

# Community Development Report

**Committee Consideration – 9 May 2017**  
**Council Resolution – 23 May 2017**

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<b>Committee</b>	9 May 2017
<b>Council</b>	23 May 2017
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Robyn Forrest – Community Development Officer (Volunteering & Community Groups) Marion Granich – Manager Community Development
<b>Director</b>	Lorraine Driscoll – Director Corporate and Strategy
<b>Attachments</b>	Nil

## **Executive Summary**

This report proposes an increase in the fees charged to local Playgroups and Toy Libraries for the use of a Council facility. The hourly hire rate paid by these groups is inconsistent across similar user groups; and significantly lower than the hourly hire rate paid by other community groups and organisations using City facilities. Essentially, the fees paid by playgroups and toy libraries is an historical anomaly in need of review.

This proposed increase is considered within a context of the cost to the City of providing community facilities for hire.

## **Recommendation to Committee**

**Council approves that:**

- 1. A fee of \$5 per hour is charged to the Hackett, Mt Claremont and Nedlands Playgroups and the Floreat and Nedlands Toy Libraries for their use of a Council facility, for the period 1 January 2018 – 30 June 2018;**
- 2. Thereafter, usage fees for Playgroups and Toy Libraries will be adjusted annually as part of the City's routine review of Fees and Charges:**
- 3. For the period 1 July 2017 – 31 December 2017, Playgroup and Toy Library fees for use of a Council facility remain at current charges.**

## Background

The City of Nedlands provides, manages and maintains eight facilities that are available for general community hire and use. (This excludes the City's leased-out buildings, which are not the focus of this report.)

Of these eight community facilities, three are used only by Playgroups and Toy Libraries. The three buildings used by Playgroups and Toy Libraries are:

- the College Park Facility Centre – used by the Nedlands Playgroup and Nedlands Toy Library;
- the Mt Claremont Play Centre – used by the Mt Claremont Playgroup; and
- the Hackett Play Centre – used by the Hackett Playgroup and Floreat Toy Library.

## Definitions

The following definitions are provided for clarity:

*Playgroup* – a playgroup is a regular gathering of parents (or caregivers) and pre-school-aged children for socialisation and play. The parents (or caregivers) remain onsite and together supervise the children. (Playgroups are *not* licensed childcare, whereby parents pay to have their children cared for by licensed professionals.)

*Toy Library* – a toy library is a lending service set up to hire out toys and other equipment for use by pre-school-aged children. Toy libraries aim to support families and encourage togetherness with quality time spent playing with children. The toy libraries within the City of Nedlands are community organisations, not privately-owned businesses.

## Discussion

### Current Situation

There are three Playgroups and two Toy Libraries within the City of Nedlands. These are the Nedlands Playgroup, Mt Claremont Playgroup and Hackett Playgroup; and the Nedlands Toy Library and Hackett Toy Library.

These playgroups and toy libraries currently use Council facilities on the basis of a standard Management License, based on the following key principals:

- the City maintains the building
- the user group pays an annual license fee to use the building
- the user group cleans the building if they are the only user. Where there are multiple users, the City provides the cleaning.

The annual usage fee paid by the playgroups and toy libraries is historical and is significantly lower than hire fees paid by other community groups using City facilities. Information is provided in Table 1 below, showing how much each playgroup and toy library pays annually and converting this annual fee to an hourly rate.

**Table 1: Fees Paid by Playgroups & Toy Libraries for Use of Council Facility 2016/17**

<b>User Group</b>	<b>Annual Fee 2016/17</b>	<b>No. of Hours Used by Group 2016/17</b>	<b>Hourly Rate Paid 2016/17</b>
Nedlands Playgroup	\$2,350	1,560 p/a	\$1.50 p/hour
Hackett Playgroup	\$1,920	1,300 p/a	\$1.47 p/hour
Mt Claremont Playgroup	\$2,250	832 p/a	\$2.70 p/hour
Nedlands Toy Library	\$520	156 p/a	\$3.33 p/hour
Floreat Toy Library	\$420	88 p/a	\$4.77 p/hour

Table 1, above, shows that the annual Management License fee charged to each playgroup and toy library, expressed as an hourly hire rate. This hourly hire rate ranges from \$1.50 - \$4.77 per hour. The charges to each group are inconsistent across playgroups and toy libraries using City facilities.

Additionally, these fees are significantly lower than the fees charged to other community groups hiring City facilities. The many community groups that hire a Council facility on an hourly basis pay either \$20 or \$25 per hour. (The reason for the two different hourly hire rates is that some buildings are renovated and some are not, with users of the renovated facilities paying the higher rate. Therefore, community groups hiring the renovated premises of the John Leckie Pavilion, Mt Claremont Community Centre and the Allen Park Pavilion pay \$25 per hour; while those hiring the unrenovated Dalkeith Hall or Drabble House pay \$20 per hour. The City has plans to progressively renovate all community facilities available for hire, and as each facility is upgraded it will attract the hire usage fee.)

Compared the other community groups within the City (which pay \$20 or \$25 per hour), playgroups and toy libraries pay a significantly lower hourly usage fee (\$1.50 - \$4.77 per hour). For example, the National Seniors Association pays \$25 per hour to hire the Mt Claremont Community Centre.

## Cost of Providing and Maintaining City's Community Facilities

The City's community facilities play an important role in building social capital by providing meeting places for the many community groups within the City. Community facilities available for general community use include Dalkeith Hall, John Leckie Pavilion, Drabble House, Mt Claremont Community Centre, Allen Park Pavilion, Hackett Playcentre, College Park Playcentre and the Mt Claremont Playgroup Facility. (Leased-out buildings are not considered in this report).

In order to continue to provide these important community facilities, the City needs to ensure a reasonable level of cost recovery through usage fees. The preferred approach is to introduce incremental changes so user groups have time to absorb those changes. The cost of maintaining these facilities is shown in Table 2 below.

**Table 2: Net Cost of Maintaining Community Facilities Available for Hire 2015/16**

Maintenance Costs	\$319,708
Less Revenue from Usage Charges	- \$189,740
Net Cost to City	= \$129,968

In 2015/16, the cost of maintaining these community facilities, including overheads, was \$319,708. The total revenue received from user groups was \$189,740, leaving a net cost to the City of \$129,968.

## Proposed Increase in Usage Fees for Playgroups and Toy Libraries

The City is proposing to increase the fees paid by playgroups and toy libraries from the current hourly rates of between \$1.50 and \$4.77 per hour, to a flat rate of \$5 per hour applied consistently to each playgroup and toy library. A comparison between the current fee paid by each playgroup and toy library, and the proposed fee, is provided in Table 3 below.

**Table 3: Proposed fees for Playgroups & Toy Libraries Showing Percentage Increase**

	<b>Current Annual Fee 2016/17</b>	<b>Proposed Annual Fee (based on 2016/17 hours @ \$5 per hour)</b>
Nedlands Playgroup	\$2,350	\$7,800
Hackett Playgroup	\$1,920	\$6,500
Mt Claremont Playgroup	\$2,250	\$4,160
Nedlands Toy Library	\$520	\$780
Floreat Toy Library	\$420	\$440
<b>Total</b>	<b>\$7,460</b>	<b>\$19,980</b>

Increasing the fee to \$5 per hour will be a significant percentage increase in the annual fee paid by some of the groups, in particular those currently paying hourly rates of less than \$2 per hour. Therefore, it is proposed that the new fee of \$5 per hour is not introduced until 1 January 2018, to provide the groups with time to adjust their membership fees to cover the increased cost. It is also proposed that, in the period from 1 July – 31 December 2017, each group's fee remains as it currently is. This phased-in approach, coupled with no increase for the first six months of the new financial year, will allow the groups time to adjust, while still addressing the historical anomaly and inconsistency between the playgroups and toy libraries.

## **Key Relevant Previous Council Decisions**

Nil

## **Consultation**

The playgroups and toy libraries were consulted with during December 2016 and January 2017. Each group was asked to provide feedback on the proposed fee increase to \$5 per hour for facility usage. All of the five groups oppose the increase, citing the following reasons:

- decreasing membership;
- ancillary costs including cleaning, purchase of new toys, craft products and kitchen items.

However, no or little information was provided by the groups on the annual cost of these ancillary expenses for each group.

## **Budget/Financial Implications**

In 2016/17, the five groups paid a combined \$7,460 for their use of Council facilities.

If the new fee of \$5 per hour was introduced from 1 July 2017, the combined amount paid by the five groups in 2017/18 would be \$19,980. However, this report is recommending that the new fee is only introduced on 1 January 2018. Therefore, the combined amount paid by the five groups in 2017/18 will be \$17,450. This represents an increase in hire revenue of \$9,990 in 2017/18 and an increase of approximately \$20,000 per annum thereafter.

## **Conclusion**

The City acknowledges that a fee of \$5 per hour is a significant increase for some of these groups, which are currently paying between \$1.50 - \$4.77 per hour to use a Council facility. Each group will need to consider how it will best absorb the additional cost, whether by increased membership or other forms of fundraising. To provide time to absorb these changes, a phasing-in of this new fee structure is recommended, taking effect from 1 January 2018. This will further mitigate the impact of the fee rise, while addressing the anomaly of inconsistent charges to similar users.

The \$5 per hour fee is still significantly lower than usage fees charged to all other community groups using City facilities, as an acknowledgement of the importance of supporting early childhood services and activities. Putting these five groups on an equal footing with each other provides consistency, and introduces a modest measure to improve cost recovery, so that Council can continue to provide and maintain its stock of community facilities in a financially sustainable way.