



Item No: 16.2

File No: 16.85.1.1

Date: 19 March 2018

Attachment: A, B

**Meeting:** Council

**Title:** Walkerville Sports Club Financials

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

**Author:** Chief Executive Officer, Kiki Magro

**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:** Information Report

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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)(d) 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)(d)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Council's Chief Executive Officer Kiki Magro, Group Manager Corporate Services Katy Bone, Property and Contracts Officer Allison Down and Acting Council Secretariat Jo Biskup, be excluded from attendance at the meeting for Agenda Item 16.2 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 or that would confer a commercial advantage on a third party and that would, on balance, be contrary to the public interest.

### **Recommendation (Public)**

That Council receive and note the report on the Walkerville Sports Club financials and acknowledge Administrations actions to date.

## Recommendation (Public)

### Pursuant to s.91(7)

That having considered Agenda Item 16.2 Walkerville Sports Club Financials in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report entitled Walkerville Sports Club Financials, 19 March 2018 relevant to Agenda Item 16.2 be retained in confidence (excepting that Council authorises the release of the resolution / minutes) until the matters are resolved 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* Council and re-admit the public.

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## Summary

This report provides 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 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 (Attachment A). 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).*

In response to Councils resolution dated 19 February 2018 and the email received from the Club on 23 February 2018, 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 (Attachment B).

At the time of writing, Administration has not received any feedback from the Club.

### **Next Steps**

Administration will continue to work with lawyer James McEwan to prepare a revised Community Facility Leasing Arrangement for Councils consideration and will arrange to meet with the Club President to seek resolution of the monies owed.

A further report will be presented to Council at is 16 April 2018 ordinary meeting.

### **Attachments**

Attachment A	Email communique received from President Walkerville Sports Club on 23 February 2018
Attachment B	Letter from CEO to President Walkerville Sports Club dated 9 March 2018