

ITEM 6 MOUNT KEMBLA BOWLING CLUB - LEASE OUTGOINGS

Mount Kembla Bowling Club (operated by Kembla Heights Bowling and Recreation Club) has a 10 year licence with Council until July 2020 with a 10 year option. The club is responsible to refund Council for rates paid as part of their outgoing. This payment of outgoing had been waived by Council for the first five years of the current lease (2010-2015).

Kembla Heights Bowling and Recreation Club has requested Council waive outgoing for rates payable from August 2015 for the balance of the lease ie to 2020. Currently there is a debt of \$12,527. Due to the financial hardship that the club is experiencing, it is proposed that the outgoing debt be waived and be further waived for the remainder of the lease until 2020.

RECOMMENDATION

- 1 Council waive outgoing payable by Mount Kembla Bowling Club from 1 July 2015 until 30 June 2020.
- 2 Council amend the current lease to exclude the outgoing in future years.

REPORT AUTHORISATIONS

Report of: Peter Coyte, Manager Property and Recreation
Authorised by: Kylee Cowgill, Director Community Services – Creative and Innovative City (Acting)

ATTACHMENTS

There are no attachments for this report.

BACKGROUND

On 1 July 1955, Council acquired ownership of Lot A DP161800 [Mount Kembla] from Australian Iron and Steel for \$1.00. The title has a Covenant upon it which states:

“And for the mutual consideration hereinbefore appearing the Council for itself and its successors hereby covenants with the Company and its successors and assigns that it will not use the said land hereby conveyed or any building or buildings or other structures erected thereon other than for public recreation and amusement for the benefit of the residents of Mount Kembla.”

The Mount Kembla Bowling Club has been operated by the Kembla Heights Bowling and Recreation Club (non-profit organisation) since 1955. The club has approximately 172 members, with 23 full-time bowlers, and it is the meeting point for the local fishing and football club and community.

The broad terms of the current lease are:

- Term - 10 years commencing 1 August 2010 with a 10 year option;
- Rent – the club pays the “Community Groups and Sporting Clubs Lease Fee which commenced at \$580 per annum;
- The club is responsible for all maintenance other than the structure; and
- The club is responsible for all outgoing including Council rates. Outgoing in respect to rates were waived for the first five years of the lease.

Rates are paid on the property from the Property Services budget and recovered from the lessee under the “Outgoing” clauses in the lease.

In November 2008, the club approached Council to forgive a debt [outgoing in respect of rates] of \$32,969.52, based on a poor trading period and unusual events leading up to that time which were:

- The club had a fire on the premises which resulted in the closure of the kitchen and restaurant facilities; this has also impacted the financial viability of the club. The club has repaired the damage under its insurance policy; and
- The club also notes the *'increasing financial burden on having to comply with the Government regulation and imposts'*; and
- The impact of the closure of Harry Graham Drive which removed access to traffic from Picton Road especially on weekends.

At that time Council agreed to write off the outgoings [rates] debt and a new lease was entered into which commenced on 1 August 2010 which also provided for a further five-year rate break with outgoings to recommence on 1 August 2015.

Although the club is located on land classified as Community Land it attracts rate assessment as it is leased to a commercial organisation.

The club currently has a debt in respect to outgoings with Council of \$12,527 having not paid rates over the last three years and is asking Council to write off this debt given their financial position.

The club recently approached Council asking that Council also undertakes works to resolve issues with the retaining walls surrounding the bowling greens and the entrance to the club which is currently not compliant in respect to disabled access. A very preliminary estimated cost of the bowling green works after a site visit is \$350,000 and front entry works \$15,000. The club was advised that the terms of the lease were that responsibility for these matters fell with the club. However, given the club is in a subsidence area and has previously been successful achieving funds to repair the building, they should first look to the Mine Subsidence Board for some assistance.

The club has again cited Council works on Cordeaux Road as being a constraint to its trading but while these works may have been inconvenient, they have not closed off access as was the previous case.

The Club does not have a large customer catchment and shares its local customer base with Mt Kembla Hotel. The club building is set back from Harry Graham Drive and therefore does not provide an obvious offer to passing motorists. The historic Mt Kembla Hotel tends to attract more passing trade and it would seem the club relies heavily on local trade. The club has promoted itself as a family orientated option as well as a venue for functions. Despite the constraints the board has attempted to reduce debt through asset sales and to grow local support for the venue. They have also sought to attract regional bowling competitions to the club to increase patronage both active bowling and casual social memberships.

PROPOSAL

Many small clubs in New South Wales have struggled financially over the last 10 years. Random breath testing and lower levels of discretionary family spending have contributed. It seems that bowling clubs with the added expense of green maintenance have had particular challenges. The board of the club has worked hard to counter these issues and has sought to reduce expenditure wherever it can. The club provides significant social and community benefit to this area.

It is proposed Council write off the current debt of \$12,572.

Council amend the current lease to exclude the outgoings in respect to rates from 2015 to 2020 for Kembla Heights Bowling and Recreation Club. A further review to be undertaken prior to the club considering the further 10-year option.

CONSULTATION AND COMMUNICATION

Kembla Heights Bowling and Recreation Club.

The report has been viewed by the Manager Finance.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal. It specifically delivers on the following: “We have an innovative and sustainable economy”.

It specifically delivers on core business activities as detailed in the Property Services – ‘Manage Council’s property portfolio including purchase, sale, leasing easements and other encumbrances on Council lands – In the Service Plan 2017/18.

FINANCIAL IMPLICATIONS

Council will not receive the payment for the amount of \$12,572 from plus approximately \$6,900 for 2017-20 rates. The total cost to Council would be approximately \$19,472. This will be reflected in income received by the Property Services Branch and will be adjusted in the next Quarterly Review.

OPTIONS

- 1 Council accept the recommendation to waive the outgoings for 1 July 2015 – 30 June 2020.
- 2 Council decline to accept the recommendation and require the lessee to pay all outgoings owing from 1 July 2015.

CONCLUSION

The board of the club has endeavoured to make the club a viable operating business. It primarily provides a venue and facility for the local community and is active in the district’s lawn bowls’ competitions. Waiving the rates payable by the Kembla Heights Recreation and Bowling Club for the period 1 July 2015 – 30 June 2020 will assist the club in reducing its debt and maintaining its viability to keep operating.