

ITEM 14 ILLAWARRA HOCKEY INCORPORATED - REQUEST FOR FINANCIAL ASSISTANCE

Illawarra Hockey Incorporated (IHI) has submitted a request to Council seeking financial support for the recently completed roof replacement project at the Illawarra Hockey Stadium, Unanderra. The stadium which is located on Council-owned land, is a key regional facility supporting grassroots and representative hockey across the Illawarra currently operated under licence to IHI.

The roof structure had reached the end of its serviceable life, with leaking water damaging the asset and impacting operations and events. Its replacement was critical to ensuring the continued safe operation of the venue and the delivery of community sport programs. IHI had obtained a grant for partial funding of the replacement of the roof that is their responsibility under the current licence agreement, however there was a shortfall of funding for the completed project.

IHI has requested a loan arrangement with Council to fund the shortfall of the works that have been completed and has provided financial documentation to support its capacity to repay the loan from Council. The loan would constitute financial assistance under Section 356 of the *Local Government Act 1993*, requiring a formal Council resolution before any agreement is finalised.

This report outlines the key considerations associated with the proposed loan, including financial prudence, legal and governance implications, and reputational risks.

RECOMMENDATION

- 1 Approve a loan of \$291,939 to the Illawarra Hockey Incorporated to cover the outstanding costs associated with the Indoor Hockey Stadium roof replacement project at the Illawarra Hockey Centre, Unanderra.
- 2 Authorise the General Manager (or delegate) to negotiate and execute a formal loan agreement.
- 3 Prior to financial assistance being provided, a formal licence agreement is to be entered into between Illawarra Hockey Incorporated and Wollongong City Council.
- 4 That Illawarra Hockey Incorporated is to provide ongoing financial reporting.

REPORT AUTHORISATIONS

Report of: Mark Berriman, Manager Sport + Recreation

Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

ATTACHMENTS

There are no attachments for this report.

ACRONYMS USED IN REPORT

Abbreviation	Meaning
IHI	Illawarra Hockey Incorporated

BACKGROUND

Illawarra Hockey Incorporated (IHI) has a current license agreement to operate and manage the Hockey Centre located in Unanderra. The centre comprises of an Indoor Hockey Hall, amenities and two outdoor synthetic hockey fields. IHI is a non-profit volunteer organisation created as a partnership between former associations, Illawarra Men's Hockey Inc. and Illawarra Women's Hockey Inc. and was established to plan, develop and manage the Illawarra Hockey Centre for the playing of field hockey, indoor hockey and other compatible sports.

The Illawarra Hockey Centre has two international standard synthetic hockey fields, opened in 1998 and 1999, and has hosted State, National and International championships. The indoor stadium opened in 1991 and has played host to a variety of events including local and State indoor hockey and volleyball, National Indoor Hockey Championships, futsal, table tennis, and various trade shows, fairs and expos.

Licence Agreement

Wollongong City Council granted a twenty (20) year License Agreement to IHI in 1998 which expired on 31 January 2018 and continued to operate on a monthly holding over basis until 2020. A new license agreement was entered into on 1 July 2020 with IHI that will expire on 31 January 2039. The agreement allows the Licensee to facilitate the management, maintenance and improvement of the hockey centre.

Maintenance Responsibility

The structural and non-structural maintenance will be an ongoing responsibility of the Licensee. These responsibilities include the roof structure, in which the Club has been maintaining and repairing during their agreement.

During periods of rainfall, significant leaks disrupted both sporting and non-sporting events, compromising the venue's ability to host activities and impacting its reputation. Ongoing water ingress also posed a risk to other assets within the facility, including flooring, fixtures, and fittings. Delaying the replacement would have further disrupted operations, jeopardised future event bookings, and caused additional damage to the facility.

The roof of the indoor hockey stadium had deteriorated beyond repair and required urgent replacement. Previous multiple temporary repairs have proven insufficient to ensure long-term functionality and safety of the roof and as a result, IHI engaged a contractor in late 2024 to carry out roof replacement works.

Financials

IHI applied for and received a grant for \$300,000 for this project through the ClubGrants Category 3 Infrastructure Grants program and was successful in securing this funding. A contract with Shellharbour Roofing was made to undertake these works. IHI contributed an additional \$111,209 towards the project.

There is a total of \$291,939 outstanding for the organisation to pay its suppliers. This is broken down to Shellharbour Roofing Claims 4,5, final, solar panel re-installation, and external stadium security and

Item	Amount (incl. GST)	Notes
ClubGrants Infrastructure Grant	\$300,000	Secured funding
IHI Contribution	\$111,209	Paid by IHI
Outstanding Loan Request	\$291,939	Requested from Council
Total Project Cost	\$703,148	Roof replacement + solar + lighting

safety lighting.

IHI has provided a long-term Capital Expenditure Plan 2025-2034 that identifies New Capital, Capital Renewal and Maintenance (planned and unplanned). Since 2008 IHI has contributed \$3,411,000 that included \$2,488,000 in renewal works and \$923,000 of new capital. IHI has identified that an additional \$17,365,000 is required over the next 10 years to realise their Master Plan and complete the capital renewal works required at a total of \$1,300,000 outlined in this plan.

PROPOSAL

That Council consider providing a loan of \$291,939 to the Illawarra Hockey Incorporated to enable the completion of the Indoor Stadium Roof Replacement Project at the Illawarra Hockey Centre, Unanderra.

The Illawarra Hockey Centre is a key regional sporting facility that supports local, state, and national events, contributing significantly to community participation and economic activity. The indoor stadium roof had deteriorated beyond repair, causing water ingress that disrupted events, damaged assets, and posed safety risks. Temporary repairs were no longer viable, and urgent replacement was necessary to maintain the facility's functionality and reputation.

IHI as the licensed operator of the facility, has met its maintenance obligations under the License Agreement and demonstrated a strong financial commitment to the Illawarra Hockey Centre over many years. For the roof replacement project, IHI successfully secured \$300,000 through the ClubGrants Category 3 Infrastructure Grant and contributed \$141,209 from its own funds. The total project cost is

\$703,148, which includes the roof replacement, solar panel reinstatement, and external security and safety lighting.

The outstanding amount of \$291,939 relates to final contractor claims and associated works. Without this financial support, IHI faces significant financial strain, which could impact its ability to deliver ongoing programs and maintain the facility.

The proposed loan would be for \$291,939 with terms to be determined that will include an interest rate based on IPART methodology over a three-year period. A structured repayment schedule will ensure the loan is manageable for IHI while safeguarding Council's financial position.

Providing this loan will ensure the completion of critical infrastructure works at a major regional sporting facility, support a long-standing community partner with a proven track record of investment in local sport, and maintain the centre's capacity to host major events, delivering both economic and social benefits for the region.

CONSULTATION AND COMMUNICATION

Council officers have engaged with the Illawarra Hockey Incorporated throughout the planning and delivery of the roof replacement project to ensure alignment with the terms of the License Agreement and Council's asset management objectives. Ongoing communication has included site meetings, email correspondence, and review of financial documentation to confirm project scope and funding requirements. Should Council approve the proposed loan, a formal agreement will be prepared outlining repayment terms, and regular progress updates will be provided to both Council and IHI to ensure transparency and accountability.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2035 Goal 4 'We have a healthy, respectful, and inclusive community'. It specifically delivers on the following:

Community Strategic Plan 2035		Delivery Program 2025-2029
Strategy		Service
4.2	Provide a variety of quality and accessible public spaces and opportunities for sport, play, leisure, recreation, learning and cultural activities in the community.	Parks and Sportsfields

RISK MANAGEMENT

There are several risks associated with this proposal, including:

- **Section 356 Local Government Act Compliance:** The loan constitutes financial assistance under the *Local Government Act 1993*, requiring a formal Council resolution. Failure to comply could result in procedural or legal challenges.
- **Loan Repayment Capacity:** While IHI has provided audited financials, there remains a risk that future cash flow may not support consistent repayments, especially if revenue declines or unexpected costs arise.
- **No Collateral:** As the stadium is on Council land, there is no mortgageable asset. In the event of default, Council may inherit the asset but not recover the loan value.
- **Interest Rate and Loan Term Uncertainty:** The interest rate and repayment term are yet to be set by Council, which may affect affordability and Council's return on investment.
- **Licence Agreement Ambiguity:** The current licence agreement is unsigned, which may complicate enforcement of responsibilities and terms related to asset maintenance and ownership. Noting legal advice has supported the agreement being current.
- **Enforcement Against a Not-for-Profit:** If Council needs to enforce loan terms, it may face public criticism for acting against a community organisation.
- **Transparency and Precedent:** Without a clear policy framework, Council may be exposed to scrutiny over fairness and consistency in supporting other organisations.

- **Maintenance Responsibility:** Although the licence places roof maintenance on the tenant, ambiguity or disputes may arise if the roof deteriorates again during the loan term.

FINANCIAL IMPLICATIONS

The proposed loan to IHI for the roof replacement at the Illawarra Hockey Stadium carries several financial implications for Council. While the loan would support critical infrastructure renewal, it would require Council to allocate funds that may otherwise be invested.

IHI has provided audited financials and has provided further documentation to demonstrate its capacity to repay the loan, including monthly financials, Board endorsement, and details of other funding sources.

IHI is requesting a loan of \$291,939 from Council to cover final payments for the stadium reroofing project, including roofing contractor claims, solar panel installation, and reinstallation of external safety lighting. The organisation intends to repay the loan over a three-year period using future operating cash flow, noting that as a not-for-profit, it does not generate profits. Council would propose an interest rate of 3.9% that is based on the Independent Pricing and Regulatory Tribunal calculations as a variable rate. This rate would be reviewed at the time when finalising the agreement with IHI.

As the stadium is located on Council-owned land, there is no collateral available to secure the loan. In the event of default, Council would assume ownership of the facility but may not recover the full loan value. This introduces a moderate financial risk, particularly in the absence of a formal policy framework for loans to not-for-profit organisations. Additionally, the loan would constitute financial assistance under Section 356 of the *Local Government Act 1993*, requiring a formal Council resolution before any agreement is finalised.

Operationally, the loan would require ongoing oversight, including monitoring repayments and ensuring compliance with agreed terms. It would be proposed that while the licence agreement places responsibility for roof maintenance on the tenant, Council may still face indirect costs or reputational risks if the facility becomes unusable or if the loan arrangement is perceived as inequitable. Overall, the financial implications are manageable but require careful consideration of risk, governance, and community expectations.

CONCLUSION

Providing a loan of \$291,939 to Illawarra Hockey Incorporated will enable the completion of essential infrastructure works at a major regional sporting facility, ensuring its continued safe operation and capacity to host local, state, and national events. IHI has demonstrated strong financial commitment and compliance with its licence obligations, and the proposed loan arrangement offers a practical solution to address the funding shortfall without compromising Council's financial prudence.

This decision aligns with Council's strategic objectives under *Our Wollongong Our Future 2035*, supporting community participation, economic activity, and the delivery of quality recreational spaces. While the arrangement carries some financial and governance risks, these can be mitigated through a formal agreement, structured repayment schedule, and ongoing monitoring. Approval of this loan will reinforce Council's commitment to fostering a healthy, inclusive, and active community.