



<b>Meeting:</b>	Council	Item No: 16.1
<b>Title:</b>	Walkerville Sports Club Financials	File No: 16.51.1.3
<b>Responsible Manager:</b>	Chief Executive Officer, Kiki Magro	Date: 20 August 2018
<b>Author:</b>	Group Manager Corporate Services, Katy Bone	Attachment: A, B, C
<b>Key Focus Area 2:</b>	Sustainable and resilient future, based on a sensitive and sensible approach to planning, heritage, economic development and the public realm	
<b>Type of Report:</b>	<b>Decision Report</b>	

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(b) of the Act being commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information or that would confer a commercial advantage on a third party and that would, on balance, be contrary to the public interest.

### Recommendation (Public)

#### Pursuant to s90(3)(b)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except Council's Chief Executive Officer Kiki Magro, Group Manager Corporate Services Katy Bone, Property and Contracts Officer Kate Arthur and Council Secretariat Jayde Hanna, are excluded from attendance at the meeting for Agenda Item Walkerville Sports Club Financials.

The Council is satisfied that, pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information and on balance, be contrary to the public interest.

### Recommendation (Confidential)

That Council authorises Administration to:

1. issue WSC a demand notice which is to be served to WSC allowing for 14 – 21 business days to remedy the breach (Attachment B). Demanding payment of all outstanding funds and copies of accurate and verified 2017/2018 financial statements;
2. issue WSC with a notice of intention to terminate tenancy under periodic lease conditions allowing a minimum of 6 months' notice;

3. issue an expression of interest regarding the Management of the WSC after termination.

## Recommendation (Public)

### Pursuant to s.91(7)

That having considered Agenda Item Walkerville Sports Club Financials in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report and attachments relevant to this Agenda Item be retained in confidence for a period of 12 months or the matter has been finalised, excepting that Council authorises the release of the minutes to substantive party/parties to enable enactment of the resolution and that pursuant to Section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the review and power to revoke this Order

and

That Council resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* and re-admit the public.

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## Summary

The purpose of this report is to present Council with an update on the status to seek a resolution to the monies owed by the Walkerville Sports Club.

## Background

Council at its meeting held on 18 December 2017, noted that the Walkerville Sports Club has accumulated a debt that totals approximately \$31,000. The figure accounts for missed loan repayments, unpaid maintenance, insurance costs and lease fees.

At its ordinary meeting on 18 December 2017, Council resolved:

### **CNC192/17-18**

*That Council:*

1. *Receive and note the financial report provided by the Walkerville Sports Club for the years 2015/16 and 2016/17;*
2. *Having noted the information provided by the Walkerville Sports Club, delegate responsibility to the Mayor, Chief Executive Officer and the Property and Contracts Officer to schedule a meeting with the Walkerville Sports Club in the early 2018 to develop strategy to address the outstanding debt: and*
3. *That a report be presented back to Council outlining the proposed strategy to a future meeting.*

In line with Council's decision on 18 December 2017, a meeting was held on 23 January 2018 and included, the Mayor, Deputy Mayor, CEO, Property and Contracts Officer and the President of the Walkerville Sports Club.

At its meeting held on 19 February 2018, Council received a further update outlining the outcome of the meeting held on 23 January 2018. At that meeting Council resolved the following:

### **CNC253/17-18**

1. *That Council authorise Administration to engage legal services to assist in the drafting of a revised Community Facility Leasing Agreement that will;*

- *enable Council to terminate the leasing agreement and potentially evict the Walkerville Sports Club in the event that the lease and loan repayments as scheduled by Administration are defaulted upon; and*
  - *request the Club to provide Council with the sub-lease structure and associated financial statements; and*
2. *That the revised (redrafted) Community Facility Leasing Agreement, as specified in item 1 above, be presented to Council at a future meeting for consideration and endorsement; and*
  3. *That Administration take no further action in relation to lease negotiations with the Walkerville Sports Club until Council has received the proposed repayment plan from the Club and considered the revised Community Facility Leasing Agreement.*

On 23 February 2018 (after the Council meeting) Administration received an email from the Club President outlining their proposal to repay the monies owed. Essentially the proposal provides the following (extract from the email received):

*The WSC Board has agreed to the following;*

1. *Make an immediate payment of one outstanding lease payment (\$6,298)*
2. *Make additional payment towards debt outstanding of \$2,500 per annum for 2018-19 and beyond, subject to items 3 to 5 below.*
3. *WSC will notify Council should WSC be unable to make payment referred to in item 2 (above), due to unforeseen circumstances (e.g. replacement of equipment).*
4. *WSC will make additional payments, of no more than \$2,500 at any one time, should financial circumstances permit, such as profitable trading period resulting in surplus revenue.*
5. *Payment outlined in item 2 may be split into two \$1,250 payments made at six-monthly intervals during WSC financial year (1 April – 31 March).*

At its meeting held on 19 March 2018, Council received a further update outlining the response received from the Club. At this meeting Council acknowledged the email received from the Club on 23 February 2018 and Administration has:

- engaged James McEwan, Mellor Olsson to assist in the drafting of a revised Community Facility Leasing Agreement, in line with Council's instructions;
- emailed the Walkerville Sports Club requesting that they provide Council with the sub-lease structure and associated financial statements. At the time of writing this report, that information has yet to be received;
- written to the Club advising that their 'proposed repayment plan' is unacceptable and provided them with three repayment plan options for their consideration, in line with the Council resolution.

Since 23 March 2018 WSC have made a loan payment of \$6,298 receipted on 4 April 2018.

On 9 May 2018 Administration met with a representative from WCS to collect background and further details regarding the financial statements provided.

At its meeting held on 21 May 2018, Council received a further update outlining WSC's proposed payment plan. At that meeting Council resolved the following:

#### **CNC375/17-18**

*That Council authorises Administration to negotiate with WSC on the following terms:*

1. *accepts WSC proposal for a one-off payment of \$25,000 to Council, no debt to be waived;*
2. *agree to the proposed payment plan over a three-year period as set out in Table 1 in the body of this report, with payments due monthly or quarterly;*
3. *That the payment of the outstanding loan balance due on the 15 March 2020 will be remitted; and*
4. *That an independent financial consultant is engaged to assist with determining WSC and its associated entities ability to pay.*

On 4 June 2018 WSC was advised of Council's decision. WSC provided two responses on 14 and 15 June regarding the Council's decision. WSC advised that the once-off payment of \$25,000 is no longer on the table given that Council has not accepted the Club's proposal in full form.

On 4 June 2018 WSC made a loan payment of \$6,298. WSC has yet to make any payments for the outstanding debt or insurance nor reimburse Council for 2017/2018 annual elevator maintenance.

Administration has found it difficult to find a workable resolution with WSC. Each time a positive resolution has been presented that meet WSC requirements, WSC advises that they have changed their initial position.

A number of times WSC has promised that they would pay a lump sum to reduce their outstanding debt and each time this payment has not been forthcoming. This has then resulted in negotiations stalling as WSC continue to ask questions on operational matters that are not related to the outstanding debt or lease agreement.

### **Discussion/Issues for Consideration**

Administration is concerned that WSC has no intention of paying the outstanding debt. There are a number of concerns regarding the financial Administration of the long term financial positions of WSC.

WSC has provided Administration with their current financial statement. There are a number of discrepancies that Administration has raised with WSC. Administration is currently waiting for additional information.

### **Termination options**

Advice received from Norman Waterhouse Lawyers has identified two options where Council is able terminate the agreement with WSC.

#### **Termination on grounds of breach**

Termination on grounds of breach is a complex endeavour and will require the ability to ensure complete accuracy of supporting documentation and pursuant actions prior to and following the commencement of any actions under this option by the Administration.

However, should Council resolve to explore this option, findings thus far constitute for this action on the grounds that WSC have in fact breached their obligations under the current lease agreement by failure to sustain the payment of outgoings and have also failed to provide a full copy of audited financials within the allocated timeframe as per clause 13 of the Lease Agreement.

Council under such grounds would be required to provide authority for Administration to act in accordance with the obligations set out by the recovery procedures identified within Retail & Commercial Leases Act 1936. Council is to administer a Notice of Default allowing for 14 – 21 days remedying the breach.

Should WSC fail to comply with rectifying the breach, Council having provided adequate opportunities to WSC to remedy the breach, will then be able to proceed recovery actions, ultimately resulting in a 'lock out' and eviction.

**Termination of grounds periodic tenancy**

The lease agreement under common law principles classifies as a periodic tenancy, as a result of the absence of a holding over clause in the existing agreement. As a result under such classification Council has the ability to issue WSC notice of their intention to terminate the tenancy giving a minimum of sufficient notice. The Council's initial position could be to give one month's notice but with the expectation that this will be met with resistance. In the event of resistance, the Council could consider "softening" its position to extend the notice period to a minimum of six months.

**Management Models**

<p><b>WSC Retaining Occupancy</b></p>	<p>The revision of the agreement enables Council to propose mandatory terms based on the structure and productivity of the club in order to install reassurance in the existing management board and confidence is the capacity to efficiently operate the facility.</p> <p>An example of the potential conditions able to be incorporated within the agreement are referenced within Attachment C.</p>
<p><b>Subsidiary of Council</b></p>	<p>An extension of the direct management model is a formally constituted Committee of Management under Section 41 of the Local Government Act (1999). A Council may establish committees to assist in the performance of its functions, for example to manage or administer property, facilities or activities on its behalf. A Council must, when establishing a committee, determine the reporting and other accountability requirements. Establishment of a committee does not derogate from the power of the Council to act in a matter.</p> <p>Alternatively a Council or group of Council's can establish a subsidiary body corporate under Section 42 or 43, respectively of the Local Government Act (1999) to provide a specified service or services or to manage or administer property, facilities or activities on behalf of the Council(s).</p>

**External management by a non-local government organisation:**

**i.e. Clubs SA, Club One**

**Contract management**

Contract management exists where Council contracts out the management of the centre to an individual manager, a community based organisation or a facility management company.

Responsibilities of the owner and contractor are set out in a formal contract for a fixed period of time, which may be a License, Lease or Management Agreement.

**Lease**

A lease agreement exists where Council enters into a lease detailing the rights and responsibilities of Council and the lessee. Council receives an agreed rental or income (or a percentage of the net surplus) but has no direct control over the day to day management. The lessee has full property rights and is responsible for financial performance, asset maintenance and operational policies. A lease is used where the group has exclusive possession of the premises for a fixed period of time.

**Risk Analysis**

**Community**

The WSC represents a wider sporting community creating a sense of unity. Drastic changes within the clubs management structure may have the potential to cause negative backlash from the public.

WSC plays a vital role in community building through the provision of opportunities for active physical recreation, competitive sport and social engagement for residents. Council has been activity working with WSC regarding both the lease agreement and outstanding debt. This has been unsuccessful thus far to the extent that it is now financially impacting the community.

Termination of the agreement has the potential to alter Council's reputation by instigating the public assumption that Council lacks in the provision of support to community establishments, the growth of and its success, overall fostering a negative portrayal of Council's intentions.

In the case of the community facilities, in the interests of transparency and to foster a consultative process, a communication plan would need to be developed in the attempt to mitigate/minimise negative contention and uproar as a direct result of the resolutions.

**Financial**

***Outstanding balances unpaid***

Termination of the agreement may result in WSC forfeiting their existing financial obligations, namely outstanding balances of rental fees, outgoings and loan repayments, thus forcing Council to solely absorb the debt.

Current balances as at 10 August 2018:

	Owing Total
Lease Fees	887.28
Outgoings ( <i>Insurance, servicing lift etc.</i> )	16,145.04
Loan Repayments	12,597.84
Balloon loan due 15 March 2020	57,489.58
<b>Total</b>	<b>87,119.74</b>

Recovery of any outstanding balances are able to be recovered by Council, however, the method can be quite costly, lengthy and political. In order for Council to attempt to retrieve any outstanding monies an application must be made to the Adelaide Magistrates - Small Claims Court. The ultimate determination of the outstanding balances and of whom will hold responsibility of payment of such will then rest with the Presiding Magistrate, it is not guaranteed that the determination will be made in favour of Council.

### ***Validity in financial stability & statements***

On 6 August 2018, WSC provided a portion of their 2017/2018 audited financial statements (Attachment A). Upon review of the documents several inconsistencies and unjustified entries were identified by Council Administration, as a result WSC were asked to provide clarity and further documentation to satisfy their obligations under clause 13 of the agreement.

Brief reviews of previous years statements were conducted by Administration upon retrieval of the 17/18 documents and note that multiple concerns with respect to inconsistencies are demonstrated throughout.

Legal confirmation has been sought to confirm Council's position and as a result of the uncertainty and validity of the provided statements, Administration propose to engage in exercising the ability to have the WSC finances audited and employ the assistance of an independent financial auditor.

### **Legal implications**

Extensive legal advice is required throughout the course of the matter, irrespective of what approach or model is resolved. Norman Waterhouse Lawyers have been engaged throughout the preliminary investigative stages of this matter and have provided sound advice to date under Council's retainer agreement.

Council will need to consider the time and expense involved with litigation in Court, termination of a lease involves the need to search for new tenants, the clean-up of the premises and removal of abandoned property, and possible new build-out requirements for the new tenant. For Tenants, a lease termination can involve business relocation costs and possible forfeiture of lease incentives. A history of early lease termination may also affect a Tenant's ability to lease another space. In order to avoid unnecessary legal consequences, consideration of early termination of a lease needs to be considered.

Further legal implications exists if WSC consider the actions of Council to be unjust or without reasonable merit, WSC may explore their ability to appeal the decision with the Magistrates Court and

seek an order for relief against forfeiture. Sufficient evidence in support of the claim of breach must be able to be provided by Council, to which the Presiding Magistrate will determine the validity of the breach or if the breach is significant enough to constitute forfeiture. Consequences and legal ramifications of this determination may result in Council not having the ability to terminate the lease and remove WSC pursuant to the interpretation of the current terms and precedent of case law outcomes.

### **Strategic Planning Factors**

Other considerations;

- The time constraints associated with the actions necessary under each option
- Impact upon upcoming election and associated political issues, perceived and actual
- The implementation of the Walkerville Oval Master Plan
- Overall monetary investment in the facilities resulting from execution of the Master Plan
- Council's confidence in the WSC management structure and its foreseeable sustainability
- Limitations in demand and market of potential new lessee's
- The availability of resources to foster an interim management of the facility
- The levels of support available from government entities i.e. Office of Recreation and Sport
- Ability to competently develop and maintain key essential relationships with the contributing associations i.e. Junior football club, cricket club, netball club of whom are directly affected by the resolution made

### **Options for Consideration**

#### **Option 1: Termination**

That Council authorises Administration to:

1. issue WSC a demand notice which is to be served to WSC allowing for 14 – 21 business days to remedy the breach (Attachment B). Demanding payment of all outstanding funds, provision of accurate and verified financial statements;
2. issue WSC with a notice of intention to terminate tenancy under periodic lease conditions allowing a minimum of 6 months' notice;
3. issue an expression of interest regarding the Management of the WSC after termination.

#### **Option 2: Council will proceed to negotiate the terms of the lease renewal and payment plan with WSC**

That Council authorises Administration to negotiate with WSC on the following terms:

1. agree to the proposed payment plan over a three-year period, with payments due monthly or quarterly;
2. exercising the ability to propose a new agreement with WSC including amended conditions as reflected in Attachment C;
3. that the payment of the outstanding loan balance due on the 15 March 2020 is remitted;
4. engage an independent auditor to advise on the financial viability of WSC.

## Analysis of Options

Efforts thus far by Administration have proven to be unsuccessful and outcomes of attempts to date have installed no confidence of there being a conclusion arrived at with WSC that is fair and reasonable. The continuation of tedious and seemingly ineffective negotiations only contribute to the negative relationship between Council and WSC and with the proposed commencement of the Walkerville Sporting Oval Master Plan being on the horizon, time constraints exist for Council to establish necessary trust and confidence within a management capable of operating a new facility.

The adoption of Option 1 will ultimately contribute to Council's long term plans for the site, whereas Option 2 is a mere bandaid approach to an ongoing, ever increasing hindrance, prohibiting growth and development.

Ultimately, if Council are to allow and condone the negotiations to continue in its current model, the decline of the facility and the optional forfeiting of potential opportunities will only continue to support and develop upon, what can be considered to be one of Council's ongoing negative contentions .

Taking into consideration the invitation of potential damage through negative community feedback, Council will need to ensure all actions with respect to termination are carried out strategically and vigilantly. Concise community engagement plans will need to be developed and administered with due caution by Council Administration, such as the required efforts and expertise of staff from various administrative departments. Council's support will be imperative during this phase as the Administration's ability to collaborate and bind forces will be unquestionably tested.

Should the WSC be forthcoming with payments owed it is important that Council continue to negotiate the new lease agreement to include issues raised in Attachment C.

## Financial Implications

There are clear financial implications should the debt repayment not be forthcoming.

	Owing Total
Lease Fees	887.28
Outgoings ( <i>Insurance, servicing lift etc.</i> )	16,145.04
Loan Repayments	12,597.84
Balloon loan due 15 March 2020	57,489.58
<b>Total</b>	<b>87,119.74</b>

## Community Implications

There is no requirement to consult the broader community.

## Governance Implications

There are no known governance implications.

## Preferred Option & Reasoning

Option 1 is the preferred option. Administration is of the view that we have gone as far as we can in trying to reach resolution of the outstanding matters with the WSC. This matter has been going on for a number of years and WSC have not provided Administration with any confidence that they intend to repay all monies outstanding.

**Attachment/s**

Attachment A	Walkerville Sports Club Financial Statement March 2018
Attachment B	Letter of Demand
Attachment C	Conditions of new revised agreement

**WALKERVILLE SPORTS CLUB****FOR THE YEAR ENDED 31 MARCH 2018**

<u>2015</u>	<u>2016</u>	<u>2017</u>		<u>2018</u>
<b>BAR TRADING STATEMENT</b>				
118,143	108,740	87,134	Sales	101,105
			<b>Cost of Sales</b>	
4,897	5,699	7,816	Opening Stock	4,953
			Add:	
57,501	58,250	54,549	Purchases	49,112
225	106	109	Liquor Licence Fees	111
<u>62,623</u>	<u>64,055</u>	<u>62,474</u>		<u>54,176</u>
			Less:	
5,699	7,816	4,953	Closing Stock	4,232
<u>56,924</u>	<u>56,239</u>	<u>57,521</u>	<b>Total Cost of sales</b>	<u>49,944</u>
<u>61,219</u>	<u>52,501</u>	<u>29,613</u>	<b>Gross profit/(loss) on bar trading</b>	<u>51,161</u>
<u>52%</u>	<u>48%</u>	<u>34%</u>	<b>Gross margin before wages</b>	<u>51%</u>
			<b>Less: Direct expenses</b>	
14,309	15,573	14,693	Contract & Volunteer - Bar Support	15,525
1,914	1,880	1,803	Gas & sundry	662
<u>44,996</u>	<u>35,048</u>	<u>13,117</u>	<b>Gross profit/(loss) after direct expenses</b>	<u>34,974</u>
<u>38%</u>	<u>32%</u>	<u>15%</u>	<b>Gross margin after wages</b>	<u>35%</u>

**WALKERVILLE SPORTS CLUB****FOR THE YEAR ENDED 31 MARCH 2018**

<u>2015</u>	<u>2016</u>	<u>2017</u>		<u>2018</u>
<b>PROFIT AND LOSS</b>				
<b>INCOME</b>				
44,996	35,048	13,117	Gross profit on bar trading	34,974
1,734	5,980	5,350	Members subscriptions	6,570
603	0	0	Sundry income/Reimbursements	1,686
2,369	1,105	33	Interest received	132
195	160	0	Donation - Other	50
0	0	0	Donation - Vice Presidents	500
2,060	0	0	Donation - Council	-
6,441	3,347	4,182	Oval hire - St Andrews	5,600
1,119	0	0	Oval hire - Other	-
525	950	300	Venue Hire	19,711
6,255	8,000	8,000	Contribution - Junior Football	8,040
910	0	0	Contribution - Gridiron	-
453	539	281	Bottles and cans	201
<b>67,660</b>	<b>55,129</b>	<b>31,263</b>	<b>Total income</b>	<b>77,464</b>
<b>EXPENSES</b>				
0	0	0	Active Education Costs	11,340
0	500	0	Bad Debts	-
29	24	24	Bank fees and charges	29
5,228	5,844	4,580	Cleaning & Cleaning Contractor	5,579
0	0	249	Computer	-
7,599	5,868	4,676	Depreciation - plant	5,376
1,157	1,178	1,175	Capital Works Deduction	1,175
313	175	950	Drink Vouchers/Promotions/Draws	591
4,642	4,061	3,533	Insurance	6,756
16,129	19,274	16,819	Lease payments - Oval	6,299
958	1,022	886	Merchant Fees & ATM Charges	1,576
1,682	578	1,816	Licences and permits	1,063
15,744	12,689	12,248	Light and power	16,137
514	633	250	Printing, postage and stationery	1,073
4,712	8,986	5,763	Repairs and maintenance	10,495
0	0	722	Security	722
3,664	1,691	2,015	Sundry expenses	4,677
1,250	501	1,267	Telephone	1,113
<b>63,621</b>	<b>63,024</b>	<b>56,972</b>	<b>Total expenses</b>	<b>74,000</b>
<b>4,039</b>	<b>(7,895)</b>	<b>(25,709)</b>	<b>NET PROFIT/(LOSS) BEFORE DISTRIBUTIONS</b>	<b>3,464</b>
<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>Net margin</b>	<b>3%</b>

The financial statements are to be read in conjunction with the attached Auditors Report.

**WALKERVILLE SPORTS CLUB****FOR THE YEAR ENDED 31 MARCH 2018**

<u>2015</u>	<u>2016</u>	<u>2017</u>		<u>2018</u>
<b>DISTRIBUTION STATEMENT</b>				
4,039	(7,895)	(25,709)	<b>NET PROFIT/(LOSS) BEFORE DISTRIBUTIONS</b>	3,464
Distributed as follows:				
<b>SPORTING SECTIONS</b>				
3,571	0		0 Football club	0
2,369	0		0 Cricket	0
0	250		0 Softball - Women's	0
0	0		0 Junior Football	0
5,940	250		<b>0 TOTAL DISTRIBUTIONS</b>	0
(1,901)	(8,145)	(25,709)	<b>NET PROFIT/(LOSS) AFTER DISTRIBUTIONS</b>	3,464

**WALKERVILLE SPORTS CLUB****FOR THE YEAR ENDED 31 MARCH 2018**

<u>2015</u>	<u>2016</u>	<u>2017</u>		<u>2018</u>
<b>BALANCE SHEET</b>				
<b>MEMBERS FUNDS</b>				
119,491	117,590	109,445	Opening balance	83,736
			Add	
(1,901)	(8,145)	(25,709)	Net Profit/(Loss) for the year after distributions	3,464
<u>117,590</u>	<u>109,445</u>	<u>83,736</u>	<b>TOTAL MEMBERS FUNDS</b>	<u>87,200</u>
represented by:				
<b>CURRENT ASSETS</b>				
5,875	48,705	3,500	Cash at bank - Bank SA Cheque Account	12,411
0	0	37,228	Cash at bank - Bank SA Incentive Saver	33,340
36,137	0	0	Term Deposit	0
1,000	1,500	1,500	Cash on hand	1,500
5,699	7,816	4,953	Stock on hand	4,232
3,986	0	5,250	Other debtors	1,486
5,249	5,249	0	Prepayments	6,299
<u>57,946</u>	<u>63,270</u>	<u>52,430</u>	<b>TOTAL CURRENT ASSETS</b>	<u>59,269</u>
<b>NON CURRENT ASSETS</b>				
42,469	41,291	40,116	Capital Works	38,941
29,601	25,323	22,181	Plant, equipment and furniture - at Book Value	28,175
<u>72,070</u>	<u>66,614</u>	<u>62,297</u>	<b>TOTAL NON CURRENT ASSETS</b>	<u>67,116</u>
<u>130,016</u>	<u>129,884</u>	<u>114,727</u>	<b>TOTAL ASSETS</b>	<u>126,385</u>
from which must be deducted				
<b>CURRENT LIABILITIES</b>				
11,426	19,439	30,992	Trade creditors	39,185
1,000	1,000	0	Key Deposits	-
<u>12,426</u>	<u>20,439</u>	<u>30,992</u>	<b>TOTAL CURRENT LIABILITIES</b>	<u>39,185</u>
<u>12,426</u>	<u>20,439</u>	<u>30,992</u>	<b>TOTAL LIABILITIES</b>	<u>39,185</u>
<u>117,590</u>	<u>109,445</u>	<u>83,736</u>	<b>NET ASSETS</b>	<u>87,200</u>

The financial statements are to be read in conjunction with the attached Auditors Report.

**NOTICE OF DEMAND/BREACH OF COVENANT**

**TO:** [ *Name of lessee* ]  
[ *ACN (if applicable)* ]  
[ *address* ]  
(**"Lessee or Company"**)

**BACKGROUND:**

- A. The Lessee/Company has entered into a lease dated # (**"Lease"**) with [ *name of lessor* ] (**"Lessor"**) over [ *description of premises* ] (**"Premises"**).
- B. The Lease is for a term of [ *details of term* ] commencing [ # ] and expiring [ # ].
- C. Clause [ # ] of the Lease provides [ *details of clause breached* ].

**NOW TAKE NOTICE THAT:**

- 1. The Lessor hereby gives notice that [ *details of event giving rise to breach* ] the Lessee/Company is in breach of clause [ # ] of the Lease.
- 2. Pursuant to clause [ # ], if the default is not remedied within [ # days ] the Lessor will have the right (without further notice) to terminate the Lease and re-enter the Premises. [ *review lease term for termination/re-entry rights* ]
- 3. This notice is given to the Lessee/Company without prejudice to any other right or action the Lessor may have against the Lessee/Company in respect of any other breach of the terms of the Lease.

Dated [ # ] day of [ # ] [ *year* ]

Signed by [ *Lessor* ]  
by its solicitors and duly authorised  
agents

[ *refer lease re: service of notice provisions/execution* ]

[ *notice of re-entry/termination to be served if breach not remedied* ]

**WSC Retaining Occupancy**

The below table illustrates potential conditions for implementation to a proposed renewal offer to WSC. The aim of seeking such information is to install reassurance and security within Council regarding the operation of the facility. Obtaining such information has the potential to foster a productive working relationship with WSC by assisting them in formulating strategies and procedures that enhances the overall potential of success.

**Key Consideration:**

- Limitations regarding the resources, capabilities and expertise available to Council & Council Administration employing such a model will require
- The impact and response anticipated and the complications such a model will present

<b>Maintenance</b>	<ul style="list-style-type: none"> <li>• Maintenance works undertaken by the WSC and supporting evidence by way of tax invoice</li> </ul>
<b>Improvement/Capital Works</b>	<ul style="list-style-type: none"> <li>• Improvement Capital works undertaken by WSC</li> <li>• Initiative taken to contribute funds to capital improvements</li> <li>• Plans for further proposed facility development</li> </ul>
<b>Membership Details</b>	<ul style="list-style-type: none"> <li>• Full contact details of committee members including a designated club contact</li> <li>• Membership details including a breakdown of junior, senior (open), masters by gender, life and social members, postcode address, people from non-English speaking backgrounds</li> <li>• Membership benefits</li> <li>• Membership fees (noting any joining fees, qualification periods or criteria)</li> <li>• Membership criteria or limits if applied</li> <li>• History of participation and projected memberships</li> </ul>
<b>Community Access</b>	<ul style="list-style-type: none"> <li>• Cost of casual (non-member) use</li> <li>• Access arrangements for casual users</li> </ul>
<b>Club Development</b>	<ul style="list-style-type: none"> <li>• Extent of club development activities</li> </ul>
<b>Community Benefit</b>	<ul style="list-style-type: none"> <li>• Access for members of the community (non-members) to utilise facilities</li> <li>• List of schools and community groups that use the facilities</li> <li>• Evidence of a pricing structure</li> <li>• Evidence of implementation of growth of at least one new or existing program specifically addressing the needs of juniors, older adults, people from non-English speaking backgrounds or people with a disability</li> </ul>
<b>Financial Activity</b>	<ul style="list-style-type: none"> <li>• Audited financial statements</li> <li>• Details of professional services and type of agreement</li> </ul>

<b>Marketing Activities</b>	<ul style="list-style-type: none"> <li>• Marketing activities the club undertakes to increase membership</li> <li>• Information to be included in Council Sport and Recreation publications</li> </ul>
<b>Competitions</b>	<ul style="list-style-type: none"> <li>• Competition affiliations and details of teams entered</li> <li>• Intra-club activities</li> <li>• Venue use for other competitions</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Development of Risk Management Plan</li> <li>• Ongoing monitoring and strategic planning</li> </ul>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Implementation of recycling program in facility</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>• Cost of coaching to members and non-members</li> <li>• Accreditations and necessary certifications provided prior to engagement for all participants in any club function i.e. Fire safety, bar staff</li> </ul>