



Item not on the Council Agenda **11 August 2022**

THAT the Council:

Item 1. Considers the following report at its meeting on 11 August 2022:

Attachment 1 to Report 22-97 KIWA Pools – Fees and Charges

- The attachment was not available at the time the agenda was compiled.

Item 2 Recommends that Item 1 be accepted as a late item.

A handwritten signature in blue ink, appearing to read "H. Kohn".

Heather Kohn
Democracy & Support Services Manager



Kiwa Pools Fees and Charges

Non commercially sensitive excerpt
from report

8 August 2022

Author: Alice Heather

1 Kiwa Pools Fees and Charges

1.1 Strategic context

New Zealand has high fatal drowning rates when compared to other Western nations. Despite lockdowns, the provisional preventable drowning toll for 2021 was seventy-four New Zealanders, three in Tairāwhiti. In 2020 Tairāwhiti was in the top three regions nationally for drowning fatalities per 100,000 population.

Consistently, 15–24-year-olds are a significant proportion of the fatalities nationally, with children under four also a notable proportion.

Improving the water safety skills of the Tairāwhiti community, particularly our youngest members, is therefore a priority for Council. Keeping the cost of access low for programmes and activities that build the water safety skills and confidence of our tamariki and rangitahi, such as water-based sport and school learn to swim, are ways in which Council can positively contribute to reducing drowning rates and hospitalisations from water-based incidents in the region.

The Tairāwhiti Aquatic Facilities Plan 2018 provides useful context in determining fees and charges for the new Kiwa Pools. The overarching objective of the strategy is to provide aquatic facilities that are fit for purpose, affordable and accessible. Key objectives include providing for:

- Year-round facilities for social space and water play, learn to swim, recreational swimming, and competitive aquatic activities
- Aquatic facilities in the most cost-effective way, considering whole of life costs so it is financially sustainable for the community
- The needs of the whole region, regardless of socio-economic status, providing safe and healthy recreation space suitable for all physical and intellectual abilities
- High levels of use and enjoyment
- Minimising operational and maintenance cost.

1.2 Cost of Operation

Kiwa Pools is scheduled to open in late March 2023. Its first full year of operation will therefore be 2023/24. The estimated budget for Kiwa Pools for 2023/24 identifies a total cost to rates of approximately \$1.6M. This budget is necessarily conservative as it will take time for the new operation to establish and for community participation to build for the new programmes, services and aquatics-based sports on offer.

The budget summary for 2023/24 is shown in Table 1.

Table 1 Estimated total budget for Kiwa Pools 2023/24

Budget area	Dollars
Projected total income	\$1,679,820
Projected direct expenditure	-\$2,530,457
Net operational cost to run	-\$850,637
Overheads (e.g. payroll, HR, coms), depreciation, insurance, finance charges etc	-740,623
Rates impact	-\$1,591,260

Excluding overheads, the direct cost to operate Kiwa Pools is approximately \$7K per day. These are the costs the Aquatics Manager can directly control (controllable expenditure).

Including overheads, the total cost of operating Kiwa Pools is \$3.27M or approximately \$9K per day. With the estimated revenue generation for 2023/24 of \$1.68M, this equates to approximately 50% cost recovery. Between 50-70% cost recovery is typical for many council-run aquatic facilities. Prior to covid the Olympic pool complex achieved a 33% cost recovery.

With a strong focus on establishing Kiwa Pools as the premier recreation destination in the region, it should be achievable over the next three to five years to improve cost recovery to 60% or better, particularly as initial budget estimates are conservative. For example, through progressively increasing the learn to swim programme to 1000 participants, supporting the establishment of new sports such as canoe polo, and expanding the programme offer with tailored and targeted offerings. In addition, it may be possible to reduce some costs of running the facility, most notably through the addition of solar panels.

To reduce the impact of the new facility on rates it is critical to maximise the revenue generated by the facility. This can only be achieved by maximising the utilisation of the pool throughout opening hours, and by extending those hours, wherever viable, to support new activities and programmes.

The challenge is to strike the optimal balance in setting fees and charges to ensure a broad cross section of the community can afford to regularly use Kiwa Pools, whilst also generating sufficient income to minimise the impact of Kiwa Pools on rates. If fees are too low, the impact on rates will be higher. If fees are too high, a significant proportion of residents may not be able to afford to regularly use the facility and there may be an unnecessary impact on rates due to lower than optimal user numbers.

It is also important that the fees and charges are structured in a way to deliver on key community health and wellbeing priorities. For example, key priorities include:

- Enabling all tamariki in Gisborne to readily access programmes to improve their water safety skills
- Enhancing the active recreation and sporting opportunities for tamariki and rangitahi, particularly over winter
- Family recreational use of the facility.

1.3 Assumptions

In setting fees and charges for the new Kiwa Pools facility the following assumptions have been made:

- The impact on rates of the new facility must be minimised
- Fees and charges need to be simplified to make options and choices easier to understand and administer
- The cost of entry must remain as affordable as possible to encourage regular community use
- Equitable and consistent charges are applied to all aquatic based, junior/youth sports codes
- Council is committed to improving the water safety skills of Tairāwhiti's young people by improving access and ensuring cost is not a significant barrier to participation. It is proposed to achieve this through:
 - Waiving lane hire fees for school learn to swim (Swim for Life) ensuring all tamariki have the opportunity to develop basic water safety skills

- Heavily discounting lane hire rates for schools and aquatics-based sports. This discount rate also recognises:
 - the benefit to the facility of having a core of long term, reliable hirers
 - that regular positive experiences at Kiwa Pools by our young people will help drive increased family visitation and, potentially, increased support for other programmes and activities offered at Kiwa Pools.
- Heavily discounted lane hire rates are not extended to all community groups. The standard rate is already set relatively low when compared to other benchmark facilities to reduce the likelihood cost is a barrier to participation for many residents. Note: this is an example of the tension between making enough money to reduce the impact on rates, whilst still delivering on the desired community outcomes.
- New discounted family rates have been introduced to better reflect the varied composition of whānau groups in Tairāwhiti. This is intended to encourage increased year-round recreational use of the facility by as broad a cross section of families/whānau as possible
- Discounts are provided for elderly and those with disabilities as other relatively disadvantaged groups within the Tairāwhiti community.

1.4 Charging options

Three options for fees and charges for Kiwa Pools have been modelled in Table 2.

Option one is the existing Olympic Pool fees and charges. The current approach is very complicated, particularly when compared with other aquatic facilities nationally. Multiple charging options are available and variable rates are applied across different sports codes and users. The current fees and charges take an inequitable approach amongst user groups and have been unduly complex and confusing for the aquatics team to apply. Aquatics staff confirm the current fees and charges are confusing, hard to interpret, which may unintentionally lead to inconsistent charging.

Option two is a balanced model that proposes a much-simplified approach to fees and charges. Whilst it does propose increases in fees to reflect the higher quality and more diverse service offer provided by Kiwa Pools, the proposed fees remain relatively modest and well below most pools benchmarked nationally. Option two attempts to strike a balance between the tension to make money from the facility to minimise the impact on rates, and Council's social objectives of building community health and wellbeing and improving water safety skills across the community. This option includes:

- consistent and equitable fees and charges across all sports codes
- standard discounts (50%) for junior/youth sporting groups and schools. Note: using percentage discounts enables Council to readily review and adjust the percentage discount as required. For example, aquatic facilities in Hawke's Bay apply a 30% discount on lane bookings for long term sports users such as water polo, surf and swim clubs.
- reduced upfront costs in accessing concession rates for regular users (reduces the impact of cost as a potential up front barrier to participation)
- two heavily discounted family passes to encourage regular recreational use of the facility by families
- the introduction of business or commercial rates for some bookable spaces to reflect a new potential market i.e., the specialist hydrotherapy suite, the foyer area, and the meeting/family room
- continued support by Council of the Swim for Life programme through the ongoing provision of free lane space for participating schools.

Option three reflects, where comparisons were possible, the average pricing for a sample of benchmarked aquatic facilities nationally. Pricing varied widely across the facilities, reflecting the different communities of interest and the drivers of the various councils.

Table 2 Fee options Kiwa Pools

Category	Option 1 – status quo		Option 2 – balanced model		Option 3 – benchmark average		Comment
	Individual entry cost	Upfront pass cost	Individual entry cost	Upfront pass cost	Individual entry cost	Upfront pass cost	
Adult (casual single entry)	\$4.60 (all casual users) \$4.20 (schools, not for profits, concession cards) \$3.70 (frequent users, on application)	N/A	\$5.80		\$7 Range \$5-\$8.10		
Adult 10 pass or smart card entry*			\$5.50/visit	\$55	\$6.10/visit	\$61	
Adult 20	\$3.75	\$75					Rarely purchased
Adult annual pass	\$2.50	\$348.80					Assuming three swims per week, 46 weeks/year. Approximately 40 people currently purchase this pass.
Children & pensioners	\$3.50 (all casual users) \$3.30 (schools etc) \$2.90 (frequent users)		\$4.00		\$4.50		
Child/pensioner 10 pass or smart card*			\$3.50	\$35	\$4	\$40	

* smart cards allow money to be prepaid to a membership card. A discounted rate is automatically applied each time the individual swipes to enter the pool. There will be a one-off purchase cost for a smart card, currently \$3.50.

Category	Option 1 – status quo		Option 2 – balanced model		Option 3 – benchmark average		Comment
	Individual entry cost	Upfront pass cost	Individual entry cost	Upfront pass cost	Individual entry cost	Upfront pass cost	
Child/pensioner 20	\$2.60	\$52					Not a popular option
Child/pensioner annual pass	\$1.70	\$241.20					Assuming three swims per week, 46 weeks/year
Under 2s	Free		Free		Free		
Spectator	\$1.80		\$2		\$2		
Family pass (existing) Up to five, including one adult	\$13.90						
Family pass A – 1 adult and up to 2 children				\$10			
Family pass B – 2 adults up to 4 children				\$20			
Casual aquafit			\$7		\$9 Range \$5.70-\$15		
Aquafit (10 ticket)	\$5	\$50	\$6.50	\$65			\$1 per person extra over discount pool entry for instructor cost
Under 18 sport entry per session e.g. comet, surf, water polo training (smart card)	\$1.20 or \$2.60	-	\$1.50	-	\$2	-	Requires upfront payments on a smart card e.g. \$20-\$50
Learn to Swim	N/A		\$12/class	\$120/term	\$15.50/class	varies	
School learn to swim	Free entry and free lane hire		Free entry and free lane hire		Varies but discounts apply		

Category	Option 1 – status quo	Option 2 – balanced model	Option 3 – benchmark average	Comment
	Cost per lane	Cost per lane	Cost per lane	
Lane hire 25 m/ hour (standard)	\$11.10	\$20	\$20	
Lane hire 25 m/hour (discount for long term sports codes and schools)	Ranges from \$4.60 to \$9.40	\$10	\$12	Propose 50% discount on standard hire rate for schools and long term, regular aquatic sports code hirers
Lane hire 33m/hour (standard)	-	\$30	-	
Lane hire 33m/hour (discount for long term sports codes and schools)	-	\$15	-	50% discount
Lane hire 50m std	\$22.10	\$40		
Lane hire 50m discount	Ranges from \$10.58 to \$18.60	\$20		50% discount.
Moveable floor area (1/4 of pool)/hour (standard)		\$80		
Moveable floor area/hour (discount for regular community groups only)		\$40		50% discount
*LTS/hydrotherapy pool per hour (standard)	-	\$20/third	-	
*LTS/hydrotherapy pool per hour (discount for community groups)	-	\$10/third	-	50% discount

*this is the dedicated learn to swim and hydrotherapy pool in the main pool hall, rather than the private specialist hydrotherapy suite

Category	Option 1 – status quo	Option 2 – balanced model	Option 3 – benchmark average	Comment
	Individual entry cost	Individual entry cost	Individual entry cost	
Hydrotherapy suite (specialist).	-	\$30 for 30 mins	-	Highly specialist suite will be used by DHB and for elite athlete rehabilitation
Hydroslide	\$5.20	\$5	-	Review charge when new hydrosides installed
Dive pool exclusive use per hour	\$73.60 (casual) \$54.90 (school and regular groups) \$37 (frequent groups on application)	\$55	-	
Function/family room (business/corporate)	-	\$30/hour	-	
Function/family room (community use)	-	\$15/hour	-	50% discount
Kiwa foyer (out of hours only) – business/corporate	-	\$250/hour	-	May also include bonds and cleaning fees, depending upon the event.

Notes:

1. The fees and charges for Wellington, Hastings, Napier, Christchurch, Hamilton, Tauranga, Palmerston North, Porirua, Whangarei, New Plymouth, Cambridge and Te Awamutu aquatic facilities were considered in determining average benchmark prices (option 3).

1.5 Recommended option

The recommended option is option 2, the balanced option. This represents a pragmatic middle ground position for Kiwa Pools, which can be readily modified by Council as improved information on use of the facility is captured.

The proposed fees and charges are detailed in Table 4.

Table 4 Recommended fees and charges Kiwa Pools

Category	Individual entry cost	Upfront pass cost
Adult (casual single entry)	\$5.80	
Adult 10 pass or smart card entry	\$5.50/visit	\$55
Children and pensioners	\$4.00	
Child/pensioner 10 pass or smart card	\$3.50	\$35
Under 2s	Free	
Spectator	\$2	
Family pass A – 1 adult and up to 2 children		\$10
Family pass B – 2 adults up to 4 children		\$20
Casual aquafit	\$7	
Aquafit (10 ticket)	\$6.50	\$65
Under 18 sport entry per session e.g. comet, surf, water polo training (smart card)	\$1.50	
Learn to Swim	\$12/class	\$120/term
School learn to swim	Free pool entry and free lane hire \$4/child	
Lane hire 25 m/ hour (standard)	\$20	
Lane hire 25 m/hour (discount for long term sports codes and schools)	\$10	
Lane hire 33m/hour (standard)	\$30	
Lane hire 33m/hour (discount for long term sports codes and schools)	\$15	
Lane hire 50m std	\$40	
Lane hire 50m discount	\$20	
Moveable floor area (1/4 of pool)/hour (standard)	\$80	
Moveable floor area/hour (discount for regular community groups only)	\$40	
LTS/hydrotherapy pool per hour (standard)	\$20/third	
LTS/hydrotherapy pool per hour (discount for community groups)	\$10/third	
Hydrotherapy suite (specialist)	\$30 for 30 mins	
Hydroslide	\$5	
Dive pool exclusive use per hour	\$55	

Function/family room (business/corporate)	\$30/hour	
Function/family room (community use)	\$15/hour	
Kiwa foyer (out of hours only) – business/corporate	\$250/hour	