

## 5. CANTERBURY CAR CLUB – TRACK HIRE RATES

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The purpose of this report is to place before the Council an application by the Canterbury Car Club to increase its track hire rates and make minor changes to the conditions of hire for the Ruapuna Park Raceway to take effect from 1 July 2003.

### SCOPE

This report was referred to the Community and Leisure Committee as an issue involving a metropolitan park for recommendation to the Council as lessor to approve an amendment to the current general conditions of hire and track hire rates as required by the terms and conditions of the Canterbury Car Club's lease of the Ruapuna Park Raceway.

### BACKGROUND

The terms of the Car Club's lease from the Council require that the Council approves any proposed increase in the hire charges and any changes to the general condition of hire for the use of the racing facility by major third party users.

An application has been received from the club to apply a 10% in round figures increase to the rates of hire for use of the raceway. A minor change is also proposed to the general conditions of hire in particular a liability for a minimum cleaning charge. The track hire charges have been held static for the last two years and the club has given the reason for the proposed increase as being necessary to offset significant cost increases to ensure the racing facility complies with the required international safety levels, increased circuit maintenance costs and increased security and insurance costs. The club has also stated that there were some historic charges which were completely at odds with the regular hiring rates and these have been brought into line with the balance of the rates schedule.

### CONSULTATION

The club is required by the terms of its lease to consult with the major third party users on any proposed increase to the hire rate or any changes to the conditions of hire. The club has written to Motorcycling Canterbury, Bears, Pegasus Bay Drag Racing Club, CAMS and the Christchurch Kart Club as the major third party users enclosing a copy of the proposed changes. In addition to writing to these organisations, letters were also sent to Don Elvey, Driver Safety Programmes, Ford Advanced Drivers School, Holden Advanced Driver School, and Canterbury Motor Racing School Ltd, informing these organisations as to how the new charges would impact on their use. Oral response has been positive in the case of the Christchurch Kart Club, Don Elvey at Driver Safety Programmes and Pegasus Bay Drag Racing Club, while the only negative feedback the club said it had was from Holden Advanced Drivers School.

Staff have some reservations over the consultation process carried out and discussions are being held with the club on this aspect and will report further on this at the meeting. While it is considered that the Council does not need to be involved in the consultation process itself, the Council does however need to be satisfied that an adequate process has been undertaken.

### TRADING ACCOUNTS

The trading accounts to 30 June 2003 show that the Club had a net surplus from its activities of \$91,352 as compared with \$135,455 last year. The track rental of \$110,841 represents roughly a quarter of the Club's total income for the year. The proposed increases amount to about \$15,000 extra in track rental income which the Club believes is reasonable to offset some of the \$21,300 approximate increase in operational costs over last year's total expenses given that there has been a fall off of \$22,793 in income over the same period. It is also noted from the accounts that there is provision for a total of \$103,000 towards circuit sealing, spectator safety fencing and other capital items that have been approved as financial commitments. With respect to future commitments it is noted that some \$800,000 is now required to complete the new clubrooms project while further spectator safety fencing in the order of \$50,000 will be required on the prison bank when this is constructed. Extracts from the Club's latest balance sheet are attached.

## **COMMENT**

The club has asked that these changes be considered as soon as possible as the new charges have been set out in material already sent to the organisations while the club needs to plan with certainty, costings for upcoming events.

The full schedule of hire rates and the general conditions of hire for the raceway proposed to take effect from 1 July 2003 are attached as Appendices 1 & 2. The only change to the general conditions of hire is in relation to clause 32 increasing the charge from \$200 to \$500.

**Recommendation:** That the Council approve of the hire charges and general conditions of hire as reviewed by the club (Appendices 1 & 2) for Ruapuna Raceway with effect from 1 July 2003.