

2. CANTERBURY CAR CLUB - RUAPUNA

Officer responsible Parks & Waterways Manager	Author Lewis Burn, Property Services Officer, DDI 3711-522
---	--

INTRODUCTION

The purpose of this report is to obtain the Council's approval to the hire rates and general conditions of hire for the Ruapuna Park Raceway proposed by the Canterbury Car Club to take effect from 1 July 2001. The terms and conditions of the Car Club's lease require that the Council as lessor approve the charges and general conditions relating to the hire of the facility by third party users.

BACKGROUND

The Canterbury Car Club has submitted an application to increase the hire charges that apply to third party commercial and individual use of the circuit and facilities to take effect from 1 July 2001. An increase of 10% is sought across the board with appropriate rounding up/down to arrive at workable figures. The hire charges were last increased in July 1999 by 5% with Council approval. The Car Club advises that in proposing this increase a pure CPI increase would be 5% but that a significant item in their maintenance expenditure (fuel for grass maintenance and vehicles) has risen by more than the inflation rate. The repairs and maintenance charges have increased from \$28,000 to \$49,000 over the last year. The club also contends that a further factor not included in any CPI figure is the increased cost of safety compliance to meet ever-increasing standards. Appendix 1 (attached) gives a full breakdown of the existing and proposed charges. The club is also asking the Council to approve some changes to the general conditions of hire mainly to tighten up on safety issues. The changes proposed are considered minor and sensible. The revised conditions (with the changes underlined) are attached as Appendix 2. Included in the changes is a new Clause 41. The club advises that this new clause was deliberately worded in this way as occasions when it would be implemented are few but the reasons for implementation will vary from time to time and will always be subject to prior discussion and negotiation. It is understood the service fee under this clause may be set at a price for the meeting duration or hourly depending on the circumstances at the time and the outcome of any discussions between the hirer and the car club.

CONSULTATION

The club as required under the lease has consulted with the major third party users on the proposed increase to the hire rates and changes to the conditions of hire. The consultation involved written advice on 17 April 2001 prior to the annual meeting on 23 April 2001 to which the major third party users were invited. No response indicating any objection has been received by the Car Club. The major users consulted were:

1. Motorcycling Canterbury
2. Bears (motorcycles)
3. Pegasus Bay Drag Racing Club
4. CAMS (the governing body of motorsport in Australia)
5. Christchurch Kart Club

DEVELOPMENTS AT RUAPUNA

During 2000 the Canterbury Car Club made significant improvements to the park including the sealing of further pit area, improved drainage, higher levels of circuit safety and improved spectator hospitality facilities. This development has been partly financed from Council grants. The Council has made budget provision for annual grants of \$40,000 for the years 1999, 2000 and 2001. The current year's grant provision is to go towards the cost of \$215,000 worth of planned development in 2001 including loan repayments, spectator extensions, new toilet block, water and planting and track refurbishment. The balance cost of this work is to be funded from event operational surpluses, other grants and special fund raising activities. With these ongoing developments and promotional initiatives, Ruapuna is being established to an international standard motorsport facility for Christchurch. During 2000 over 350,000 people visited the Park.

ACCOUNTS

The results of trading for the current year were not available at the time of writing this report. For the year ended 30 June 2000 a healthy net operating surplus is shown but includes the Council's development grant with greater revenue from race meetings, events and donations. In that year vehicle costs were up 24% with repairs and maintenance up 24% but total operational expenses were down 8.5%. The grants show in members funds and are not offset against the capital expenditure.

Comment

The increase in hire charges and the changes to the general conditions of hire proposed have not met with any opposition from the major users of the facility. The club which has some 800 members is looking at major expense in the coming years to implement planned developments that include safety features, improved spectator and member facilities as well as track resealing. The increase to hire charges proposed is significantly more than the inflation rate for the two year period since last increased and probably could not be supported purely on inflationary costs. The club is however committed to a programme of improvements (that in part will need to be funded from trading surpluses) to build an international motorsport facility which will benefit both the Christchurch community and the sport. The Council's approval is necessary to ratify the Car Club's intention to apply the new charges and revised conditions of hire as from 1 July 2001.

GATE LEVY

The Annual Plan Working Party, in considering a request from the Canterbury Car Club for financial support for the festival of motor sport, were informed of the gate levy provision in the club's lease and agreed that a report should be submitted to the Parks and Recreation Committee recommending removal of this levy. Presently the car club pay a base annual rental plus a levy of 5% of the gate take (after an initial \$200) for all promoted motor sport events. The levy impacts on all third party users hiring the circuit. In the year to 30 June 2001 the total levy for the Ruapuna Raceway was \$6,334 including GST. For the good of future promotion and use of the circuit this levy should be removed and a fixed rental set which will enable better forward budgeting by the club of fixed overheads.

If the levy for the raceway is to be removed then to be consistent so should the 5% gate levy on the speedway at Ruapuna. The levy received from the speedway for the 2000/01 season was \$5,644 including GST.

The rental for the car club lease is now due for review (1 July 2001) and it would be appropriate for the removal of the levy to be considered in conjunction with this review. Discussions will be held with the clubs to set a fixed annual rental with a recommendation back to the Council when this figure is agreed. The speedway lease rental is next due for review in February 2002.

- Recommendation:**
1. That the Council approve the hire charges and general conditions of hire as reviewed (Appendices 1 and 2) to be imposed by the Canterbury Car Club for the operation of Ruapuna Raceway with effect from 1 July 2001.
 2. That the Council approve a variation to the leases to the Canterbury Car Club and the Christchurch Speedway to delete the requirement for a 5% gate levy effective from 1 July 2001 with the review of the base rentals to be the subject of a further report to the Council.
 3. That the conditions of hire provide for hirers to remove rubbish from the road frontage after events.