for one-off usage or a sequence of one-off uses that are not permanent in nature.

The Shire's facility managers do more than occupy and hire out the community facilities.

Some play an extensive role in delivering services and programs that meet the community's recreation, social and health needs and expectations.



# Service Level Agreements

The key foundation of the policy and corporate framework may be the Service Level Agreement (the “SLA”), which would be established between the council and the facility manager (community group/business responsible for providing/managing the community facility).

The SLA would be developed following the adoption of the tenancy agreement (which may be in the form of a lease or licence or some form of user agreement). The SLA would be reviewed and updated annually following the adoption of the council’s budget and will be an addendum to the tenancy agreement.

The SLA may amongst other things detail how the facility manager will:

- manage the facility and oversee the delivery of services and programs
- meet its governance reporting obligations to the Shire, detailing the KPIs that will be aligned against the Shire’s strategic direction
- deal with enquiries and booking requests
- apply the criteria to determine the applicant’s occupancy eligibility

- apply the facility hire fees and charges for annual and casual users, noting that some may be commercial/community uses

The SLA may also capture:

- terms and conditions under which the facility manager will continue to receive the council’s financial support for maintenance of the community facility
- management and maintenance responsibilities of all parties
- responsibilities for operating costs such as utilities and provide a basis on which these operating costs will be shared amongst occupiers

The SLA may also identify whether the facility manager needs to establish a committee and identify its role in overseeing the management of the community facility.

Such a committee of management may be comprised of representatives from facility managers, occupiers, users and council.

The SLA may also detail the extent of annual inspection to ensure the facilities remain safe and in keeping with the standards required for quality user experience.

The SLA may also detail specific activities to be undertaken by the facility manager including delivery of services and programs.

# Community funded facilities

Some of the Shire's community facilities have been developed with funds raised and contributed by the community.

## Strategic direction

Even with community/lessee funding, any proposed facilities and their intended purpose need to be consistent with the Shire's strategic direction in meeting the community's needs and expectations. Proposed facilities and accompanying services and activities must add real value to the community for the Shire to agree to the development.

As any new community facility is built on council land, or on land which is vested to council (such as reserves), it becomes the property of the council. Lease terms and conditions are generally agreed upon well in advance of any development/construction of a new facility.

## Recognition of capital contribution

Council will generally recognise the capital contribution by the community/lessee with an extended lease period (10-20 years) in order for them to recoup their original investment and enable future reinvestment. The length of the lease term is generally based on the level of capital contribution.

During the extended lease period council may:

- charge a market or discounted rental for the new community facility or it may charge a peppercorn rental: and/or
- contribute towards the maintenance of the new community facility or require the lessee to provide for maintenance.

The council considerations are largely driven by the level of benefit/value created for the community. The success of the facility and services provided should be dependent on the quality of the facility manager/lessee and not the extent of the subsidy provided by the council.

## Discounted rental

The council may incentivise its facility managers/lessees with a discounted rental, which could be phased out over a period of time. This approach may also be used with commercial lessees.

## Loan guarantees

Councils have from time to time guaranteed loans for capital works associated with occupancy of council land. These loan guarantees are normally subject to the facility manager/lessee demonstrating, as part of a business case process, their:

- facility management capacity to achieve the desired outcomes as detailed in the SLA and
- financial capacity to service the loan from the operation of the facility.

## Contribution towards operation

Where the facility manager/lessee derives a financial benefit from the community facility they should contribute towards its operating costs by way of annual rental or facility maintenance and in some cases rental and maintenance. The level of contribution will be negotiated on a case by case basis, that will be fair and reasonable to both parties.

Volunteers underpin the delivery of some community activities, which would not be viable under conventional business models.

The Shire will take this into consideration when providing and leasing facilities and determining the level of contribution/subsidy if any.

Effective delivery of some community facilities, services and activities may only be achieved with the support of the community and its members.

# Accounts/Financial Analysis

In reviewing the community facility account statements it appears the Shire collects the required costing and financial information - including insurance and utility costs.

This financial data provides the Shire with an appreciation of what it costs annually to provide the community facilities.

## Oncost charges

While the community facility account statements provide allocations for employee costs/oncost, it is not clear whether this allocation is sufficient to cover the actual administration and management time involved in delivering the community facilities, including ongoing liaison with community groups occupying the facilities and users.

## Venue bookings

Rather than involving staff in venue bookings and invoicing, the Shire should investigate implementing an online solution that integrates/interfaces with its current computer systems.

## Financial analysis

During 2016/17 financial year the Shire collected some

\$62,000 in rental income from its community facilities. The rental income covered only 11.44% of the Shire's expenditure on community facilities.

The net spend on community facilities was \$539,871, which consumed some 10.26% of the Shire's rate income in that year.

## Chittering

It should be acknowledged that many councils struggle with getting the most basic financial and costing data together in the one place to enable financial analysis and decision making.

Chittering was one of few local governments that had the required data in a way that enabled analysis and conclusions to be drawn.

Its important to have appropriate corporate frameworks in place to enable –

- accurate and timely allocation of costs against each community facility
- accurate and timely allocation of costs against each facility user
- determination of appropriate user subsidy.

## Financial Year

2016/17

Total Revenue	\$61,737
Total Expenditure	\$601,609
Net Spend	\$539,871
% of Rates	10.26%



# Accounts/Financial Analysis (continued)

## Facility value and rental income

It may be costly to bring in a commercial valuer/real estate agent to estimate the rentals payable for the various community facilities. It may be easier, for the Shire's comparison purposes, to assume a deemed rate of return of 3.25% (rate used by the Commonwealth for various calculations involving investment assets) to enable discussions and comparisons.

The Shire should be aware of the value of the foregone rental that provides a benchmark against which the value of community benefit may be measured for the purpose of determining the level of subsidy.

The Shire's community facilities were recently valued at \$8.985 million. The Shire has not set out to maximise its return on community facilities as it charges peppercorn rentals and modest rents for what are essentially shop fronts delivering community services and programs.

If we discount the deemed rate of return from 3.25% to 2.25%, for community use and apply

against the value of facilities we would expect a deemed rental/income return of some \$202,176.

This deemed rental/income return may be used to calculate the Shire's forgone rental income, i.e. the Shire's contribution to the provision of services and programs.

The foregone rental income enables the Shire to undertake some analysis and comparison of:

- the value the council contributes
- the value of the community benefit created by the facility manager through the provision of various services and programs.

The rental income foregone by the Shire is \$140,438. This should be recognised as the Shire's contribution/rental subsidy – 69%.

The rental subsidy should be treated like a grant that forms part of the Shire's annual budget process, which is considered, debated and adopted by council. The value of the Shire's contribution/rental subsidy should not be lost in the system.

		Deemed	16/17
	Valuation	Rental 2.25%	Rental
Wannamal Hall	\$ 658,600	\$ 14,819	-
Bindoon Hall	\$ 1,688,400	\$ 37,989	\$ 3,994.24
Lower Chittering Hall	\$ 405,300	\$ 9,119	\$ 5,879.99
Muchea Hall	\$ 1,106,600	\$ 24,899	\$ 2,082.73
Tourist Centre	\$ 445,900	\$ 10,033	\$ 6,645.33
Sandown Park	\$ 80,641	\$ 1,814	-
Ferguson House	\$ 172,460	\$ 3,880	\$ 5,435.62
Chittering Health	\$ 2,449,900	\$ 55,123	\$ 34,860.00
Brockman Centre	\$ 1,205,582	\$ 27,126	\$ 2,312.46
Chinkabee	\$ 772,200	\$ 17,375	\$ 526.87
<b>Total</b>	<b>\$ 8,985,583</b>	<b>\$ 202,176</b>	<b>\$ 61,737.24</b>

<b>Foregone Rental Income</b>	<b>\$ 140,438.38</b>
<b>Shire's Rental Subsidy</b>	<b>69%</b>

# Accounts/Financial Analysis (continued)

## Insource/outsource

At some point the Shire will want to satisfy itself that it is using the right model to deliver facilities to the community.

In order to deliver the best value for its investment, the Shire needs to be of a view that it is applying the right mix of:

- insource – operated by Shire staff
- outsource
  - operated by community groups/not-for-profits
  - operated by commercial operators

Financial information will be critical in undertaking this analysis/comparison.

## Appreciating the value everyone brings to the table

Before the Shire can undertake any comparison against its status quo operation, it needs to value the roles performed by various facility managers and groups:

- facility management
- program/service development
- promotion and marketing
- program/service delivery

This comparative analysis will enable the Shire to understand the cost/benefit of insourcing versus outsourcing various elements of managing community facilities and delivering services and programs.

Councils with community facilities operated by community groups/not-for-profits normally don't charge rent for the facility.

While the council foregoes rental income it expects its facility managers to create community benefit/public value by delivering services and programs to community members.

# Benchmarking Workshop

The Shire of Chittering hosted a benchmarking workshop on management of community facilities. The following councils participated in the workshop: Dandaragan, Swan, Gingin, Toodyay, Serpentine/Jarrahdale, Northam and Coolgardie.

The key findings from the benchmarking workshop were as follows:

## **Community facilities**

Most councils are providing facilities to meet the needs and expectations of their communities.

## **Policy approaches**

While some councils have policies/guiding documents in place to drive the management of their community facilities most will not have overarching policies or strategic approaches to providing community facilities.

## **Business models**

There is no right or wrong approach to providing community facilities and delivering services. Councils adopt various business/management models to provide community facilities deliver services.

## **User agreements**

Most councils have user agreements in place for the community facilities. Not many require regular reporting against specific performance criteria.

### **Facility governance**

Governance around the management of community facilities is fairly low-key due to the long term nature of some of the occupancies/tenancies by local community groups.



# Observations

In reviewing the management of the Shire's community facilities, we came across some interesting things that warranted us making some general observations.

## Management models

Provision of community facilities has evolved over time and different management models are used by councils around Australia to deliver facilities, services and programs, and Chittering is no different:

- directly managed by council staff
- outsourced to a local community group/not-for-profit
- outsourced to a commercial provider

## Legacy issues

There are always legacy arrangements that may differ to current thinking and practice:

- local reasons why groups are treated differently
- local reasons for variation in arrangements between groups

Sometimes what's needed to move beyond the legacy arrangements is transparency. As some of these arrangements come to light there will be a move towards normalising the arrangements in line with the current thinking and practice. Afterall, no-one wants to look out of step.

## Efficiency and effectiveness

It is next to impossible to take steps towards improvement without regular flow of data. Utilisation and income data is critical to understanding the effectiveness of various services and programs and its impact on participation and facility utilisation. While it's important for regular data to flow it should not be a burden for the facility manager and user groups delivering services and programs.

Chittering requires/collects minimum data from its facility managers.

Chittering has a number of legacy arrangements that are out of step with current thinking and practice.

## Observations (continued)

### Remote facilities/services

Provision of community facilities serving discrete communities is different to mainstream. There is an increased cost in delivering facilities, services and programs that are out of the way/remote and the income generated by these facilities is limited.

### Single mission synergy

Synergy is created by users with the same/similar mission occupying the one community facility. This can be achieved by design and planning well before the facility is constructed, increasing participation and benefiting the community in the long run.

Single mission community facilities have the best opportunity to succeed. Single mission facilities provide opportunity for synergies to be developed between various user groups. The right mix of services and programs may increase participation and utilisation of council facilities.

### Future management

While some councils are taking back control of community facilities others are looking at handing control of facilities over

to community groups. There is no right or wrong approach, which very much depends on the local context.

### Reputational risk

There is always a degree of reputational risk when a community facility is handed over to a user group/not-for-profit to operate. No matter how many agreements/leases and sub-leases are in place, if the local community is aggrieved it almost always comes back to council to resolve.

Wherever possible the council needs to provide clear and uniform guidance to all user groups operating community facilities through a policy and corporate framework to minimise the potential for reputational risk.

### Commercial arrangements

Many councils exclude the facilities covered by normal commercial leasing arrangements from their community facilities' policies.

The Shire's investment in community facilities is generally designed to benefit ratepayers and residents.

# Community Facility Management Trends

In undertaking the review of management of the Shire's community facilities we researched the contemporary trends in management of community facilities. The following is a briefing on the trends we discovered across Australia.

## Shared facilities

More and more councils are moving towards providing multi-purpose, shared-user facilities, thereby moving away from providing leased facilities with exclusive use arrangements.

## Contributions

Where a group derives a financial benefit from using a community facility, it contributes to the operating and maintenance costs of that facility. User groups are responsible for all outgoings associated with the use of the facility.

Where there are multiple users, they assume proportionate responsibility for outgoings.

## Reporting and monitoring

User groups are required to make regular returns to council on bookings/income and utilisation of the community facility along with other information linked to KPIs.

User groups are submitting annual reports and audited financial statements detailing their operations and how funds earned have been applied. These reports and statements are also proof of viability and insured status.

Most councils support the concept of shared access and multi-use of facilities/reserves and work to ensure they are available and accessible to the wider community.



# Community Facility Management Trends (continued)

## Universal right to access

Councils are taking steps to ensure their user groups support their non-discriminatory and diversity practices and policies.

Councils are having the final say on pricing to ensure community facilities remain accessible and affordable to their broad community.

## Transparency

Financial arrangements/transactions between council and user groups are documented, transparent and published regularly.

## Utilisation

Community facilities are managed in a manner that maximises the use of facilities by local residents.

## Subsidy

Councils are subsidising community groups that provide a community benefit. Rental subsidies are transparent and published annually – rental subsidies are a form of a council grant.

Commercial occupants are generally not eligible for rental subsidy.

Councils are publishing information on the management of their community facilities through their management plans, annual report and quarterly performance reports.

# The Way Forward

The following is presented to the Shire as a way forward to consider and consult with its community, facility users and facility managers.

## **Policy and corporate framework**

That the Shire consider developing a policy and corporate framework to guide the facility managers in providing community facilities and overseeing delivery of services and programs.

## **Accountability framework**

That the Shire consider adopting an accountability framework for the management of its community facilities by:

- providing its facility managers with sufficient guidance on operating its community facilities and delivering various services and programs
- establishing sufficient controls, such as regular reporting, to monitor facility managers' performance and compliance

## **Open and transparent**

That the Shire consider adopting an open and transparent approach to its dealings with facility managers, where their agreements, financial transactions and ongoing returns are on the public record and accessible by all.

## **Value comparison**

That the Shire consider calculating and comparing:

- the value of its forgone rental income
- the value of the community benefit created by facility managers and the various services and programs they deliver

In developing and implementing these policies and corporate framework, the Shire aims to achieve good governance, universal access and optimum utilisation of its community facilities.

# The Way Forward (continued)

## Service level agreements

That the Shire consider adopting service level agreements with facility managers as part of its policy and corporate framework.

## Tenancy agreements

That the Shire consider adopting tighter conditions around the use of leases for exclusive occupancy as part of its corporate framework.

That the Shire consider reviewing its lease terms back to 5 years.

## Costing and finance

That the Shire continues to gather costing/financial data and consider reviewing the employee charge/oncost.

## Venue Bookings

That the Shire consider adopting a digital solution for its venue bookings and invoicing.

## Delivery model

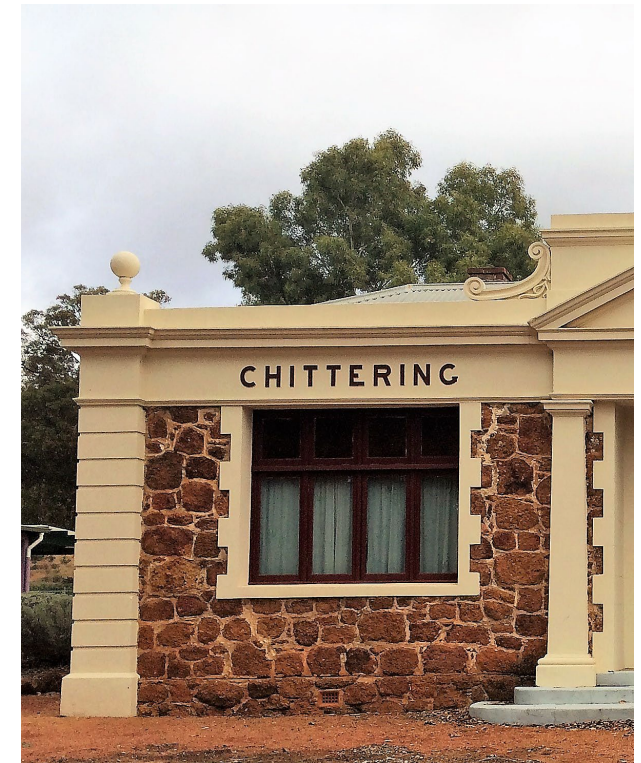
That the Shire continues to explore, using a business case process, the most optimum model (insourcing and outsourcing) to deliver facilities in order to achieve the best value for the community.

## Subsidy

That the Shire consider recognising peppercorn rentals/foregone income as the Council's subsidy in the annual budget and associated documentation.

## Shared facilities

That the Shire consider adopting multi use shared facilities as its policy for future development of community facilities.





# Implementation



We would suggest the Shire work with its facility managers/lessees to implement the various policy and corporate framework recommendations in a partnership and collaborative model.

Achieving desired change wherever possible by using existing lease provisions.

We would not be suggesting a process of wholesale amendments to existing tenancy arrangements but a process where the leases are updated/reviewed as they come due.

There may be a need to consider what happens with some of the longer term leases.

The Review of Management of Community Facilities was conducted by John Ravlic, Principal – Ravim RBC.

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# Case Study – Chinkabee Complex

**Managed by:** Bindoon Sports and Recreation Association

**Lease:** 20 year lease expires 2029

**Basic Terms:** Lessee to pay outgoings  
Lessee to maintain and repair premises

**Facility Users:** **Annual Users**  
- Bindoon Sport and Recreation

- Bowling Club
- Tennis Club
- Basketball Club
- Netball Club
- Cricket Club
- Indoor Bowls
- Max Employment
- Playgroup
- Bindoon Retirees

**Casual Users**

- Social Group (cards & darts)
- Wakes & Parties

**Way Forward**

Establish a committee of management to oversee the day to day running of this facility.

Establish detailed terms of reference for the committee of management.

Require regular returns to be submitted to the committee of management on --

- utilisation – weekly participation numbers
- income earned and
- how the income is spent.

The Shire incurs \$85,423 in expenditure associated with the running of the facility.

On the assumption there are 400 users per week = 20,800 pa the Shire's subsidy extends to \$4 per individual participating.

The Shire receives negligible rent for the Chinkabee Complex.

The valuation of the Complex is \$772,200.

If we applied the deemed rate of return the expected rental income is \$25,097 pa.

If we applied the deemed rate of return for community use the expected discounted rental income is \$17,375 pa and the Shire's rental subsidy is \$16,848.

It should be noted that the proposed income is still significantly less than what the Shire spends on the premises annually - \$85,950.

With expenditure of \$85,950 and rental subsidy of \$16,848 the Shire's total investment in this facility exceeds \$100,000 pa.

**Financial Year  
2016/17**

Total Revenue	\$526.87
Total Expenditure	\$85,950.13
<b>Net Spend</b>	<b>\$85,423.26</b>
Valuation	\$772,200
Deemed Rental @3.25%	\$25,097
<b>Discounted Rental for community use</b>	
Deemed Rental @2.25%	\$17,375
<b>Current Shire Rental Subsidy</b>	<b>\$16,848</b>

# Case Study – Chittering Health

**Managed by:** WACHS & Jupiter

**Lease:** 5 year lease expires 2020

**Basic Terms:** Lessee to pay outgoings  
Lessee to maintain and repair premises

**Facility Users:** Child Health &  
School Health Nurse  
Dietician  
Physiotherapist  
Speech Pathologist  
Occupational Therapist  
Podiatrist  
GP & Nurse

## Key Messages

The importance of Community Health cannot be underestimated. The Shire should continue to support Community Health and declare the value of its support/financial contribution.

Chittering Health should be considered as a commercial facility and the Shire should consider a discounted rental in the first year, which scales back to zero support over three years.

The success of the facility and programs should be dependent entirely on the provider and quality of service rather than the level of Shire subsidy.

The Shire incurs \$76,812 in expenditure associated with the running of the facility.

On the assumption there are 200 users per week = 10,400 pa the Shire's subsidy extends to over \$7.40 per participants.

The Shire does not receive market rent for the premises.

The valuation of the Chittering Health premises is \$2,449,900.

If we applied the deemed rate of return the expected rental income is \$79,622 pa.

If we applied the deemed rate of return for community use the expected discounted rental income is \$55,123 pa and the Shire's rental subsidy is \$20,263.

It should be noted that the proposed income is still significantly less than what the Shire spends on the premises annually - \$76,812.

With expenditure of \$76,812 and rental subsidy of \$20,263 the Shire's total investment in this facility is just short of \$100,000 pa.

Some of these community health initiatives are funded by State Government programs, which the Shire presently subsidises.

While the importance of the community health program is acknowledged its not the Shire's responsibility to subsidise state government programs/activity.

## Financial Year 2016/17

Total Revenue	\$34,860
Total Expenditure	\$111,672
<b>Net Spend</b>	<b>\$76,812</b>
Valuation	\$2,449,900
Deemed Rental @3.25%	\$79,622
<b>Discounted Rental for community use</b>	<b>Deemed Rental @2.25%</b>
	\$55,123
<b>Current Shire Rental Subsidy</b>	<b>\$20,263</b>