

Appendix C

Calculating Hire Fees for Community Leased Buildings

Moreton Bay Regional Council
Sport and Recreation Club Manual
2023

Overview

There is no standard method of determining hire fees for casual and ongoing bookings. The lessee of the building is encouraged to consider the following in establishing its fees:

- the areas of the facility and equipment to be accessed - toilets, meeting room, function room, kitchen/canteen, office space, cooking equipment, tables and chairs, etc.
- the cost of consumables - toilet paper, hand soap, cleaning products, electricity, gas, etc.
- the cleaning arrangement, if facilities are left dirty - club members vs commercial cleaners
- risk of damage to the facility from the activity - birthday parties vs meetings
- time committed by club members - to operate a licensed bar, to open and close facility, etc.
- minimum hire periods, hourly and day rates
- status of hirer - club member vs external individual vs not-for-profit vs commercial entity
- the cost of hiring nearby facilities

No hire arrangement should be financially detrimental to the club. Each hire should contribute to future expenses, with a portion allocated to a sinking fund established for the replacement of items used during the hire, and a portion towards operating expenses. In the *Example facility hire fee* table, values are to be replaced to reflect the club's situation, with only applicable items included.

Example facility hire fee	Hourly rate (includes setup and pack down times)	Minimum charge (2hr min.)	Daily rate (8+ hrs)
Club room	\$20/hr	\$40	\$150
Include toilet consumables and time required by club member to open/close facility and undertake pre and post hire inspections, and facility sinking fund for future replacement of items			
Kitchen	\$15/hr	\$30	\$110
Include electricity, gas, other consumables and asset replacement contribution			
Bar	Club volunteer - \$20/hr	\$40	\$160
	Club staff - \$30/hr	\$60	\$240
If club holds a liquor licence and staffs the bar			
Meeting room	\$15/hr	\$30	\$100
Include toilet consumables and time required by club member to open/close facility and undertake pre and post hire inspections			
Cost of cleaning	Club volunteers - \$50/hr	\$100	Hourly rate only
	Commercial - \$60/hr	\$120	
If required after hirer			
Bond			
Standard event	\$500	\$500	\$500
High risk event (e.g. 18 th birthday)	\$2,000	\$2,000	\$2,000
Facility damage	Cost + 10%		Cost + 10%
Hirer to cover all costs for rectification of damage caused during hire, plus extra for inconvenience caused			
Fire call out fee	Cost + 10%		Cost + 10%
If hirer activates fire alarm			

Calculating the Hire Fee

A detailed analysis should be undertaken prior to finalising hire fees annually to ensure that hires are not at the expense of the club. As a part of calculating fees, clubs should assess hire fees from nearby venues offering similar facilities and equipment to gauge a reasonable hire rate. The example provided uses details and examples using an asset management approach to calculating fees.

The cost of use will vary depending on the equipment and structures within a facility. The expected asset life can be used to estimate the cost of a hire. For example, 100sqm of commercial-grade carpet costed at \$100/sqm may have a 10 year life and total facility usage (with hires) averages 50 hours per week across 40 weeks of the year. The “per hour” cost of the carpet is calculated as:

- Cost per hour = $\$100/\text{m}^2 \times 100\text{m}^2 \div 50 \text{ hr/wk} \div 40 \text{ wks/yr} \div 10 \text{ years} = \$0.50 \text{ per hr of hire.}$

Continue this process for all major assets and incorporate the cost of consumables. These are the real costs borne by the lessee over the life of the facility, and a suitable contribution from each of the hirers should be recovered to minimise the financial burden on club members in the future. Two examples are provided for determining hire fees - Club Room and Kitchen Hire.

<i>Example - Club Room</i>	50 hr/wk x 40 wk/yr = 2000 hr/yr (A)		\$20/hr
	Cost details (B)	Asset life (C)	Cost per hour B ÷ (A x C)
Carpet replacement	\$150/m ² x 100sqm	10 years	\$0.75
Internal painting	\$9,000	10 years	\$0.45
Tables and chairs	\$10,000	5 years	\$1.00
Lights replacement	\$6/light x 40 lights	2 years	\$0.06
Toilet replacement	\$300 x 6 pedestals	10 years	\$0.09
Taps/sink replacement	\$350 x 4 sinks	10 years	\$0.07
Cubicle partition walls	\$1,750 x 6 walls	15 years	\$0.35
Amenities fittings (roll holder)	\$100 x 6	10 years	\$0.02
Amenities flooring	\$200/m ² x 50sqm	20 years	\$0.25
Consumables	(Refer to current expenses - cleaning, toilet paper, soap) Estimate: \$4,000/yr	1 year	\$2.00
Ad hoc plumbing repairs	\$3,000/yr	1 year	\$1.50
Ad hoc electrical repairs	\$2,000/yr	1 year	\$1.00
Electricity consumption	\$0.25/kWh x 40 lights x 100W/light	N/A	\$1.00
Additional for unforeseen expenses			\$1.84
		Sub-Total	\$10.38
Profit (as payment for club volunteer efforts towards the hire eg. open, close, key)			\$10.00
		Total	\$20.38

It is best practice that the \$10.00 per hour per hire attributed to asset management be transferred directly into a dedicated sinking fund for the facility. Similarly, the club should transfer the same value internally into the sinking fund for every hour of its own use of the facility.

Example - Kitchen	20 hr/wk x 40 wk/yr = 800 hr/yr (A)		\$15/hr
	Cost details (B)	Asset life (C)	Cost per hour (B ÷ (A x C))
Flooring replacement	\$200/m ² x 50sqm	20 years	\$0.63
Internal painting	\$3,000	10 years	\$0.37
Benches replacement	\$10,000	15 years	\$0.83
Fridge/freezer replacement	\$5,000	7 years	\$0.89
Cooking equipment replacement	\$30,000	15 years	\$2.50
Taps/sink replacement	\$500 x 2 sinks	10 years	\$0.12
Exhaust unit replacement	\$8,000	15 years	\$0.67
Utensils replacement	\$1,000	1 year	\$1.25
Ad hoc plumbing repairs	\$1,500/yr	1 year	\$1.88
Ad hoc electrical repairs	\$2,000/yr	1 year	\$2.50
Electricity consumption	\$0.25/kWh x 5kWh (combined fridges and equipment)	N/A	\$1.25
Gas consumption	\$800/yr	1 year	\$1.00
Additional for unforeseen expenses			\$1.11
		Sub-Total	\$15.00
Profit			\$ -
		Total	\$15.00

Note that in this instance, no profit is made on the kitchen hire. The club should evaluate whether it is willing to break- even and rely on the profit from the hire of the club room in conjunction with the kitchen hire, or consider raising the kitchen hire fee.

Permanent hire arrangements with an organisation generally result in lower hire fees but clubs should still consider asset maintenance costs when determining the applicable fees, charges and responsibilities. The ongoing nature of the arrangement allows for mutually beneficial conditions to be determined, such as the hiring group cleaning the entire facility on a weekly basis, painting the facility as an upfront “payment” or undertaking administration and grant writing tasks, which offset otherwise real expenses to the lessee. An equivalent-value arrangement may result in no money being exchanged but all lessee maintenance responsibilities being diligently completed. The specific arrangement is dependent on the creativity, needs and capabilities of both organisations.