

NOTICE OF MEETING

COMMUNITY SPORT FUND ALLOCATION SUBCOMMITTEE

I hereby give notice that an Ordinary Meeting of the Community Sport Fund Allocation Subcommittee will be held on:-

DATE: **Thursday, 13 November 2003** **TIME:** **7.30 pm**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

7 November 2003

Ngareta Delamere
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8552

MEMBERSHIP:

Councillor	BA	Brady, JP (Chairperson)	
Mr	BJ	Peters	(New Lynn Community Board)
Mr	WW	Flaunty, JP	(Massey Community Board)
Mr	DG	Hallett	(Waitakere Community Board)
Mr	WJM	Postlewaight	(Henderson Community Board)
Mr	I	Yukich	(Waitakere Regional Sports Trust)
Mrs	E	Taumaunu	(Te Taumata Runanga)
Mr	K	Wikiriwhi	(Te Taumata Runanga)
Mr	T	Amosa	(Pacific Island Communities)
Ms	S	Hyndman	(The Community)
Ms	J	Smith	(The Community)

(Quorum 4 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR AN ORDINARY MEETING OF THE COMMUNITY SPORT FUND ALLOCATION
SUBCOMMITTEE TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE,
LINCOLN, WAITAKERE CITY, ON THURSDAY, 13 NOVEMBER 2003,
COMMENCING AT 7.30 PM.**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) and (7A) of the Local Government Official Information Act and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Subcommittee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFIRMATION OF MINUTES

Ordinary - Thursday, 22 May 2003
Reconvened - Thursday, 29 May 2003

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Community Sport Fund Allocation Subcommittee held on Thursday, 22 May 2003 and reconvened on Thursday, 29 May 2003 as circulated, be taken as read and now be confirmed.



4 OPTIONS FOR THE USE OF THE COMMUNITY SPORT FUND MONEY

PURPOSE OF THE REPORT

The purpose of this report is to present the Community Sport Fund Allocation Subcommittee with options available for utilising the remaining Community Sport Fund money and for the Community Sport Fund Allocation Subcommittee to make a recommendation to the Finance and Operational Performance Committee regarding the best option.

BACKGROUND

The Community Sport Fund was set up as a partnership between the Hillary Commission (which was central government funded) and territorial local authorities. The Community Sport Fund was the Hillary Commission's major contribution towards assisting and developing local sport, fitness and leisure activity initiatives and development.

In 2002, as a result of Central Government initiatives, the Hillary Commission, New Zealand Sports Foundation and the policy arm of the Office for Tourism and Sport were replaced with Sport and Recreation New Zealand. A decision was then made by Sport and Recreation New Zealand to cease the Community Sport Fund as of June 2002. The rationale for this decision was that, to achieve its goals, Sport and Recreation New Zealand must target its available resources towards strategic initiatives that will achieve the most value. As a result Waitakere City Council will not receive any further funding to divest to the community through the Community Sport Fund.

When Sport and Recreation New Zealand ceased the Community Sport Fund they informed councils that any loans and unallocated funds received from the Hillary Commission did not need to be returned and could continue to be loaned or used for other purposes consistent with those for which they were received. Following Sport and Recreation New Zealand's announcement the November 2002 Finance and Operational Performance Committee (upon recommendation of the Community Sport Fund Allocation Subcommittee) endorsed a further funding round of the Community Sport Fund to be held in March 2003 to be allocated from the reserve fund (3314/2002). It was agreed that it was necessary to establish the options available to utilise these remaining funds, to ensure that Council made the most effective and efficient decision on the use of these funds, and as a result the following resolution was also passed:

"That research on options available for the use of the reserve fund be undertaken and that the Community Sports Fund Allocation Subcommittee be involved in the consultation and it be reported back to the Finance and Operational Performance Committee."

3314/2002

This report presents the findings of this research.

STRATEGIC CONTEXT

Leisure facilities and activities contribute to the wellbeing of the City's residents, by providing recreation opportunities that promote health and social cohesion. The Council's Leisure Strategy, Community Facility Plan, Parks Strategy and Funding Policy guide the provision of these facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently.

Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities are provided.

To improve the wellbeing of the City's people and communities, the Council provides and supports a diverse range of leisure opportunities through facility operation and development, direct funding, assistance to access other funding and support of activity initiatives.

Through its Strategic Plan Council has adopted a platform of 'Strong Communities' stating that in the next 10 years Council will develop the City as a renowned hub of social activity, arts, leisure, sports and recreation.

ISSUES

Between current uncommitted funds and money to be paid back through loans, Council has a pool of funds left. The total, including outstanding loans due for repayment over the next five years, is \$900,000 as at 20 October 2003. A decision therefore needs to be made as to the best use of these remaining funds.

Current Situation

Funding from the Hillary Commission, now Sport and Recreation New Zealand, provided Council with the opportunity to support community sport from three aspects:

- Subsidy Funding

A1-A2

Through the Community Sport Fund applications for subsidy funding were considered from all community groups for initiatives that involved sport, fitness and/or physical leisure activities. There were two categories of funding for which groups could apply for, 'coach or volunteer training' and 'project costs'. The purpose of the funding granted for coach or volunteer training was to cover costs associated with delivering or attending training programmes relating to training opportunities for coaches and volunteers. The purpose of the project costs' subsidy was to fund initiatives, activities or promotions that offered opportunities for existing members or would help attract new members. This subsidy also provided for the purchase of equipment that was vital to an activity (excluding permanent fixtures at a facility). Two graphs, one highlighting what type of groups have received funding and the second highlighting what this funding was applied for are at pages A1 to A2.

- Loan Funding

A3

The purpose of providing loan funding was to improve or develop new or existing sport, fitness or physical leisure facilities. By providing a low interest loan option it enabled Council to support facility development projects for sporting clubs and organisations. A list of current loans is listed at page A3.

- Club Development Funding

The Hillary Commission introduced the Club Development Fund in 2001. Through this fund Councils were given the option to set aside up to 50% of funding from the Community Sport Fund for the development of local club sport. Following this decision by the Hillary Commission a resolution was passed by the Council's Community Facilities and Recreation Committee to commit \$50,000 from the Community Sport Fund to a Club Development Fund (164/2001). The aim of this Fund was to provide support for projects that encouraged clubs to address issues and identify options for building a secure future for their sport.

Through the research undertaken by Sport and Recreation New Zealand and Council officers, the funding options that are now available to those groups who traditionally have applied to the Community Sport Fund were investigated. This research showed that each initiative by formal groups and organisations that was previously funded through the subsidy funding is eligible to be funded through at least one other funding source, as highlighted in table 1 below. The sporting groups, as well as the other community groups who applied for funding for sport and recreational activities are eligible to apply to each of these funding organisations. However, the Community Sport Fund did allow “social” sports groups that were not affiliated to a parent body, or playing in an affiliated activity, to apply for funding. Although each of the gaming charities have slight variations as to what groups are eligible to receive funding, at a minimum an organisation must have rules which do not allow money, property or any other benefits to be distributed to any of its members, and a sporting group must be an affiliated club.

According to the rules set by the Hillary Commission, the Community Sport Fund was able to distribute funds to any groups where the council was satisfied that the applicant would be able to account for their funds, as the Hillary Commission did not want to penalise unstructured or informal groups. This meant that the Subcommittee was able to support informal groups such as:

- Informal sports groups, for example, a parent organised sporting activity;
- The sporting component of informal social service/community groups, for example, a fathers support group.

These informal groups did not necessarily have a formal set of rules to ensure that profits were not distributed to its members, however this type of group could still have received support through the Community Sport Fund if Council was satisfied that the money was going to be spent for the purpose that was stated, this would include:

- The group providing a signed declaration stating the money would be used for the purposes that it was applied for; and
- The group providing evidence of a separate bank account that would ensure the group was able to account for all income and expenditure.

Although there were very few informal groups who received money through the Community Sport Fund, they were eligible to apply for funding, whereas they are now no longer able to apply to these alternative funding sources.

Informal social service/community groups, such as the fathers support group example, could be eligible to apply to Council’s Community Wellbeing Fund for financial assistance towards their non-sporting initiatives. However, as the Wellbeing Fund does not support sporting initiatives, sporting groups would not be eligible to apply to this fund. Therefore it would be necessary to encourage any informal sporting or community groups to either:

- Join an affiliated sports clubs; or
- Become an incorporated society.

Either of the above options would ensure that the groups attain the necessary status required to be eligible for the alternative funding sources. Council’s officers are also available to assist groups who require help in achieving either of these two options.

What the Community Sport Fund subsidies used to provide for:	Where groups can now go for this funding provision:
Coach and Volunteer Training	Gaming Charities
Coaching Members	Gaming Charities
Equipment Purchases	<ul style="list-style-type: none"> • Gaming Charities • ASB Trusts • Portage/Waitakere Licensing Trusts
Running of an event/programme	Gaming Charities
Promotion of Sport	Gaming Charities
Leadership Training	Gaming Charities

Table 1: Funding Organisations that Fund Initiatives Previously Funded Through the Community Sport Fund

Table 1 highlights that by removing the Community Sport Fund subsidy funding no gaps have been created for non-profit organisations, who have a set of rules outlining their non-profit status, or are an affiliated sporting organisation.

It has been identified that there will need to be a focus on upskilling the sporting groups to ensure they utilise the opportunity to apply to the appropriate funding sources. The first stage of this occurred throughout July 2003 where the Community Assistance Administrator held a series of funding workshops giving advice on what funding sources are available and how to apply to each for funding. These workshops included specific workshops that targeted those groups and organisations that had applied to the Community Sport Fund in the past.

Other Councils

Seven other city councils were contacted to discuss what actions, if any their council was taking to replace the community sport fund. Three of these councils had proposals put forward to continue the Community Sport Fund through rates funding, however, none of these proposals were carried through to the final annual plan. A summary of the feedback from these seven councils will be circulated at the meeting.

Options for utilising the funds remaining from the Community Sport Fund:

The following information details the options that have been identified for utilising the funds and the advantages and disadvantages of that option.

- Subsidy Funding - Status Quo
 Continue funding rounds as they have been run traditionally and providing subsidy funding.

Advantages

- Would continue the expectation of Council as a funding source for sporting organisations;
- Council would have the option of funding informal sports groups;
- Provides Council with the potential to narrow the scope/set their own priorities of what subsidy funding will be provided for.

Disadvantages

- Would not be a sustainable funding source as no additional funding will be coming in. Once this current pool of funds has been granted Council will have no remaining funds;
 - Would only be a short-term fix with no strategic application to assist with the long-term future of the organisation;
 - Would be duplicating already existing sources of funding, where this money could be used in different areas where there is a lack of funding.
- Loans Funding - Strategic Approach

Advantages

- Allows the pool of funds to continue indefinitely while still supporting the community groups in Waitakere City;
- Provides community groups and clubs with the opportunity for a more affordable loan to assist with developments/improvements at their club;
- Loans being provided in a more strategic manner for the betterment of sport and recreation in Waitakere City. This could tie in with the Leisure Strategy and club audit work being developed which will set the priority for facility development in the City.

Disadvantages

- Unless the loans are provided in a more strategic manner loans could be given to groups for developments that may not improve the overall infrastructure and sustainability of clubs or sport in the City.
- Club Development Funding - Strategic Approach

This would provide strategic funding to clubs and organisations that want to amalgamate with other clubs and organisations to build a stronger and more efficient base, or a club that may wish to set up a strategic plan to provide direction to achieve a sustainable future.

Advantages

- Would be used in a strategic manner to assist clubs and organisations for their long-term benefit, therefore the money initially spent from this fund will potentially continue to benefit individual clubs/groups as well as Waitakere City as a whole into the future.

Disadvantages

- Would have a limited funding source as no additional funding will be coming in, once this current pool of funds has been granted there would be no remaining funds.
- Youth Focus

This is a broad option envisioned as providing, initially, a strategic focus and moving towards an operational focus on getting the youth of Waitakere City more active and involved in sport and physical recreation. The focus of this option also provides the opportunity for this focus to be incorporated into all of the alternative options.

Advantages

- Is in line with Council's 'First Call for Children' policy;
- Is also in line with what had been a priority of the Community Sport Fund.

Disadvantages

- If the focus were solely on youth, a large proportion of the sporting community in Waitakere City would be omitted from this funding.

Recommended Option - Combination of Strategic Loans and Club Development Funding

By using a portion of the remaining funds for loan provision these funds could continue to support Waitakere City sporting groups and organisations indefinitely. The loans fund would have to be invested in a strategic manner to get the greatest benefit. The remaining portion of funds is recommended to be utilised for Club Development, as this will have the greatest impact on the sporting community. It is therefore recommended that a combination of these two options would provide the best support and ensure the long-term sustainability of sporting clubs and organisations in Waitakere City. (The criteria, which are to be established to guide decision making, will have a youth focus incorporated into them.)

Outline of Recommended Option

It is proposed that a base fund of \$800,000 be maintained to support all loans funding. It is recommended that the loans funding be given out in accordance with the criteria proposed to be developed, which will also incorporate the following conditions:

- To groups or organisations requiring additional funding to assist in developing or improving a sporting or physical recreation facility that will have a long-term strategic benefit to the group, organisation or Waitakere community in general;
- To groups or organisations whose loan requests have been approved by the Director: Finance in consultation with the Leisure Services Manager;
- To groups or organisations who have been identified as a priority through the club audit;
- For a purpose that is consistent with the Leisure Strategy that is currently being developed;
- At a rate of 2% per annum, including the first year of the loan.

It is also proposed that all remaining funds above the \$800,000 be committed to the Club Development Fund. With the pool of funds being at a current estimate of \$900,000, this would provide the Club Development Fund with an initial pool of \$100,000. It is proposed that this \$100,000 be used to make an initial impact on the sporting and physical activity aspects of Waitakere's groups and organisations over a four-year period.

It is recommended that any club development funding be given out in accordance with criteria which is proposed to be developed, which will incorporate the following conditions:

- Groups or organisations requiring funding to assist in developing or improving the sporting or physical recreation aspect of their organisation through a strategic initiative that will have a long-term benefits to the group, organisation or Waitakere community in general;
- A purpose that is consistent with the Leisure Strategy that is currently being developed;
- A group or organisation who has been identified as a priority through the club audit;
- Sign off by the Club Development Working Party in consultation with the Leisure Services Manager.

At a loan rate of 2% per annum the expected income from the loans funding, assuming the whole \$800,000 were out on loan, would be \$16,000 per annum. Any money not out on loan is invested at a higher rate of interest, therefore the pool of funds can be expected to make a minimum earning of \$16,000. It is recommended that this interest earned on an annual basis be used for supporting the Club Development Fund. The gaming machine charities also provide funding to sports clubs for developing strategic plans and the Portage and Waitakere Licensing Trusts have indicated that they would consider applications from clubs wanting funding to hire a consultant to develop a strategic plan. To apply to these funding sources clubs need to be able to quantify how the money will be spent and what the outcomes will be, such as a document that the club will work with to guide their future direction and that will ultimately develop their sport and strengthen their club. Council club development funding plus the additional funding sources available for club development initiatives would provide the necessary funding base to support the strategic initiatives of Waitakere clubs and organisations. Council would therefore be assisting these clubs, highlighting the Council support for these projects, and work with Sport Waitakere to ensure the clubs are assisted through the process.

For Council to be in the best position to make informed decisions about which initiatives and which groups and organisations to support through these proposed funding mechanisms, it is necessary for criteria to be established to guide all decisions, and for a club audit to be carried out to determine how each sporting club currently stands.

When developing the proposed criteria to guide the decisions for funding provided through loans and the club development fund, Council officers will incorporate the conditions for support of loans funding and club development initiatives outlined above, and will also consider the following aspects:

- The strategic benefit the funding will provide for sport and physical recreation in Waitakere City;
- Priority demographic groups identified;
- Local priorities for Waitakere City, for example the development of alliances/amalgamations;
- Alignment with priorities from the club audit.

The criteria, once developed will be brought back to this Subcommittee for their endorsement and recommendation to the Finance and Operational Performance Committee.

The club audit is to be carried out by Sport Waitakere and at its meeting in November 2002 meeting the Club Development Working Party agreed that they would support funding Sport Waitakere \$20,000 to carry out this audit, but that more detail would need to be provided to the Working Party before the money was released. Due to a lack of resources, however, Sport Waitakere have not been able to further this audit, but with the recent appointment of a Sports Development Officer, Sport Waitakere have now been able to indicate that this audit is a priority to them. It is proposed that the club audit will research all sports clubs identified in Waitakere to get an understanding of the current situation of each club. The information gathered from each club would include:

- Membership numbers and the breakdown of how this membership is made up;
- Facility management and any development plans;
- Financial strength;
- Management structure;
- General health and well being of the club as an organisation;
- Club needs for development;

- Club capacity;
- Club strategic direction;
- General feeling towards to changes such as possible amalgamations.

The results from this audit will then be prioritised to indicate which clubs will have the greatest benefit from strategic investment or support. This will allow Council or Sport Waitakere to approach the clubs to discuss potential strategic initiatives that could be undertaken and then prioritise those proposals. As this work is now seen as a priority for Council and Sport Waitakere, the Chief Executive of Sport Waitakere will be making a presentation to the Club Development Working Party to get their endorsement for the funds to be released to carry out this audit, following which a timeframe will be developed outlining the stages of the audit and the ensuing steps to be taken, this will then be presented to the Working Party.

RESOURCES

\$900,000 is still remaining in the Community Sport Fund which was provided by what was the Hillary Commission. Staff time to administer the process of the funding system decided upon will be provided through the Annual Plan. Staff time to set the necessary criteria to guide the allocation of this funding has also been provided for through the Annual Plan.

CONCLUSION

In 2002 Sport and Recreation New Zealand made the decision to cease the Community Sport Fund as of June 2002. Council now has approximately \$900,000 of funds, currently in hand or out on loan, remaining from the Community Sport Fund. Sport and Recreation New Zealand informed councils that any remaining funds did not need to be returned to Sport and Recreation New Zealand and were available for councils to use for purposes consistent with those for which they were received. Council officers have since undertaken research to develop various options that are available for the use of these remaining funds. This research indicated that there were alternative funding sources available to those groups who had traditionally received funding through the Community Sport Fund, and that the only gap created by the removal of the Community Sport Fund was for the informal groups who were able to account for their money but were not affiliated to a club or have a set of rules outlining their not-for-profit status.

From the findings of the research it is recommended that a combination of strategic loans funding and a club development fund be endorsed by this Subcommittee and be recommended to the Finance and Operational Performance Committee. By retaining \$800,000 from this pool of funds for strategic loans funding, it provides community groups and clubs with the opportunity for a more affordable loan to assist with facility development/improvements to their club while enabling that this funding continue indefinitely. The remaining \$100,000 has been recommended to fund a club development fund over a four-year period to provide support to clubs and organisations for strategic initiatives that will strengthen the club and/or sport in Waitakere City. This fund can then continue by expending the interest earned from the loans, which at a minimum would equate to \$16,000 per annum (assuming an interest rate on the loans of 2% per annum). This interest earned, plus the funding that is available for strategic plans from the Lotteries Grant Board, gaming charities and possibly the Portage and Waitakere Licensing Trusts, will be sufficient to support the sporting clubs and organisations in Waitakere City to help ensure a strong infrastructure is created for the club or organisations future.

To ensure that the greatest benefit is gained through the provision of strategic loans and club development funding, it is recommended that criteria be developed to guide any funding decisions to ensure that the money is provided for strategic purposes that will create long-term benefits for clubs, organisations and/or sport in Waitakere City. It is proposed that Council officers develop these criteria and bring these back to the Subcommittee for their endorsement and recommendation to the Finance and Operational Performance Committee.

For Council to be in the best position to make decisions on priority areas for funding it is necessary to know the current position of each of the sporting clubs in Waitakere City. Therefore it is vital that a club audit is undertaken and the results then be prioritised to indicate which clubs will have the greatest benefit from strategic investment and support. This will allow Council or Sport Waitakere to approach the clubs to discuss potential strategic initiatives and provide the necessary support. The Club Development Working Party have agreed to provide the \$20,000 required to carry out this club audit to Sport Waitakere, but indicated that more detail on the work to be undertaken would need to be provided to the Working Party before the money would be released. With the resources necessary to undertake this audit now available at Sport Waitakere, it has been agreed with Sport Waitakere that this work is a priority and that a presentation will be made to the Working Party to enable the money to be released.

RECOMMENDATIONS

1. That the information be received.
2. That the Community Sport Fund Allocation Subcommittee recommend to the Finance and Operational Performance Committee that \$800,000 of the remaining Community Sport Fund money be used to provide strategic loans funding to community clubs and organisations for sporting purposes and be given out in accordance with the criteria which is to be developed.
3. That the Community Sport Fund Allocation Subcommittee recommend to the Finance and Operational Performance Committee that the remaining Community Sport Fund money, after loans funding, including the interest earned, be used to fund Club Development projects and be given out in accordance with the criteria which is to be developed.
4. That the Community Sport Fund Allocation Subcommittee recommend to the Finance and Operational Performance Committee that a set of criteria be developed to allow Council to make decisions on what Club Development projects and strategic loan funding will be given priority, and that this criteria focus on the long-term strategic improvement for the sport or physical recreation aspect of a club or organisation in Waitakere City.
5. That a report on the developed criteria be brought back to the Community Sport Fund Allocation Subcommittee for approval.

Report prepared by: Helen Anderson, Leisure Projects Leader.

