



H a w k e s b u r y C i t y C o u n c i l

ordinary
meeting
business
paper
supplementary

date of meeting: 10 December 2002

location: Council Chambers

time: 7.00pm

ORDINARY MEETING

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SUPPLEMENTARY AGENDA

- SECTION 4 - Reports for Determination

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section

reports
for determination

ITEM: 155 **Hawkesbury Leisure Centres Incorporated****FILE NUMBER:** GM001/023 Pt12/CSV/ORL10LBX.C20**PREVIOUS ITEM:** 82, GPC Section 3 - Organisation & Resources (24.09.2002)

REPORT:

At the General Purpose Committee meeting held on 24 September 2002, Council was advised of the financial position of Hawkesbury Leisure Centres Incorporated. As a result of this report, Council resolved the following:

“That:

- 1. The current financial position of Hawkesbury Leisure Centres Incorporated be noted.*
- 2. Negotiations commence with Leisure Co. to seek their advice or financial measures to reduce debt.*
- 3. The contract between Leisure Co. and Council be amended to update arrangements that have occurred since the original contract was put in place.*
- 4. The underwriting clause offered by Leisure Co. and agreed to in contract remain with Leisure Co. being reminded of their financial exposure.”*

Subsequently, Leisure Co. have advised in correspondence that, in accordance with Clause 21 of the Management Agreement, a dispute has arisen between the parties in connection with the Management Agreement. In their correspondence Leisure Co. have indicated their belief that the underwriting of losses was limited to the seed funding of \$100,000.00 (one hundred thousand dollars). The underwriting clause (as reported at the General Purpose Committee of 24 September 2002) provided that:

“underwriting means the provision of start-up funding, initial operational cash flow, support and payment of any operating loss at the termination of this deed or any extension thereof before the deduction of non cash items such as depreciation, provision and the like.”

In accordance with Clause 21 of the original agreement, Leisure Co have nominated Mr Neil Butcher (Contract Manager) and Mr Graeme Alder (Chief Executive Officer) as their representatives for negotiation of the dispute. It is recommended that Councillor Kevin Conolly and Mr Geoff Banting (Director Community and Corporate Services) conduct negotiations on behalf of Council. It is expected that the results of negotiations will be reported to the next meeting of council.

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Item: **155**

Under Clause 21.4 of the Management Agreement, parties or their representatives are required to settle the dispute within 21 (twenty one) days, otherwise the dispute is to be settled by arbitration, in accordance with the Arbitration Act New South Wales.

RECOMMENDATION:

That under Clause 21 of the Management Agreement between Hawkesbury City Council and Leisure Australia Incorporated (now Leisure Co.) dated 6 November 1995, Councillor Kevin Conolly and Mr Geoff Banting (Director Community and Corporate Services) be nominated as Council's representatives for negotiation of dispute resolution.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF ITEM 155 Oooo



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