

**Introduction:**

*This letter has been provided with the permission of Grant Hyder.*

*It provides quite a bit of detail and background in regard to the questions many members have been raising in relating to lease and maintenance requirements at WAGC.*

*If you have any questions, please email to [info@waqunclub.com.au](mailto:info@waqunclub.com.au).*

**Letter from Grant:**

From: Grant Hyder

Sent: Tuesday, October 06, 2015 12:58 AM

Subject: Re: Maintenance and Levy

The commercial reality of being at the complex seems to be lost on the majority of the members.

The Complex (WASA) pays around \$2,300.00 per annum in rent on the Head Lease and have elected to pay for this from monies other than rent from tenants so it's NOT part of our current rent.

The Head Lease was set up for around \$12,000 per year (needs checking but it's close enough) but the government of the day chose to charge less as an assistance to ballistic sports. This (higher) amount should also have had regular reviews but never did.

Complex tenants have been better off by this amount each year for over a decade.

In reality tenants pay a pro rata contribution to a common cost fund and don't pay "rent" at all if you look at it that way.

All of the contribution goes on Complex costs and is spent to the total benefit of tenants' common costs and outgoings.

Under the original lease(s) we were always responsible for the day to day repairs and maintenance of wear and tear.

The fact that there is a lot to do says that we haven't kept up with a lot of it. It's cyclic, so you could say we are at the bottom of a cycle and there's a lot to do.

In my view it comes down to members not taking responsibility for their role in the upkeep of their own club.

It's all very well to say "if someone had have told me". We're all that someone. We're all responsible!

Ask any of the "I'll join Peel" group how many busy bee's they've been to.

Most of the cost factored into the maintenance and repair assessment was labour. Exactly the thing that any authentic member should be able provide as part of his/her contribution to the club.

A few of the larger items on the ISSF list were completed in our preparation for Auscups (painting floors and columns) and others were already work in progress (replacing layout doors). These were both made up of club purchased materials and volunteer time.

There are items on there that are an aesthetic requirement of Whiteman Park as well as uneven paths which are a safety issue, so it's not all under one banner of the maintenance assessment but the club is still responsible for doing the work.

We have been on a course of self-determination with the WASA CMC for some time. The outcomes we have, as a club and tenant, contributed to include;

- developing the recommendation to separate CMC from WASA
- Rewriting the first constitution to achieve separation
- Developing the CMC budget (~\$110,000)
- Cost assessment and rent review.
- Stakeholder review of WASA through DSR

In a strategic way all of these things have contributed to a long term reduction in the cost of ownership at the club.

The budget referred to above is used in developing the value of annual "rent" and was reduced substantially from the first draft submitted by a previous treasurer. The adopted budget was based on a comprehensive CMC cost assessment and rent review process.

The alternative to self-managing the tenancies at the park was for DSR to remove it from WASA and appoint an administrator.

The cost of the (full time) administrator was to be met by the tenants adding over \$100k/annum (estimated) to distributable costs.

Of the \$110K CMC budget \$40k comes from DSR and \$25k comes from us. It should be noted that about \$10k of our rent is insurance so in the end we really only contribute \$15k to the other running costs

Our last lease renewal was in 2003 for annual fee \$10,500 reviewable each 5 years. A practical increase (leaving out the insurance cost) of \$4,500 over 12 years. This amounts to about 3% per annum which is in line with CPI.

Having the caretaker is a precondition of the Complex under the original agreements with Government and is \$45k in the budget.

Our WAGC facility and it's footprint at the Park is the most valuable. The rent is, in context, a minor amount and in no way covers the real cost of the asset.

Getting a better deal might always be possible but in the overall context of value we ought not be whining about it and stay alert to the bonuses and opportunities when they present themselves.

Part of the maintenance will be the replacement of the water tanks. Also the replacement of the toilet system which is a mandatory requirement, stipulated by the Water Corp, to an approved type (with us being on the "water mound" in their main catchment area).

These two items are likely to attract funding assistance because of the size and nature of the projects. This means that the essence of our lease agreement is actually being met. It's not a done deal but there is a high probability that it will.

Assistance from DSR to our club has been both consistent and substantial.

The repairs to our bore pump recently included a grant amount from DSR through WASA as well as a WASA budget amount.

Repairs to car park lighting (\$4k) for the Nationals was recouped from the WASA budget.

These are big returns (as a percentage) on the rental amount paid and annually reduce our actual outgoings substantially.

WASA as a participant and stakeholder in discussions with Main Roads has secured ongoing maintenance of the roads in our part of the complex as a consequence of the Perth to Darwin Highway construction.

This will benefit us by reducing the amount required for maintenance as our internal roads age. The benefit is substantial over time into the future and reduce escalations in our "cost of ownership".

The work that gets done for members is enormous and the grumbling really takes the shine off making any contribution at all.

Legal advice is being sought by WASA for the renewal of the head lease and subleases timed to take place 30 June 2016.

Progress is slow and may not make the date.

We are requested to forward any preferred wording or features for consideration in the new subleases to WASA.

With the current situation under the head lease, it's hard to imagine holding WAPC (W.A. Planning Commission) to account for the maintenance when they've collected about \$2300 per year for the whole complex.

Is this not a case of knowing when you're well off?

With a headline high dollar value (including labour) of the complex maintenance WAPC have the option of not renewing the lease if there's not value in doing so.

I doubt that they would agree to a refurb and low rent. They are all accountable now and I would say they would want a rent that would recoup the outlay?

Any of our negotiations (like for tanks and toilets) is more likely to succeed on any other relationship than an adversarial one.

It will be based on us being worthy and thankful recipients of government sports funding.

Take labour out of the cost summary we are working on and the impact on the club will be more than tolerable.

John these are the recent things that come to mind.

Most members will be blissfully unaware that anything happens at all.

Please contact me after you have considered what I've said.

Best regards,

Grant.