

2. QEII GOLF PARK INCREASE IN GREEN FEES

Officer responsible Leisure Manager	Author Lyall Matchett – Financial Adviser DDI 941-8293
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The purpose of this report is to seek Council approval for a request on behalf of the QEII Golf Park for an increase in casual green fee charges for the Ascot Golf Course which is leased to S W Jang Investments Ltd.

The last application for an increase was submitted to the Parks and Recreation Committee in April 2000 and was subsequently approved by the Council in May 2000. The approval was only granted following a report by the Legal Services Manager to the Council after the original request was declined at the April Council meeting. The increase at that time was for \$1.00 and only applied to casual and senior/pensioner charges. The previous increase in charges was in 1994.

FEE INCREASE CONSIDERATIONS

Paragraph 32 of the lease document states:

The Tenant shall display and make available to users of the Golf Course and Driving Range the rules, charges and fees of the Golf Course and Driving Range. Such rules and charges shall be reasonably consistent with rules, fees and charges of other golf courses and driving ranges in Christchurch. The Tenant shall supply the Landlord with a copy of its current rules, fees and charges annually. Any change to the fees or charges of the Golf Course by the Tenant shall require the prior written consent of the Landlord such consent not to be unreasonably withheld. For the avoidance of doubt, this provision shall not apply to shop sales.

The application is for the following increases:

		Current	Proposed	Increase \$
Casual Green Fee	Weekday	\$8.00	\$10.00	\$2.00
	Weekend/Public Holidays	\$10.00	\$12.00	\$2.00
Senior/ Pensioner	Weekday	\$7.00	\$8.00	\$1.00
	Weekend/Public Holidays	\$10.00	\$12.00	\$2.00
Junior (school student to end of high school)	Weekday	\$5.00	\$5.00	No change
Junior (school student to end of high school)	Weekend	\$6.50	\$8.00	\$1.50

The requested increase for junior charges is the first since the facility was leased out in November 1993 over nine years ago and the increase applied for is only for the weekend fees.

REASONS FOR INCREASING FEES

QEII Golf Park have supplied in their application the following reasons in support of their request for the increase in fees.

1. Two increases in wages were paid since the last fee increase (between 6.5% and 21%, dependent on individual staff members).
2. Insurance costs rose 40%. The club has been advised by its brokers to expect a further rise in the annual renewal.
3. Agricultural chemicals have risen in cost an average of 15%.
4. Fuel costs (not to be confused with consumption) have increased 28.3%.
5. Because of the age of the irrigation system and drainage system it needs to either be replaced or repaired at increased intervals. For example, the original sprinklers require the centres replaced, of which there are over 100 at just over \$100 each. The original pipework for the drains has deteriorated because of the materials used so sections break causing flooding on the course. Electronic controls on the irrigation system have had to be repaired because of age, pumps rebuilt because of age etc.

6. At various times the course is the target of vandalism and base the increased costs of repair. For example, we had a green destroyed, cost of repair came to \$3,000. Flags are regularly stolen at a cost of \$40 each.
7. Although there is increased patronage through the course, the type of patron is mainly new to golf and tends not to repair divots and be much harder on the tee and green areas, which are the most expensive areas to maintain. This results in increased work and maintenance costs. Also, as equipment is used more often we experience higher plant maintenance costs.
8. There is insufficient income to be able to provide for replacement equipment so as to effectively and efficiently maintain the course.
9. There is insufficient income to allow for course development and improvement which we, and I am sure the Council, regard as desirable.
10. In terms of relativity with other golf courses in the greater urban area, QEII Golf Park is currently \$4 cheaper than the next cheapest 18-hole course (Rawhiti) during the week and \$5 during the weekends and public holidays. We also understand as indicated earlier that higher prices at Rawhiti come into effect in January 2003.

An analysis of the lessee's 2001/02 annual accounts was undertaken. The accounts did not have a substantial increase in costs between 2000/01 and 2001/02. However the lessee has confirmed there has been a significant movement in costs this year which has initiated the request for an increase in fees.

COMPARISON WITH OTHER LOCAL COURSES FOR 18 HOLES

The following is a comparison of green fee charges applying to golf courses in the vicinity of the Ascot Golf Course or attracting a similar market:

Adult	Weekdays	Weekends
Ascot – Proposed Fee	\$10.00	\$12.00
Rawhiti (increased 1/1/2003)	\$13.00	\$16.00
Hagley	\$13.00	\$13.00
Windsor	\$20.00	\$20.00
Avondale	\$20.00	\$20.00
Senior/ Pensioner		
Ascot – Proposed Fee	\$8.00	\$12.00
Rawhiti	\$11.00	\$14.00
Junior Fees		
Ascot – Proposed Fee	\$5.00	\$8.00
Rawhiti – Students under 15	\$6.50 - 50% adult fee	\$8.00 - 50% Adult Fee
Tertiary Student with ID	\$11.00 - \$2 discount of adult fee	\$14.00 - \$2 discount of adult fee

A further comparison for entertainment activities are:

Mini Golf – Adults \$8.00 and children \$6.00

Movies – Adults \$9.00 - 12.50 and Children \$7.00 - \$7.50

ATTENDANCES

Statistics for the course showed that player numbers in 2001/02 dropped from the previous year. The six month figures to 30 December 2002 are 10% above the same period the previous year. This is representative of the better weather conditions during this financial year.

Ascot Golf Course Green Fee Players	Midweek			Weekends		Total for Month
	Casual	Senior	Junior	Casual	Junior	
2000/01	19600	3574	3502	14974	2820	44470
2001/02	16733	3180	2326	12542	3348	38129
2002/03 (6 months)	8268	1545	2013	5623	1678	19127

CONCLUSION

The requested increase in charges for Ascot are still below or equal to other equivalent golf courses in the city. In light of the Council run Rawhiti Golf Links fees increasing by \$1.00 from 1 January 2003, it would be unfair to deny QEII Golf Park an increase in charges. There is no proposal to increase the midweek junior charge from \$5.00 which in comparison with other equivalent entertainment now seems very cheap. The lessee is maintaining the course in good condition and a course inspection was undertaken on 26 February 2003.

CONSIDERATION BY COMMUNITY AND LEISURE COMMITTEE

The report and staff recommendations were considered by the Community and Leisure Committee. By majority the Committee did not support the increase for senior/pensioners on weekdays and junior on weekend.

STAFF RECOMMENDATION

That the QEII Golf Park application for an increase in green fees be approved as follows:

		New Fee	Increase
Casual Green Fee	Weekday	\$10.00	\$2.00
	Weekend/Public Holidays	\$12.00	\$2.00
Senior/Pensioner	Weekday	\$8.00	\$1.00
	Weekend/Public Holidays	\$12.00	\$2.00
Junior	Weekday	\$5.00	no change
Junior	Weekend	\$8.00	\$1.50

Recommendation: That the QEII Golf Park application for an increase in green fees be approved as follows:

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Senior/ Pensioner	Weekday	\$7.00	no change
	Weekend/Public Holidays	\$12.00	\$2.00
Junior	Weekday	\$5.00	no change
Junior	Weekend	\$6.50	no change