

Western Districts Rugby Football Club Limited
Explanatory Memorandum

The new clubhouse, with its attendant commercial considerations and financial obligations, introduced administrative requirements which did not exist, and were probably not even thought of in the first sixty-six years of the Club's existence. To date, these additional aspects of the Club's activities have been conducted within the framework of the existing management structure which really is more appropriate to a playing enterprise than to a quite significant commercial operation.

A possible clash of the commercial and playing requirements has prompted consideration of how best to address the needs of the different interests to maximise the benefits from the huge impetus which the clubhouse has provided. While it is a magnificent asset, care must be taken to ensure that the management of the clubhouse does not detract from the real reason for the club's existence i.e. the quest for the Hospital's Cup and the provision of facilities and opportunities for as many people as possible, at all levels, to participate in the game.

The various Motions and Notices which accompany this Explanatory Memorandum and are to be addressed at the Annual General Meeting are considered to be the most suitable arrangements for the future management of all the affairs of the Club.

In simple terms, what is proposed is the separation of the commercial activities, i.e. the leasing arrangements with the commercial tenants, servicing the bank loans and liaising with Brisbane City Council in regard to the leased land, from the playing activities. The following tables illustrate how the various activities/responsibilities will be separated.

Activities to be undertaken by WDRFCL

<u>Revenue</u>	<u>Operating expenses</u>	<u>Other non P&L outflows</u>
Rental income	Real estate agent fees	Capital improvements
	Building maintenance	Bank loan repayments
	Field and park maintenance	
	Electricity	<u>Non-cash items</u>
	Council rates	Depreciation/amortisation
	Water rates	
	Other building outgoings	
	Insurance	
	Telephone and internet	
	Interest on loan on building	
	Bank fees	
	Accountancy /audit	

Activities to be undertaken by WBRC Inc

<u>Revenue</u>	<u>Operating expenses</u>
Player subscriptions	Playing attire
Sponsorship income	Playing equipment
External functions	Competition fees
Bar takings	Player insurance
Fundraising functions	Medical costs
Donations received	Coaching costs
Raffles	Player development/education
Government grants	Referee costs
Merchandise sales	Sponsorship costs
Field hire	Fundraising costs
Playing grant from WDRFCL	Merchandise costs
	Travel costs
	Registrar costs
	Employment costs

Obviously, it must be intended that all the financial and other benefits arising from the commercial leasing arrangements will flow to and be enjoyed by the Playing Club. The new constitution has been drafted accordingly. At the same time, the effort required to produce those benefits should not impinge on the management of the playing activities.

The proposals also reflect a desire to insulate each side of the operation from adverse circumstances on the other i.e. financial problems on the commercial side will not impact the playing side and vice versa. At the same time, the basic connection of the two entities will be maintained by the presence of two (2) directors nominated by the Playing Club on the Board of the Holding Club and two (2) directors nominated by the Holding Club on the Board of the Playing Club. Further, should either company be wound up, the assets (if any) will pass to the other.

As will also be seen, the membership arrangements are quite different for each entity. The proposed format is intended to reflect the long term permanent nature of the commercial operation and the skill set required to manage it as distinct from the more transient and demanding short term involvement by the majority of members and in particular it's directors in the activities of the Playing Club. Members of the Holding Club will automatically be members of the Playing Club and members of the Playing Club may become members of the Holding Club. A relatively small annual membership subscription of about \$20 for the Playing Club should attract and retain increased "non-playing" membership. Properly administered, that arrangement could provide a worthwhile annual cash return for the Club.

Another consideration which has been addressed was the concern that the receipt of commercial rental revenue might have occasioned a change in the tax exempt status which existed before the new kennel came onto the scene. To ensure that the tax exempt status was maintained, a binding Tax Ruling was sought from and pleasingly obtained from the Australian Tax Office on the proposed new above structural and constitutional set up.

Members are encouraged to take the time to read all the documents carefully to understand exactly what is proposed and the ramifications of the changes. Obviously, there will be ample opportunity for questions at the Annual General Meeting or beforehand if a member wishes to contact either Tony Hawkins or Lyn Crowley to discuss any aspect of the matter.