

## Edwardstown Soldiers Memorial Community Club

Originating Officer	Unit Manager Sport & Recreation Facilities - James O'Hanlon
Corporate Manager	Acting Manager City Property - Clare Benn
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191210F04

### Confidential



### Reason For Passing This Resolution

**Local Government Act (SA) 1999 S 90 (2) 3(d) (i) and (ii)** : commercial information of a confidential nature (not being a trade secret) the disclosure of which (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and (ii) would, on balance, be contrary to the public interest.

### Confidential Motion

*That pursuant to Section 90(2) 3(d) (i) and (ii) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Tony Lines, Ilia Houridis, Sorana Dinmore, Kate McKenzie, Craig Clarke, James O'Hanlon and Jaimie Thwaites, be excluded from the meeting as the Council receives and considers information relating to Edwardstown Soldiers Memorial Community Club, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party and would on balance be contrary to the public interest.*

### REPORT OBJECTIVE

To provide an update to Council on the operations of the Edwardstown Soldiers Memorial Recreation Grounds (ESMRG) redevelopment with specific regards to the management of the facility under the current Edwardstown Soldiers Memorial Community Club (ESMCC) committee and concerns regarding the committee's ability to operate the facility in line with Councils objectives including effective governance.

### EXECUTIVE SUMMARY

The Edwardstown Soldiers Memorial Recreation Grounds (ESMRG) redevelopment was undertaken and commissioned in April 2019. The main objective for the joint Council and Federal Government funded project was to provide upgraded shared use facilities for the existing sporting clubs whilst opening it up for wider community use.

With assistance from Council under the exiting ESMCC constitution, a committee was established in January 2019 to manage the facility on behalf of Council utilising a finance and management model that would see the clubs earn dividends from areas including revenues generated within the facility by the clubs, additional business generated by the clubs and volunteer levels provided by the clubs for community events. Council subsidises the salary of a Facility Manager who reports to the ESMCC to manage the facility and with support from the committee, achieve the set goals of the endorsed strategic plan in relation to wider community use.



The Edwardstown Soldiers Memorial Community Club (ESMCC), as an outcome of the election process held in January 2019 was made up of 8 committee members from the existing affiliated clubs and independent members of the community with 3 community members and 5 members from the affiliated sporting clubs. The ESMCC constitution limited any club from having more than 3 members on the committee to avoid preferential voting from any affiliate group.

The ESMCC were provided with unlimited support from Council since the inception of the committee in all areas of governance, budgeting, strategic planning, leasing, financial and operational management. Direct financial support included subsidies for the first 3 years of operation, full subsidy of the Facility Managers salary and an agreement to be guarantor on an overdraft up to \$50,000.

After 8 months of operation little has been achieved in regards to the strategic plan, leases are yet to be executed with affiliates objecting to the terms of the sub leases. The club has not made any payments to Council in regards to rent or outgoings and from financial reports provided, appear to be operating insolvent.

## RECOMMENDATION

**That Council:**

### 1. Notes the Report

2. **In accordance with Section 91(7) and (9) of the Local Government Act 1999, orders that this report and attachments, having been considered in confidence under Section 90 (2) and (3)(d) (i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2020.**

## GENERAL ANALYSIS

At the recent ESMCC meeting held 6.00pm 2 December 2019, the first order of business was the appointment of positions with all being declared vacant with AGM being held a fortnight before.

No nominations were made with the majority of the committee urging James Kelly who was attending his first meeting to undertake the role of Chairman. The process and conversations ran for approximately 40 minutes with positions eventually being filled only on the advice provided by Council staff that positions needed to be filled to remain in line with the constitution, despite some members wanting to move the item down the agenda. This highlighted ongoing concerns from Council staff that the members were on the committee to protect the interests of the clubs as opposed to serving the facilities objective to serve as a community facility.

Discussions with the committee since inception have been consistent and have revolved around perceived building issues, lease terms and the performance of the Facility Manager who reports directly to the ESMCC.

James O'Hanlon, Unit Manager Sport & Recreation has been the main point of contact for the ESMCC in relation to rolling out of the financial and management model, however little to no progress has been made in these areas due to every meeting being consumed by the clubs demands for additional works, payments which are the ESMCC's responsibility but directed at Council, objections to the presented sub leasing terms and frustration with the performance of the Facility Manager who reports directly to the ESMCC.

During all these discussions, the observation has been that the committee members were primarily representing their clubs in their capacities as President of their affiliated club during an ESMCC meeting, at which their role is as a nominated director. This consistent occurrence was highlighted often by Council staff as being in direct conflict with clause 4.4 of their constitution which stated:



4.4. Board members have a duty to consider the Precinct, the community and the interests of all affiliates as a whole, in accordance with the purposes of the Club; Board members do not represent the interests of any particular Affiliate.

To date the ESMCC have not paid any monies to Council in relation to rent or outgoings. The ESMCC in its Treasurers financial report cited cash at bank of \$6,300. The treasurer noted that approximately \$15,000 worth of invoices will be payable within the next 2 weeks. James O'Hanlon then clarified with the committee that this figure presumably did not include monies owed to Council which to date are in the vicinity of \$30,000 which was confirmed. As such it was pointed out by staff that the club was essentially operating insolvent.

Mr O'Hanlon proposed to the committee if they felt they were in a position to continue as the management provider given their existing workloads external to ESMCC, the slow progress being made implementing the strategic plan, operational concerns and the current unfavourable financial situation they find themselves in.

It was discussed that an option for Council to take over the management of the facility could be sought based on this report being provided. A small section of the committee were hopeful to formulate a contingency plan moving forward to reach the original objectives of the facility and work themselves back into a favourable financial position.

Mr O'Hanlon highlighted that a 5 year strategic plan had been provided to the ESMCC at its inception and referenced at every meeting since January 2019. The committee stated that if this was the case then the ESMCC are being told what to do as opposed to being entrusted to run the facility themselves.

Mr O'Hanlon sought clarification as to whether any contingency plan included seeking further subsidies from Council with the reply being "well obviously". A member of the committee sought an opportunity to speak with Council whereby details of Councils deputation process was provided.

Although discussed only as an option, the committee took the discussion as clear intent of an event to come as opposed to the undertaking of a discussion to gauge the committee's feelings of where they saw themselves moving forward. This was stressed and reiterated as not being the case and was followed up the next morning via email to the Chairman confirming the discussion taken place and next steps. The Chairman's reply stated she agreed that the email accurately represented the conversation undertaken at the meeting.

Members of the committee (Presidents of Cricket, Football and Bowls) asked that if they collapsed the current structure and Council were to take over management of the facility, would Council honour the amounts owed to the club. The answer provided was "unlikely, as the monies owed to your clubs is owed by the ESMCC, of which you yourselves are directors of."

In confidence, the Chairman of the ESMCC contacted Mr O'Hanlon on Wednesday 27 November, to seek advice citing that the ESMCC was not working as intended with members using their positions as a vehicle to protect the interest of their own clubs before any community considerations are undertaken.

The Chairman cited being constantly outvoted by the sporting clubs on community minded ideas which also included the motion to pay Council monies owed. She stated she would be putting up a motion at the upcoming committee meeting that if the committee cannot resolve the current outstanding actions then she would seek a resolution to discuss with Council the option of transitional management back to the City of Marion.

Reaching the goals of wider community use have exceeded initial expectations, however these outcomes cannot be attributed to the ESMCC but rather the sole work of the Facility Manager and Council who achieved these outcomes prior to the building being commissioned and include HITSA, SEDA, Novita, Rotary, Lions and Probus clubs.



Wider community use is also being achieved through a variety of other activities including birthdays, anniversaries, life celebration events(wakes), reunions, business functions and include extensive use by new affiliates including South Road Cycling and Meteors Triathlon Clubs however the expenses placed against these income lines need to be managed with stricter financial controls to be cost effective.

## DISCUSSION

Council's goal of a community facility run by the community was sought with now proven sound financial and management models however the model always relied on the persons implementing the models to determine their success. Several factors have attributed to the current situation the ESMCC currently experience including but not limited to:

- Inability to effectively control expenses against generated incomes
- Failure of affiliates to pay monies owed leaving ESMCC in deficit
- Inability of committee members to differentiate between their roles on the ESMCC and their roles with their respective clubs
- Clubs inability to provide volunteers and passing costs of staffing onto the ESMCC

With the ESMCC's current financial position they would not be in a position to pay creditors early in 2020. Options for Council consideration include:

- Take no action and allow the ESMCC to continue as management provider with continued support from Council and likely additional subsidies.
- Instigate transitional management back to the City of Marion
- Seek alternate management providers to manage the facility on Councils behalf
- Seek an independent Board of Directors to manage the facility on Councils behalf