**

Corporate & Strategy Reports

Committee Consideration – 12 November 2019

Council Resolution – 26 November 2019

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| CPS16.19 Western Suburbs Cricket Club Inc. – Management Licence of John Leckie Pavilion Clubrooms – Reserve 1670 |

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| **Committee** | 12th November 2019 |
| **Council** | 26th November 2019 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil. |
| **Director** | Lorraine Driscoll – Director Corporate & Strategy |
| **Attachments** | 1. Draft Management Licence |

**Executive Summary**

A new management licence of a City facility located on Crown Reserve land requires both Council endorsement and Minister for Lands approval. This item now provides Council with the opportunity to review the draft management licence by Western Suburbs Cricket Club Inc. for their seasonal use of the clubrooms at John Leckie Pavilion, located at College Park, 100 Princess Road, Nedlands, being Crown Reserve 1670.

**Recommendation to Committee**

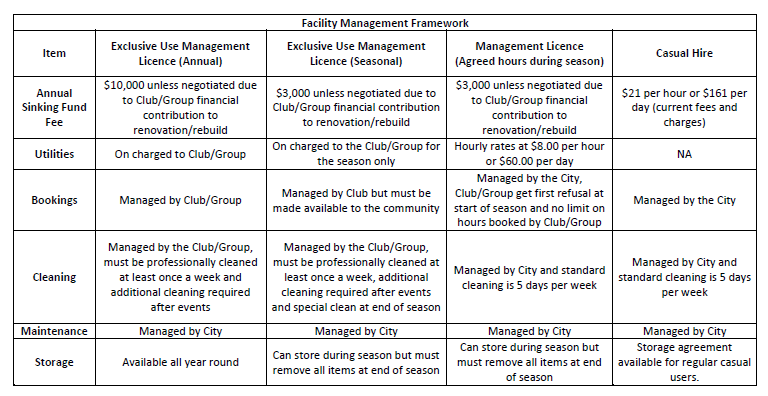
**Council**

**1. endorses the draft management licence by Western Suburbs Cricket Club Inc. for a portion of John Leckie Pavilion, College Park, 100 Princess Road, Nedlands as in Attachment 1.**

**2. requests that after receiving the Minister for Lands consent to the management licence, the Mayor and CEO sign the agreement and apply the City’s common seal**

**Discussion/Overview**

The Western Suburbs Cricket Club Inc. (the Club) have been in seasonal licence of clubrooms at the John Leckie Pavilion (the Premises) since 1 November 2013. The Club have use of the Premises from 1 October until 30 March in each year of licence. The Club’s management licence agreement has expired, and City staff have met with the Club to discuss the terms of a new licence agreement. The previous agreement followed an old version of the City’s management licence which has been superseded with the introduction of a new framework for the City’s Facilities Management for Licensing and Leasing (the Framework). The Framework was introduced at a Councillor briefing on the 17th April 2018. A copy of the table with a summary of the Framework is included below:



Please note the above table was presented in April 2018 and the rate of casual hire has since increased to $28 per hour or $210 per day.

Contrasting the Club’s previous management licence with the new agreement now presented, the biggest change is the amount the Club as licensee pays. In discussions with the Club they requested two amendments. Details of their requests now follow:

1. In the Framework a seasonal licence fee of $3000 is to be applied. The fee is to be reviewed by CPI annually with cost reviews every 5 years. The Club have requested this amount be reduced to acknowledge the significant impact this increased fee will have on the Club. The Club paid a licence fee of $1536 (incl. GST) in 2018. To assist with the transition to this new licensing framework the Club requested to pay a licence fee of $1500, to be reviewed by CPI annually with a cap on any increase of 2% annually.
2. The Club will have exclusive use of the clubrooms and so under the Framework the Club will now contribute to operational costs in addition to the licence fee. Under the previous licence the Club were not charged this fee.

As the clubrooms are within a larger pavilion the operational costs must be apportioned. For the purpose of efficient administration, it is proposed that the City set a fee in the City’s Fees and Charges for each licensed premises where utilities are not easily calculated. For John Leckie clubrooms a fee of $1,500 per season is appropriate. By comparison, the licensee at Adam Armstrong paid $5,297 in running costs in 2018 and the Cricket Club in licence at Allen Park Lower pavilion paid $2,890. These running costs are for a period of 6 months. Both of those licensees have exclusive use of the entire premises and receive revenue from third party hire. The John Leckie Clubrooms are smaller and have less potential for external hire.

In negotiations with the Club they requested the operational costs be reduced to $500 in year 1 and increase by $500 in each subsequent year, reaching $2500 in the final year of the licence.

For the purpose of comparison, included below is information regarding sports clubs in licence of City facilities and fees applicable:

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| **Premises** | **Licensee Club** | **Licence Fee** | **Operational Costs paid** |
| Adam Armstrong Pavilion | Collegians Amateur Football Club Inc. | $6420 + GST  (2019 fee) | All utility costs and ESL incurred 1 Apr-30 Sept  (In 2018 this amount was $5297) |
| Allen Park Lower Pavilion | Swanbourne Cricket Club Inc. | $2368 + GST  (2018/19 fee) | All utility costs incurred 1 Nov – 30 Mar  (In 2018 this amount was $2890) |
| Allen Park Lower Pavilion | Swanbourne Tigers Junior Football Club Inc | $2360 + GST  (2018 fee) | In 2018 the Club paid $1680 in operational costs at hourly rate of $8 and daily rate of $66 (per City Fees & Charges 2018/19) |
| JC Smith Pavilion | Suburban Lions Hockey Club Inc. | $2500 + GST  (2019 fee) | All utility costs incurred 1 Apr-30 Sept (to be calculated) |
| John Leckie Clubrooms | Claremont Junior Football Club Inc. | Club paid $1250 + GST  (2019 fee)  Fee is reviewed annually by CPI. | No further fees paid. This licence is an old version of the agreement and commenced in 2013 with a term of 10 years. Prior to the licence the Club leased the clubrooms. |

As we move this Club to the Framework for licensing the Club has requested a transitional format as noted above, to enable them to manage the shift and to ensure membership is not detrimentally affected by increased costs. For this reason, a middle ground approach is proposed and as set out below.

The Club will pay the following fee structure:

Year 1 – Licence fee of $2000 + GST and Operational Costs of $500

Year 2 – Licence fee of $2500 + GST and Operational Costs of $1000

Year 3 – Licence fee of $3000 + GST and Operational Costs as set in the City’s Fees & Charges and calculated in accordance with policy for this

Year 4 and on – Licence fee to be the prior year’s fee reviewed by CPI and Operational Costs as in City’s Fees and Charges.

While the Club advise that such a fee structure would mean they pay the highest fees of any cricket club locally, it is maintained that this schedule reflects a staged transition to the new model and should give the Club enough time to adjust. It also represents an approach to align all sporting club management licenses as much as possible. The Club have benefitted from very low fees during the preceding 6 years of their tenancy at John Leckie Pavilion and have a liquor licence which we believe will ensure capacity to meet changed obligations. The proposed fees equate to a portion of the City’s costs incurred to provide this facility and so represent only partial cost recovery.

The other terms of the management licence remain largely unchanged and the Club agree with these.

**Key Relevant Previous Council Decisions:**

Item PD14.13 was considered by Council on 23rd April 2013. In this item Council approved a non-standard management licence with the Western Suburbs Cricket Club for the clubrooms at John Leckie Pavilion. In this item Council reviewed the ability for the Club to have a liquor licence at John Leckie Pavilion and endorsed this. This management licence was the second of its kind, being a seasonal licence by a sporting club, previously they were only applied to toy libraries and playgroups. Hence the reference to it being “non-standard”.

**Consultation**

The City has met with the Club to discuss the terms of their new management licence. The Club for the most part agrees to the terms however maintain their preference for lower fees, advising these terms of licence would see the Club paying the highest fees of any cricket club in the local area.

**Budget/Financial Implications**

This proposal represents an increased recovery of costs incurred by the City in providing this facility, although it is still a fraction of actual costs. This approach is consistent with other management licence models.

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| CPS17.19 Suburban Lions Hockey Club Inc. Management Licence of J.C. Smith Pavilion, Melvista Oval, Nedlands (Reserve 1669) |

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| **Committee** | 12th November 2019 |
| **Council** | 26th November 2019 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil. |
| **Director** | Lorraine Driscoll – Director Corporate & Strategy |
| **Attachments** | 1. Draft Management Licence |

**Executive Summary**

A new management licence of City facilities located on Crown Reserve land requires both Council endorsement and Minister for Lands approval. This item now provides Council with the opportunity to review the draft management licence by Suburban Lions Hockey Club Inc. for their seasonal use of J.C Smith Pavilion at Melvista Oval – being Crown Reserve 1669.

**Recommendation to Committee**

**Council**

**1. endorses the draft management licence by Suburban Lions Hockey Club Inc. for J.C. Smith Pavilion, 140 Melvista Avenue, Nedlands as in Attachment 1.**

**2. requests that after receiving the Minister for Lands consent to the management licence, the Mayor and CEO sign the agreement and apply the City’s common seal.**

**Discussion/Overview**

J.C. Smith Pavilion is a purpose-built, single story building constructed in 1956 and comprises a total floor area of 450m2 (the Pavilion). The pavilion is located on Crown Reserve 1669 which is a Category A Reserve comprising a total of 23.9458 hectares and has been vested to the City since 1959 for the purpose of Recreation by way of a management order (Order). The Order grants the City the power to lease any portion of Reserve 1669 for the designated purpose for any term not exceeding 21 years subject to the consent of the Minister for Lands.

Riverside Lions Hockey Club occupied the pavilion since 9 April 1992 when the City granted a licence to the club for the use of the Pavilion for a period of five years.

The club applied and was granted a renewal of the license for a further five (5) years between “the Winter Sporting Season” from 1 April 1997 to 30 September 2001 with an option to extend the license for a further five (5) year period. This included the use of the Melvista Oval during the “Winter Sporting Season” for the term of the license.

The club remained in licence of the Pavilion until the club were granted a lease on 1 April 2010. The lease had an initial term of 10 years with an option to renew for a further 5 years.

In 2012 the Riverside Lions Hockey Club merged with the Suburban Nedlands City Hockey Club to form the Suburban Lions Hockey Club (the Club).

In 2017 it was agreed that it would be a preferred for the pavilion to return to the City for control and management of maintenance. The Club had struggled to adequately maintain the premises and had made unauthorised alterations to the pavilion that were non-compliant.

In 2017 the City completed a refurbishment of the premises which cost just over $100,000. In undertaking the refurbishment, the City and Club agreed that the Club would surrender their lease in favour of moving to a management licence arrangement. Negotiations of terms continued with the Club requesting amendments to the City’s standard terms and a concession on fees. The City’s standard terms are modelled on the Collegians agreement for Adam Armstrong Pavilion. The main terms (annual fee and process for on-charging utilities) were agreed but some final detail remained an issue. The Club commenced in licence at the pavilion in the 2018 season however a storm in June caused damage to the pavilion rendering it closed for the duration of the season. The Club were charged for half of the fee applicable to their first year of licence and outgoings were on-charged for half the season they occupied the premises.

City staff met with the Club in February 2019 to finalise the terms of the Licence. A summary of the draft Licence is now provided for Council’s reference.

**Summary of the terms of the Licence:**

Annual Licence Fee

$2,500 + GST payable annually. The fee differs from that contained in the City’s Framework for Facility Management for Leased and Licensed Premises which is $3000 p.a. It is considered that the Club’s circumstances warrant the $500 concession with further detail in the Budget/ Financial Implications section of this report.

Review of Licence Fee

The licence fee will be reviewed by CPI annually with a cost review completed halfway through the term. The fee as reviewed via a cost review method is to be advised to the Club 12 months before fee is to be charged, to allow for budgeting purposes. The Club requested the licence fee not undergo a review after the first year however this has not been agreed as annual reviews are consistent with standard practice for the City’s management licences.

Term

10 Winter Sports Seasons – being 1 April – 30 September in each year.

The term of licence is consistent with other sporting clubs in licence of City facilities. Collegians Football Club at Adam Armstrong Pavilion have three terms of 7 years each being a total 21 years in licence. Swanbourne Cricket Club at Allen Park have a licence term of 5 years and Claremont Nedlands Junior Football Club at John Leckie have a 10-year term. The longer term of licence is typically associated with Clubs who leased these premises prior to moving to a management licence. Typically, those leases were for an initial term of 10 years with a further term of 5 years, so a 10-year term of licence is consistent with their former tenure. None of the management licences contain a provision to enable the City or licensee to terminate the licence early and so any early termination would be by agreement between the parties. Where it is foreseen that a master planning process may take place at a City reserve, the City tends to include an early termination provision within the tenancy agreement and at present no such master planning process is planned for Melvista Oval.

Commencement Date

1 April 2019

Permitted Purpose

Hockey Club, community use and hire to third parties in accordance with requirements of the Lease

Hire

Club is required to make pavilion available for hire by the community when not used for hockey. When hiring, the Club always remains responsible for premises (i.e. any damage or nuisance issues is responsibility of Club to manage).

Alterations

The Club must not undertake any alterations to the premises without first obtaining written approval from the landlord. The City will respond to any application by the Club to undertake alterations within 1 month of receiving the application. The City must not unreasonably withhold its consent.

Cleaning

The Club is to clean the premises to a professional standard (as defined in the licence which includes a specification detailing items to be cleaned) at least once a week with additional cleaning after events. There are requirements on the Club for cleaning at the end of the season on vacating the premises. If standard of cleaning on vacating is unacceptable to the City the City may engage a commercial cleaner at the Club’s expense.

Utilities

The Club will pay utility charges incurred during the Winter Sports season. Water and electricity are not separately metered for clubrooms, public toilets, water fountains and grounds lighting so the Licence includes a schedule of percentages of utility invoices to be on-charged to the Club.

Furnishing

Club to obtain written approval before installing memorabilia at the pavilion and to remove at the end of the season and make good any damage. Only furnishings of a good quality and standard are permitted in the pavilion (ie.no second-hand furniture).

Storage

The Club may store one refrigerator in a storeroom at the pavilion outside the Winter Sports Season. Fridge must be clean and turned off during this time.

Consumables

Club to provide its own consumables during the season (includes soap, paper towels, cleaning products, but excludes light bulbs)

The City will be responsible for insuring the building and for properly maintaining the premises. Maintenance includes all structural maintenance, general building repairs including electrical and plumbing and the ongoing repair and replacement of fixtures and fittings. The Club are responsible for damage to the premises but not for deterioration due to fair wear and tear.

On 11th April the City’s Executive Management Team considered and endorsed the general terms of the new licence. The licence now requires Council endorsement and then will be sent to the Department of Planning Lands and Heritage to obtain Ministerial consent.

**Key Relevant Previous Council Decisions:**

On 27 April 2010 Council considered item D23.10 and approved an exclusive lease of J.C. Smith pavilion by the Riverside lions Hockey Club. The lease was for an initial term of 10 years with a further term of 5 years. In this item Council also considered the funding of electrical works at the Pavilion to ensure compliance for smoke alarms and residual current devices.

**Consultation**

The City’s Administration staff have met with Club representatives on several occasions and traded much written communication regarding the terms of the management licence. City staff believe that the terms of the management licence contained in Attachment 1 represent an agreement with the Club over their terms of tenancy at J.C. Smith Pavilion.

**Budget/Financial Implications**

The return of the pavilion to the City for management represented efficiency in terms of facility management and therefore resource allocation by both the City and Club. While this means the City will now bear more of the burden in providing this facility, in terms of costs to manage and maintain, it will ensure that facility management is to the necessary standard. In the long term this represents a preferred resource management strategy and will be budgeted for accordingly. The Club will pay a licence fee to assist with cost sharing and will pay for running costs of the pavilion while they are in their season of use.

It is noted that the City’s Framework for Facility Management for leased and licensed premises notes that a licence fee of $3000 should apply to this licence arrangement. The Club’s licence contains a fee of $2500 being $500 less than the Framework requires. This amount was negotiated with the Club during discussions in 2018 and represented an amount the Club could afford, particularly as they also lease premises at Highview Reserve being Max Brown Pavilion.

Under this lease the Club are responsible for all maintenance, repair and operational costs of the premises – being a lot more than expended on JC Smith through a licence arrangement. It is expected that through a cost review half-way through the licence term the fee will be brought into line with the City’s facility management framework applicable at that time. The licence fee is due to undergo a cost review in time for the 2024 winter sports season with the City giving 12 months’ notice of any new fee. The City is therefore due to advise the Club of the new fee on 31 March 2023.

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| CPS18.19 List of Accounts Paid – September 2019 |

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| **Committee** | 12 November 2019 |
| **Council** | 26 November 2019 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil. |
| **Director** | Lorraine Driscoll – Director Corporate & Strategy |
| **Attachments** | 1. Creditor Payment Listing September 2019 2. Purchasing Card Payments September 2019 (29th August 2019 – 28th September 2019) 3. CEO Credit Card Listing June 2019 – September 2019 |

**Executive Summary**

In accordance with Regulation 13 of the *Local Government (Financial Management) Regulations 1996* Administration is required to present the List of Accounts Paid for the month to Council.

**Recommendation to Committee**

**Council receives the List of Accounts Paid for the month of September 2019** **(refer to attachments).**

**Discussion/Overview**

**Background**

Regulation 13 of the *Local Government (Financial Management) Regulations 1996* requires a list of accounts paid to be prepared each month, showing each account paid since the last list was prepared. This list is to include the following information:

1. the payee’s name;
2. the amount of the payment;
3. the date of the payment; and
4. sufficient information to identify the transaction.

The list is to be presented to the Council at the next ordinary meeting of the Council after the list is prepared and recorded in the minutes of that meeting.

**Risk Management**

The accounts payable procedures ensure that no fraudulent payments are made by the City, and these procedures are strictly adhered to by the officers. These include the final vetting of approved invoices by the Manager Finance and the Director Corporate and Strategy (or designated alternative officers).

**Conclusion**

The List of Accounts Paid for the month of September 2019 complies with the relevant legislation and can be received by Council (see attachments)

**Consultation**

Required by legislation: Yes  No

Required by City of Nedlands policy: Yes  No

**Budget/Financial Implications**

Nil.

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| CPS19.19 Perth Flying Squadron Yacht Club Inc. – Right of Entry (Business and Goods) Document for Execution to Support Mortgage to Fund Works |

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| --- | --- |
| **Committee** | 12 November 2019 |
| **Council** | 26 November 2019 |
| **Applicant** | Perth Flying Squadron Yacht Club Inc. |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil. |
| **Director** | Lorraine Driscoll – Director Corporate & Strategy |
| **Attachments** | 1. Right of Entry (Business and Goods) 2. Letter with Ministerial Approval to Mortgage dated 12 September 2019 |

**Executive Summary**

On the 19th of December 2017 Council considered an item relating to non-compliance issues by the Perth Flying Squadron Yacht in locating infrastructure in the public access area of the foreshore reserve. Council required certain actions of the Club to resolve these issues. The Club have since provided the City with an application for development approval for works which satisfies the City’s requirement to resolve outstanding compliance issues. The application has been processed and development approval has been provided by the Department of Biodiversity, Conservation and Attractions. To fund the project the Club requires mortgage funding. To finalise the mortgage of lease the City as landlord has been asked to execute documentation, now the subject of this report.

**Recommendation to Committee**

**Council**

**1. Subject to the condition in clause 2 below, agrees to execute the Right of Entry – Goods and Business as in Attachment 1 and approves the City’s common seal be applied to the document and the Mayor and Chief Executive Officer to sign the document as required.**

**2. The condition of the City executing the Right of Entry- Goods and Business is that the Club will use a portion of the mortgage funds to resolve all compliance issues noted in Council’s earlier item PD58.17. The Club must confirm this undertaking in writing before the City executes the Right of Entry – Goods and Business in Attachment 1.**

**Discussion/Overview**

On December 19th, 2017 Council considered an application by the Perth Flying Squadron Yacht Club Inc. (the Club) for development approval to install a wave attenuator device in the river at the Club’s premises to protect vulnerable Club assets. This item provided Council the opportunity to understand legacy issues the City’s Administration had been liaising with the Club to resolve. The issues related to Club infrastructure obstructing the public’s safe access to the public area of the river foreshore – being an area of approximately 20 metres from the edge of the Club’s lease premises to the river’s edge. Since this Council item was considered the Club reformatted plans for the project and submitted to the City for landlord approval an application for development approval to install the wave attenuator, remove the Club’s slipway, install fencing along the boundary of the lease premises, landscape and construct a public shared path along the river foreshore. As authorised by Council in its resolution of 19th December 2017 the City’s former Chief Executive Officer signed the application on the 24th May 2018 and development approval for the works was provided by the Department of Biodiversity, Conservation and Attractions on 3rd April 2019. The works are estimated to cost $3.68 million. The report to Council on this item noted the Club would require mortgage funds to complete the works.

As part of the process to finalise a mortgage of lease the lending bank requires the City as landlord to sign a document known as a Right of Entry – Goods and Business (the RoE). The RoE is included in Attachment 1. The RoE is in draft format and requires detail of the lease agreement to be inserted before execution.

The City sought legal advice from McLeods Barristers & Solicitors on the RoE document and were advised the following:

*The terms of the RoE are acceptable and there is nothing which appears to expose the City to any unreasonable risk.   Generally, the grant of a mortgage may actually assist in ensuring compliance with the terms of the Lease as the bank has a strong incentive to keep the lease on foot.  Under the RoE, the City agrees (amongst other things) that:*

* *it will not be an ‘event of default’ under cl 16.1 of the Lease if the lending bank exercises any of its rights or powers ie taking possession;*
* *to give the lending bank written notice of any default prior to:* 
  + *terminating the Lease;*
  + *refusing to renew the Lease;*
  + *withholding consent to any transfer or assignment of the Lease;*
  + *re-entering the leased premises; or*
  + *converting the tenancy; and*
* *it will obtain the consent of the lending bank prior to varying, amending, agreeing to an assignment of Lease or accepting the surrender of Lease.*

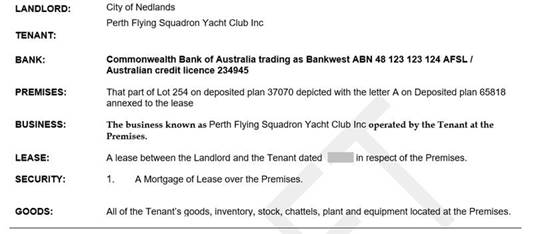
*Prior to signing the RoE, the City should be satisfied that the Club does not consider that any of the City’s property or fixtures or fittings are the property of the Club and, consequently, classed as ‘Goods’ under the RoE or other mortgage documents.*

*The Minister for Lands’ consent to the RoE, is not required however, the Minister’s consent to the mortgage of lease is required under the Land Administration Act 1997.  The Club should provide evidence to confirm that it has obtained the Minister’s consent to the mortgage of lease prior to the City signing the RoE.*

*The mortgage of lease cannot apply beyond the lease term, so the City would not be required to obtain the consent of the Bank if the parties are re-negotiating the terms of a new lease when the current lease (and consequently the mortgage of lease) expires on 31 December 2031.*

*The City’s obligations in terms of the mortgage facility will be set out in the RoE, not the mortgage documents.  It may be beneficial for the City to request a copy of the mortgage documents to ensure that the club is not including any of the City’s property as security under the terms of the mortgage.  The City should be aware that it is unlikely to be in a position to amend the terms of the mortgage documents as it is not a party to the documents however, if the City is concerned that the mortgage documents expose the City to any unreasonable risk, the City may elect to withhold its consent to the mortgage documents pursuant to cl 23.7 of the Lease.  As a condition of providing its consent to the mortgage, the City may request that the Club provide written assurance that the mortgage funds will be used to complete the works and rectify the compliance issues and how this will be achieved (ie evidence that contractors have been engaged and a timeframe for the completion of the works).*

In terms of “Goods” included in the RoE the Club has confirmed Goods *“only includes the Club’s goods located on the Premises and does not include any of the City’s property.  This is defined in the RoE document under “Goods” as in the snapshot below:”*



The Lease agreement defines the Lease Premises as the land, buildings, structures, alterations, additions and improvements erected on the noted portion of Crown Reserve 17391 during the term of lease.

As referenced in McLeods advice above, section 18 of the *Land Administration Act 1997* requires the Club as lessee of Crown land to obtain consent from the Minister for Lands to a mortgage over a portion of Crown Reserve 17391*.* The Club provided the City with a copy of a letter dated 12 September 2019 from the Department of Planning Lands & Heritage granting Ministerial approval to the Club’s proposed mortgage. A copy of this letter is included in **Attachment 2**.

**Key Relevant Previous Council Decisions:**

On 19 December 2017 Council considered item PD58.17 which presented an application by the Club for development approval to a proposed redevelopment of the Club’s in-water infrastructure. This item raised a legacy issue associated with ongoing presence of unapproved Club infrastructure located in the public access area of the foreshore reserve, outside the Club’s lease premises. In item PD58.17 Council resolved to require the Club be served with a Notice under the Lease requiring the Club, within 12 months remove and make good, the slipway and all other impediments by the Club to public access through the public access area of the river foreshore reserve. Council refused to sign the application for development approval until the City received from the Club a plan of works (to the satisfaction of the City’s Chief Executive Officer and by 31 March 2018) to provide safe and unhindered pedestrian access along the public river foreshore. Council also required the Club to apply for and receive the necessary statutory approvals to do the work required above and requested the Club include in any new application for development approval a commitment to install the shared public footpath by 19 December 2019.

**Consultation**

The City has liaised with the Club and McLeods Barristers & Solicitors to review the detail of this request and the associated document. The Club has provided evidence of Ministerial consent to the proposed mortgage. There is no further consultation required.

**Budget/Financial Implications**

The Club’s proposed mortgage is a financial burden for the Club to manage and must be assessed by the bank lending the funds. The obligation for loan repayment sits solely with the Club. The City is not a party to the mortgage. By signing the RoE the City is permitting the lending bank entry to the Club’s goods and business at the lease premises in so far as set out in the RoE. The City is not providing any financial commitment to the Bank but allowing access and so there are no budget implications for the City to consider. The risk associated with permitting the lending bank the right of access is as advised by McLeods being a reasonable assumption in order to enable the Club to obtain funds to further its operations and to reach compliance through removal of the non-compliant infrastructure and construction of the public shared path.