

Review of the Community Occupancy Guidelines 2012

PART ONE: Evaluation of leases developed under the guidelines

August 2018

Executive summary

This report presents Part One of a two-part summary of findings from the review of the *Community Occupancy Guidelines 2012* (the guidelines).

PART ONE: How have the guidelines been applied?

- Desktop assessment of 70 sport and recreation leases granted after 2012
- Workshops and targeted interviews

PART TWO: How do the guidelines compare with others?

- Literature review of community lease policies and guidelines of two New Zealand, three Australian and three Canadian local authorities

It provides a summary of findings focused on how well the guidelines have been applied against best practice principles. It covers desk-top analysis of key decisions and documents for 70 community leases granted since 2012, and qualitative information gathered from workshops and targeted interviews.

The key findings are:

Best practice principle	Assessment result	Description
Relevance	Aligned	Overall, the guidelines have been applied across the region: <ul style="list-style-type: none"> • council staff have followed the processes set out in the guidelines and used the guidelines as a basis for their advice to local boards • the local boards have considered staff advice and made decisions that are generally consistent with the guidelines.
Impact	Not aligned	There is very limited information regarding the outcomes from community leases such as: <ul style="list-style-type: none"> • the change to public access before and after leases were granted • the benefits delivered to local communities compared to private benefits exclusive to certain people or groups • the alignment with the council's strategic priorities • the impacts on the council's open space and community facilities assets • the implications to the council's provision of open space and community facility network
Equity	Not aligned	Feedback from stakeholders suggests some communities (for example, Māori and new immigrants) do not have sufficient information about community leases. Consequently they missed out on opportunities to apply and access open spaces and community facilities

Best practice principle	Assessment result	Description
Consistency and transparency	Not aligned	Variance in staff advice and local board decisions due to: <ul style="list-style-type: none"> no standard decision-making framework or processes adopted across local boards insufficient information provided to the local boards during the decision-making process such as the costs and benefits relating to each community lease and the underlying land value
		Variance in reporting and documentation of key local board decisions such as: <ul style="list-style-type: none"> whether to conduct an Expression of Interest (EOI) process to generate a pool of applicants for a new or vacant site why the final applicant was selected and what community outcomes are expected
		Variance in the approach to commercial activities around: <ul style="list-style-type: none"> how commercial activities are defined across the council how the different types of commercial activities by different types of community organisations should be treated how to conduct assessments under the Reserves Act 1977 and/or Local Government Act 2002
Financial sustainability	Not aligned	The council is unable to fund the administration costs of community leases (approximately \$3710 per annum) through the rent revenue. This cost is currently funded by rates Auckland Council charges a low level of rent compared to other council's ¹
Efficiency and effectiveness	More information needed	More outcome data is needed to determine whether community leases assist the council to deliver the best outcomes possible (effectiveness) and whether the outcomes delivered is proportional to the costs and resources spent (efficiency)

Suggestions for improvement

Potential changes to community leases suggested by internal staff, leaseholders and the Mana Whenua Forum are provided in Section 4.3 of this report.

Next steps

The Part One summary of findings will be considered alongside Part Two summary of findings to form recommendations on the council's future direction for community leases and any changes to the *Community Occupancy Guidelines 2012*.

¹See Part Two summary of findings for a detailed comparison of rental charges. For example, for a 200m² building and 500m² land, Auckland Council charges \$1, compared to \$575-\$22,600 in Hamilton City Council and \$156-\$1173 in Wellington City Council. See par

Table of Contents

Executive summary	3
Table of Contents.....	5
1 Introduction.....	6
1.1 Purpose of the review	6
1.2 Part One of the review	6
2 Methodology.....	8
2.1 Desktop analysis.....	8
2.2 Workshops and targeted interviews.....	10
3 Key Findings from the desktop analysis	12
3.1 Summary of findings	12
3.2 Findings at each stage of the lease cycle	14
3.2.1 Expression of Interest (EOI)	14
3.2.2 Public notification	14
3.2.3 Consultation.....	15
3.2.4 Site visit.....	16
3.2.5 Assessment	16
3.2.6 Local board decision-making	16
3.2.7 Terms and conditions	17
3.2.8 Monitoring and evaluation	18
3.2.9 The approach to commercial activities.....	18
4 Key findings from the targeted interviews and workshops	22
4.1 Summary of findings	22
4.2 Findings at each stage of the lease cycle	23
4.2.1 Application process	23
4.2.2 Assessment & decision-making.....	23
4.2.3 Terms and conditions	24
4.2.4 Monitoring and reporting.....	24
4.2.5 The Mana Whenua Forum workshop feedback.....	25
4.3 List of suggestions	26

1 Introduction

1.1 Purpose of the review

Auckland Council currently has over 1400 community leases and licences with community organisations.

Community leases allow community organisations to operate on council properties. In return, lease and licence holders are expected to deliver community benefits that align with the Auckland Plan wider outcomes and priorities.

In 2012, Auckland Council introduced *Community Occupancy Guidelines 2012* (the guidelines) to assist decision-making and to provide an overview of the process and standard terms and conditions of new lease agreements.

On 17 July 2017, the Environment and Community Committee [CP2017/08531] approved a review of the guidelines to:

- assess the efficacy of the guidelines in helping the council deliver the best possible outcomes for Auckland through community leases
- improve the guidelines to ensure consistency in assessing, granting and managing leases.

The terms of reference for the review set out a list of evaluation principles to assist the evaluation of the guidelines: relevance, impact, effectiveness, efficiency, transparency and consistency, equity and financial sustainability.²

1.2 Part One of the review

Summary of findings from the review were divided into two parts. This report presents Part One summary of findings:

PART ONE: How have the guidelines been applied?

- Desktop assessment of 70 sport and recreation leases granted after 2012
- Workshop and targeted interviews

PART TWO: How do the guidelines compare with others?

- Literature review of community lease policies and guidelines of two New Zealand, four Australian and three Canadian local authorities

Part one focuses on how the guidelines have been applied since they were introduced in 2012. It has two key components:

² The evaluation principles were based on a list of OECD best practice principles - *Guidelines for Project and Programme Evaluations* OECD(2009) <https://www.oecd.org/development/evaluation/dcdndep/47069197.pdf>

- desktop analysis of key decisions and documents of community leases granted since 2012 (after the guidelines were introduced)
- qualitative feedback from targeted interviews and workshops with leaseholders, council staff and the Mana Whenua Forum.

Section 2 of this report presents the methodology for desktop analysis.

Section 3 provides the results from the desktop analysis.

Section 4 provides the results from the workshops and targeted interviews.

2 Methodology

2.1 Desktop analysis

Auckland Council currently has approximately 1400 community leases. Of these, around 150 leases (around 10 per cent) were granted after the guidelines were introduced in 2012.

Council staff undertook a desktop analysis of 70 of the 150 leases granted after 2012. These 70 leases cover parks, sport and recreation leases to inform the development of the council's *Increasing Aucklanders' participation in sport: Strategic Plan 2019-2039* (previously known as the *Sports Facilities Investment Plan*).

Council staff reviewed the key decisions and documents at each stage of the lease cycle:

Lease cycle stage	Key components	Key documents reviewed
Application	Expression of Interest (EOI)	Lease application form, club report/rules, constitution and financial information, new lease letter to council
	Consultation	Local board reports
	Site visits	Site forms, aerial photos
Assessment	Criteria and process	Local board reports, general correspondence between internal staff
Decision-making	Local board decision-making	Local board reports
Terms and conditions	Lease agreement	Local board reports Specific terms for permitted use, lease duration, rent, renewal conditions, insurance and other specific amendments
Monitoring	Utilisation	Financial reports, quarterly reports, local board reports, constitution, annual reports, quarterly reports
	Commercial activities	Annual account information, constitution and financial statements, quarterly reports
	Reserves management	Reserve Management Plans (RMP)

The results of each lease assessment were checked by the Lease Advisor responsible for the lease agreement, followed by discussion with relevant staff to gain a better understanding of the key issues.

Limitations

A key limitation is that the desktop analysis drew heavily on staff knowledge and data available in council's internal database. Staff turnover and data entry errors could cause gaps in the analysis.

The sample

The 70 park, sport and recreation leases chosen for the desktop analysis cover a wide range of leases across different local boards, geographic areas, sports and type of land.

Figure 1: Number of leases by local board

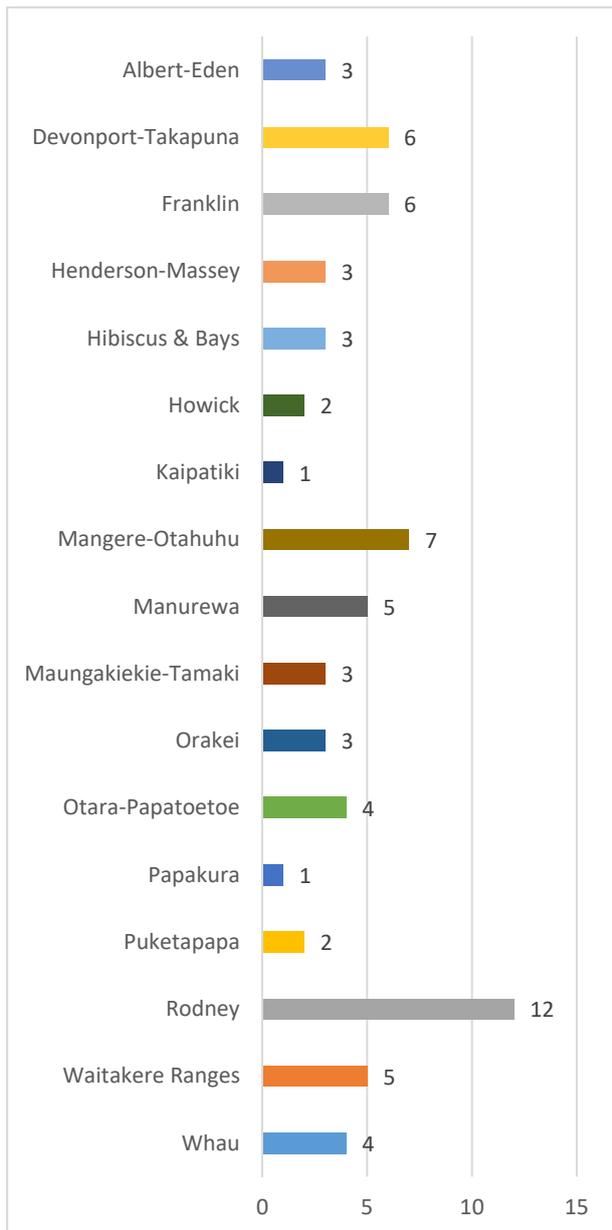


Figure 2: Number of leases by building ownership

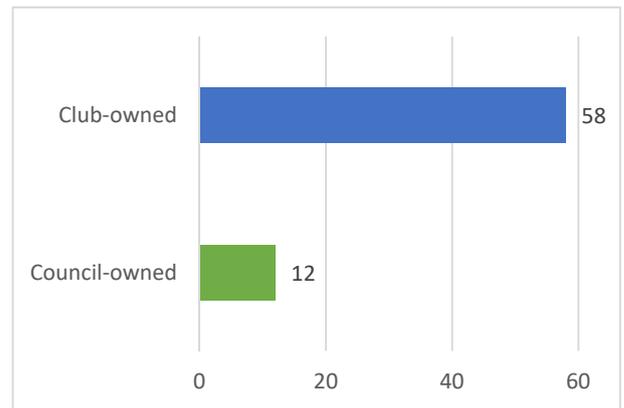


Figure 3: Number of leases by land classification



2.2 Workshops and targeted interviews

A series of targeted interviews and workshops were undertaken to supplement the desktop analysis. They provide qualitative data on how the guidelines are applied in practice.

Interviews with sport and recreation organisations

Council staff conducted 13 targeted interviews with sport and recreation organisations. They were selected from the sample of 70 park, sport and recreation leases included the desktop analysis.

The 13 organisations were purposely chosen to cover a variety of leases:

- User diversity: the sample covers a wide range of participants in different age, gender, ethnicity and social-economic backgrounds.
- Governance structure: the sample includes a range of small local clubs and large social enterprise (18 members- 2400 members) with different operating revenue ranging between \$2000 and \$1,400,000.
- Geographic diversity: the sample spreads across the North, East, South and West areas of Auckland.
- Facility types: the sample includes both multi-functional and bespoke facilities for a range of sports such as rugby, tennis, gymnastics, water sports and boxing.
- Activity types: the sample has a range of activities including core sport and recreation events, commercial activities (including sub-leasing, alcohol sale, gambling) and small-scaled fundraising activities.

Each interview was scheduled for 20 to 30 minutes, conducted in the community, often at the clubs premises. The interviewees were asked about:

- their experience with the lease process, including their role in the process
- the application form
- the standard terms and conditions set out in the guidelines
- the monitoring and reporting processes.

Interviews with council staff

Five council staff with expertise in legal, land development and reserve management issues were also interviewed to gain insight on specific aspects of the lease process.

Council staff were asked about their involvement with the overall process, issues in their expert areas and any possible changes that could be implemented to improve the guidelines.

Workshop with lease advisors

A separate workshop was conducted with the Lease Advisors to gain their feedback on the current processes and any potential changes to improve the operation of the guidelines.

The Mana Whenua Forum workshop

Staff engaged with the Mana Whenua Forum separately to understand how well the guidelines are working from a Māori perspective and to gain feedback on any potential changes to improve the delivery of Māori outcomes.

3 Key Findings from the desktop analysis

3.1 Summary of findings

The desktop analysis focused on several key components at each stage of the lease cycle:

Lease cycle stage	Key components
Application	Expression of Interest process to generate a suitable pool of candidate
	Consultation with key stakeholders (local community, Mana Whenua and iwi)
	Site visits to ensure the sites are fit-for-purpose for the intended activities
Assessment	Criteria and process to select the best application
Decision making	Local board decisions on who to grant leases and the terms and conditions
Terms and conditions	Lease agreement that sets out fees and charges, lease terms, utilisation of the site and accountability requirements
Monitoring	Process and data collected on impacts of community leases, particularly progress of the Community Outcomes Plans that set out outcomes of community leases and measures to track progress over time
	Monitoring of commercial activities undertaken
	Compliance with the Reserves Act 1977

The results show that the guidelines have been applied across the region:

- council staff have followed the processes set out in the guidelines and used the guidelines as a basis for their advice to local boards
- the local boards have considered staff advice and made decisions that are consistent with the guidelines

However, there are a number of issues:

Lease cycle stage	Issues
Application	<ul style="list-style-type: none"> • Lack of transparency and consistency in why the council sometimes did not run an open Expression of Interest (EOI) process to seek suitable applicants • Gaps in consultation records, such as who has been consulted and what feedback was provided • Lack of consistency in how site visits are conducted and recorded in the system • The quality of the Community Outcomes Plans included in the applications varies greatly. There is often no clear link to the

Lease cycle stage	Issues
	<p>council's strategic priorities</p> <ul style="list-style-type: none"> • Lack of information around Māori outcomes • No expectations set on: <ul style="list-style-type: none"> ○ site utilisation ○ asset management ○ financial performance of the community groups
Assessment	<ul style="list-style-type: none"> • No consistent assessment framework has been adopted • The quality and coverage of the assessment vary greatly • There are often gaps in information provided in the application forms which make robust assessment difficult
Decision-making	<ul style="list-style-type: none"> • Local boards often do not have sufficient information when making decisions • There is variance in: <ul style="list-style-type: none"> ○ the length of lease terms granted ○ the approach to commercial activities
Terms and conditions	<ul style="list-style-type: none"> • Very limited information provided regarding how the site is going to be utilised and how the activities will be monitored over time • Rental charges are often set at a level that cannot cover the council's cost of administration
Monitoring	<ul style="list-style-type: none"> • The majority of annual review reports were not available to track progress towards community outcomes • Quality of the Community Outcomes Plans varies greatly across leases. The majority fail to include meaningful targets that link to the intended community outcomes and local board priorities • The range of activities conducted and the utilisation of the sites are not monitored over time

The results of the assessment are summarised in the following sections.

3.2 Findings at each stage of the lease cycle

3.2.1 Expression of Interest (EOI)

The Expression of Interest process takes place at the beginning of the lease cycle.

According to the guidelines, when vacant buildings, space or land are identified as appropriate for development, the council can run an EOI process to seek applications through public advertisement or by direct notification to groups who have registered their interest with the council.

However, an EOI process is not mandatory. Groups that own their buildings have an automatic right to re-apply at the end of their occupancy terms without public notification.

Application of guidelines

Of the 70 leases reviewed:

- seven had undertaken an EOI process
- there are no records of EOI process for the remaining 63 leases in the internal system
- an EOI process is sometimes undertaken at the request of the relevant local board
- the majority of local boards have opted out of undertaking the EOI process
- the majority of the EOIs were undertaken in the Southern region (Otago, Papatoetoe, Manurewa and Franklin).

The lack of EOI process has contributed to some transparency and consistency issues. Some community groups claimed they are often not aware of leasing opportunities.

Without the EOI process, the council also runs the risk of having a limited pool of applicants. This could mean an inability to select a suitable applicant and hence likelihood of under-delivery of community outcomes and inequity in the local area.

3.2.2 Public notification

Legal requirements

Under section Sections 54(2) and 119 of the Reserves Act:

- Before granting any lease or licence (relating to reserves)... the notification shall be published:
 - (i) Once in a newspaper circulating in the area in which the reserve... is situated
 - (ii) In such other newspapers (if any) as the administering body decides...

Application of guidelines

Of the 70 leases reviewed:

- there are gaps in the internal records, such as whether public notifications have taken place or what feedback was received.

3.2.3 Consultation

Legal requirements

Under section 138 of the Local Government Act 2002:

- A local authority proposing to sell or otherwise dispose of a park ... including the granting of a lease for more than 6 months that has the effect of excluding or substantially interfering with the public's access to the park ... must consult on the proposal...

Auckland Council often consults with a range of groups during the application process, depending on the type of land the reserves are classified. The table below summarises the groups that are consulted.

Stakeholder group	Consultation description
Mana Whenua and/or iwi	<ul style="list-style-type: none">• If the lease is located on a reserve or crown land, consultation is required with the Mana Whenua Forum and/or individual iwi to understand any potential impacts to Māori• If the reserve has an up-to-date Reserve Management Plan (which will include feedback from the Mana Whenua) then consultations are not necessary
Public	<ul style="list-style-type: none">• If there is significant public interest, an EOI process will be undertaken as part of the application process• Public notifications through the local newspaper follow the local board decision and lasts for one month. This process is required for land held under the Local Government Act 2002 and land held under the Reserve Act 1977 that is Crown owned, non-classified land or with no reserve management plan
Internal staff	<ul style="list-style-type: none">• Subject matter experts across the council (such as the Parks, Sport and Recreation advisors, Park and Recreation Policy team) before drafting local board reports

Consultation ensures transparency in the process and expert and community views are considered before final decisions are made.

Application of guidelines

Of the 70 leases reviewed:

- the majority of local board reports noted that consultation was undertaken with no adverse impacts on the key stakeholders
- there are gaps in consultation records in the internal system, such as who was consulted and the feedback provided.

3.2.4 Site visit

For both new and renewal leases, lease advisors are expected to conduct a site visit with the applicant.

Site visits help ensure that the site is fit-for-purpose (for new leases) or maintained as intended by the leaseholders (for renewals).

Application of guidelines

Of the 70 leases reviewed:

- 45 site visits were recorded in the internal database, the remaining leases did not have a record of a site visit
- there was inconsistency in the content of the site visit reports
- time constraints have limited the capacity of both council and community organisation staff (some are volunteers) to undertake site visits and draft comprehensive reports.

3.2.5 Assessment

The guidelines outline a range of eligibility criteria, assessment criteria and further considerations for open space and reserves.

Applications are assessed on a case-by-case basis by Lease Advisors, who then prepare advice and recommendations for relevant local board for consideration.

Application of guidelines

Of the 70 leases reviewed:

- the assessment process typically follows the guidelines
- the quality and coverage of analysis used in assessment vary greatly
- there are transparency and inconsistency issues around the reporting of assessment results across local boards.

There is currently no robust assessment framework in place (such as standard procedures, criteria and weightings).

There is some consistency within the sub-regions, but not across the region. The methods used to collate and store information related to the lease assessments are different across local boards.

3.2.6 Local board decision-making

Local boards are the decision-makers for community occupancy agreements.

They draw upon the guidelines and take into consideration staff recommendations as the basis for decision-making. They may, at their discretion, choose to vary from the guidelines and recommendations on a case-by-case basis.

Lease Advisors engage with the local board regularly throughout the application process, often through workshops to identify potential leaseholders.

Application of guidelines

Of the 70 leases reviewed:

- key decisions by local board are generally consistent with the guidelines
- local boards often do not have sufficient information during the decision-making process such as the costs and benefits relating to each community lease and the underlying land value
- examples of variance are lease terms (more information provided in section 3.2.6).

3.2.7 Terms and conditions

All community occupancy agreements should include a standard set of terms and conditions. The guidelines provide particular guidance on:

- rental fees, maintenance charges and additional charges for commercial activities
- length of lease
- utilisation of the site (such as requirements for shared use, subleasing and commercial activities)
- accountability requirements.

Application of guidelines

Of the 70 leases reviewed:

- standards terms and conditions were included in all community occupancy agreements
- four leases had terms longer term than the maximum suggested by the guidelines.
- there is limited information specified in the terms and conditions about how the site will be utilised and how the activities will be monitored over time (more information provided in Section 3.3)
- rental charges are often set at a level that cannot cover the council's cost of administration (round \$3710 per lease per annum)
- all of the leases include accountability measures as required by the guidelines.

3.2.8 Monitoring and evaluation

Community leaseholders are required to submit an annual report which includes the accountability form based on the agreed Community Outcomes Plan (COP) as a condition of their lease agreement. The COP should include:

- benefits that the group will provide to the community
- measures used to review the group's performance against the plan over time.

Accountability reports are discussed with local board at workshops before finalisation.

Application of guidelines

Of the 70 leases reviewed:

- the majority of annual review reports were not available to support the progress towards delivering community outcomes³
- the quality of the Community Outcomes Plan vary greatly across leases, with the majority fail to include meaningful targets that link to the intended community outcomes and local board priorities
- the range of activities and utilisation of the sites are not monitored regularly.

Feedback from Lease Advisors indicates the issues with reporting on Community Outcomes Plans were mainly due to limited volunteer capacity of community organisations.

Lack of monitoring of the Community Outcomes Plans has led to gaps in performance data. This makes it difficult for council staff to evaluate outcomes of community leases, and unable to assess whether they have contributed to local board priorities and wider council strategic outcomes.

3.2.9 The approach to commercial activities

The guidelines do not exclude commercial activities on council properties, so long as they comply with the relevant legislation and land classification under the Reserves Act 1977⁴ and align with the Reserve Management Plans.⁵

Commercial activities on parks may:

³ In place of the annual review, Lease Advisors may invite the lessees to present a verbal update on how the club has operated over the past year.

⁴ Leases that are on parkland held under the Reserves Act 1977 are administered under the Local Government Act 2002. In cases where the land is classified as a recreation reserve, the area occupied by the club could be held under the Local Government Act 2002 and not the Reserves Act 1977.

⁵ Reserve Management Plans which set out objectives and policies for the management, protection and future development of a reserve, after consulting with relevant groups such as the Mana Whenua Forum and local iwi. If community leases are to deliver the best outcomes from the council property, the plans should reflect the current needs of the community or local board.

- enhance the park-user experience where the primary purpose of the park (such as recreation, organised sports or conservation) is not adversely affected
- provide an additional revenue stream for sports and recreation organisations to fund their activities. For some organisations the additional revenue might be critical in keeping the organisation financially viable.

The commercial activities permitted under 54(1)(d) of the Reserves Act 1977 include:

- admission fees to an outdoor sports event
- charging non-members for access to playing facilities
- fundraising
- operating a pro-shop or equipment hire (e.g. tennis or cricket)
- selling refreshments such as coffee
- operating a café or gym
- operating a not-for-profit childcare centre
- partnering with corporate sponsor to provide funding to upgrade premises.

If the commercial activities do not comply with the relevant legislation then the lease should not be granted until the land is reclassified.

The guidelines stipulate that if the community group generates significant revenue, the relevant local board may charge a percentage of the rent at the rent review phase.⁶

Sub-leasing

Sub-leasing particularly for commercial activities is generally not permitted under the guidelines. Local board approval is sought if the activity is deemed appropriate.

Sub-leases need to be publically advertised. This can be a commercial provider but would need to comply with the Reserves Act 1977.

Liquor licences

There is a separate process for granting liquor licences.

The liquor licence needs to comply with the Reserves Act 1977 classification.⁷

New and renewed licences are required to go through the alcohol licencing process, which includes public notification to give members of the public an opportunity to object to the licence.

Gambling

The guidelines do not specifically address gambling activities on council land or premises

The Department of Internal Affairs (DIA) issues certificates of approval for casino employees and non-casino gambling licences.⁸

Non-casino gaming machines in bars and clubs must be operated by an incorporate society and intended to raise money for community groups and non-commercial purposes.

Cafés and restaurants

⁶ No policy exists on fee schedules for commercial activities. As a rough guide, clubs can earn up to \$100,000 before the local board may choose to charge a percentage rental. That percentage charge is on the amount over and above \$100,000. The percentage is set anywhere between 4 and 7%.

⁷ The Alcohol and Licencing team do not enquire into the Reserves Act 1977.

⁸ The New Zealand gambling laws are regulated, audited and investigated by the Department of Internal Affairs

Café or restaurants that are not operated by the club require a formal sub-lease agreement. The sub-lease document between the two parties requires approval from the council. This would not tend to be permitted under most classifications of the Reserves Act 1977.

Application of guidelines

Of the 70 leases reviewed:

- 40 have liquor licences
- three have gambling licences
- there is very limited information on the level of revenue generated from commercial activities and whether the revenue has been re-invested to deliver community outcomes⁹
- there is incomplete information to determine how many leases have shared use agreements. Leases with shared use agreements also failed to specify the days and hours that the site is used by external organisations and describe the intended purpose.

Reserve management

Of the 70 leases reviewed:

- 48 have reserve land status under the Reserves Act 1977
- five leases are located on land declared as local purpose reserves. Eleven cover land under the Local Government Act 2002
- one lease is located on both reserve land under the Reserves Act 1977 and Local Government Act 2002 land
- five leases are unclassified but administered as recreation reserves
- the majority of reserves were accompanied by Reserve Management Plans and the majority of leases demonstrated activities that align with the Reserve Management Plans
- the majority of the Reserve Management Plans are outdated.

The desktop analysis revealed a number of issues relating to the approach to commercial activities:

- **lack of clarity** across council in terms of what are considered commercial activities compared to fundraising events
- **lack of data** about the type of commercial activities undertaken and how much revenue is generated from those activities
- **difficult to monitor** whether the commercial activities comply with the relevant legislation¹⁰

⁹ Under the Community Grants Policy 2014, Auckland Council welcomes grant applications from social enterprises delivering outcomes for our communities. Social enterprises are hybrid organisations that trade goods and services in order to achieve their social, environmental, economic or cultural goals. There are a variety of legal structures which social enterprises can adopt, including Charitable Trusts and Incorporated Societies.

- **lack of flexibility** to amend standard lease terms and conditions to allow:
 - alternative income sources to be generated to fund maintenance or upgrades
 - shared use between multiple sports or with compatible community groups and the general public
- **lack of clarity** around the approach to social enterprise (community groups that run an effective business model and generate significant profits from council properties) compared to local clubs run by volunteers and operating on less than \$10,000 of revenue per annum
- difficult to **maintain a balance between financial sustainability of the business and public accessibility**– many sport and recreation organisations undertake commercial activities to pay for costs and the revenue is often not re-invested to deliver community benefits.

¹⁰ Many reserves currently do not have the right classification under the Reserves Act 1977 or have an outdated Reserve Management Plan

4 Key findings from the targeted interviews and workshops

4.1 Summary of findings

Overall, feedback received during the Mana Whenua Forum, workshops and targeted interviews suggest that the guidelines have been working adequately.

Feedback from different groups tends to be consistent, with the exception being the level of rent charged. Sport and recreation organisations tend to think the current level of rent is fair whereas other groups support a higher rent to cover operational and maintenance costs.

A number of operational issues have been highlighted:

- efficiency issues – the lease process is long and time-consuming, even for renewals which normally lead to little or no change
- transparency and consistency issues regarding the Expression of Interest (EOI) process and local board decision-making
- lack of clarity around the approach to commercial activities – what is defined as commercial activities? How should they be monitored and whether a percentage of the profit should be charged as part of the rent (but consideration needs be had on sport organisations' financial sustainability)?
- lack of reporting and monitoring – most clubs were unaware of the need to report annually on the community outcomes plan to the council
- lack of consideration about achieving the optimal use of the assets (such as shared-use)
- lack of consideration and monitoring of asset management in the lease agreements.

A list of suggestions made by the Mana Whenua Forum, sport and recreation organisations and council staff is provided in section 4.3.

More detailed feedback summary and verbatim quotes are presented in section 4.2.

4.2 Findings at each stage of the lease cycle

4.2.1 Application process



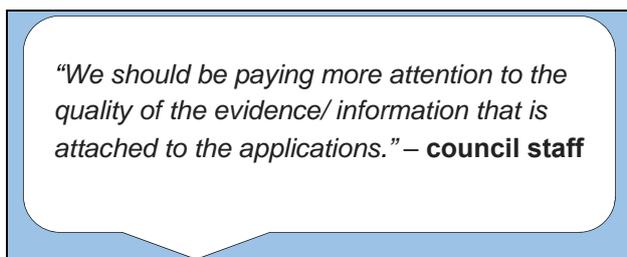
Key feedback from sports and recreation organisations:

- the application process is very slow
- the application form is not user-friendly and requires clubs to provide the same information multiple times. This made preparing the application more time-consuming than necessary
- there are communication issues with some of the Lease Advisors caused by staff turnover and changes to the lease advisors' lease portfolio.

Key feedback from council staff:

- there is lack of transparency about why sometimes an expression of interest process was not undertaken
- not all reserves are classified under the Reserves Act 1977 before the community lease is granted. Waiting for classification adds extra time to the application process.

4.2.2 Assessment & decision-making



Key feedback from sports and recreation organisations:

- inconsistent decisions are made by local boards across the region around lease lengths

Key feedback from council staff included:

- there is lack of consideration of the quality of evidence contained in the applications.
- there is variation in:
 - the process adopted across local boards to make decisions
 - the criteria and weightings used to assess applications
 - the way the decisions are reported.

4.2.3 Terms and conditions

<p><i>"We are satisfied with the peppercorn rent as this keeps the cost(s) down for the club so that they can focus on meeting their service needs."</i> – Sports and recreation organisation</p>	<p><i>"Nominal rent undercuts social outcomes when social enterprises operate on council land."</i></p> <p><i>"Staff should be given more direction around commercial activities for fundraising purposes."</i> - Council staff</p>
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Key feedback from sports and recreation organisations:

- rent and maintenance charges were fair as they allow clubs to focus on providing their activities
- there is a lack of flexibility in granting a longer-term lease to provide financial security and assurance for club
- there is a lack of consideration of:
 - optimal or shared use for facilities, particularly for multi-sport facilities.
 - alternative financial pathways (transfer hours of facility use to other user-groups to generate revenue, more events)
- sport and recreation organisation need more options to be able to be financially sustainable, such as the ability to conduct more commercial activities.

Key feedback from council staff included:

- current level of rent is too low. However, sport and recreation organisations might cut back on building maintenance or come to council for grants if rent is increased
- market rate should be charged if significant revenue is generated or a significant portion of activity is designated as commercial use. Otherwise, revenue from commercial activities should be re-invested to support wider community outcomes
- there needs to be more consideration of the type and status of assets when setting maintenance fees. Currently, maintenances costs are charged per square metre based on the guidelines, without consideration of the actual costs of maintaining the building
- there needs to be a clearer distinction between community and commercial activities, especially around clubs' alternative revenue streams such as fundraising events.

4.2.4 Monitoring and reporting

<p><i>"We need a clear message from council about the importance of tracking club activities."</i> – Sports club</p>	<p><i>"Clubs need to be more transparent with their alternative revenue streams."</i> – Council staff</p>
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Key feedback from sport and recreation organisations

- most clubs were unaware of the need to report annually on the community outcomes plan to council

Key feedback from council staff included:

- commercial activities in general are hard to monitor
 - there have been cases of organisations monopolising land or not utilising it for what it was originally granted (for example, bars, restaurants), resulting from a breakdown of the monitoring system in place
- there have been cases of organisations privatising their space and facilities to be utilised by club members only
- there is a lack of monitoring around sub-letting
- there is minimal monitoring of sport and recreation organisation's maintenance of their club-owned buildings. In some occasions club buildings reverted to council when the club could no longer operate, the lack of maintenance could bring a considerable financial burden to the council.

4.2.5 The Mana Whenua Forum workshop feedback



Council staff engaged with the Mana Whenua Forum to gain specific feedback from a Māori perspective. Feedback received can be categorised into three main themes:

- **Application** – Māori groups find it hard to access leases. The public notification process is not considered to be widely publicised. There is often a lack of resources for marae groups which means these groups are unable to know what facilities are available and where and how to apply.
- **Decision making** – The Mana Whenua Forum wants to be engaged earlier in the leasing process and only feel they are engaged at the end when the decision has already been made. It was highlighted that there needs to form a stronger relationship between the forum and Lease Advisors.
- **Outcomes for Māori** – It is not clear whether leases are delivering positive outcomes for Māori.

4.3 List of suggestions

A list of potential changes from council staff, sport organisations and Mana Whenua are summarised below:

Issues	Actions
<p>Inconsistency in the current processes</p>	<ul style="list-style-type: none"> • Standardise forms and processes for: <ul style="list-style-type: none"> - Expression of interest - site visits and building assessments - lease assessments - internal and external consultation and engagement - engagement with local boards - engagement with the Mana Whenua Forum - annual reporting and review • Standardise review and approval process to ensure quality and consistency across local boards • Provide training and mentoring programmes for new operations staff
<p>Lack of documentation and reporting of key decisions</p>	<ul style="list-style-type: none"> • Provide training and standardise templates and processes for documentation and reporting of key local board decisions such as: <ul style="list-style-type: none"> - the process to generate a pool of potential candidates - the assessment criteria for selecting the final candidate including consideration on the underlying land value, public/private benefits expected from the candidate - the terms and conditions of the lease agreement and whether they deviate from the guidelines - compliance with the Local Government Act • Standardise review and approval processes to ensure consistency across local boards
<p>Lack of clarity around the treatment of commercial activities</p>	<ul style="list-style-type: none"> • Further work to determine the definition and approach to commercial activities (with consideration of the Reserves Act 1977) • Updated the guidelines to provide more clarity for staff and sport organisations around what commercial activities are permitted
<p>Reporting and monitoring issues</p>	<ul style="list-style-type: none"> • Introduce a service agreement in community leases that encompasses: <ul style="list-style-type: none"> - the Community Outcomes Plan - an asset management plan for land and buildings owned by council and leaseholders, which details roles and responsibilities for maintenance and upgrades - financial data of the community group including profits generated from the site - utilisation data: either for sport and recreation activities (by members, public or through the shared use with other compatible codes) or other uses (e.g. sub-leasing, hire and commercial activities such as café, restaurants and gambling machines)
	<ul style="list-style-type: none"> • Introduce mandatory annual reporting and reviewing processes to monitor the service agreement