Tauranga City

COUNCIL SUPPORTING POLICY

POLICY TITLE:	**COMMERCIAL ACTIVITIES IN COUNCIL FACILITIES**
Lead Policy	**Revenue and Financing**
Minute Ref:	**M11/39.02**
Date of Adoption	**15 June 2011**

1. POLICY OBJECTIVES

To provide a consistent approach to the considerations to be taken into account with respect to the operation of commercial activities within Council facilities.

2. PRINCIPLES

The principles of the lead policy apply.

3. DEFINITIONS

Commercial Activity is a service which could <u>reasonably</u> be provided by the private sector on a commercially viable basis.

Council Facility is a facility owned or operated by Council.

4. BACKGROUND

Council's approach to the provision of "commercial" activities has been considered on a case by base basis over time. The policy has been developed in order to ensure a consistent approach to considering if Council will be involved in the provision of commercial activities which could also be provided by the private sector.

5. POLICY STATEMENT

5.1 Considerations for Commercial Activities in Council Facilities

In determining if Council will be involved in the provision of a commercial activity, the following factors will be considered:

5.1.1 Financial Considerations for Council

- Extent of financial benefit to the community (e.g. reduction in rates requirement)
- Level of revenue and expenditure involved.
- Extent of financial risk.

5.1.2 Strategic / Role

- Extent to which the proposed commercial activity contributes to or facilitates a broader strategic objective;
- Whether the proposed commercial activity has a synergy with a public service/facility delivered by Council;
- The benefits to other non-commercial stakeholders eg community share partners.

5.1.3 Competitive Issues

- Is there a private sector provider in the market place able to deliver the required service?
- Scale of activity:
  - Would the scale of the proposed activity be commercially viable?
  - To what extent will the proposed service/activity be provided? eg full café facilities vs vending machine to meet a need
- Does the proposed activity represent duplication of activity and location of facilities compared to others/competitors
- Is the commercial activity permanent/long term or temporary/interim?
- Will the pricing and/or service level significantly disadvantage competitors?
- Has Council tested the market in the last 6 years?

5.1.4 Council Delivered or CCO Delivered

Whether the activity is delivered by Council or a CCO. Generally through the Statements of Intent Tauranga City Council requires the CCO to minimize the ratepayer contribution to the activity.

5.2 Process

The guideline template **(Attachment A)** will be used to apply these considerations to a proposed “commercial activity” in order to determine whether and to what extent Council will undertake the activity. Additional notes or relevant information is to be provided to Elected Members where appropriate.

Elected members will, after due consideration has been given to the factors in 5.1 of this policy, make a decision as to whether the activity:

- Can be delivered by TCC or the CCO; or
- Whether it will be offered to and/or provided by the market.

6. RELEVANT DELEGATIONS

The implementation of this policy is delegated to the Chief Executive or his/her sub-delegate.

7. REFERENCES AND RELEVANT LEGISLATION

Revenue and Financing Policy

Service Delivery Policy

Activity:	*Description of Activity*								
Delivered By:	*TCC or CCO*								
Considerations	**Nature / Extent**	**Supports**		**Supports**		**Financial Information**			
		TCC / CCO	**Neutral**	**Market**					
-		**Provision**		**Provision**					
Strategic / Role						Revenue - external			$xxxx
Extent activity contributes or facilitates broader strategic objective.	Low		√	√√		Revenue - internal			$xxxx
	Medium		√	□		Total Revenue			$xxxx
	High	√√	√						
Activity has synergy with a Council delivered public service/facility and/or enhances the experience		√√	√			Direct Costs		$ xxxx	
Council provision benefits other non-commercial stakeholders		√√	√			Indirect Costs CCO		$ xxxx	
Competitive Issues						Indirect Costs TCC		$ xxxx	
No viable option in the market		√√	√			Total Costs			$ xxxx
Scale - commercially viability	Commercially Viable	□	√	√√					
	Not commercially viable	√	√			Net Cost / Surplus			$xxxx
Duplicates and/or in close proximity of service provided by market		□	√	√√					
Extent to which the service/activity is provided	Full scale		√	√					
	Small scale	√	√						
Duration - permanent/long term or interim	Permanent/long term		√	√		√ = Possible assessment			
	Interim	√	√			√√ = Likely assessment			
`	No/minimal effect on competitors	√	√						
	Disadvantages competitors		√	√					
		□	□	□					
Has Council tested market in last 6 years?			Yes	No					
Elected Member Decision:	*TCC to deliver*								
or	*CCO to deliver (CCO has discretion as to whether to offer activity to market or not).*								
or	*Activity to be offered to / provided by market*								