



North Shore Country Club and Residents Association

PO Box 145. Hillary's WA 6025
11 Henderson Drive, Kallaroo WA 6025
ABN No. 20 353 736 273

Annual General Meeting 21st November 2016

Meeting Convened: 1945hrs NSCCRA Club House

Committee Members

Club President Ross Sawatzky

Larry Hirsch [Tennis Secretary]

Vice President Nick Cater

Andy Seale [Absent]

Club Treasurer Jeremy Atkinson [Absent]

Tim McKenzie

Club Secretary Brian Campbell [Absent]

Ivor Ferguson [Absent]

Mike Bennett [Social Secretary]

John Ingrams

Apologies:

No apologies were received

In Attendance:

Dean Howlett

Wendy Campbell

Jeff Danylyk

Luke Van De Kundert

Carol Freeman

Maria Van De Kundert

Dennis Freeman

Richard Bradshaw

Sara Atkinson

Tony O'Brien

John Wright

Julian Spada

Ron Keatley

Ben Hocking

Janine Cater

Proxies

Ian Geddes

Nick Noonan

A Seale

Welcome:

Ross welcomed everyone to the meeting explaining he would be presenting the Management reports, the election of the new officers for the Committee, special resolutions and then information regarding the ongoing development of the facilities of the Club.



It was confirmed that with approved proxies and Ordinary members present the club had a quorum to proceed with the meeting and decisions. Ross began his annual Presidents Report to which he highlighted the members of the main Committee and sub Committees who were now to be replaced by the new committee to be voted on. He wished to thank everyone involved throughout the year for their contribution and participation and efforts.

Club Activities

Ross highlighted activity of the club in respect of Tennis as to numbers of competitions held, the numbers of participants using the evening/night court and new lights and the amount of coaching delivered to members and others especially those on a Friday evening, thanking Ben and his team and Dean for his contribution on social tennis.

He then made comment on the success of the Golf Days and its participation and enjoyment had by everyone and their continuation into the future.

Ross then made comment in regard to the social activities held by the club and the success of the live bands at functions organised by the social committee, the quiz night and ongoing management of the bar and the continued success of providing drinks to members and others who frequented the club or attended functions. He was optimistic that these successes would be built on.

Ross informed the meeting of the current situation regarding the vacant Bar Manager position with Wendy Campbell standing down after serving for so long, and the Club was extremely appreciative of her contribution and to Mike Bennett who replaced her on a temporary basis, but the Club was now looking to fill this position on a more substantial basis.

It was hoped to recruit a suitably qualified individual within this financial year to undertake this role on a permanent paid basis to improve the working arrangements, the efficiency of its operation and ways to increase its potential on profits earned from the turnover of sales.

Associations Incorporated Act 2015

Ross introduced the subject of new legislation the Associations Act 2015. He then asked John Ingrams to inform the meeting of the key issues affecting the Club and implications as to why and what was necessary for the club to be compliant.

The Act came into force in July this year covering all registered associations with legislation similarly being applied throughout other states and is not unique to WA.

The Act allowed for clubs to manage their business within their own arrangements in so far as being structured and accountable to the members but within the legislation. However, the Act defines the expectations and liability of the committee as a group and as individuals regarding decisions and governance. The Act through published guidance promotes a set of model rules to ensure suitable governance and directly compliments to other statutory duties applicable to the club from other legislation.



John highlighted the key Mandatory Key features of the Act especially the requirement to review and update their operating rules [Constitution] and to bring them into line with the new legislation implementing changes as necessary regarding: Financial Accounting and Reporting; Governance; Club Management; Privacy & Record Management; Membership types; and Disputes and Complaints procedures.

Maintenance & Short term Improvements

Ross then described the achievements the club had made in regard to maintenance and short term projects through the year, highlighting gardening and mowing, the point of sales system with special thanks to Tim McKenzie, nets maintenance through Dean Howlett and general handyman duties carried out by Luke de Van Kundert.

Some discussion took place on the operation and working of the recently installed new tennis courts lights, and Ross explained that he was aware of the issues and remedial works have been ordered to rectify.

Financial report

Ross presented key points from the financial report for the financial year ending in June 2016 as prepared by the Treasurer showed the following:

Bar

- Bar turnover fell in FY16 by \$1,605 (\$31pcw) to \$94,162.
- Although gross margins grew slightly to 57%, fixed costs increased by \$5067 reflecting increased staffing costs.
- Bar surplus of \$27,183 down \$3,724 on prior year with Nett bar profit margin at 29% below the previous year's 32%, reflecting higher staff cost ratio to sales.
- Club Functions contributed within FY \$ 3,846
- Position: Club is selling less in volume, and even though the club agreed to a small price increase in FY 16 turnover is declining and fixed costs increasing
- The club repaid all loans and is now debt free
- The club has continued to benefit from paid book-keeping services but cost of some services has risen as the club is not able to rely entirely on volunteers going forward and is paying market rates for certain activities
- The club continues to depreciate all new assets in line with ATO and other professional guidelines to reflect the fact that assets wear out and need to be replaced.
- Tennis has produced a positive financial contribution of \$3,817 in FY15 with the court use fee payable by the coach increased to \$500 pcm.



Membership and other Sources of Income and Expenditure

- Membership income fell in FY16. Income was \$22,688 down \$6,346 on prior year
- The rental arrangement with Living Wisdom contributed \$15,840
- Bridge on Tuesdays ended during the financial year FY15 - a loss of income of approximately \$3,500 annualised however Pool continues to generate useful income
- The club is very aware of increases in utility prices (particularly electricity and water) and rates (City of Joondalup). Whilst we are essentially price takers in both areas we are striving to control electricity costs through judicious use of reticulation pumping
- Stripping out income from Bank Interest and grant for tennis lights overall club profit for 2016 was \$ 1978

Ross informed the meeting that the financial position of the Club is of concern and that the Club through the outgoing and the new incoming Committee is aware and will be looking to initiate plans and actions to address the following but requires the full support and participation of all members to make it more successful;

- **Income is Declining:**
 - Falling Memberships
 - Reduced Bar Profit lower Volume[s] sold and costs increased
 - Bank Interest a major element of current income is declining [in line with reduced bank base rate and club development expenditure and should be acknowledged to reduce more with planned works]
- **Expenditure Increasing:**
 - Fixed costs in line with Inflation
 - Staffing costs in line with Inflation and paid duties due to reduced voluntary roles

Ross then informed the meeting that a full copy of the financial report would be made available to any member on request.

Election of New Officers of the Committee

Ross then asked for the meeting to acknowledge the nominations received for the posts associated with the Committee and the meeting was asked to vote on each nomination and respective position.

The following was agreed by the meeting:

President: Nick Cater

Treasurer: Steve Kerr

Secretary: John Ingrams



Immediate Past president: Ross Sawatzky [No Vote required as per constitution]

Committee Members: Dean Howlett; Jeff Danylyk; Sarah Atkinson; Brian Campbell; Ivor Ferguson; Mike Bennett; Larry Hirsch

The meeting acknowledged and accepted that the New Committee was in place and charged with carrying out the governance of the Club in regard to representation of the membership.

Changes to Membership Fees Resolution

The meeting was informed of and asked to endorse the proposed changes to Club Fee's initiated by the previous Committee to reflect inflation and also to attempt to attract more social members to the Club.

Some discussion took place on the reduction of the fees for Social membership and whether this would actually increase profits and outweigh the loss of Club revenue in reduction of fees. It was explained that due to variable circumstances the intention of the reduced fees to be a 'loss leader' to attract more members and advertise this to the local community had not really been successful as yet, but would be an action high the committee agenda linked to a designated membership plan.

The meeting was asked to vote on acceptance of the new fees and was agreed.

Club Vision & Objectives

Ross reminded the meeting of the clubs acceptance of the following from the previous AGM for the Club:

*Develop an **affordable** and **sustainable** community sporting and leisure facility for the enjoyment of local residents which is **well-used** and **in keeping** with the local environment*

- 1) *Affordable community activities*
 - *Membership or pay-to-play*
 - *Social bar/food*
 - *Flexible sports facilities*
 - *Subsidy for seniors, toddler groups and youth*
- 2) *Full-Time professional management*
 - *Catering*
 - *Bookings*
 - *Maintenance scheduling*
- 3) *Revenue generative activities*
 - *Quality functions (Club functions, weddings, parties, music events)*
 - *Small business meeting and conference*
 - *Sport's facility hire*
- 4) *Quality, well maintained and flexible-use assets*

Ross then informed the meeting of the key Capital Projects underway or completed to match the facilities of the club to objectives previously agreed to be pursued and actioned by the Committee

- Refurbishment Toilets



- Kitchen Upgrade
- Landscaping upgrades to Front
- Clubhouse Upgrade-ongoing with Committee
- Introduction of a new Point of Sale system with membership cards

Residents Association

Ross then informed the meeting of the ongoing development of the Club within the North Shore area and the potential for the Club to act as a hub due to the facilities and general central location and position of the club. He informed the meeting of the following in respect of the Association:

- Finding Funding for the 'going Live" of Northshore
- Have already had Police endorsement including the Minister as an integral role for the new Policing model
- Council endorsement to act as a focal point and a voice of the Northshore community.
- Will work in concert with NSCC
- Opportunity to reach new members

Club Development

Ross then asked the incoming President Nick Cater to update the meeting on current situation regarding the proposed projects and stages of the club building/premises and surrounding areas developments and costing.

Nick advised the meeting the objectives of the proposed works using a staged approach linked to existing budgets and the success of the club to generate more revenue. He then showed the committee the drawing of the premises and planned improvements to areas linked to the following;

Stage 1 & 2 complete

Stage 3 Development of the landscaping around the entrance to the club and tennis courts to give a safer and amenable viewing area for spectators and shading.

Stage 4 Bi-folding doors from the club house with decking to create a viewing platform across the lakes

Stage 5 Upgrade of the internal decoration and refurbishment of the club house

Stage 6 Creation of a new club room to the North of the building

Nick advised the meeting that stage 3 works had gone through tender linked to a proposal made to the club about providing coffee/tea facility from the refurbished kitchen operated on a contractual basis on a monthly income from an interested party. The tender process has moved to preferred bidder arrangements with a contractor and discussions are ongoing to the implementation dates and schedule of works and timings, including removal of the electrical switchbox to enable new water drainage runoff facilities and seating area.



Nick advised the meeting that the proposal of operating the Kitchen as Coffee shop to sell to the public and members would require a change of use of the facilities, including planning permission for installing new shade sails; therefore a Development Application is required to be made to City of Joondalup Council. A discussion took place about the issues of the water runoff from the tennis courts at present and the opportunity to improve this especially for court use.

Discussions also took place on potential tensions and other implications arising from the proposed use of the kitchen for use as a separate trading enterprise and any imposition this would have on availability to use the kitchen or amenities and facilities by members whilst the club house is functioning.

The discussion then broadened as to the requirement to improve the revenue income for the club as the potential to enter into the agreement was substantial if it proved to be a success for the operator. However, a lot depended on outcomes of the DA application on change of use, licensing to sell food and drinks to the public. The Committee would review all relevant information and feedback as the building project and proposals developed.

Ross informed the meeting as to ongoing discussions taking place with the tenant of the first floor as to rental market prices and a staged increase to reflect this considering the caveats placed on the club.

Nick informed the meeting of the estimated costs of completing stages 3, 4 & 5 within the next 12 months would be around the \$300K without any other complications as known. This would have an effect of interest earned from the capital funds held, but if income is generated from initiatives undertaken by the committee this should be offset.

Discussion took place as to the priority of the proposed expenditure and income potential to completed works, where a number of contributions were forwarded from the floor, as to club liabilities if some were not done, the business case for certain stages or elements of works.

The discussions focused upon a number of risks posed to the club being legal and reputational if certain works not completed and the potential influence on maintaining present income from memberships and the bar and hiring of the room if the facilities were not improved.

It was generally accepted that there was a balance of managing the potential risk that if works were undertaken and finance spent, with ensuring improvements to the main income generation of the club from memberships and the bar were unable to be achieved otherwise this could pose significant financial risk to the club.

However, it was raised from the floor that the sale of the land to create the capital funds for the development of the club was for that and the club should not lose sight of that, and that the opportunity to do so should not be distracted from about operating costs of the club.

A number of options were forwarded on whether to complete stage 3&5 and wait to see if revenues improved before stage 4 initiated, or the logistics of completing all stages 3-5 in upheaval and redecorating costs of installing the bi-fold doors. Concerns were also raised as to the practicality of



forming a decking area and the works required to place this over the top lake and whether this had been fully included in the initial costing put to the club from the designers.

It was agreed and voted by those present, that the Committee would proceed with and manage the development and implementation of the stages 3-5 with stage 6 being held back till others had been completed and then reviewed as to practicality and feasibility. The Committee would feedback to the membership if elements of the implementation or feasibility of the stages 3-5 exceeded that of the initial costing of the \$300k or significant issues were raised or identified for appropriate approval or acknowledgement by resolution by the membership.

The meeting was informed about the necessary works proposed to the lower lake area and the redevelopment working in conjunction with the City of Joondalup. A number of concerns were raised from the floor about OHS issues and safety about the lake and the meeting was informed that the lake and ground belonged to the Club but it was a designated water catchment facility for the City of Joondalup for the local area so we have responsibility to manage aspects of it but proposed redevelopment or repair works to maintain it as a water catchment fall are a responsibility for the City of Joondalup.

Unfortunately there were inconsistencies from officers from the City of Joondalup on elements of the funding of the works. The meeting was informed the discussions with officers from the City of Joondalup were ongoing and the membership would be informed in due course of the outcome.

Questions;

There was a questions raised from the floor regarding the new associations act and requirements regarding the constitution and the relationship of Gold Certificates and the current NSCCRA constitution arrangements, enabling existing Gold Certificates transfer between parties as agreed by those parties on value.

Discussion took place as to the mandatory requirements under the Association Act 2015 and its subsequent regulations 2016 and described within the published 'A Guide for Incorporated Associations in Western Australia' that explicitly require all associations to review and if required to amend their current rules in line with the Act within stated timescales.

The meeting was informed of the following:

The legislation specifically states to be an Incorporated Association and defined as 'not for profit', there are only 2 classes of memberships permitted under the new Act being an Ordinary membership with full voting rights and Associate membership without voting rights. There can be as many types of associate membership as a club defines but there is only one class of Ordinary with full voting rights restricted by age only.

The Act also does not permit voting rights as being transferrable between members or parties.

The Act allows any Association to set fees as it seems necessary and to differentiate those fees between types of membership to an Ordinary and those of Associate[s]



NSCCRA Constitution defines 5 types of Ordinary membership with restricted voting rights linked to the specific ownership of a Gold certificate either issued by the Club or through the transfer by agreed parties, and to type of membership.

NSCCRA constitution restricts voting rights to a defined Ordinary membership if the person owns a Gold Certificate either as a single membership type, or to only the registered person owning the Gold certificate of an Ordinary family type of membership [all persons are Ordinary if over 18yrs old but only one vote per family]

NSCCRA constitution defines eligibility to be a member of the club as managed by the Club and it also manages the issue of any new Gold Certificates and can set their value to conditions acceptable to individuals by resolution.

NSCCRA is not accountable or directly linked to any transfer of existing Gold Certificates by parties and their respective values associated with that transfer [market value]. In addition the value set by parties agreeing transfer is a determination by them and they only have to inform the club of transfer and the certificate number in question.

Individuals can purchase new certificates or undertake transfer from another party without being a member of the club, the club just register's ownership.

The main points of contention in respect of the Act are:

The Act does not allow any variable of Ordinary Membership with every Ordinary Member being afforded a vote only restricted by age of over 15yrs of age and not less than 18yrs old as per NSCCRA

The Act does not restrict variation of fees for type of membership or criteria to meet membership; however it does not allow transfer of voting rights in regard to type of membership[s]

The criteria for issue ownership of a new Gold Certificates if not an existing member of the Club is restricted by the NSCCRA constitution to proof of address of the ownership as residing within the NorthShore Area.

Membership of the club as an Ordinary member is restricted to those owning a Gold Certificate which is a separate arrangement to the eligibility of club membership except as a means for reduced fees on that membership. In addition the acquisition of any Gold Certificate except the issue of a new one is outside the management of the Club.

Holders of existing Gold certificates as a member of the club are entitled to reduced fees for that membership, but ownership of Gold certificates are not restricted to being a member of the club.

The holders of Gold certificates are able and do relate the value of the Gold certificate to the existence of the Club within the locality of the area, whether they are or not a member of the club, and can influence on the operation and success of the club through membership of the club and rights of voting.



The ownership of a Gold Certificate is not conditioned to membership of the club, holds a market value for transfer linked to that value linked directly to the performance and success of the club and its position and locality to the area. However owners of a Gold Certificate if satisfying eligibility for membership and are fully paid up members are the only members entitled to a vote on the direction and operation of the club.

The Gold Certificate operates not only as a means for reduced membership it restricts directly the eligibility to vote similar to that of a shareholding as to the associated respective value of the Certificate and the locality and success of the club. This could question the club registration as being a 'not for profit association'.

These all need to be considered within the review of the current constitution to be compliant with that required by legislation. The Act stipulates that any review and proposed changes made to the constitution of the club will need to pass by special resolution of the club at an AGM or special convened meeting of the membership.

The club has assigned this review within the Committee for proposals to be formed taking into account the points made and the suggested new constitution to be put before the membership in a special resolution either at an AGM or Special Meeting.

There being no other business or questions, Ross then concluded that the meeting was now closed at 2130hrs and thanked everyone for their contributions and feedback, highlighting the appreciation to those Committee members stepping down for their contribution and support.

PRESIDENT - NSCCRA Club Inc

Dated: 27. 11. 16