



City of Nedlands

Community Development Report

Committee Consideration – 1 December 2020

Council Resolution – 15 December 2020

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Committee	1 December 2020
Council	15 December 2020
Applicant	Hollywood Subiaco Bowling Club
Employee Disclosure under section 5.70 Local Government Act 1995	Nil
Director	Lorraine Driscoll – Director Corporate & Strategy
Attachments	1. Letter from Hollywood Subiaco Bowling Club 2. Profit and Loss Statement.
Confidential Attachments	Nil.

Executive Summary

This item presents the Hollywood-Subiaco Bowling Club’s (HSBC) request for financial support from Council and an update on the Club’s financial position.

Recommendation to Committee

Council:

1. **acknowledges the financial difficulties being experienced by the Hollywood-Subiaco Bowling Club;**
2. **authorises Administration to recommence collecting 30% of sub lease income, as of 1 July 2020; and**
3. **requests the Club to advise the City if their financial position declines further.**

Background

HSBC

Hollywood-Subiaco Bowling Club (HSBC) is located on a portion of Highview Park in Nedlands (Reserve 22384). The Club has been in its current location since 1903 under its original name, changing its name to Hollywood-Subiaco Bowling Club in 1957.

Club Membership

Bowling Members		Social Members		Total Membership	
52		125		177	
C of N resident	Non C of N resident	C of N resident	Non C of N resident	C of N resident	Non C of N resident
20	32	86	39	106	71

HSBC has a total membership of 177, made up of 52 bowling members and 125 social members. 106 of the 177 members live in the City of Nedlands. Of these City of Nedlands residents, 20 are bowling members; and 86 are social members.

Bowling membership is \$175 per annum for men and \$145 for women. Social membership is \$25 per person or \$40 for a family of four. Community garden membership is \$70 per annum.

Club facilities

Aside from usage by the Club itself, the club's facilities are available for hire by community groups for meetings and events, corporate functions or social bowls. These other uses produce some revenue for the Club, as under its lease the Club has the right to charge hirers and retain the income to support the Club. HSBC have two sub lease arrangements – Sand Sports Australia and West Coat Futsal Association who sublease part of the premises from HSBC for a rental fee which generates approximately \$20,000 rental income per annum for HSBC.

Basis of Club's tenancy

The overarching rationale for Council's community-purpose leases is to provide the facility to the user-group free of rental charge, at no cost to Council. While Council does not seek to profit from community-purpose leases, nor should such leases result in a financial impost on Council and therefore ratepayers generally. The principle underlying community use leases is that all costs associated with the facility must be met by the lessee.

In exchange for use of a rent-free facility, the tenant is responsible for all maintenance of the facility, including responsibility for the facility's structure, as well as any capital development and replacement of the facility. The facility must be maintained to the standard required by Council and fit for the purpose of the use specified in the lease. The tenant is also responsible for all utility costs associated with the facility.

HSBC occupies a Council-owned facility on the basis of a peppercorn lease. This means they pay no rent. Although the lease expired in May 2018, the City has allowed the Club to continue to use the facility on the same basis outlined in their expired lease, but now on a month-to-month basis. It is expected that this arrangement will continue. It would only change if the Club requested to surrender its lease or if the management model for all Club facilities on Highview Park should change as a result of a master planning process.

The Club's lease states that if the Club sub-lets any part of the Premises to Sand Sports Australia, they must pay to the City 30% of the fee they receive. The club is able to retain 60% of the fee received. HSBC sublets a part of its leased area to Sand Sports Australia, which in 2019/20 paid \$13,470.05. Usually, HSBC would have been required to pay Council \$4,041 (30%) however Council resolved the Club could retain this amount for 2019/20.

Discussion

Requests for assistance

In April 2019, following a request from the Club, Council decided that HSBC could retain 100% of the sublease income paid by Sand Sports Australia, until April 2020.

In May 2020, under the Hardship Policy, HSBC was given an extension to Council's decision allowing the Club to retain 100% of sublease income generated by Sand Sports Australia, until 30 June 2020; and a payment deferment for utilities owed until the declared state of emergency had ended, plus a further three months.

In September 2020, HSBC has again written to the City requesting a further extension of the arrangement allowing the Club to retain 100% of the sublease income from the Sand Sports Australia's. HSBC has advised that their financial position is not strong and they are struggling to build up revenue and recover from COVID-19 lockdown and subsequent restrictions where they were without revenue for six months as they could not host functions.

Club's financial position

The Club has taken several measures over the last few months to better position itself to generate revenue, including the following:

- In-house lawn maintenance saving over \$1,400 a month in green keeper wages
- Revamped the Club's website and social media marketing which is now having a positive impact on function bookings;
- Developed croquet as an alternative sporting/social activity;
- Established an informal Saturday bowls competition (involving other local clubs, e.g. Dalkeith Nedlands Bowling Club) as a means of maintaining membership. It is a competition for those not picked in the Pennants competition, ensuring everyone can get a game every week.

HSBC has now paid its outstanding City debts which was \$13,976, for historical invoices relating to utilities, ESL, contribution to bore maintenance and sublease rental. The Club has a current debtor balance of \$2,152.26 at the time of writing this report.

A detailed breakdown of the Club's income and expenses are provided at Attachment 2 Profit and Loss Accounts April 2019 – March 2020 (note: these

financial statements have been reviewed by Armada Auditing). The Club's financial position is summarised in Tables 1 and 2 below.

Table 1: Summary of HSBC Income

Income Category	Apr 2019 – Mar 20
Games	\$317.26
Functions	\$16,027.27
Hall Hire	\$7,154.56
Membership	\$6,891.54
Rent	\$24,470.05
Bar/Function Sales	\$227,634.21
Interest received	\$197.73
Bowls Shirts	\$277.26
Green Fees	\$290.91
Other income	\$28,725.79
Total Income	\$311,986.58

Table 2: Summary of HSBC Expenses

Expense Category	Apr 2019 – Mar 20
Accounting	\$6,470
Admin & Management	\$17,321.53
Bar	\$83,264.84
Greens	\$2,826.46
House & Works	\$43,856.83
Pennants	\$3,328.28
Other expenses	\$4,057.12
Bar Vouchers	\$914.10
General Expenses	\$514.52
Interest Expenses	\$909.70
Reconciliation Discrepancies	\$303.13
COGS	\$96,928.90
Total Expenses	\$260,695

Council financial assistance to the Club

Council has provided considerable financial support to the Club over the last five years, summarised in Table 3 below.

Table 3: Council Subsidy to HSBC 2015 – 2020

Year	Assistance	Amount
2015	Upgrade of Club facilities	\$262,000
2018	Installation of Solar Panels	\$12,000
2018	Held City function at the Club	\$8,000
2019	Held City function at the Club	\$8,000
2019	Council waived its portion of sub lease income April 2019 – March 2020	\$4,212
		\$294,212

Policy

Use of Council Facilities for Community Purposes Policy

Council policy 'Use of Council Facilities for Community Purposes' outlines that sporting clubs leasing buildings from Council do so on the basis of paying no rental fee and the club being responsible for all maintenance and utility costs.

Hardship Provisions Policy

Council policy 'Hardship Provisions' outlines the City's response to financial hardship during the COVID-19 crisis. It states that no rent will be charged to Not for Profit Groups & Clubs. On 27 October 2020, Council authorised Administration to recommence 'normal' pre-COVID-19 Hardship Policy provisions management of the City's Tenancy portfolio in line with obligations under each agreement, including charging rent as of 1 July 2020. While HSBC do not pay rent to the City, they are required to pay the City 30% of all rent and license fees received by the Lessee for the subletting arrangement.

Background information on Bowls generally

Twenty-two years ago, the City supported three bowling clubs. Today, the City supports two bowling clubs, despite an aging demographic and a modest increase in the overall population over the past 20 years. The main reason behind this is that today's seniors – members of the baby-boomer generation – are no longer content with a choice of only one sport, as previous generations may have been. We know from the Seniors Needs Study undertaken over a decade ago, that seniors today demand participation in a wide range of sports and other recreational activities, including tennis, swimming, jogging, yoga, art and craft and many more. This increased participation of seniors in a wider range of activities has had many benefits. However, one unfortunate consequence of has been a reduction in the number of bowling clubs Australia-wide.

Draft Strategic Recreation Plan findings

The City has been developing a new Strategic Recreation Plan. The draft plan advises that bowls as a sport is well provided for in the City, having two local clubs.

National studies show that clubs with fewer than 100 playing members are likely to have difficulty remaining financially viable. Therefore, in the longer term, if participation in bowling continues to decline, amalgamation of clubs may need to be considered in order to ensure viability of the sport. The low level of playing members at HSBC (52) indicates that the Club may become insolvent if it is unable to attract new membership. If 100 playing members is the approximate bench-mark for a bowling club's financial viability, then it may be that in the future, the City of Nedlands population can only support one viable bowling club. However, the decision on the future of any club must be taken by the club itself, with the club considering all of the options available to it. The City does not presume to advise on or determine the future of a club.

Key Relevant Previous Council Decisions:

- Special Council Meeting – 30 June 2015 – Adoption of Annual Budget 2015/16 – Council approved a grant of \$252,000 to HSBC to upgrade their building.
- CM06.16 – 20 December 2016 – Additional funding Hollywood Subiaco Bowling Club – Council granted an additional \$10,000 to the Club towards their building renovations.
- CM02.19 – 23 April 2019 – Hollywood Subiaco Bowling Club Request for Financial Support – Council approved the Club retain 100% of the sublease income generated from Sand Sports Australia for a period of 12 months.
- CPS23.20 – 27 October 2020 – Update Implications of COVID-19 on the City's Tenancy Portfolio – Council authorised Administration to recommence 'normal pre-COVID-19 Hardship Provisions management of the City's Tenancy portfolio in line with obligations under each agreement, including charging rent as of 1 July 2020.

Consultation

The request that is subject of this report has come directly from the Club. Administration has been working with the Club

Strategic Implications

How well does it fit with our strategic direction?

Providing for sport and recreation is a strategic priority for Council.

Who benefits?

If Council support the club's request, it will benefit the club members, being:

- 20 City of Nedlands residents who play bowls;
- 66 City of Nedlands residents who are social members;
- 32 non-City of Nedlands resident who play bowls: and
- 39 non-City of Nedlands resident who are social members.

A decision to support the Club would also benefit the community groups that hire the facility.

Does it involve a tolerable risk?

The risk associated with supporting the Club's request is that it could send a message to other community organisations that Council is willing to waive fees and charges that are required under leases, management licenses or other hire arrangements. The City has 36 organisations who hold a lease or management licence with the City. There is a risk that these organisations would also seek financial support from the City, given the current economic climate.

Do we have the information we need?

Yes.

Budget/Financial Implications

Can we afford it?

If Council were to agree to provide the financial support requested by the Club, this would result in a loss of revenue to the City of approximately \$4,212 (ex GST) per annum.

How does the option impact upon rates?

While approving this request would have minimal impact on rates, there would be a significant on-flowing effect on rates if other organisations with tenancy agreements with the City also request waiving of fees.

Conclusion

The City is aware of the importance of bowling within the City of Nedlands, particularly to older community members. There is significant social worth in supporting all physical activity because of its health benefits, and even greater social worth in supporting physical activity in which older people participate. As well as providing physical activity, the Club is also a social hub for its own members and for members of the broader community who hire the facility. These services that are provided by the Club – physical activity, social connection and hire facilities – are all of significant worth in building a sense of local community.

Council has been generously supportive to the Club over the past 5 years, providing over \$290,000 in grant funding, fee waivers and financial support to HSBC. The Club has been struggling over recent years and like a lot of community organisations, has been impacted negatively by COVID-19. While Council may wish to consider supporting the Club's request on this occasion, providing ongoing financial support to the Club will not be a sustainable approach to addressing their financial difficulties in the long term.



Hollywood-Subiaco Bowling Club

42 Smyth Road, Nedlands, Western Australia, 6009

Telephone: 9381 8941. Email: hsbc1@iinet.net.au

President: Bill Ford

Secretary: Ray Ellis

29th September, 2020

Celia de Lacy, Mayor
City of Nedlands
PO Box 9, Nedlands, WA 6909



Dear Mayor,

Council lease: revenue arrangement with Sand Volleyball

I am writing to request the Council's assistance with regard to managing one aspect of our Club's lease with the Council.

Our Club's rents out part of the grounds to Sand Volleyball, and under the terms of the lease that we have with the Council, we pass on to you 30% of the revenue we receive from this rental arrangement. This amounts to approximately \$4,000 pa which is significant for our Club.

The Council has helped the Club financially by giving a moratorium on this arrangement which has enabled us to keep all the Sand Volleyball rent, though, of course, during the shut-down period we haven't been requiring Sand Volleyball to make the rent payments to us.

Given that Sand Volleyball is now open they have resumed paying rent to us.

The moratorium that the Council granted us came to an end at the end of June. However, as you will appreciate, the Club's financial position is not strong and we are struggling to recover and build up revenue after the lockdown. We have, however, managed to pay all outstanding invoices due to the Council.

We therefore request that the moratorium on the rent transfer arrangement be kept in place, thereby enabling us to keep all the revenue received from Sand Volleyball and so assist us through this continuing difficult period.

The Club has taken several measures over the past few months to better position ourselves to secure functions and other activities that bring revenue to the Club. However, many other organisations such as ourselves are in a similar position and so the situation is competitive. We are hopeful of having a good Christmas season but even then we will still not regain our pre-Covid financial position.

If the Council is able to provide assistance through extending the moratorium, this will be appreciated.

If there is any further information you need before making a hopefully favourable decision then please contact me.

Yours sincerely

W Ford, President

Hollywood Subiaco Bowling Club Inc
 Profit & Loss
 April 2019 through March 2020

11:24 PM
 43929
 Cash Basis

	<u>Apr 19 - Mar 20</u>
Ordinary Income/Expense	
Income	
Interest Received	197.73
Games	
VLT	317.26
Total Games	<u>317.26</u>
Bowls Shirts	277.26
Functions	
Function Green Fees	9,640.87
Function Hall Hire	6,386.40
Total Functions	<u>16,027.27</u>
Green Fees	290.91
Green Fees (Ladies)	0.00
Hall Hire	
Japan Club	1,309.10
Post News	2,181.84
Regular Groups	1,663.62
Shed Hire	2,000.00
Total Hall Hire	<u>7,154.56</u>
Memberships	
Membership - Bowling	4,336.35
Membership - Social	2,555.19
Total Memberships	<u>6,891.54</u>
Rent	
Futsal	11,000.00
Sand Volley	13,470.05
Total Rent	<u>24,470.05</u>
4050 - Sales (Sales)	
Bar Sales	227,634.21
Function Sales	0.00
Total 4050 - Sales (Sales)	<u>227,634.21</u>
Total Income	283,260.79
Cost of Goods Sold	
Bar Purchases (Bar Purchases)	101,988.85
Bowling Instructor	2,700.00
Closing Stock	-18,941.21
Opening Stock	11,181.26
Total COGS	<u>96,928.90</u>

Gross Profit		186,331.89
Expense		
Admin & Management		
Accounting		
Bookkeeping		6,470.00
Total Accounting		6,470.00
Advertising (Advertising)		1,010.21
6120 · Bank Charges (Bank Charges)		70.00
Club Events		0.00
Fuel		90.91
Internet		2,523.11
IT/Computers		663.27
Memberships		720.68
Merchant Fees (Merchant Fees)		2,814.57
6240 · Miscellaneous (Miscellaneous)		0.00
Mobile Phone		1,298.67
presidents account		236.64
printing		35.42
Stationery		785.57
6340 · Telephone (Telephone)		113.03
Website		489.45
Total Admin & Management		17,321.53
Bar		
Bar Expenses		609.77
Bar Snacks (Food)		272.73
Entertainment		57.16
Friday Jackpot		0.00
Gaming Fees		383.87
liquor Licence		612.00
LPG		948.15
Music Licence		0.00
Superannuation Bar Staff (Superannuation)		5,035.00
Wages Bar Staff (Wages)		
Casual		22,346.16
Staff Wages		53,000.00
Total Wages Bar Staff (Wages)		75,346.16
Total Bar		83,264.84
Bar v ouchers		914.10
General Expenses (General Expenses)		514.52
Greens		
Casual Wages		0.00
Fertertilizer/Chemicals		198.01
Fuel		39.70

	Apr 19 - Mar 20
Green Expenses	92.95
Grounds/Lawns	422.00
Machinery Maintenance	1,223.80
Spraying	850.00
Total Greens	2,826.46
House and Works	
Cleaning (Cleaning)	9,640.16
Electricity (Electricit)	7,372.29
emergency serv ices	113.64
Equipment	0.00
Fire Protection	438.70
Gas	584.27
General Expense	0.00
6180 · Insurance (Insurance)	
Business/Accident/Machinery	8,491.52
Stamp Duty	685.80
Workers Comp	824.83
Total 6180 · Insurance (Insurance)	10,002.15
Other House & Works Expenses	0.00
Rates - Waste Collection	4,787.78
Rental Lev y	0.00
6300 · Repairs and Maintenance (Repairs and Maintenance)	
Bar Maintenance	402.50
Refrigeration System	1,295.81
6300 · Repairs and Maintenance (Repairs and Maintenance) - Other	3,270.59
Total 6300 · Repairs and Maintenance (Repairs and Maintenance)	4,968.90
rubbish removal	684.00
Security	2,150.45
Toilet/Cleaning Products	1,966.39
TV/Sound/Light System	1,148.10
6390 · Water (Water)	0.00
Total House and Works	43,856.83
Interest Expense (Interest Expense)	909.70
6560 · Payroll Expenses	0.00
Pennants	
Affiliation Fee	2,483.64
Bowls Supplies	66.78
Forfeit Fine	0.00
Jack-Hi	0.00
Teams Entry	236.36
6350 · Trav el (Trav el and Entertainment)	0.00
Uniforms - Shirts	541.50
Total Pennants	3,328.28
66900 · Reconciliation Discrepancies	1.77
rounding	0.00

	<u>Apr 19 - Mar 20</u>
suspense	301.36
Total Expense	<u>153,239.39</u>
Net Ordinary Income	33,092.50
Other Income/Expense	
Other Income	
Insurance Claims	13,854.04
Sundry Income	
Sponsorship	5,000.00
Bowlers Sandwiches	1,110.00
Garden Sales (Plots)	1,400.00
Donations	2,522.00
Raffles	
Raffle - Bowls	519.06
Friday Raffle	1,990.67
Bar Vouchers	218.19
Raffles - Other	2,111.83
Total Raffles	<u>4,839.75</u>
Total Sundry Income	<u>14,871.75</u>
Total Other Income	28,725.79
Other Expense	
Sandwiches (Bowlers Sandwiches)	2,539.98
Cost of Raffles	1,517.14
Total Other Expense	<u>4,057.12</u>
Net Other Income	<u>24,668.67</u>
Net Income	<u><u>57,761.17</u></u>