



Waitakere City Council  
*Te Taiao o Waitakere*

## NOTICE OF MEETING

# COMMUNITY SPORT FUND ALLOCATION SUBCOMMITTEE

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

**DATE:**        **Thursday, 15 December 2005**        **TIME:**        **6.00 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.

9 December 2005

Sharon Simiona  
**DEMOCRACY SUPPORT AND  
SISTER CITY OFFICER**

Telephone (09) 836 8000 extn 8820

### **MEMBERSHIP:**

Councillor	JP	Lawley (Chairperson)	
Mr	WD	Buchanan	(New Lynn Community Board)
Mr	JG	Riddell	(Massey Community Board)
Ms	MC	Davis	(Waitakere Community Board)
Mr	WS	Bainbridge	(Henderson Community Board)
Ms	L	Adams	(Sport Waitakere)
Mrs	E	Taumaunu	(Te Taumata Runanga)
Mr	W	Knox	(Te Taumata Runanga)
Rev	W	Hakaoro, JP	(Pacific Island Communities)
Ms	J	Smith	(The Community)
Mr	M	Tahal	(Waitakere Ethnic Board)
Alternate Representative			
Ms	GPJ	Marshall	(New Lynn Community Board Alternate)
Ms	GJ	Maurice	(Massey Community Board Alternate)
Ms	DJ	Goodley	(Waitakere Community Board Alternate)
Ms	HM	Jones	(Henderson Community Board Alternate)
Ms	C	Nakhid	(Waitakere Ethnic Board)

(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 A MEETING OF THE COMMUNITY SPORT FUND ALLOCATION  
SUBCOMMITTEE TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA  
AVENUE, LINCOLN, WAITAKERE CITY, ON THURSDAY,  
15 DECEMBER 2005, COMMENCING AT 6.00 PM.**

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**TABLE OF CONTENTS**

<b><u>ITEM</u></b>		<b><u>PAGE NO.</u></b>
1	<b>APOLOGIES</b>	1
2	<b>URGENT BUSINESS</b>	1
3	<b>CONFIRMATION OF MINUTES</b>	1
4	<b>COMMUNITY SPORT CLUB DEVELOPMENT FUND SUSTAINABILITY</b>	2

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**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) of the Local Government Official Information 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 Committee by resolution so decides; 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 and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

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



**3 CONFIRMATION OF MINUTES**

Meeting Minutes - Wednesday, 19 October 2005

**RECOMMENDATION**

That the minutes of the Meeting of the Community Sport Fund Allocation Subcommittee held on Wednesday, 19 October 2005, as circulated, be taken as read and now be confirmed.



#### 4 COMMUNITY SPORT CLUB DEVELOPMENT FUND SUSTAINABILITY

##### **PURPOSE OF THE REPORT**

The purpose of this report is to provide the Community Sport Fund Allocation Subcommittee with the information they require to make a decision on restructuring the Community Sport Club Development Fund to provide for its long term sustainability.

##### **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, NZ 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. 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.

In late 2003 it was decided to use the remaining funds that Council holds by continuing to provide loans to sports clubs but with a more strategic focus. At the Finance and Operational Performance meeting on 8 December 2003, it was resolved:

- “1. 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 to be developed.”

4337/2003

It was also decided to use the balance of the fund to support sport and recreation groups in the area of club development. It was resolved:

- “2. 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 to be developed.”

4337/2003

It was intended to have only one funding round each year but it was requested by the Community Sport Fund Subcommittee for a further round to take place in 2005 as there were insufficient applications received first time round. In total, over the two funding rounds, \$67,885 was allocated.

The Community Sport Allocation Subcommittee requested at the meeting on 19 October 2005 for an agenda report to come back to them with options for long term sustainability.

- “1. *That, options for long term sustainability of the Community Sport Club Development Fund be investigated and reported back to the Community Sport Fund Allocation Subcommittee.*”

2053/2005

## STRATEGIC CONTEXT

Through the Council strategic platform of Strong Communities, Council outlines its commitment to undertaking initiatives that will contribute to making Waitakere City a safe, healthy place to live and to improving local leisure and recreation opportunities and choices. Through adoption of First Call for Children, Council has also stated its commitment to proactively supporting children, young people and their families in Waitakere City. Direct financial assistance to organisations providing facilities and activities to get people more active, assists Council's commitment to these policies.

## ISSUES

As at 31 October 2005 the Community Sport Fund stands at approximately \$909,700 which includes \$276,500 of loans advanced to the community and excludes the amount of recent grant allocations. (Of which \$36,250 to be picked up from round two and \$17,760 from round one) leaving a balance of \$855,690.

Of this balance \$800,000 is set aside to provide for loans (Community Sport Loans Fund) to assist sport and recreation providers to improve or develop new or existing sport, fitness or physical leisure facilities. The loans are for five years at a 3% interest rate. It is the interest from these loans together with the interest on unallocated funds in the bank which provides the ongoing sustainability for the balance of the fund which is given out to community groups in the form of a grant and called the 'Community Sport Club Development Fund'.

The Community Sport Club Development Fund is designed to support sport and recreation groups in Waitakere City. The intention is that a small number of strategic grants will be made, rather than a more scattered approach. This will allow greater levels of support to clubs and regional organisations looking to improve the sustainability of their sports and recreation in Waitakere City into the future.

When the Community Sport Club Development Fund was initially set up in 2003 the Subcommittee was not aware of the amount of funding that would be requested on an annual basis and felt that the loans would be called upon more often than was the case in 2005. Many of the applications that come to the Loans Fund prior to 2003 were from clubs that were struggling with loans from commercial banks and came to the Community Sport Fund for debt servicing to take into account the lower interest rate it could offer. In 2004 when the new criteria was set it was decided not to use the fund for debt servicing and choose to go with applications that would help strengthen local communities to improve or develop new or existing sport, fitness or physical leisure facilities.

The issue of sustainability of the Community Sport Club Development Fund came about as a result of giving out to sport and recreation groups \$67,885 in grants in 2005 with income earned from interest from loans of only \$40,000.

Because the loans fund was tightened up and now excludes debt servicing, the amount of applications for loans has reduced (Community groups would prefer to have a grant rather than a loan and would only come to the Community Sport Loans Fund as a last resort when all grant applications have been exhausted). In effect, this means that the amount out on loan at 3% is now the smaller part of the fund and the amount retained within Council at the current Council internal interest rate is greater, this means that the Community Sport Club Development Fund is growing faster than anticipated.

Given also that there is a bigger demand on the Community Sport Club Development Fund than anticipated it would be appropriate at this stage to consider a number of options of making the fund sustainable in the long term. The options include:

1. Cap the amount that is given out each year to say \$40,000.

*This would be the interest only on the loans fund based on \$300,000 of the fund at any one time out on loan to community groups at 3% per annum and the balance of \$500,000 earning interest at 6.5% which would be a five year average of interest earned by Council. This option would maintain both the loans fund and the Club Development Fund at its present level, provided that there is not a substantial increase in the number of loans applied for at the 3% level. (Although Council does have a buffer currently with more of the fund earning the higher Council lending rate).*

2. Discontinue providing loans and invest the \$800,000 in a higher interest bearing account, giving grants out annually from the interest earned.

*The issue of how much is available annually for the Club Development Fund is based currently on the amount of interest earned by the Community Sport Loans Fund, the question needed to be asked is, does the Subcommittee wish for the loans fund to continue? Given the low level of applications over the past few years, is providing loans for facility development something that is seen by the Council and the Community as helpful?*

*Should the Subcommittee decide not to support a loans fund then the amount of the Club Development Fund (once current loans are paid back) could be capped annually at a higher rate which would be the current balance, earning the full Council interest rate and could be set at say \$55,000 per annum. (This would need to be reviewed annually in line with what would be the average interest rate for that particular year).*

*One argument for continuity of the present system of loans and interest used for club development is that given the level of support provided for feasibility studies over the past six months, there is likely to be an increased need for capital expenditure over the next few years. This hopefully could be sourced by the community groups from their own fundraising and grants but should they need 'that last little bit' to be able to make a project go, then Council would not be in a position to support them. Also the difference is between a fund at \$55,000 without low interest loans and one at \$40,000 with low interest loans.*

3. Request Council for annual 'top up funding' from the Annual Plan process.

*For the fund to be maintained in the long term allowance will need to be made for capital growth. This could be accommodated by not allocating all of the interest earned to grants however this would severely limit the amount of grant money available. A suggestion would be to request that Council allocates a sum of money on an annual basis to allow for this capital growth of both the Loans Fund and the Club Development fund. The contribution could be linked to inflation (CPI) and, depending on the rate of inflation, this could amount to approximately \$25,000 to \$35,000 per annum.*

4. Make the borrowing interest rate on the Loans Fund 4% per annum.

*This would increase the amount of revenue derived annually that sustains the Community Sport Club Development Fund. Although this is the easy option, it is important to consider the whole rationale which is to provide a low interest loan in situations where community groups have exhausted all grant avenues and it may prove to be too great a burden on a group to have to finance annually a higher rate of interest.*

5. Reduce the amount of the loans fund to say \$700,000 and increase the amount of the Club Development Fund.

*It would still be prudent to have a limit annually on the amount given out as it would only be a matter of a few years until the increased sum would be used up if Council met all applications that applied. With a reduction in the amount of loans given out this would allow for an extended time frame of the Community Sport Club Development Fund but it would ultimately reduce the amount of interest received and the fund would go into a downward spiral.*

6. Finally and although it is not in the interest of sustainability the Subcommittee could choose to continue to give out the Club Development fund to the amounts annually applied for with no capped amount.

*This would reduce the capital balance available to earn interest to maintain the fund.*

## RESOURCES

There are no additional financial or staffing requirements to allocate this fund. The Community Assistance Administrator administers the process.

## CONCLUSION

The issue of sustainability of the Community Sport Club Development Fund came about as a result of giving out to sport and recreation groups \$67,885 in grants in 2005 with income earned from interest from loans of only \$40,000.

As at 31 October 2005 the Community Sport Fund stands at approximately \$909,700 which includes \$276,500 of loans advanced to the community and excludes the amount of recent grant allocations (of which \$36,250 to be picked up from round two and \$17,760 from round one), leaving a balance of \$855,690.

There are six alternative proposals under 'issues' that have been put forward for consideration by the Community Sport Allocation Subcommittee. Of the six proposals, proposal number one would appear to have the most merit, (cap the amount that is given out each year to say \$40,000) as it maintains the integrity of the fund in perpetuity without increasing the interest rate, whilst still providing low interest loans to Community Groups. The only disadvantage is that there is no long term capital growth to maintain the fund at present day (\$) values. The suggestion that a contribution be sought from Council in the Annual Plan process is something worth considering especially if the amount sought would be linked to inflation (CPI).

It is suggested that over the next year the fund is monitored for both demand for loans/grants and the interest received and should the fund be reducing in real terms then a recommendation be brought back to request Annual Plan support to maintain the integrity of the fund.

**RECOMMENDATIONS**

1. That the Community Sport Club Development Fund Sustainability report be received.
2. That up to \$40,000, which is the interest received from the Community Sport Loans Fund, be allocated on an annual basis to Community Groups from the Community Sport Club Development Fund.
3. That the Community Sport Club Development fund be monitored over the next year to evaluate the need for Annual Plan funding to maintain its viability and provide capital growth.

Report prepared by: Jan Brown, Community Assistance Facilitator.

