



2. REMISSION OF RATES - CANTERBURY BOWLING CLUB, 109 SALISBURY STREET

Officer responsible Financial Services Manager	Author Paul Melton
Corporate Plan Output: Rates Administration: Volume 1 5.1.text.7	

The purpose of this report is to update the Committee on the Canterbury Bowling Club rates remission request and to propose a course of action relating to rates remissions for sporting clubs.

BACKGROUND

It will be recalled that an application from the Canterbury Bowling Club seeking a rates remission greater than the mandatory 50% remission was before the May meeting of the Committee. The Committee referred the report back to the Financial Services Manager for a review of the application in light of the club's most recent annual report. Staff were also requested to report back on the initiatives being taken by the Leisure Unit to encourage amalgamation of sports clubs.

The club suffered a loss of \$21,482 for 1999 and \$19,700 in the previous year. These losses were despite bar trading profits for the two years in question of \$15,600 and \$22,700 respectively.

The club has a mortgage of \$40,000 and fortunately has cash reserves of nearly \$15,000 which have enabled it to continue operating in the short term.

The club's most significant assets are the club house and bowling greens. These are located at 109 Salisbury Street and have a 1998 capital value of \$1.3M (comprising land of \$1.15M and buildings of \$150,000).

The 1999/2000 rates on the sporting portion of the property amounted to \$2,478 (after the 50% remission) and \$2,191 on the licensed area.

The main reason for the deteriorating financial position is the falling number of active members. Currently, there are 70 members (60 men and 10 women).

The club, which has been in existence since 1883, has a long and proud history. When amalgamation with another bowling club was considered in 1998 it was rejected by the membership. Members were keen to retain their separate identity and felt that financial efficiencies could be achieved.

FINANCIAL SERVICES UNIT VIEW

As indicated above, the club qualifies for a mandatory 50% remission of rates on that portion of the club used for sporting purposes under the provisions of Section 179(2) of the Rating Powers Act 1988. Section 179(1) of the Act also enables the Council to grant a greater remission of rates over and above the mandatory 50% should it think fit.

Any remission greater than 50% will establish a precedent and it is conceivable that this application could be followed by many other requests for a remission given the steady decline in membership of a number of other clubs. A one-off remission would not address the financial problems faced by this club.

By granting a remission, the Council may only be delaying the inevitable amalgamation with another club.

LEISURE UNIT VIEW

Alan Bywater of the Leisure Unit has made the following comments in relation to this matter.

“The Hillary Commission is actively promoting the benefits of club amalgamation - particularly amongst clubs from different sport codes. This leads to more efficient use of capital, financial resources and scarce volunteer time.

Christchurch City Council Leisure, working with Sport Canterbury, is about to commence some work looking at best practice in terms of processes to achieve amalgamation and best practice in terms of structures for amalgamated clubs. This study will also examine the number of existing clubs and membership, work with the relevant sports associations to look at future sport structures and identify potential clustering of clubs into amalgamated situations. Results of the research are expected by the end of the year.

No-one gains by the Council artificially sustaining a club that does not have the membership base or operational ability to effectively provide sports participation opportunities in the future. There are societal changes that are affecting sports clubs and it is important that processes to adapt to those changes are encouraged as the Council's ability to reverse those changes is minimal.”

THE WAY FORWARD

The granting of a rates remission which is greater than 50% could create pressure on the Council from a range of other sports clubs with significant assets and a declining membership. There is a need for a comprehensive review of the rates remission policy as it relates to sports clubs. This review should consider any anomalies including the issues raised above by the Leisure Unit. Approval of a rates remission in this case might cause the club to avoid dealing with the underlying cause of their financial situation.

- Recommendation:**
1. That the rate remission request from the Canterbury Bowling Club be declined.
 2. That the Council encourage the club to resolve its problems by either reviewing costs or considering the amalgamation option.
 3. That the Financial Services Unit, Leisure Unit and Parks Unit set up a team to work through the issues relating to the rating of sports clubs and to prepare a policy for Council consideration.

The Chairman reports:

Since the meeting of the Committee, the Chairman of the Canterbury Bowling Club has provided information that the club has taken firm action to avoid further losses. In particular, certain functions which were carried out by paid staff will in future be carried out by volunteers, with an expected saving of about \$20,000 per year. The club has requested that the Council reconsider its request for a 75% rate remission for a limited period in order to assist its recovery. The club is willing to consider amalgamation options. In view of the information, I would like to propose revised recommendations:

1. That, in view of the action taken by the club to avoid further losses, the Council grant a 75% rate remission for two years.
2. That Council staff continue to liaise with the Canterbury Bowling Club and other clubs on viable amalgamation options.
3. That the Financial Services Unit, Leisure Unit and Parks Unit set up a team to work through the issues relating to the rating of sports clubs and to prepare a policy for Council consideration.