



11. QUEEN ELIZABETH II PARK - NEW ZEALAND ACADEMY OF SPORTS SOUTH ISLAND - LEASE

General Manager responsible:	General Manager Community Services DDI 941-8607
Officer responsible:	Northern Area Recreation Manager
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PURPOSE OF REPORT

1. The purpose of this report is to seek the support of the Burwood/ Pegasus Community Board in obtaining the Council's approval to enter into a lease with the New Zealand Academy of Sports South Island for the Centre of Excellence for High Performance Sport premises at the Queen Elizabeth II Recreation and Sports Centre, as identified on the **attached** plan.

EXECUTIVE SUMMARY

2. Arising from a Memorandum of Understanding (MOU) between the Council and New Zealand Academy of Sports (NZAS) in 2007, the Centre of Excellence has successfully been established as one of only two strategic high performance centres in New Zealand.
3. The Council currently leases the premises to NZAS on a monthly basis. In support of the original MOU and to secure the future of high performance sports in the South Island in Christchurch and Canterbury, it is now desirable to enter into a long term agreement.
4. Negotiations have commenced with the NZAS for an initial term of five years with two rights of renewal for a further five years each. The final expiry date is 31 December 2024 if all rights of renewal are exercised.
5. The NZAS currently pays a rental of \$20,000 per annum plus GST and is responsible for maintenance of the improvements and fit out.

FINANCIAL IMPLICATIONS

6. Independent valuation advice has been sought. The current market rental has been assessed at \$134,000 per annum plus GST. The rent assessed was based on locating the service at similar sized suburban and warehouse type accommodation. There is no direct comparable rental evidence available for a similar service located in a recreation and sports centre. Furthermore, the NZAS could not support a rental of this amount.
7. The charging of a market rental is the Council's normal practice for commercial leases, however in this circumstance the special partnering relationship between the Council and NZAS was considered and an annual rent of \$30,000 plus GST has been negotiated. However, the inherent subsidy of \$100,000 per annum will be noted.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

8. Yes, under Recreation and Leisure, page 104, volume 1 of the LTCCP.

LEGAL CONSIDERATIONS

9. The Community Board does not have the delegated authority to authorise the granting of the proposed lease; that decision needs to be made by the full Council. The Community Board may make recommendations to the Council.

Have you considered the legal implications of the issue under consideration?

10. The Council's Legal Services Unit has been instructed to produce a lease for execution by the Council and NZAS.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

11. Yes, under Recreation and Leisure page 104 volume 1 of the LTCCP – activity 7.0 Recreation and Sports Services.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

12. Yes, provision of a high level of expertise and support to ensure successful sports bidding and hosting of events both on a national and international level. The Council specifically aims to build capacity in sport and recreation in Christchurch at all levels including high performance sport.

ALIGNMENT WITH STRATEGIES

13. Physical Recreation and Sport Strategy 2002 - moving together to provide a city where people participate and enjoy, and have the opportunity to perform and excel in physical recreation and sport, especially goals five and six relating to developing promising talent and organisations working together in a coordinated and aligned manner.

CONSULTATION FULFILMENT

14. Not applicable.

STAFF RECOMMENDATION

It is recommended that the Burwood/Pegasus Community Board recommend to the Council that delegated authority be given to the Corporate Support and Recreation and Sports Unit Managers to negotiate, conclude and administer the lease to the New Zealand Academy of Sports South Island at Queen Elizabeth II Park for an initial term of five years with two further rights of renewal of five years each for a total term of 15 years if all rights are exercised, as generally outlined in this report.

BACKGROUND

15. In 2007, a Memorandum of Understanding (MOU) was entered into between the Council and the NZAS. The parties agreed to “work cooperatively towards developing the Queen Elizabeth II Centre and the city as a training, preparation and performance centre of national and international standing”. A development plan formed part of that agreement. A copy of the MOU is **attached** to this report.
16. On 30 October 2008, the Council resolved to retire the four squash courts at Queen Elizabeth II Park to construct an indoor sports science and training facility in partnership with the NZAS. On 11 November 2009 the Centre of Excellence officially opened.
17. The New Zealand Academy of Sport South Island Incorporated is an incorporated society.
18. The Centre of Excellence is now established, in alignment with SPARC’s blueprint 2006/12, as one of only two strategic high performance centres in New Zealand, the other being located in Auckland.
19. The complex is home to New Zealand’s top athletes who use it as their training base. The Centre of Excellence has also attracted the attention of top international athletes and sports teams. More significant users include The All Blacks, Bike NZ, International Paralympics teams and the England Rugby Team basing itself in this facility during the Rugby World Cup 2011.
20. The Centre of Excellence has involved considerable investment to date which has returned significant and tangible benefits to Christchurch and Canterbury. NZAS have raised \$350,000 for the fit out of an indoor sports science and training facility and \$650,000 for other office, technical and sports science equipment over 2009. Between 2001 and 2007 NZAS have invested over \$1 million at Queen Elizabeth II Park and now employ staff to the value of \$300,000 annually. Between 2009/2019 the NZAS anticipate investing \$10 million. NZAS are the catalyst that draws 20 (200 staff) sports organisations to locate at Queen Elizabeth II Park.
21. NZAS have recently advocated to central government and SPARC on behalf of Queen Elizabeth II Park and Christchurch for further government investment. The government have confirmed that subject to conditions including a partnership approach it is prepared to invest in high performance facilities at Queen Elizabeth II Park.
22. The NZAS currently lease the facilities on a monthly basis and it is now in the interests of both parties to enter into a long term agreement which supports the Memorandum of Understanding and the future of high performance sports in Christchurch and Canterbury.