

ITEM NUMBER: 17.1

CONFIDENTIAL

GLENELG FOOTBALL CLUB

Pursuant to Section 83 (5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- b. Information the disclosure of which –
- (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest.

Item No: 17.1
Subject: **GLENELG FOOTBALL CLUB**
Date: 26 April 2016
Written By: General Manager Business services
General Manager: Business Services, Mr I Walker

SUMMARY

Subsequent to a presentation by Glenelg Football Club to Elected Members on 8 March 2016, a formal response is proposed.

RECOMMENDATION

That Council endorses the letter to be sent to Glenelg Football Club provided at Attachment 1 to this Report No: 110/16.

STRATEGIC PLAN

A Place that Provides Value for Money

COUNCIL POLICY

Nil

STATUTORY PROVISIONS

Nil

BACKGROUND

The Chief Executive Officer and members of the board of Glenelg Football Club provided Elected Members a presentation in confidence during a workshop on 8 March 2016 regarding the club's financial position and including a proposal to reduce the loan owing to Council.

REPORT

Subsequent to the workshop, the Glenelg Football Club has provided additional information in response to further questions. A formal response has been drafted incorporating comments from Elected Members, the Audit Committee (which discussed the matter at its meeting on 13 April 2016) and from Council's legal adviser.

Refer Attachment 1

BUDGET

This report does not have any direct implications for Council's budget however the outcomes of future negotiations and the ability for the club to make lease payments and repay Council's loans may have an adverse impact on the 2015-16 or subsequent budget.

LIFE CYCLE COSTS

This report does not have any full life cycle cost implications.

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26 April 2016

Mr Glenn Elliott
Chief Executive Officer
Glenelg Football Club Inc
Gliderol Stadium
Brighton Road
Glenelg SA 5045

Dear Glenn,

I refer to recent discussions between Council and the Club in regard to its future position. Council wishes to acknowledge the Club's presentation on 8th March and the further information provided in response to more detailed questions. In relation to this matter Council has resolved as follows.

1. Council wishes to continue working with the Club, and its key stakeholders, with the aim of restoring longer-term financial viability; however Council must also discharge its broader obligation to its ratepayers.
2. Council has considered but does not agree to the Club's proposal to 'give back' the Function Centre with its value proposed as a debt reduction. Council is not in a position to operate a business or community activity in the Function Centre and any proposal of debt reduction is unacceptable.
3. Council is of the view that the Club needs to urgently develop and implement business strategies to repair its deteriorating financial performance. This must include a well-structured business plan incorporating a marketing plan (including sponsors), communications plan, cost management (including player payments) and leveraging its supporter base. Business strategies developed by the Club must address short term and long term objectives, with performance milestones to be mutually agreed by both the Club and Council. A key milestone is GFC's financial situation/targets/sustainability at the end of the year 7 payment structure from the SANFL.
4. Council will establish a working party that will work alongside the Club to monitor financial sustainability. We anticipate the working party would meet regularly to understand issues, set actions and maintain active lines of communication. Further suggestions include:
 - a. exploring the use of the oval and facilities for additional purposes such as men's and women's soccer and other sports
 - b. engaging a professional hospitality management business to manage the Function Centre with the aim of improving financial returns (eg. a proven provider in the field with a track record of turn-arounds)



5. Council recognises that the current financial situation is complex as regards the two clubs and its key stakeholders (Council, ANZ and SANFL). In the circumstances, Council proposes the appointment of an independent 'investigative accountant' to assist the clubs and Council to fully understand the clubs' current financial position and obligations and to build a sound base for a viable plan going forward.
6. Once that financial assessment has been fully considered by the clubs and Council, it is proposed that both parties meet with the ANZ to secure its support for a joint plan.
7. It is also proposed that very early in the ongoing review that Council and the Club meet jointly with the SANFL to canvass its position in relation to the planned distributions from West Lakes, and whether they are in a position to remove the immediate threat of insolvency. Council seeks assurance through a formal binding commitment that the proceeds from the sale of West Lakes will be applied to repay Council's loans.
8. Naturally, in working with the Club, Council wishes to make it clear that it continues to reserve all rights available to it under the existing agreements and securities granted by the clubs.

Yours sincerely



Justin Lynch
Chief Executive Officer

Cc. Mr Nick Chigwidden, Chairman GFC