



Item No: 16.4

File No: 16.51.1.3

Date: 16 April 2018

Attachment: A, B

**Meeting:** Council

**Title:** Walkerville Sports Club Financials

**Responsible Manager:** Chief Executive Officer, Kiki Magro

**Author:** Group Manager Corporate Services, Katy Bone

**Key Focus Area 2:** sustainable and resilient future, based on a sensitive and sensible approach to planning, heritage, economic development and the public realm

**Type of Report:** Decision Required

---

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

#### 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 Acting Council Secretariat Jo Biskup, be 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 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.

**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.

**Summary**

The purpose of this report is to present Council with a number of options and 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 Councils decision on 18 December 2018, 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 the 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 Councils 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.

On the 23 March 2018 the Walkerville Sports Club provided a response to the Councils proposed payment plan (Attachment A) which requested that Council consider the following;

1. *WSC makes a one-off payment of \$25,000 to Council and Council waives the remaining debt outstanding (approximately \$6,140),*

2. WSC will make equal payments over a three-year period, which may be monthly or quarterly, and
3. WSC would like Councils support to pursue advertising and sponsorship opportunities including advertising on the clubrooms and grandstand and other appropriate signage.

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

### Discussion/Issues for Consideration

#### Once off payment and waiving debt

WSC has offered to make a once off of \$25,000 as a contribution towards the outstanding debt of \$31,140. This payment would reduce their outstanding debt to \$6,140. WSC have requested that Council write off \$6,140 making their outstanding debt nil.

WSC continues to 'blame' the works carried out on the Walkerville Oval to upgrade the irrigation system as the cause of their loss of revenue and pursued a financial hardship claim with Council. Given that the works were pre-planned and sufficiently communicated to WSC, it should be noted that to date, WSC has failed to provide sufficient evidence that Council acted in a manner that was negligent or responsible for the Club's financial position.

In accordance with the terms and conditions for the loan provided to WSC, a lump sum payment of \$57,498.58 is due on the 15 March 2020. WSC would be required to make this payment no later than 15 April 2020 to meet this obligation.

#### Payment schedule

The proposed monthly payments over 36 months are as follows;

	Actuals		Forecast			2020/21 March 2021	Totals	36 Months per monthly fee
	2015/16	2016/17	2017/18 forecast	2018/19	2019/20			
Insurance		3,037	3,164	3,291	3,422	3,559	16,472	
Lease	1	290	294	3,300	3,350	3,400	10,634	
Maintenance/Service Fees	1,650	2,947	2,653	2,653	2,653	2,653	15,210	
loan repayments		12,598	12,598	12,598	12,598		50,391	
Payment received 04/04/18			(6,299)				(6,299)	
Once off Payment			(25,000)				(25,000)	
	1,651	18,871	(12,589)	21,842	22,023	9,612	61,409	1,705.81

**TABLE 1**

This is assuming that the \$25,000 would be received as a once off payment and no debt is waived. The first monthly payment is proposed to be due in April 2018 with the last payment March 2021.

The payment plan does not include the balloon payment of \$57,498.58 due on 15 March 2020.

#### Advertising and sponsorship opportunities

WSC are seeking permission to advertised on the clubrooms and grandstands as a potential additional revenue stream to meet there financial obligations.

As part of the Walkerville's Outdoor Advertisement objectives any advertising need to be in line with the following;

1. urban and rural landscapes that are not disfigured by advertisements and/or advertising hoardings.
2. advertisements and/or advertising hoardings that do not create a hazard.

3. advertisements and/or advertising hoardings designed to enhance the appearance of the building and locality.

The content of advertisement should be limited to information relating to the legitimate use of the associated land. The advertisement would also need to be consistent with the predominant character of the urban or rural landscape which is in harmony with the building site and building design. This would limit WSC advertisements ability.

### **Options for Consideration**

#### Option 1

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 is remitted.

#### Option 2

That Council authorises administration to negotiate with WSC on the following term:

1. accepts WSC proposal for a one-off payment of \$25,000 to Council and Council waives the remaining debt outstanding (approximately \$6,140),
2. agrees to the proposed payments 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. the payment of the outstanding loan balance due on the 15 March 2020.
4. provide support to pursue advertising and sponsorship opportunities including advertising on the clubrooms and grandstand and other appropriate signage.

### **Analysis of Options**

Both options provide Administration the opportunity to negotiate further with WSC on the outstanding debt with Council.

The proposed advertising has not been included in option one as this is not in line with the Outdoor Advertisement objectives or principles.

### **Financial Implications**

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

### **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. It enables Council to commence working towards a position of greater control with WSC and ensures that the debt owed is repaid.

**Attachment/s**

Attachment A	Walkerville Sports Club – response plan email
Attachment B	Letter to Walkerville Sport Club

Released

**From:** [Kiki Magro](#)  
**To:** [Chris Harcourt](#)  
**Cc:** [kochlot@internode.on.net](#); [Jo Biskup](#); [cjensen@adelaide.on.net](#); [WSCSports](#); [Chris Robinson](#); [Kiki Magro](#); [Katy Bone](#)  
**Subject:** RE: Proposed Payment Plan  
**Date:** Monday, 26 March 2018 11:48:04 AM  
**Attachments:** [image006.png](#)  
[image007.png](#)  
[image008.png](#)

---

Hi Chris

Thank you for forwarding through the Walkerville Sports Club proposal. Please be advised that I intend to present the Club's 'revised' plan to Council at its 16 April ordinary meeting (in confidence) for their consideration.

I will be in contact shortly thereafter.

cheers,

Kiki Magro  
Chief Executive Officer

**Town of Walkerville**

Executive and Leadership | 66 Walkerville Terrace, Gilberton SA 5081  
PO Box 55 | Walkerville SA 5081  
T +61 8 8342 7102 | F +61 8 8269 7820 | M +61 419 842 154  
[www.walkerville.sa.gov.au](http://www.walkerville.sa.gov.au) | [kmagro@walkerville.sa.gov.au](mailto:kmagro@walkerville.sa.gov.au)

---

**From:** Chris Harcourt [mailto:[chris@mfy.com.au](mailto:chris@mfy.com.au)]  
**Sent:** Friday, 23 March 2018 5:55 PM  
**To:** Kiki Magro <[kmagro@walkerville.sa.gov.au](mailto:kmagro@walkerville.sa.gov.au)>  
**Cc:** [kochlot@internode.on.net](mailto:kochlot@internode.on.net); Jo Biskup <[JBiskup@walkerville.sa.gov.au](mailto:JBiskup@walkerville.sa.gov.au)>; [cjensen@adelaide.on.net](mailto:cjensen@adelaide.on.net); WSCSports <[sports@walkervillesportsclub.com.au](mailto:sports@walkervillesportsclub.com.au)>; Chris Robinson <[crobin@chariot.com.au](mailto:crobin@chariot.com.au)>  
**Subject:** RE: Proposed Payment Plan

Kiki,

**Re: Walkerville Sports Club – Financial Position**

In response to your letter dated 9 March, and on behalf of Walkerville Sports Club (WSC) I wish to advise the following;

The current debt owed by WSC to Council is \$31,379.39 as at 22 January 2018. The WSC Board has considered the three options presented in your letter, but finds all of these payment options unacceptable. Quite simply, it would reduce our cash reserves to bare minimal levels and place us in some financial jeopardy should we experience some major expense due to equipment failure or similar. Given the age of the building and now 13 years post-upgrade many maintenance issues will require attention.

As Council's offer stands, we must delve into member's funds to address this debt which is undesirable. Such cash reserves have been accumulated by members over many years, and is purely to finance projects for the betterment of facilities and the playing of sport at Walkerville. However, we would like to present the following options for Council's consideration, which have the full support of the WSC Board (see below);

1. WSC makes a one-off payment of \$25,000 to Council and Council waives the remaining debt outstanding (approximately \$6,140),
2. WSC will make equal payments over a three-year period, which may be monthly or quarterly, and
3. WSC would like Council's support to pursue advertising and sponsorship opportunities including advertising on the clubrooms and grandstand and other appropriate signage.

In respect to point three (above), I wish to advise that WSC is somewhat unique compared to other similar sporting clubs, in that we do not have any external signage or advertising on the building, nor around the oval. The Walkerville Sports Club is very unobtrusive, with no external signage of note, which makes it difficult to locate

for any visiting player or family. I understand that it has been Council's long standing position to keep Walkerville Oval in its pristine appearance without any perimeter advertising signage, etc. WSC is now being asked to enter into a commercial lease agreement (currently in draft format), in which WSC will have commercial rights during its occupancy. WSC therefore requests that Council considers permitting WSC to promote its supporting commercial partners both on and within the building and grandstand.

The potential additional revenue stream will enable WSC to meet the additional financial impost required to address the debt owing to Council, but will also create a broader and more diversified revenue portfolio for our organisation. Historically, WSC has almost solely relied upon bar revenue to generate income to meet operational requirements and return profits to members sporting organisations. Over the past ten years we have seen declining bar revenue, in keeping with the social trends. Throughout this period WSC has developed and encouraged use of the oval and clubrooms by outside organisations, including St Andrew PS and Razorbacks Gridiron. The increased demand for oval usage by our member clubs has resulted in external hire of the oval being almost impossible, particularly as the season almost overlap these days. It is noted that both St Andrews PS and Walkerville PS utilise the oval, both during and after school as coordinated with our Sports Director and with Council's support. Walkerville Primary School do not currently pay for their access to the oval. WSC has charged its member clubs accordingly for the loss in external oval hire opportunities, however, in the interests of promoting junior sport and keeping costs down to our member clubs we must explore other avenues to generate revenue and stop penalising the users we wish to support.

Signage, marketing and advertising / sponsorship are areas WSC would like to develop with Council's support. WSC is hopeful that Council can see our perspective on this issue

I trust that the above details are satisfactory, and remain available to address any queries you may have.

Kind regards,

Chris Harcourt  
President  
Walkerville Sports Club

**Chris Harcourt | Associate | MFY Pty Ltd**

Unit 6/224 Glen Osmond Road, Fullarton SA 5063

t: 08 8338 8888 | m: 0403 001 613 | e: [chris@mfy.com.au](mailto:chris@mfy.com.au) | w: [mfy.com.au](http://mfy.com.au)

Disclaimer: This email may contain information which is confidential and/or copyright, intended for the addressee only. If you are not the intended recipient of this email, you must not use, copy, distribute or utilise this information in any way, for any purpose. Please notify the sender immediately and delete this email if you received it in error. The receiver of this email is responsible for their own virus protection and is urged to scan any transmissions and attachments for viruses. MFY Pty Ltd disclaims all responsibility or liability of any actions, claims, costs and damages whatsoever resulting from or following upon any reproduction or modifications of these documents, drawings or data contained therein by any other party or application of the said documents or data to other than their original purpose.

---

**From:** Kiki Magro [<mailto:kmagro@walkerville.sa.gov.au>]

**Sent:** Monday, 19 March 2018 4:47 PM

**To:** Chris Harcourt <[chris@mfy.com.au](mailto:chris@mfy.com.au)>

**Cc:** [kochlot@internode.on.net](mailto:kochlot@internode.on.net); Jo Biskup <[JBiskup@walkerville.sa.gov.au](mailto:JBiskup@walkerville.sa.gov.au)>; Kiki Magro <[kmagro@walkerville.sa.gov.au](mailto:kmagro@walkerville.sa.gov.au)>

**Subject:** RE: Proposed Payment Plan

Thank you Chris for letting me know – I look forward to receiving your response in due course.

cheers,

Kiki Magro  
Chief Executive Officer

**Town of Walkerville**

Executive and Leadership | 66 Walkerville Terrace, Gilberton SA 5081

PO Box 55 | Walkerville SA 5081

T +61 8 8342 7102 | F +61 8 8269 7820 | M +61 419 842 154

[www.walkerville.sa.gov.au](http://www.walkerville.sa.gov.au) | [kmagro@walkerville.sa.gov.au](mailto:kmagro@walkerville.sa.gov.au)

---

**From:** Chris Harcourt [<mailto:chris@mfy.com.au>]

**Sent:** Monday, 19 March 2018 4:38 PM

**To:** Jo Biskup <[JBiskup@walkerville.sa.gov.au](mailto:JBiskup@walkerville.sa.gov.au)>; Kiki Magro <[kmagro@walkerville.sa.gov.au](mailto:kmagro@walkerville.sa.gov.au)>

**Cc:** [kochlot@internode.on.net](mailto:kochlot@internode.on.net)

**Subject:** RE: Proposed Payment Plan

Kiki / Jo,

I am responding to your letter received on 9 March 2018 re proposed payment plan.

Given I have had less than five working days to coordinate a response from our committee, it has been difficult to determine a final response to provide today. Rest assured, I am working with our committee to determine a workable solution, and noting the various options presented to WSC which are being considered.

I am confident of being able to provide a detailed response by Friday 23 March, which is fourteen days following receipt of your letter.

Kind regards,

**Chris Harcourt | Associate | MFY Pty Ltd**

Unit 6/224 Glen Osmond Road, Fullarton SA 5063

t: 08 8338 8888 | m: 0403 001 613 | e: [chris@mfy.com.au](mailto:chris@mfy.com.au) | w: [mfy.com.au](http://mfy.com.au)

Disclaimer: This email may contain information which is confidential and/or copyright, intended for the addressee only. If you are not the intended recipient of this email, you must not use, copy, distribute or utilise this information in any way, for any purpose. Please notify the sender immediately and delete this email if you received it in error. The receiver of this email is responsible for their own virus protection and is urged to scan any transmissions and attachments for viruses. MFY Pty Ltd disclaims all responsibility or liability of any actions, claims, costs and damages whatsoever resulting from or following upon any reproduction or modifications of these documents, drawings or data contained therein by any other party or application of the said documents or data to other than their original purpose.

---

**From:** Jo Biskup [<mailto:JBiskup@walkerville.sa.gov.au>]

**Sent:** Friday, 9 March 2018 1:29 PM

**To:** Chris Harcourt <[chris@mfy.com.au](mailto:chris@mfy.com.au)>

**Subject:** Proposed Payment Plan

Hi Chris,

Please see attached correspondence from our CEO Kiki Magro.

Regards,

Jo Biskup  
Acting EA - Office of the CEO



**Corporation of the Town of Walkerville**

Executive and Leadership | 66 Walkerville Terrace, Gilberton SA 5081

PO Box 55 | Walkerville SA 5081

T +61 8 8342 7140 | F +61 8 8269 7820 | M +61 481 003 850

WALKERVILLE [www.walkerville.sa.gov.au](http://www.walkerville.sa.gov.au) | [jbiskup@walkerville.sa.gov.au](mailto:jbiskup@walkerville.sa.gov.au)

Connect with us



 Please consider the environment before printing this email

This transmission is confidential. This email, including any attachments, is for the original addressees only. Any use, copying or disclosure by any other person is prohibited. If you have received this transmission in error, please notify us by email immediately and then destroy the message. Your co-operation is appreciated. Virus detection software has been used to detect the presence of any computer viruses, however, we cannot guarantee that this email and any attached files are virus free. The views expressed in this document are those of the author and not necessarily those of the Council unless specifically stated.

Released