

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Canache Fees and Charges
Paper No: 222/11
Date: 28 September 2011
Report of: Chief Executive/Environmental Planning Officer

1.0 Purpose

- 1.1 To present charging proposals for moorings and land at the Canache, for consideration and approval.

2.0 Recommendations

It is recommended that Honourable Members agree that:

1. £5 per metre per annum be charged for 'useable' water frontage at the Canache. Where the useable frontage is based on the length of a pontoon or mooring, a surcharge should be levied at the same rate for any additional length of a moored vessel which exceeds that of the pontoon or mooring.
2. Fees for land at the Canache should be 60% of that charged for land at Gordon Lines.
3. There should be a minimum fee of £50 levied for moorings or land to cover administration costs.
4. A modest charge (to be determined by Lands Committee) should be levied for non exclusive rights to operate the boat cradle business.
5. The new fees and charges should come into effect on 1 January 2012 (or when a current lease expires, if later), with charges increased thereafter in line with the Retail Price Index.
6. All new leases at the Canache should have a common end date (31 December 2036) to allow the Government to take an overview of the area at a future date.
7. No charge should be levied in respect of vessels tying onto the wrecks. Those doing so should be advised that they do so "at their own risk", providing they do not interfere with other vessels.

3. Summary of Financial Implications

	Full Year
	£
Operating Revenue	900

4. Background

4.1 In the past 18 months work has been undertaken to produce a Management Plan for the Canache. That document is almost complete. Whilst preparing the Plan it became clear that the present arrangements for charging users of the area have been applied inconsistently in the past. Some users are paying fees for moorings and land and others currently pay nothing. The fees which are levied also vary between users. The Lands Committee has agreed a new structure for fees and charges for consideration by Executive Council.

4.2 The Lands Committee has agreed that the fees structure should be based on clear criteria, as set out below:

1. The land at the Canache shall only be used in connection with marine activities.
2. The south and north side of the Canache should be treated the same.
3. There should be no pricing differential difference between 'recreational' and 'commercial' users.
4. There should be a rate charged per metre for useable water frontage.
5. There should be another rate per square metre for the land.
6. Users with both frontage and land would pay a combined fee
7. There should be a minimum fee for moorings or land to cover administration costs.

4.3 This report presents charging proposals for moorings and land at the Canache, for consideration and approval.

5.0 Fees for pontoons

5.1 At present only one party at the Canache pays a specific fee for the installation of a facility to aid berthing. Others with moorings and pontoons are either charged nothing (e.g. craft moored on the north bank and those tying onto wrecks) or the 'fee' is included as part of the land they have leased.

5.2 The one party that does pay is currently charged £50 p.a. for a 12 metre long pontoon (£4.16 a metre). The equivalent annual charge for 12 metres of mooring along the south side of FIPASS would be £569¹ or £307² if tying onto another vessel which is moored at FIPASS. Other locations for mooring within Stanley harbour may charge other amounts or nothing at all.

¹ 13p per metre per day

² 7p per metre per day

- 5.3 The Committee considers that £5 per metre for pontoons, moorings and useable water frontage at the Canache is a reasonable charge. Calculating useable water frontage at the Canache is not straightforward due to the presence of moles and jetties and the actual fee payable would depend on specific site measurements on a case by case basis. Those that currently pay nothing (mooring owners on the north side of the Canache) or those who have a leased area with a long water frontage are likely to pay more than they currently do.
- 5.4 If a pontoon or mooring is jointly owned the charge would be levied against the group, who would have to sort out amongst themselves how the charge would be proportioned between them.
- 5.5 There are examples in the Canache where large vessels are tied to small pontoons or moorings. As these vessels can restrict movement and limits space available for other users it seems appropriate to levy an additional fee for that part of the vessel which extends beyond the length of pontoon.

6.0 Fees for land

- 6.1 Whilst some users need only a mooring, others require land to site buildings for storage of equipment etc or to undertake other marine related activities. Setting a flat fee for land at the Canache makes charges relatively easy to calculate. It is also transparent – all users know that they are being charged the same rate.
- 6.2 The Lands Committee initially considered basing fees on the rate charged for land at Gordon Lines (£1.25 m²). However this, when combined with the fee for pontoons or water frontage would have resulted in substantial increases in fees (at least double) for most existing leasees.
- 6.3 Committee also thought that it might be unfair to apply commercial rates (i.e. Gordon Lines) to boat users with primarily recreational interests.
- 6.4 The Committee examined other options for charging, including one that was overall revenue neutral, but which would have meant that most users ended up paying less than they currently do, which Committee did not support.
- 6.5 Its preference is to base charges using a figure that is representative of current charging levels. Three of the four occupiers of land are currently charged between 61p and 72p per m² p.a. and Committee decided that a charge of 75p per m² p.a. was appropriate, which is 60% of that currently charged at Gordon Lines
- 6.6 This rate, when combined with the frontage fee will mean that the majority of users with leases see their charges increase by up to 77%.
- 6.7 Some boat owners do not currently have any rights to park vehicles on land adjacent to their pontoons or moorings. In future, if they wish to ensure that they can continue to park in these areas they will have to take out a lease,

otherwise the Committee may, at a future date, assign the land to another party.

7.0 Boat cradles

7.1 At present no charges are made for the boat cradles situated within the Canache.

7.2 The operator of the cradles has commented that he uses the land only very occasionally and has no objection to others using the same land when he does not need it. He also points out that this year, having bought new equipment and repairs, he will actually make a loss. He has said that without this facility some boats would have to go to South America for haulout. He suggests a rent similar to the Golf Club (which is currently charged a peppercorn rent) would be appropriate.

7.3 As the operator does not require exclusive title to the land a lease may not be appropriate for him. The Committee, mindful that he charges boat owners for use of the cradle, believe that it is appropriate for the Government to levy a charge in respect of the land and water occupied by the cradles.

7.4 The Committee accordingly proposes that the operator should pay something for his business, although the rate should be lower than for those with leases.

7.5 The Government would, by way of return, have to ensure that sufficient areas of waterfront and adjacent land are kept free of vessels and structures for the cradles to operate in, when required.

8.0 Charging for informal moorings

8.1 Some craft at the Canache tie up against the wrecks. Whilst ownership of these structures is questionable it is likely that they are ultimately the responsibility of the Crown. Although charges could be levied for vessels tying onto them the Committee considers that this should not be pursued. This is because this activity is often temporary in nature and collecting fees would inevitably involve the Harbourmaster or another officer having to regularly visit the Canache. In addition, if fees are collected there may be an expectation by users that the use of wrecks for mooring is supported by Government – which is not the case.

8.2 The Committee therefore recommends that informal mooring within the Canache be free. The only requirements should be that owners tying onto the wrecks are advised that this is at their own risk and that their craft should not interfere or obstruct other craft.

9.0 Reviews of fees

9.1 The Committee proposes that the new fees be updated periodically based on changes to the Retail Price Index (as is applied to other fees and charges within Government).

10. Consultation with users

- 10.1 In April a consultation exercise was undertaken on the planning and development of the Canache. A management plan has been prepared and is due to be considered by the Planning and Building and Lands Committees on 6 October 2011. Two elements of the consultation exercise have a bearing on this paper – charging policy and security of tenure.
- 10.2 There was strong support amongst consultees for the principle that charges should be standardised with everyone paying the same. There were, however, differences in views about how charges should be applied (e.g. by m² or volume). It was also suggested that different rates could be applied depending on use type (commercial/recreational) and that licences for the erection of jetties etc should be consistent and related to the length/size of what is berthing alongside them.
- 10.3 With the exception of varying charges according to use type, the proposals set out by Committee in this paper broadly accord with these comments.
- 10.4 With regard to security of tenure, there was strong disagreement with the consultation proposal that plots at the Canache should be available for leasehold only for a maximum of 25 years. A majority of respondents commented that anything less than 99 years or freehold would not encourage investment and thus stifle development. The Lands Committee has considered these comments and believes that 25 years is a long enough period to encourage development. It also wishes to secure a common end date (31 December 2036) for all leases to allow the Government to review the whole of the Canache at the same time.
- 10.5 At its meeting in September 2011 the Lands Committee considered whether existing users of the Canache should also be consulted on the proposed fees and charges. It concluded that, as users would generally wish to pay nothing or very little, such an exercise would be of little benefit as it would only generate objections. Committee was also mindful that other users of Government land (e.g. those grazing horses on the Common) have not been consulted on the level of fees applied to their interest.
- 11.0 Financial Implications** – If these proposals are agreed there will be a small increase in income to the Government arising from a combination of higher charges being applied to an increasing number of users of the Canache. At present the Government receives around £1,800 per annum in rents and fees. This should increase to around £2,700 based on the charges set out in this report, applied to existing users.

12.0 Legal Implications

The proposed charges will come into effect when current leases expire or when new leases are issued for the Canache.

13.0 Human Resources Implications

None.