



KEMPSEY
Shire Council

GENERAL MANAGER'S REPORT

3rd February 2009

GM9

KEMPSEY SHOWGROUND

FILE: LA2942

AVB

{Folio No. *}

SUMMARY:

To process an application for loan funds by the Kempsey Showground Trust.

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DESCRIPTION:

The Trust has made application to Council for a loan of \$250,000 to allow them to build and equip a full commercial kitchen in the main hall, with new toilets, showers and a laundry underneath which would be accessible from outside and inside.

The Trust has been negotiating with a local business who intend to move from their current premises and have identified the Kempsey Showground as the most appropriate location. The business is to enter into a long term contract and have offered an annual lease fee that would substantially, repay the loan repayments. I have examined the Letter of Offer. The proposed works need to be completed before June 2009.

Significant improvement work has already been undertaken by the Trust ([Appendix F – Page K132, Part 2 – Page K135, Part 3 – Page K138, Part 4 – Page K141](#)). The present amenities at the Showground are not only sub-standard they are also unhygienic and dangerous ([Appendix G – Page K144, Part 2 – Page K146](#)).

The Trust advises that the opportunity to provide a substantial and sustainable revenue stream to the Trust as a result of this work is considerable. Revenue streams dependent on this work include motor home and caravan park accommodation, the holding of balls, conferences, weddings, birthdays and even a Theatre Restaurant has been proposed by the Kempsey Singers.

I have examined the accounts of the Trust and they have significantly increased their revenues as a result of the improvements made so far. The Trust did, in the first instance, apply for a loan through the Showground Advisory Committee (Department of Lands) but this was unsuccessful due to lack of funds.

The annual repayments on a loan of \$250,000 @ 6% over a 15 year period would be \$25,393. This could be lower should the interest rate be lower at the time of taking up the loan. The business offer would repay the loan and the remaining income of the Trust would be sufficient to satisfactorily maintain the Showground. The business is prepared to sign a contract if Council makes an offer of a loan.

The Kempsey Showground is a major asset of the Macleay community and Council has previously resolved to seriously consider becoming the Trustee so long as the facility can be transferred in a reasonable condition. If this did eventuate Council would be borrowing for its own facility.

RECOMMENDATION IMPLICATIONS:

- *Environmental*

Nil

- *Social*

Utilising the Showground to the maximum possible will increase the social opportunities for the community.

- *Economic (Financial)*

There will be no cost to Council as the loan will be repaid by the Trust.

- *Policy or Statutory*

Nil

- *General Manager's Review*

Nil

RECOMMENDATION:

That Council offer the Kempsey Showground Trust a loan of \$250,000 repayable over 15 years at the interest rate applicable at the time of borrowing to build a commercial kitchen, new toilets, showers and a laundry.

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A V Burgess
GENERAL MANAGER