



AMALGAMATION & CO-LOCATION MANAGEMENT GUIDE

for Recreation & Sport Organisations



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Introduction

In an ever-changing sporting landscape, the environment in which sporting clubs serve their community is no longer as predictable and stable as it once was. Factors such as declining participation numbers, financial pressures in maintaining sustainable organisations, lack of volunteers, the burden of maintaining, upgrading or building facilities, and the increase in sport and leisure options are all contributing to the pressure and demands on sporting clubs. These challenges have created a situation where for many sports clubs surviving into the future means considering options that will allow them to continue their operations in a different manner. This may involve a significant change to their traditional mode of operation; failure to at least consider alternative options may lead to the club shutting its doors.

This scenario is becoming more common in community sport; clubs are struggling to address how they can ensure their future and are looking for answers. This resource has been developed as a possible solution for sporting clubs seeking alternative options.

The planning of sporting facilities has strongly shifted to multi-use facilities; this has been driven by a focus on rationalisation. From a planning perspective this rationale is widely understood; however from a governance and management perspective there is insufficient guidance available for clubs wanting to address the amalgamation and/or co-location processes. It is believed that providing more information about these processes will enable sporting clubs to identify a possible solution.

The intention of this resource is not to promote a particular operational or governance model; rather it is a means of highlighting practical information about what interested parties need to know if they are considering an amalgamation of community sporting bodies or undertaking a co-location process. The resource recognises the complex nature of such processes and attempts to assist those considering these options by providing the relevant tools needed.



RATIONALE FOR THIS RESOURCE

Amalgamations and co-locations of sporting groups are becoming increasingly common in the community-sporting environment. Currently however there are limited resources; without appropriate information, mistakes may be made or opportunities not explored. The Office for Recreation, Sport and Racing fields many enquiries from individuals and organisations within the sport, recreation and local government areas seeking advice about how best to address the issues related to successful amalgamations and co-locations.

In response, the Office for Recreation, Sport and Racing is taking a leading role in assisting these groups to better understand the issues and processes involved. This resource guide has been developed to provide practical, easy-to-use information to support an amalgamation or co-location process.

WHO SHOULD USE THIS RESOURCE?

This resource is a valuable guide for any sporting groups, local councils or community bodies considering any of the following: amalgamation, merger, co-location, shared facilities or joint use.

Most administrators/volunteers within sporting bodies are skilled at running their organisation and managing the conduct of their activities. However, when it comes to addressing these complex and sensitive areas they may lack the experience, skills and knowledge required and could feel overwhelmed and confused. This can lead to poor decision-making and put extra pressure on everyone to achieve the desired outcome.

The guide is not intended to be prescriptive as there are so many variables with each case. Users will need to adapt the information to their specific situation.

DEFINITIONS

One of the key factors in considering a change to a sporting club's structure is the need to determine which process best suits its future needs. It is important that there is a clear understanding of what the different approaches might be. To assist with that a definition of the various opportunities is summarised below.

- **Amalgamation** occurs when two or more organisations incorporated under the same legislation become a single entity by following a special statutory process, without either of them having to close down. E.g. the Blyth Football Club and Snowtown Football Club amalgamate to become Blyth Snowtown Football Club. This is a special kind of merger but follows a simpler process and so presents an attractive option. **A+B = AB**
- **Merger** occurs when two or more organisations cease to exist in their own right and their resources, assets and roles are consolidated into a new entity, which meets the needs of the stakeholders (the members of the merging organisations). Members from the merging organisations are provided with the opportunity to become a member of the new entity, e.g. Salisbury East Little Athletics Centre and Salisbury Amateur Athletics Club merge to form Northern Districts Athletics Club. This is the most common form and will be the process, which receives the most attention in this resource.
A + B = C
- **Co-location** occurs when two or more organisations and/or services are physically housed in the same facility or on a site with some sharing of infrastructure or facilities. There is an overarching governance model with representatives of the user groups responsible for the management of the facility. E.g. Angle Vale Community Sports Centre.
A + B + C = ABC
- **Merger** (joint use) occurs when multiple user groups share and utilise a sport and recreation facility at the same time (concurrently) or at different times (sequentially), but each user group is independent of the other users. E.g. Henley Football Club, West Torrens Cricket Club and Henley Little Athletics Centre share Henley Oval, and Brighton Secondary School is shared with USC Lion Volleyball Club.
A + B + C + D = A,B,C,D

- **Partnership** occurs when two or more organisations combine for a specific purpose or event but the individual organisations remain independent outside of the partnership and do not merge. E.g. Athletics SA and SA Fun Runs Inc. work together for the City to Bay Fun Run. **A + B = A + B**

PRINCIPLES TO GUIDE THE PROCESS

There are many reasons why sport and recreation clubs may seek to amalgamate or co-locate, including decreasing participation rates, declining volunteer support, rising administrative costs, increasingly complex compliance requirements, pooling of resources, improved opportunities or a directive from a governing/funding body. It is critical that before any arrangements are put in place, those charged with the responsibility of managing the process consider the principles of good governance to ensure a better chance of achieving a successful outcome. These principles include:

- **Transparency** – any decisions made are based on clear criteria and all parties are aware of them
- **Accountability** – all key personnel involved in the process must accept their responsibilities and roles in progressing the task
- **Collaboration and Participation** – all parties involved in the process must be included as equal partners in the process and work together, not as separate entities
- **Consensus-oriented** - there must be a shared understanding of the objectives and management of the process
- **Integrity** – showing honesty and fairness in all aspects of the process
- **Leadership** – all partners are responsible for the leadership and delivery of the project.

Amalgamation

WHAT IS AN AMALGAMATION?

Amalgamation means ‘to add together’. It occurs when two separate incorporated organisations become a new, single entity by following a special statutory process. Generally, when two legal bodies merge one must wind up and transfer assets to the other. However, the *Associations Incorporation Act 1985* in South Australia sets out a process that allows two or more organisations incorporated in South Australia to join together to form a new legal entity, without either of them having to close down, and with their assets, liabilities and members automatically transferring to the new (amalgamated) group.

This process of amalgamation has become more common within sporting clubs as they face the pressures of remaining sustainable. If struggling clubs continue to operate alone, trying to resist current societal trends by holding on to past history and protecting their assets, they will risk losing members which will ultimately lead to their demise.

Whilst amalgamation should not be proposed as a blanket strategy for solving all problems, research shows that in some instances it has been a comprehensive solution to a variety of issues. While the process of amalgamation is not going to be easy, current trends in the sport and recreation environment highlight that the process is a key to ensuring many sport and recreation organisations will have a future that benefits their members.

The lifecycle of sport and recreation organisations and changing social trends would tend to indicate that the industry will always be subject to issues and pressures considerably different to the business world. This is true irrespective of whether the sports organisation is a stand-alone club, or a combination of a number of sports clubs. Amalgamation could provide a more effective structure for managing those issues.

AMALGAMATION OPTIONS

To illustrate the complex nature of amalgamations, the following summary highlights the various types of amalgamation that could occur in the sport and recreation environment:

- Sports clubs of the same code join together to form a new legal and financial entity, with a new club name (Northern Districts Athletics Club – an amalgamation of Salisbury East Little Athletics Centre and Salisbury Amateur Athletics Club)
- Sports clubs of the same code join together to form a new legal and financial entity, with a new club name, occupying newly built facilities (Playford Bowls Club was created out of the former Elizabeth and Munno Para Bowls Clubs)
- Sports clubs of different codes join together to form a new legal and financial entity, with a new club name (Lameroo Sports Club, comprised of Lameroo Football Club, Lameroo Netball Club, Lameroo Cricket Club and Lameroo Tennis Club)



STAGES OF THE PROCESS

Stage 1 – An organisation considering initiating an amalgamation goes through a *self-analysis* process, in which the reasons/drivers for seeking an amalgamation are identified, potential barriers and concerns are raised, and possible partners sharing a similar culture, finances and operations are identified. This is the courtship stage where you need to find about your organisation and the prospective partner organisation.

Stage 2 – This becomes the *preparation and planning* stage, in which key personnel are chosen to address the findings of the self-analysis process. This involves reviewing the potential organisations that match the key criteria of a potential partner, and making recommendations about the governance and operation of a new entity. It is critical at this stage to engage in communication with members about the process. This is the stage where you start to plan how best to formalise the new relationship.

Stage 3 – Involves *commitment* to the amalgamation. Agreed processes are adopted to achieve a desired outcome, e.g. the two organisations develop their new legal, governance, financial and management structures and systems. This stage would also include a timeline for implementation, establishing a timeframe until final amalgamation is completed. This is the stage when the relationship is formalised legally or officially, once you have agreed on the way forward.

Stage 4 – The *integration* stage. The amalgamating organisations become fully integrated as a new entity, adopting a clear vision for the future, providing the necessary support for the change management that is required, and informing and engaging in communication with and to the members. This is the stage where all the parties have to learn to work together in a new structure.

Stage 5 – This is a *celebration* of the success of the amalgamation, as the new entity achieves its vision and the members recognise their past history but look forward with excitement to their future. This is the stage when the membership is able to enjoy the benefits and be proud to share its success stories with others.

PROCESS FROM START TO END

- Concept emerges
- Investigation and assessment by parties involved
- Pros and cons – advantages and disadvantages – benefits/opportunities explored
- Decision to move ahead based on compelling reasons
- Addressing key issues to arrive at amalgamation
- Engaging with members
- Formalising governance, management, legal, financial and operational matters to achieve desired amalgamation outcome
- Outcome achieved
- Celebration/commiseration
- Summary – why it worked or did not work.



COMMON STEPS FOR AMALGAMATION (MERGER)

1. A catalyst for the process emerges - may come from within the organisation's board of management due to long-term sustainability issues, or from an external source (governing body) that recognises some intervention needs to occur
2. Identification of possible partners occurs, with the organisation considering amalgamation and determining which other organisations with a similar vision, culture and current sustainability circumstances might be interested in exploring the opportunities an amalgamation might present
3. Initial meeting between boards or committees of both organisations to explore the opportunity
4. Thorough investigation is required by each organisation to consider the possible governance, legal, operational and financial implications, the impact on their organisation and their members, and the issues/barriers that need to be addressed to achieve a positive outcome
5. Discussions need to occur between key personnel/committees of the organisations to determine whether it is worthwhile progressing the discussions. Steps include conducting a due diligence exercise, using a suitable checklist of key criteria to assist with the decision-making process
6. Joint working group from both organisations is selected to consider all the elements of the amalgamation process, so as to resolve any issues that might hinder the process and to bring forward a resolution to their members to approve the decision to amalgamate
7. Members are informed and their approval/consent is sought by way of resolution at a special general meeting
8. Formal agreement having been reached, the relevant documentation is lodged
9. Implementation of formal agreement occurs and amalgamated (merged) entity embarks on its future under a newly elected governance model and new operational, financial and legal framework
10. Existing organisations cease to exist and all assets are transferred to the new entity.

CRITICAL FACTORS IN ACHIEVING A SUCCESSFUL AMALGAMATION OUTCOME

While the above stages present a simple overview of the amalgamation process, there are a number of critical factors that contribute to ensuring a successful outcome once a potential amalgamation is being pursued.

COMPELLING REASONS TO AMALGAMATE

It is assumed that the decision to amalgamate has been considered internally by the management of the organisation as a result of some challenges facing the organisation, and that these challenges have created doubt about the long-term future of the organisation. Before taking this significant step, which will cause uncertainty in the membership, it is important to establish the reasoning involved so that it is evident to the membership that amalgamation is the answer.

The current recreation and sporting environment is constantly changing: including greater competition for financial resources, decreasing number of volunteers, changing trading hours and ever-increasing compliance demands on sporting providers. All of this affects the capacity of organisations to remain as viable as they once were, thus creating the interest in amalgamation as an option.

There are a number of compelling reasons that drive this need to amalgamate, including:

- Lack of resources – human and physical
- Unsustainable future financially
- Increasing debts
- Increasing administration and club costs
- Decline in membership
- Ageing assets/infrastructure
- Increasing governance and compliance obligations
- Requests by external parties (e.g. local government landowner, sport's governing body)
- Limited space in current facility
- Sports hub/shared facility concept becomes a priority
- Over-supply of clubs and under-supply of facilities
- Councils looking to reduce number of buildings on reserves
- Landowner selling off assets, leading to loss of existing facility
- Loss of lease/tenure on current site/facility.

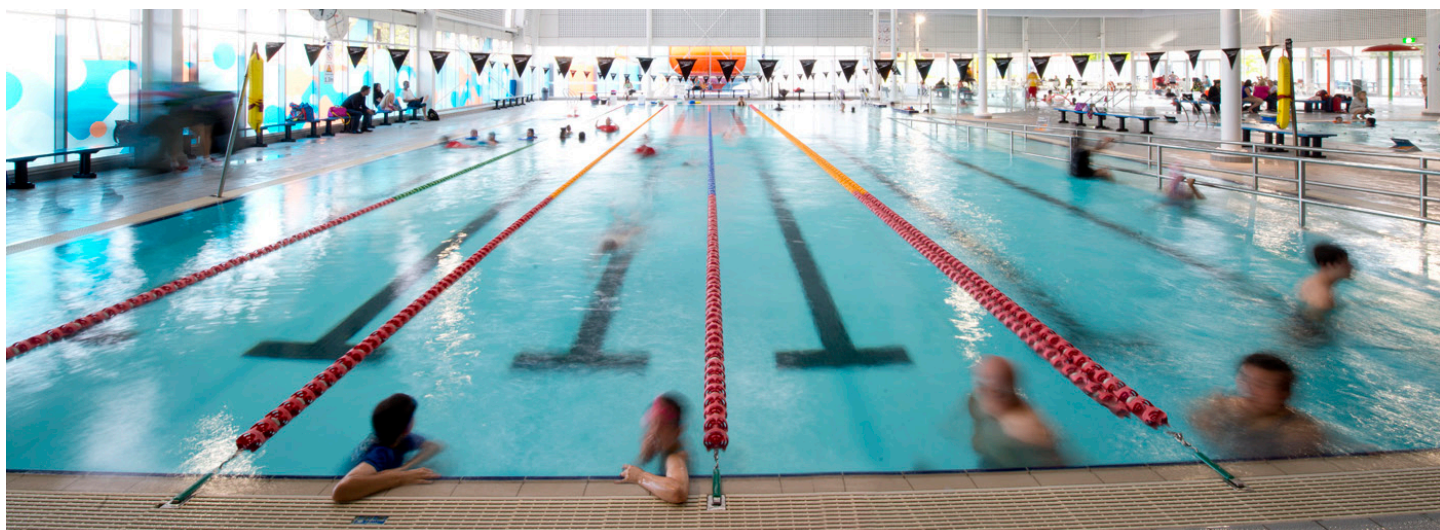
COMPELLING REASONS TO AMALGAMATE *cont.*

Members need to be made aware of these reasons; they can often be unaware about the issues facing their organisation as they are too preoccupied with their regular club activities. Communication is the key to keeping members well informed about a matter that will affect them significantly.

FINDING A CHAMPION

Once the decision to amalgamate has been accepted by management it can be a good idea to find a key club person to champion the cause amongst the membership. It is critical that the membership is supportive of an amalgamation, as there are many instances where the outcome has not been achieved because the membership was ill informed and voted against the proposal. Sourcing a well-respected member of the organisation to garner the support of other members can be the catalyst for ensuring the process is successful.

A further incentive to success is to identify an experienced independent facilitator to lead the organisation through the amalgamation process. As this person has no direct affiliation with the organisations involved, they can use their skills and experience to address issues that might arise. Without such a person, relationships might become strained, egos take over and progress stop because conflict occurs and agreement cannot be reached.



PROMOTING THE BENEFITS

The opportunities an amalgamation presents are more easily accepted if the members can see the benefits that can result. This provides an avenue for demonstrating the compelling reasons identified previously. It is important to highlight those benefits, which have most significance or impact on the members, as they are the ones who will make the final decision about whether the amalgamation process has a future.

Potential benefits of an amalgamation can include:

- Greater opportunities arising from an increased membership base
- Greater financial viability
- Decreased costs through financial savings
- Greater pool of volunteers and resource personnel
- Greater pool of resources and equipment
- Ability to offer increased quality or quantity of services/programs
- Increased marketing and sponsorship opportunities
- Shared management experience
- Increased prospects of securing funding and grants
- Heightened community presence
- Opportunity to develop a sports hub (or something else that serves as a strategic incentive).

Even though the benefits of amalgamation can be evident, the reality is that unless there is an understanding that failure to amalgamate may lead to the imminent demise of an organisation, many amalgamations will not eventuate.

It is critical therefore; that members recognise that there can be a viable and enjoyable future if they are prepared to change focus from their narrow traditional view of the past to a new and exciting future, shared with others who hold the same vision. This is best done by demonstrating how participating organisations and individual members will benefit equally from the opportunity. Predictably, members will want to see how their own individual needs are being met through an amalgamation, rather than how the organisation will benefit. Therefore, it is important that the benefits arising from any amalgamation are identified for both the individual member *and* ultimately the organisations involved.

OVERCOMING THE BARRIERS

While it is important to promote and sell the benefits of an amalgamation, thought must also be given to addressing any barriers that might arise and this needs to be done in the early stages of the process. In researching cases where amalgamations have failed, a common thread emerges which is generally related to the impact on the individuals involved. While it might seem that, some of the barriers are petty and inconsequential, for those members heavily invested in their organisation they are critical factors and must not be overlooked. By reviewing the common barriers, organisations considering an amalgamation can prepare appropriate strategies to address them.

WORKING GROUP/INTERIM COMMITTEE

Having made an approach to a potential amalgamation partner, it is important to establish a working group or committee with representatives from both organisations to address the key elements of the process. This committee will have the task of investigating the steps required and it is therefore critical for the working group members to be the 'right people' for the task. They need to have the personal qualities, skills and commitment necessary for working collaboratively and cooperatively. They should not bring their own personal agendas to the meeting room, as they need to have an open mind and a willingness to see the 'big picture' – the vision of what can be achieved. With this should come a sense of goodwill. It is also important that they not dwell on the past. In addition, the group members must earn and develop trust so each can function effectively and without fear or favour.

It is also recommended that where an independent facilitator is involved, that person is best suited to chair the working group.



HEADS OF AGREEMENT/MEMORANDUM OF UNDERSTANDING (MoU)/DEED OF TRUST

To ensure a formal commitment to the amalgamation process by both parties, it is advised that some formal documentation and agreement be developed such as a Heads of Agreement or MoU. The intention is to encourage and foster the development of closer links and cooperation between organisations, to formalise a commitment from the parties involved, and to provide a written confirmation of the steps to be taken to achieve the desired outcome. The document should outline the terms and details of an understanding including the tasks, roles, responsibilities and timelines for each organisation. An MoU is not legally binding but it does carry a degree of seriousness, engenders mutual respect, and is stronger than a 'gentlemen's agreement'. An MoU is often the first stage in the formation of a formal contract.

Parties may also consider establishing a deed. A deed is a legally binding document, which sets out the respective roles and responsibilities of the relevant stakeholders. The establishment of a deed also indicates that all parties agree about what needs to be done to move forward. If parties wish to enter into a deed, individual legal advice on specific requirements should be sought.

CONSULTATION AND COMMUNICATION

It is important that there is regular and consistent consultation and communication, both internally to the members of the organisations, and externally between management and key stakeholders of the stand-alone organisations. The role of the club champion, the working group and (where used) the independent facilitator are key in this regard.

Consultation and communication should include, in particular, communication about the state of affairs of each club, such as membership, finances and long-term sustainability. A lack of communication will result in misunderstanding and misconceptions about the process, but these may be cleared up effectively once communication is facilitated. Consistent messages from the representatives of the organisations about the process and the progress of the amalgamation ensure that members are hearing the right messages about the right things at the right time.

The consultation and communication need to be stimulated, facilitated and documented. The process needs to be open and honest, and it needs to be structured so that it presents a joint approach between the respective organisations.



SHARED OUTCOMES

The specific issues faced by the individual organisations might be different, their reasons for amalgamating may not be the same, and the specific benefits they hope to realise as an amalgamated entity might differ. Those issues can be managed. It is important however that the amalgamating entities have shared overall goals in terms of mission statement, strategic objectives and aims. For example, if one club has the goal of being strong in terms of competitive strength and results, and another is purely social in nature, the parties may not be a good fit.

CULTURE

Evidence suggests that amalgamation success is dependent on the organisations sharing a similar culture and a strong degree of compatibility. Such compatibility will not happen by chance: how similar the organisations are needs to be examined at the outset of the planning phase.

Compatibility stems from sharing a similar culture. A large barrier to a successful amalgamation can occur when two organisations that are both struggling for survival come together without a proper investigation of their potential partner. Commonality of the 'survival' theme does not always equate to compatibility and a long-term future! It is important that together the amalgamating organisations can create a new culture that builds on their already shared similar cultures.

The culture of an organisation can be found in its behaviours, its beliefs and values, its systems and the 'brand' it stands for; unless there is compatibility prior to the amalgamation this is less likely to be developed after the amalgamation.

DUE DILIGENCE

Due diligence is defined as the care a reasonable person or group should take before entering into an agreement or a transaction with another party. When it comes to considering an amalgamation, a critical factor would involve both organisations conducting their own assessment of the readiness, willingness, capacity and capability of the other party. This relies on honesty, ensuring there are no hidden secrets as this could lead to later trust issues.

Where the organisations are being forced to amalgamate by a third party, it is not uncommon for an independent person to conduct the due diligence process.

Generally, financial matters are most likely to create due diligence concerns in determining the suitability of amalgamation.

AMALGAMATION CHECKLIST - Questions to ask

No organisation should commit to an amalgamation or co-location without very careful consideration. Although it is accepted that in some circumstances the amalgamation or co-location has been driven by external factors such as a governing body, local council or other third party, and the decision is therefore not in the merging organisations' hands.

When organisations are considering amalgamating or co-locating there are a number of important questions they should ask as part of their due diligence before committing to the process:

- Do we have a common purpose?
- Are our goals and objectives consistent?
- What do we need to know about the other organisation?
- Do we share similar cultures?
- What benefits will we gain from the process?
- Will we have increased opportunities to ensure our long-term future?
- What issues/barriers will we need to address in order to work together effectively and successfully?
- What changes will we need to make the partnership to function smoothly?
- How will our members react?

To assist organisations in considering an amalgamation a more detailed checklist has been developed to provide the key questions that need to be asked. This checklist should be considered prior to making the final decision to amalgamate or co-locate: it is important to think about the key criteria involved to ensure any proposed amalgamation would work. This checklist has been compiled on the basis that the decision to consider amalgamating has been approved by the committees of the organisations. It will provide a reference point to help rate other organisations' suitability as part of a due diligence exercise.

This board/committee checklist has been adapted from a similar checklist developed by Justice Connect¹ and is relevant for any of the following circumstances:

- When two organisations want to amalgamate but retain their individual identity
- When two organisations want to amalgamate to create a new entity
- When one (usually smaller) organisation becomes part of another (usually larger) organisation
- When two or more organisations amalgamate in a shared facility.

¹ https://www.nfplaw.org.au/sites/default/files/media/Checklist_-_Working_with_other_organisations.pdf

Checklist	Comment
Why is your organisation thinking about amalgamating with another organisation?	
Are the purposes of the organisation you are thinking of merging with the same as the purposes of your organisation?	
Governance and Culture	
Will your organisation's governance structure align well with the other organisation?	
Will your organisation's culture align well with the other organisation?	
Does your organisation have a current constitution or set of rules and does it allow you to amalgamate with another organisation?	
Do you have a mechanism for allowing your members to be engaged in any decision to amalgamate?	
Have you considered how an amalgamation or merger might impact on your current governance structure, incorporation and constitution?	
Will your organisation need to develop a new constitution or set of rules?	
Assets and Financials	
What is your current financial status and how will an amalgamation impact on that?	
Is your financial status in jeopardy and likely to create any issues when amalgamating?	
Will any grant funding you receive be jeopardised by an amalgamation?	
Will any sponsorship you receive be jeopardised by an amalgamation?	
What assets does each organisation have that need to be considered?	
Does either organisation have any loans or mortgages and how will they be impacted by an amalgamation?	
How will your current financial records be impacted, such as current bank accounts, GST, tax concessions, wages, fringe benefits etc?	
Does your organisation have a liquor and/or gaming licence and how will that be impacted by an amalgamation?	
Does your organisation understand that with any amalgamation all assets, finances etc will be transferred to the new entity?	
Property	
Will your organisation stay in its current facility or move to new premises?	
If a move is required to, another facility how will the current lease/licence arrangement be addressed?	
Will you need to seek landlord permission/approval to amalgamate?	

Marketing and Communication	
Will there be a need to create a new name, logo and uniform and how will members react to this?	
How will the members be involved in any decisions re these changes?	
What will happen to any existing websites, email addresses or Facebook sites?	
Does each organisation have a consistent set of policies and procedures regarding their operations and conduct of activities?	
General	
Will your organisation share personal and sensitive club information/documentation with another organisation and if so how will it be used?	

Having completed the checklist your organisation is in a much better position to identify some key issues, which might affect the arrangements involved in preparing for an amalgamation. It should give the organisation some idea about if and/or when it should proceed to the next stage.

IMPLEMENTATION PROCESS

Implementation will affect the board and management, and appropriate action plans need to be developed.

If the committee recommends a 'YES' vote then a submission is required so that the decision can be ratified by the board.

Once the board has ratified/approved the submission a full project plan should then be prepared.

This project plan will detail the steps necessary to develop:

- (a) A 'Statement' (of project)
- (b) 'Key Objectives', i.e. 'at the end of the project we will have...'
- (c) A full 'Work Breakdown Structure' showing all tasks, resources required, budget of costs associated with the specific stages, and timeframes to complete the tasks
- (d) A reporting structure which will include key milestones
- (e) A comprehensive marketing and communication strategy
- (f) Approval and ratification of the above
- (g) Appointment of a project manager with the necessary dedicated resources
- (h) 'Potential Problem Analysis', to be completed across the project, with contingency plans created where appropriate.

Monthly reporting to either the board committee or executive will then commence.

WHAT CAN GO WRONG?

The business world presents many examples of mergers not being successful. In most cases, this involves considerable personal stress and financial risk. This is the case too with sporting amalgamations and mergers, as significant changes can happen within organisations and what was once a very settled, comfortable environment for members can be disrupted. For each amalgamation there is a unique and complex set of circumstances and a range of issues that needs addressing.

Where an amalgamation has not been successful, common problems identified include:

Loss of identity – probably the most common issue facing organisations. Members want to hold on to history and tradition and are not excited about new opportunities that might arise

Financial – losing ownership and control of ‘their’ assets, having to share sponsorship and income with others, and one club bringing more than the other does to the amalgamation

Mistrust – relates to one organisation trying to dominate the other and often includes clashes over board representation, access to facilities, and the preservation of history

Equity – becomes an issue where there is a perceived lack of representation at decision-making level, takings over the bar, transfer of existing life memberships, and retention of honour boards and memorabilia

Loss of power and control – when two management bodies/boards become one there are likely to be casualties, with more people available for fewer positions. May lead to a loss of years of experience and a new governance model with new people running the club

Fear of change – with an amalgamation there could be significant change and for many members this presents a huge challenge as new people bring new ideas, a new way of operating, new club name and uniform, and new rules and by-laws. A consequence may be a loss of members (those not prepared to accept the new environment)

Clash of cultures – recognised as a critical factor. The cultures involved in amalgamating should be like-minded, and where there are potentially different management styles, or clashing values and attitudes, this creates a negative environment

Mentality – there can be situations where boards and members are single minded that they ignore all the signs of a club struggling to survive limiting their ability to identify and support opportunities.

Time and cost involved – amalgamations do not happen overnight. They can be very complex and time-consuming and may require some financial outlay (e.g. where an independent consultant is engaged or legal advice sought or where club volunteers are involved in the process). Generally, it will take much longer than anticipated to achieve the desired outcome and this can lead to frustration and possible additional costs.

It is important to continually review how the amalgamation/merger is working. Successful sporting teams are constantly assessing how they can improve their performance and it is no different with amalgamations. Unless barriers are addressed during the process there remains the potential for them to create issues that if not resolved will put the amalgamation at risk. It is very dangerous to assume that once the amalgamation has been finalised it will all be ‘smooth sailing’. Given the time and commitment invested in the amalgamation process, the management committee needs to implement a review process to ensure it closely monitors the situation so that the amalgamation succeeds.



SUCCESSFUL AMALGAMATIONS

Given the benefits to not only the individual organisation involved, but also to the community, the concept of amalgamation has great merit. Amalgamated clubs can:

- Ease the growing pressure on stand-alone sports clubs
- Ensure sport and recreation are sustained and valued as essential community support services into the future
- Provide a focal point for future community development.

Amalgamations can achieve better coordination of activities, resulting in improved services and cost savings through reductions in duplication of roles and systems.

WHERE AMALGAMATIONS HAVE PROVED SUCCESSFUL THERE IS EVIDENCE OF THE FOLLOWING KEY ELEMENTS

- Willingness of both/all parties
- Good communication to members
- Allocation of sufficient resources to the implementation process (due diligence, system integration, logical pathways etc)
- Regular and positive marketing and promotion
- Early wins on the board
- Support and cooperation of an external agency (such as local council or sport's governing body)
- Independent person involved to facilitate the process
- Strong and supportive working relationship between key personnel from involved organisations
- The right people managing the implementation.

Amalgamation requires a positive attitude from all involved (administrators and members) and an acceptance of the need to move away from a traditional, narrow, internal focus to a more beneficial, cooperative and collaborative vision. This will result in a greater range of opportunities for participation, in an improved environment run by more effective sporting bodies.

By coming together and consolidating administration, management and compliance requirements, amalgamated organisations can reduce their administrative and overhead costs, leading to significant financial savings.



Co-locations

WHAT IS CO-LOCATION?

Co-location occurs when two or more organisations and/or services are physically housed in the same facility or on a site with some sharing of infrastructure or facilities and an overarching governance model (with representatives of the user groups being responsible for the management of the facility).

The term is often associated with sporting hubs which can be defined as single multi-purpose facilities that accommodate a variety of services, programs and activities, OR can include a group of buildings that, although physically separate, cluster together to create an activity centre and access point to meet a diverse range of community needs.

The current sporting facility landscape is constantly changing as governing bodies, facility owners and sporting clubs and organisations push to achieve economies of scale, cost efficiencies and improved benefits to the community through the integration, co-location and shared use of sporting facilities. Sharing infrastructure such as playing fields, change rooms, clubhouses and car parks, reduces organisations' development and maintenance costs. Co-location may also stimulate participation rates, as a greater range of opportunities exists in the one area.

Many of the challenges facing clubs considering amalgamation are similar to those facing clubs considering co-location: in both situations, clubs are searching for ways to combine resources, reduce costs and financial pressures, remain viable and provide an enjoyable experience for their members.

POTENTIAL BENEFITS OF CO-LOCATION

- Less duplication of facilities leading to more efficient use of resources
- Increased viability of clubs and facilities
- Shared costs, resources, and expertise
- Increased networking and relationship-building between organisations
- Greater potential to attract sponsorship and grant funding.

BARRIERS TO CO-LOCATION

- Incompatible partnerships that lead to conflicts
- Opposition or resistance from club members unwilling to share
- Misconceptions about the concept
- Mistrust of other partner organisations
- Failure to sort out equitable shared arrangements re access, usage, income generation, security, maintenance
- Unworkable or unsuitable management structure.



WHAT CREATES SUCCESSFUL CO-LOCATION?

- Good governance
- Contributions from all user groups to the management and operation of the facility
- Flexibility
- Trust
- Open communication
- A spirit of cooperation
- Shared vision
- Acceptance and understanding of the legal and financial aspects of the process.

KEY LESSONS TO LEARN

- Very important to consult with potential user groups in the preparation and planning stages
- Find a champion to help sell the benefits to stakeholders
- Select potential user groups for the right reasons
- Create a sense of belonging for user groups moving to a shared facility
- Create an opportunity to maintain and develop individual identities
- Finalise all relevant agreements prior to moving in
- Establish an agreed governance/management model.



Summary

It is possible to create successful amalgamations in the sport and recreation industry, but they require careful planning, negotiation and a willingness to keep an open mind about the outcome. Strong leadership is required and an understanding that some people will need to take a backseat.

The time it takes will vary according to the commitment, resources and unique requirements of the organisations involved. It is common for the process to take a year or more to allow adequate time for discussion, debate and planning. Timelines should be set and followed wherever possible to keep the process moving. Drawn-out processes result in lost momentum and make it harder to gain commitment and support.

Amalgamation should not be seen as the answer to financial and operational difficulties - even the best-planned mergers can fail due to external pressures and unforeseen circumstances.

Only where there is full commitment by both sides will the arrangement last long enough to be successful and create value for all the partners involved. Successful amalgamations are the result of honest self-analysis, chemistry and compatibility. The best results come from people who believe in the outcome, have a shared vision and a philosophy of creating a new organisation that takes the best from all the individual partners.



- Determine what you are trying to achieve. Be truthful in your self-evaluation and realistic in your expectations of merger partners
- Encourage the development of good personal relationships between key people, with clear and honest communication
- Establish a working party to create a common vision of the 'new' organisation, free of preconceived ideas
- Make a formal commitment to the new vision and keep an open mind about possible outcomes. Document your desired outcomes
- Agree on a process and timeline that suits your circumstances and requirements. Allow adequate time for planning and consultation, but keep things moving
- Develop a business plan for the new organisation (based on the vision and agreed principles) and then determine structures accordingly
- Incorporate fairness, equity and 'non-negotiables' into formal agreements and new governance structures. Remember the process is one of give and take – be clear about what is non-negotiable and what concessions you can live with
- Seek independent advice to ensure you meet all the legal requirements - including industrial relations, tax and corporate affairs
- Once the formal process is complete, aim for early achievements to get everyone on side. Allow time for cultural integration – creating a culture that takes the best from all partners
- Above all, communicate to everyone concerned at all steps along the way. A well-developed communication strategy can help you do this most effectively.

The following case studies are being shared to provide organisations considering a merger or co-location with examples, ideas and information to assist them in their research and planning. The case studies provide a range of examples from metropolitan and regional South Australia and interstate, providing the reader with critical learning points.

CASE STUDY ONE - Amalgamation flow chart/timeline

This is an example where a local council authority is the driving force for two clubs to amalgamate (merge) into a new entity.

<p>XYZ Sports Club is finding it tough to survive. It has declining membership numbers and increasing debt. It currently leases its facilities from Noname Local Council. There is little likelihood of membership growth as the population demographic is ageing. ABC Sports Club is located 10 kilometres away in an area of growing population. Its club numbers have increased since the club upgraded its facility.</p>	<p>First signs evident that club is struggling to survive.</p>
<p>Noname Council has identified concerns about the future of XYZ Sports Club. An expression of interest has been made by a private leisure operator to council to consider setting up a new fitness program catering to older adults. Council has identified the XYZ Sports Club facility as a potential site based on its research and knowledge of the issues facing the club.</p>	<p>Council recognises opportunity to suggest a possible solution to save the club.</p>
<p>Noname Council staff meet with the management committees of ABC Sports Club and XYZ Sports Club as part of their regular audit of community sports clubs. These meetings identify the issues facing the XYZ Sports Club and the success of the ABC Sports Club. Council staff in a debrief after the meetings formulate a plan to propose to both clubs the concept of an amalgamation. Separate follow-up meetings will be held with the committees of both clubs.</p>	<p>Council responds after engaging with the clubs.</p>
<p>Noname Council staff meet with the committee of XYZ Sports Club to share their concerns about the future sustainability of the club and suggest possible options for the club to survive. Council staff propose the idea of a possible amalgamation with the ABC Sports Club. Council staff meet with the committee of ABC Sports Club to seek their interest in being part of an amalgamation process.</p>	<p>Council establishes justification for proposed amalgamation.</p>
<p>Both club committees consider the proposal to amalgamate, including advantages and disadvantages, benefits, implications and opportunities. Neither club shares the idea of an amalgamation with their members, deciding instead to seek an official statement from council detailing why an amalgamation is being proposed.</p>	<p>Initial investigation by clubs to explore the concept.</p>
<p>Noname Council engages an independent consultant experienced in the amalgamation process to work with the clubs. The consultant and council staff meet with each management committee to ascertain their commitment to being involved in the process and to answer the many questions that arise. Each club appoints a sub-committee to conduct its own investigation and background research to help it assess the benefits of an amalgamation.</p>	<p>Self-analysis stage using internal (clubs) and external (consultant) assessment.</p>

<p>XYZ Sports Club is finding it tough to survive. It has declining membership numbers and increasing debt. It currently leases its facilities from Noname Local Council. There is little likelihood of membership growth as the population demographic is ageing. ABC Sports Club is located 10 kilometres away in an area of growing population. Its club numbers have increased since the club upgraded its facility.</p>	<p>First signs evident that club is struggling to survive.</p>
<p>Based on the information presented to management by the sub-committees, both clubs commit to continuing as there appears to be strong justification for council's proposal (the positives outweigh the negatives). Both clubs provide a signed endorsement from their committees to progress with the process. Council is advised of the commitment to continue and as a result formulates an official memo detailing the proposal. This is sent to the management committee of both clubs so it can be communicated to their members.</p>	<p>YES vote</p> <p>Positives outweigh negatives so commitment given. Committee endorsement provided.</p> <p>Communication to club members.</p>
<p>Based on the information presented to management by the sub-committees the XYZ Sports Club is not prepared to commit to continuing (there are barriers it cannot overcome and some committee members believe there are too many negatives). Council staff (and the independent consultant) will need to meet with the committee to ascertain its reasons. It is critical that any barriers identified are addressed and support mechanisms put in place to work with the non-committed club to highlight the benefits of amalgamation and leave open the possibility of a revisit later. Council is advised of the decision that the club is not willing to amalgamate. There is no need for any official memo to club members as this may create unnecessary unrest.</p>	<p>NO vote</p> <p>If no commitment given by clubs then amalgamation concept needs to be reviewed and revisited at a later stage. Clubs continue as they are in the meantime.</p>
<p>Amalgamation process begins with a working group set up to implement the process. The group has equal representation from both clubs (members are nominated by the respective management committees). Council provides terms of reference as a guide for the working group. The group agrees to meet on a regular basis to plan and action the items in the terms of reference.</p>	<p>Preparation and Planning Stage. Can be chaired by the independent consultant if required. Working group members need appropriate skill sets, passion and commitment and should not bring their own personal agendas.</p>
<p>Council facilitates an information session for members of both clubs. Purpose: to provide an overview of the proposal to amalgamate and to seek endorsement to continue.</p>	<p>Opportunity to seek support and approval for the proposed vision. Important to see the benefits.</p>
<p>Working group considers and makes decisions about the key operational, legal and financial matters that need to be decided/resolved ahead of the amalgamation. An implementation timetable is developed.</p>	<p>Key topics for consideration include:</p> <ul style="list-style-type: none"> • Governance structure • Incorporation/constitution • Organisation name, logo, uniform, colours • Finances/bank accounts/fees • Legal requirements • Leases and licences • Staffing/volunteers • Programs/activities • Memorabilia/life memberships • Marketing/promotion

<p>Working group recommendations presented to management committees and a special general meeting is conducted for each club, seeking formal approval to amalgamate. A joint communication is sent to members of both clubs to present a consistent and transparent message recommending the amalgamation be supported (as the ABCXYZ Sports Club).</p>	<p>Vote taken requiring 75% member support in each club.</p>
<p>Memorandum of understanding is established stating position of both clubs and considerations for proposed amalgamation. Required legal matters are actioned to establish the new entity including developing a new constitution. Application to amalgamate is lodged with Consumer and Business Services (Form 4), along with new constitution and accompanying Checklist for Proposed Rules of an Association, and appropriate fee paid. Incorporation certificates from the amalgamating clubs must also be surrendered at this time.</p>	<p>Commitment stage. Process becomes formalised and new entity becomes a reality. Existing public officers for both clubs complete and lodge documents.</p>
<p>Consumer and Business Services (CBS) acknowledges the new entity with a new Certificate of Incorporation. Key stakeholders such as Noname Council, sports clubs' governing bodies, previous banks used by both clubs, previous sponsors, Australian Taxation Office (ATO), are advised of the new entity being established. The XYZ Sports Club and ABC Sports Club arrange a transfer of their debts, liabilities and assets to the newly amalgamated entity and their existing bank accounts are closed down over time. Legal and financial matters are addressed as new entity commences and the XYZ Sports Club moves to its new home (the site of the former ABC Sports Club).</p>	<p>Integration stage. Transition period commences as existing clubs wind up their operations and cease to exist.</p>
<p>A special general meeting is held where members of each club vote to approve the transfer of their debts, liabilities and assets to the newly amalgamated entity. With approval given, the XYZ Sports Club and ABC Sports Club arrange the transfer and their existing bank accounts be closed down over time. Legal and financial matters are addressed as new entity commences and the XYZ Sports Club moves from its site to its new home at the site of the former ABC Sports Club. The XYZ and ABC Sports Clubs cease to operate as individual entities.</p>	<p>Vote taken requiring 75% member support to transfer assets.</p>
<p>ABCXYZ Sports Club celebrates its formation with a members' induction night where the new club is introduced to the members. Club conducts its first AGM as the working group hands over responsibilities to the newly elected management committee. New club name, logo, uniform and colours become operational, promotional materials including website, Facebook and email are launched, and new club policies adopted.</p>	<p>Celebration stage!</p>

CASE STUDY TWO - Co-location flow chart/timeline

This is an example of a co-location where four organisations move into a shared facility.

<p>Club A, Club B, Club C and Club D are sports clubs all located in the same regional community in South Australia. Each club offers the community a different sporting opportunity - Club A is a cricket club, Club B is a soccer club, Club C is a netball club and Club D is a softball club. All enjoy healthy membership numbers in both senior and junior grades. Each of the clubs is located at a different facility in the region, however none of the four clubs owns their facility and all are currently hiring or leasing from either local schools or the local council and this is proving to be an issue. The soccer and netball clubs are growing and the current facilities (council-owned oval and courts) are below-standard, need upgrading, and are not able to cope with increasing player/spectator numbers. The governing bodies of these sports have introduced new requirements regarding the standard of facilities, meaning these clubs are no longer compliant. The cricket and softball clubs use the local school oval as their home base but there is no clubroom or change room facility available and so these clubs are seeking alternative sites.</p>	<p>Recognition of the justification for proposing a co-location of sports clubs. Without some action, the clubs may be compromised.</p>
<p>AtoZ Regional Council had applied for state government support to build a new facility for the region. A Sports Master Plan developed some three years prior recommended this. The council was successful in securing funding and the outcome was a new sports facility featuring a function area, change room facilities, an indoor stadium and two sports ovals. Council had consulted with all the region's sporting clubs during the master plan process and was aware of the issues facing many of the clubs in relation to their facility needs. This was the catalyst for seeking funding to develop the new sports hub.</p>	<p>Council taking a positive approach to address a community issue facing the sporting clubs.</p>
<p>AtoZ Regional Council identified the sports with the greatest facility needs and the committees of these four sports (clubs A, B, C, D) were invited to a meeting to see if they were interested in being involved in the new sports hub being established at the facility. AtoZ Regional Council had voted to set up a sports hub as a shared facility with the four sports being co-located. Following the meeting, the committees of all four sports clubs were invited to submit a written proposal indicating their support in becoming a member of the new sports hub.</p>	<p>The concept of co-locating clubs into the sports hub is explored.</p>
<p>Council staff reviewed each of the clubs' requests and it was agreed that all four clubs met the criteria that council had established. As a result, all were invited to a joint meeting where council staff detailed the proposed operational and governance models for the sports hub concept. This proposed model involved the co-location of the four clubs to the new facility and the establishment of a sports association to manage the facility under a lease arrangement with council. Following discussions at the joint meeting all four clubs were invited to seek the approval of their management committees and members to co-locate their club and become a member of the newly proposed sports association.</p>	<p>Preferred model is to establish a shared governance and operational model.</p>

<p>After considering the advantages and disadvantages, benefits, implications and opportunities of the proposal, the four club committees each agreed to recommend their members accept the proposal.</p> <p>In each case, the members voted to accept the committee recommendation and council was advised. Council formulated a tenancy proposal for each club. This document detailed the intended process involved in setting up the clubs as tenants at the site, and included details about the construction and design of the facility, proposed tenancy arrangement with the newly formed sports association, and the transition arrangements involved in co-locating to the new facility. All of the clubs signed the proposal.</p>	<p>Important to sell the benefits of co-location exercise, so there is a clear understanding of what the future holds.</p>
<p>AtoZ Council appointed one of its staff members to manage the co-location process and the first task was the appointment of an interim committee with equal representation from all four clubs. The members appointed to the interim committee were advised that their role was to administer and support the interim committee until the Sports Association was incorporated and was in a position to manage its own operations.</p> <p>It was agreed the purpose of the sports association was simply to manage and operate the facility; each of the four clubs was to retain its autonomy as an individual club, providing sporting activities for their members and the community as they saw fit. Council developed terms of reference for the interim committee and the members selected to be the club's representatives on the committee adopted these. The committee agreed to meet on a monthly basis using the terms of reference as its guide.</p>	<p>Terms of reference included the following:</p> <ul style="list-style-type: none"> • Committee administers and manages the activities of the facility • Membership will comprise representatives/nominees of the four user groups and a council representative • Chairperson selected from committee members • Appointments ratified by council • Ideally committee should be independent (membership not aligned to individual club committees) but this could be optional as it can be difficult to find enough volunteers • Council would retain ownership of the facility whilst not being responsible for the day-to-day management • Committee operates under a terms of reference/licence agreement established after consultation between council and the committee • Committee required to report to the council on a regular basis • Financial outcome is to break even or make a profit for the stakeholders, but possibly council would need to provide a subsidy in the first instance • Sports association needs to become an incorporated body, functioning under the direction of a constitution

<p>AtoZ Council marketing and communications staff prepared a media release about the sports hub concept, the co-location exercise, the member clubs and the interim committee. This was disseminated through various communication channels including the regional newspaper, council's website and the clubs' Facebook pages. A sense of excitement was generated in the community and within the membership of the clubs about their future.</p>	<p>Important to keep members engaged as significant changes impact on member satisfaction</p>
<p>The interim committee made decisions about the key operational, legal and financial matters that needed to be addressed in order to ensure the facility would be well managed and financially sustainable. Each of the individual clubs were still being run by their own club committees, which were still responsible for the day-to-day operations of the club's activities.</p> <p>AtoZ Council suggested to the interim committee that it visit other facilities operated with co-located clubs to help in formulating ideas about how to operate the most effectively and efficiently. Case studies were gathered which helped the committee benchmark its expectations and objectives.</p>	<p>Interim committee matters to address:</p> <ul style="list-style-type: none"> • Governance matters – constitution (by-laws), incorporation, AGM • Finances (banking, sponsorship, grants, insurance) • Management – board, committees, representation • Operations – licence/lease conditions, bar operations, point-of-sale systems, catering, hiring • Maintenance – upkeep, cleaning • Marketing and communication – promotion, publicity, event opportunities, social media • Sticking points – shared revenue, shared responsibilities (club v association)
<p>With advice from council, the interim committee developed a joint management agreement, which detailed funding, cost sharing, legal and access arrangements, so that responsibilities and usage rights were clearly understood and agreed to by the four user clubs. The premise for the agreement being successful was that the key elements of a partnership are flexibility, trust, open communication and a spirit of cooperation.</p>	<p>Joint management agreement sets out what you are trying to achieve and how you will achieve it.</p>
<p>The interim committee developed an action plan as an implementation timetable in order to ensure the important tasks were being addressed and that the four member clubs reported back to their respective committees on the progress of the plan.</p>	<p>Action plan becomes the implementation strategy.</p>
<p>The sports association adopted a new name and logo as the AtoZ Regional Sports Hub Association. A constitution was developed and submitted to Consumer and Business Services as part of the association seeking incorporation. This was achieved with the receipt of the formal notification (a Certificate of Incorporation). The interim committee prepared for the association's initial AGM, which was duly conducted, and the new management committee was elected to take over responsibility of the facility.</p>	<p>Job descriptions for management committee positions to be elected at initial AGM were developed and communicated to members of the clubs.</p>
<p>AtoZ Regional Sports Hub Association celebrated its formation with an open day at the site where members of the four clubs and the community were invited to inspect the new facility.</p>	<p>Culmination of much hard work over months of planning!</p>

CASE STUDY THREE - Amalgamation/merger

This is an example of an amalgamation/merger involving two metropolitan clubs in the same sport (athletics) that agreed to merge to bring together a junior (Little Athletics) club and a senior club under a 'One Club' Model.

Northern Districts Athletics Club – combines the former Salisbury East Little Athletics Centre and Salisbury Amateur Athletics Club.

DESCRIPTION

The Salisbury East Little Athletics Centre and Salisbury Amateur Athletics Club amalgamated to become the Northern Districts Athletics Club, in order to create a better, lifelong pathway for athletes, coaches, officials and volunteers wanting to continue with the sport of athletics. This club now provides a pathway from Tiny Tots (3-year-olds) right through to Masters Athletics, and provides the best environment to deliver quality athletics that retains participants.

HOW DID IT COME ABOUT?

Athletics SA and Little Athletics SA have promoted a 'whole of sport' approach to their affiliated clubs and centres, with the primary goal being to ensure that athletics in South Australia is seen by 'outsiders' as 'one' (rather than a string of individual organisations). Research has found that a 'One Sport' structure - from club and centre level, through to state and national level - provides the best environment to deliver quality athletics that retains participants.

Athletics SA and Little Athletics SA met with the presidents of the Salisbury East Little Athletics Centre and Salisbury Amateur Athletics Club, and gave them a networking opportunity to look at ways to start working together more. A SWOT analysis was completed – it explored the benefits of both clubs working together to form a single entity.

Some of these benefits were:

- Sharing an existing facility
- Pooling of resources and equipment leading to more effective allocation of resources
- Working together on funding and sponsorship with greater prospects of attracting funding and grants
- Greater community presence
- Development of a cohesive strategic approach
- Simplified administration at club/centre level
- Increased marketing opportunities
- Improved government, council and corporate support
- Decreased costs through economies of scale
- Increased quality and quantity of services in coaching and officiating and at events.



WHAT STEPS OCCURRED TO FACILITATE/ACHIEVE THIS PROCESS OF AMALGAMATION?

A joint committee meeting was held, where the members of both committees agreed to move forward to amalgamate and both parties created and signed a memorandum of understanding (MoU). A special general meeting followed this, where members of both clubs agreed to move forward to amalgamate.

A joint working group was established as a steering committee to oversee the process. The goal for the steering committee was to develop the following:

- New business/trading name, starting to draft a new constitution and policies and procedures
- New uniform, nickname and unified logo
- Financial matters such as simplified club fees and opening up a new bank account
- A single website and other social media and marketing sites.

WHAT LESSON WERE LEARNT?

- Always think of the 'big picture': if any conflict occurs, think of the end goal, and do not let the small things (e.g. life members policy, colour of uniform) affect how you are feeling. Continuously focus on the pathways and opportunities that will be opened up for the sport, and future athletes and participants.
- Things will not happen unless there are committed committee members to support the change. People do not like change, but over time, they get used to it and can help energise the process. The president's role as a leader and motivator is vital.
- Communication is the key to success. It is important to remember the timing of your communication and whom you involve in it. 'Less' communication is sometimes better, but remember to ensure that members know enough about what is happening so that they are not fearful about the what lies ahead.
- It is important to have an even balance of 'both sides' on a working group committee, and future committees.
- Getting some early wins makes a huge difference and shows members that the amalgamated body can work and be successful. Celebrating your progress is crucial.

MAJOR ISSUES/BARRIERS TO ADDRESS

There will always be issues to address when two different groups come together, particularly when the merging clubs are affiliated to different state sporting organisations. There will be issues such as conflict or tension between committee members, committee members focusing on irrelevant information, different IT systems (different emails, different websites) that make it difficult for the amalgamating clubs to work cohesively together, across the systems, and different pricing structures that need to be amended.

In this particular case, communication to some members about the changes was not done in the way they wanted. Different communication types are needed to suit different demographics, e.g. send a letter to elderly people who cannot access the internet, or communicate face to face, especially with those who aren't 'tech-savvy'.

POSITIVES/SUCCESSSES

Overall, the amalgamation has been very successful. This is evident in a number of areas, e.g. the new committee working well and with a positive outlook, and an increased number of athletes.

There is no doubt the new club will continue to improve, becoming bigger and better and being recognised as a pioneer club in getting a senior athletics club and a little athletics centre to come together as 'One Club'!

TIMELINE OF THE PROCESS

The amalgamation process commenced in June 2015 with informal conversations between the presidents of both organisations, leading to the joint committee meeting, the MoU being signed in June 2016, the formation of the joint working party in July 2016, and culminating in the members of both organisations voting to amalgamate in April 2017. The new Northern Districts Athletics Club was officially born when it became incorporated in May 2017.

SUPPORT PROVIDED/REQUIRED?

Support of the state sporting organisations (Athletics SA and Little Athletics SA) was critical, as was the support from external consultants with knowledge in finance and governance.

The local council gave financial support to assist with obtaining new uniforms.

CASE STUDY FOUR - Amalgamation/merger

This is an example of an amalgamation/merger involving two metropolitan clubs in the same sport (lawn bowls) where the two clubs are moving into a new facility as part of a proposed sports hub initiative.

Playford Bowls Club – combines the former Elizabeth Bowls Club and Munno Para Bowling and Community Club.

DESCRIPTION

The City of Playford's Regional Sports Precinct Master Plan was endorsed in June 2013. One of the key initiatives proposed was the construction of a new lawn bowls facility, located on the site of the existing Elizabeth Bowls Club. Under the plan, this facility would become the home of a new bowls club formed through the amalgamation of the Elizabeth Bowls Club and the Munno Para Bowls and Community Club. This amalgamation is nearing completion, under the name of the Playford Bowls Club.

HOW DID IT COME ABOUT?

To achieve council's objective of establishing the new lawn bowls complex, council appointed some of its staff to action the project over two stages – first, the amalgamation of the two clubs; and second, the design and construction of the new facility.

Munno Para Bowls and Community Club is located in the northern region of the City of Playford ('council') local government area, in a growing residential area. However, club membership numbers were not growing and the club was struggling to pay its debts. The Elizabeth Bowls Club, located in the heart of the town centre adjacent to the Grand Central complex on Goodman Road, Elizabeth, enjoyed a larger membership base than Munno Para and had been in existence for much longer.

Playford councillors made the decision to sell off the Munno Para Bowling and Community Club, with the funding generated from the sale being used to develop the new state-of-the-art lawn bowls complex (featuring undercover greens and a new clubroom/function centre) on the site of the existing Elizabeth Bowls Club.

While the proposal required the two clubs to amalgamate to form a new bowls club, this was always going to be a difficult task: neither club was very receptive to the idea of losing its identity and forming a new club. For instance, Munno Para Club was resistant in the initial stages as it believed the decision to sell off its land could mean the club lost its identity and history.

Council however was committed to its Sports Precinct Master Plan and so forged ahead with designing the new facility whilst at the same time trying to facilitate the merger of the two clubs. To this end, council engaged an independent consultant to work with council staff to facilitate a successful amalgamation process.



WHAT STEPS OCCURRED TO FACILITATE THE OUTCOME?

The first and most important step was council committing to the plan to develop the new bowls facility and its hope that the Elizabeth and Munno Para Bowls Clubs would agree to amalgamate, with their new entity using the new facility as its home base. The next step to advance this plan was council's decision to revoke the Munno Para Bowls and Community Club's lease on its premises.

After this, an independent consultant held individual meetings with committees from both clubs to gauge their reaction to the proposed amalgamation and to try to address their concerns/questions. This enabled the consultant to assess the willingness of both clubs to progress with the amalgamation. Early indications were that there was a high degree of resistance as this move was being forced on both clubs rather than them being the drivers for change. Once the clubs realised council was committed to the proposed development, it was important that they became engaged in the process so they could develop a sense of ownership, contribute to the future planning, and design for the concept. Eventually both club committees provided a signed endorsement in support.

An interim committee was established with three members from each club and a council staff member providing the secretarial services. The committee was chaired by the independent consultant. The purpose of the committee was to work towards the amalgamation of the two clubs and be responsible for all the appropriate associated governance, legal, financial and operational tasks. Council had developed terms of reference and the interim committee as its *modus operandi* adopted these.

Munno Para restructured its committee to address some internal issues. A new committee was elected and new representatives were then appointed to the interim committee.

Interim committee meetings were held monthly where decisions were made about operational and design matters; these were communicated back to the membership of both clubs. A joint information session was held to present a progress report on the process and to gain members' support.

Both clubs held special general meetings at which members voted to support the amalgamation under the new name of Playford Bowls Club. To signal the shift, the Elizabeth Club changed its name to Playford while still operating under its old name. Documentation was lodged to change the name and an official Certificate of Incorporation under this name was received from Consumer and Business Services

Ongoing interim committee meetings were held and many decisions were made regarding such matters as the new club name, logo, uniform, constitution, operations and policies.

Elizabeth Club was closed down in September 2016 in anticipation of the new facility being built, but some issues occurred with the design phase and as a result, changes were made to the original plans, which saw the proposed new built facility instead being replaced with a refurbished facility. Member approval was given for this revised concept but it required considerable persuasion.

Elizabeth members relocated to the Munno Para facility for the 2016/17 season and both clubs continued to operate as separate organisations, both in competition and administratively. Nevertheless, important relationships were created with both clubs being at the same site for a six-month period.

Munno Para club continued to operate from its licensed premises over this time and was able to clear its debts.

The tender to develop the refurbished building and construct three undercover synthetic greens was awarded and work commenced with a likely completion date of early 2018.

Final plans were put in place to complete the formal amalgamation process, with the Munno Para Bowling and Community Club joining the Playford Club (formerly Elizabeth).

WHAT LESSONS WERE LEARNT?

- Number one: be realistic regarding council's relationship with the stakeholder groups. Given council was the catalyst for driving the amalgamation, there was bound to be angst and unrest because the clubs felt they were being forced into agreeing to amalgamation. It is crucial to understand that in these circumstances the relationship may need plenty of 'love' in the initial stages. Engaging an independent facilitator who was not seen, as a council person was critical in guiding the process, as clubs felt able to offload to this person.
- Carefully manage communications with the stakeholder groups. Keep all parties equally and regularly informed. Where clubs provide their own communication to members, it is possible such communication will be open to an interpretation that is not always consistent with the 'true' message!
- Understand that the views of the club committees may not be the views of the general membership, and that this creates the possibility that the committees may not reflect what the members want or think.
- Appreciate that perceived 'minor' matters - in the context of a multi-million-dollar project - can be very significant in the view of a community sporting club committee.
- Clearly define the level of involvement of the clubs regarding the design of the new facility. Whilst their knowhow was very important, having too much involvement slows decision-making.
- It is critical to use clear terms of reference as the basis for guiding the process.
- Develop a harmonious working relationship between interim committee members. Encourage them to see the big picture and not keep dwelling on the past. Have the right people from each club involved on the interim committee. (The restructure of the Munno Para committee brought more skilled and passionate people to the project.)

MAJOR ISSUES/BARRIERS TO ADDRESS?

- Trust issues with council regarding the rationale for the project and what was actually going to be delivered.
- Trying to manage personalities and the strong opinions of individuals who might be at odds with the majority of interim committee members can create situations where the committee functions ineffectively.
- Fundamentally changing the scope of construction (from new to a redeveloped club house) late in the amalgamation process was a major hurdle as it created some mistrust of council, slowed down the project and required much more relationship-building with club members.
- With any licensed facility, there are certain rules and regulations, but this project had **very** complex liquor and gaming licence issues with both clubs possessing liquor licences and gaming machines. Trying to resolve these while adhering to CBS requirements was challenging.
- One club starting the process in debt, and not willing to amalgamate until back in the black.
- The decision to make a club manager position redundant, which significantly changed the role of the committee and volunteers within the club.

POSITIVES/SUCCESSSES

Ultimately, the desired outcome was reached with the clubs agreeing to amalgamate. It helped that there was a significant improvement in the relationship between the clubs' committees during the process, enabling an environment more conducive to decision-making and consultation.

The final positive will be the completion of the facility and the successful functioning of the newly amalgamated club.



TIMELINE OF THE PROCESS

The initial concept of an amalgamated club operating out of a new facility as part of the Playford sports precinct was first mooted in early 2015, and the design process for a new facility commenced in March 2015. The independent consultant engaged to facilitate the amalgamation process commenced in November 2015 and his work continued until 2017.

The joint presentation to members, proposing the amalgamation, occurred in December 2015.

Special general meetings for each club to seek member approval for formal amalgamation were held by December 2016.

The name change from Elizabeth Bowls Club to Playford Bowls Club occurred in March 2017. Munno Para joined the new entity in 2017, in the process deregistering their old club to formalise the amalgamation.

A tender to develop the new facility was awarded in July 2017. Estimated completion date: January 2018.

Playford Club began competing in the 2017/18 bowls season as an amalgamated club.

SUPPORT PROVIDED

The City of Playford has made a significant contribution to the project in a number of ways, including:

- Full funding of the new facility's design and construction (there was no club contribution)
- Funding to cover the costs of the independent consultant
- Waiving the facility licence fee for MPBCC
- Contribution to help pay for new uniforms for existing club members
- Installation of a temporary office at MPBCC for the EBC
- Purchase of the Munno Para Bowling and Community Club building.

Seeing this project through to completion has been a priority for council. Its support financially, as detailed above and through the commitment of staff, and its willingness to work in collaboration with the two clubs have been instrumental in achieving a fantastic outcome of a fully refurbished facility and three undercover synthetic greens. What has been created is one of the best bowls facilities in the state and possibly the country.

CASE STUDY FIVE – Co-location

This is an example of a metropolitan co-location involving three sports clubs moving to a newly built facility, which they now share, and establishing a new association to manage the facility.

Eyre Sports Park Association.

DESCRIPTION

Eyre Sports Park Association is a new community sporting association established by the City of Playford to provide a facility for three local clubs, which will become the tenants at the Eyre Sports Park on Womma Road, Penfield. The project is a joint venture between the City of Playford and developer AVJennings.

Eyre Sports Park will be home to the Central Districts Rugby League Club, Northern Wolves Soccer Club and the Rose and Crown Cricket Club. Between the two main ovals, spacious clubrooms will be built alongside a large play space and three all weather, enclosed cricket nets. The three sports clubs have all been relocated from their original home grounds.

HOW DID IT COME ABOUT?

The three sports clubs which have become the tenants at this new facility were required to relocate as council had actioned other plans for their existing facilities. This meant two of the clubs were being displaced from their existing venue and the other was currently a sub-tenant at a facility that did not enable regular hosting of home matches and gave that club no capacity to run its own canteen or bar.

Council offered each club the opportunity to become a tenant at the new Eyre Sports Park development and to be co-located as part of a new association which needed to be formed.

The land developer was prepared to bring forward investment in the facility, with funding also committed by council. The clubs were not required to contribute toward construction of the facility.

WHAT STEPS OCCURRED TO FACILITATE THE OUTCOME?

Council entered into an agreement with the developers AVJennings to develop the Eyre Sports Park. Offers were made to the three local community sports clubs to become co-tenants at Eyre Sports Park. This initially faced resistance, which is understandable. Once there were firm concept designs and a financial commitment was made by council and the developer, the clubs came to the realisation that the facility was going to be built and that not agreeing to the move would jeopardise their futures.

Council fully funded the co-location of the three clubs, whose responsibility as co-tenants was to form the new association purely to operate the facility, whilst they remained as separate entities to conduct their normal club operations.

Each of the clubs became very receptive to the concept of co-locating. They saw the benefits of gaining a new facility, especially one that was to be state of the art, plus it would be located in a growing population area (which meant a possible increase in membership), there was no financial risk to the clubs, and they were to be involved in a shared-facility concept.

Council met with representatives from each club to outline its proposal and highlight what was being offered to the clubs as separate entities and also as part of a newly proposed association.

Council mooted the idea of a new sports association to manage the Eyre Sports Park and to hold the licence for the facility. Each club signed an offer of tenancy which outlined all the relevant details regarding them operating at the new facility and as joint members of the new association.

WHAT STEPS OCCURRED TO FACILITATE THE OUTCOME? *cont.*

A working party (Eyre Sports Working Party) was formed to establish the Eyre Sports Park Association, which would be the licence holder for the clubrooms. The working party included representatives from each of the three clubs, plus council staff as ex officio members. An independent facilitator was appointed to guide the process and to assist with the administrative tasks, as it was appreciated that the members of the working party were already heavily committed with their existing club committee duties.

Terms of reference were established by council and agreed to by the working party members. A series of monthly meetings was planned so the working party could monitor progress in achieving the goals set out in the terms of reference. The consultant and council staff were responsible for working on the required tasks and then bringing these to the working party for approval and/or adoption.

The various tasks that needed to be achieved were:

- Signing the tenancy agreement as an acceptance of the offer from council
- Selecting two representatives from each club to serve on the working party
- Establishing a name for the new association – Eyre Sports Park Association
- Developing a constitution
- Becoming an incorporated association
- Formulating a governance model for the new association
- Filling the association's executive positions
- Obtaining a liquor licence
- Establishing appropriate business systems to manage and operate the new facility
- Creating operational processes/systems for the facility – maintenance, cleaning, etc
- Setting up systems/agreements for hiring or sub-letting
- Marketing opportunities to promote the facility and generate income.

WHAT LESSONS WERE LEARNT?

Engaging an independent person experienced in the amalgamation process to assist with governance and legal matters in setting up the new association was critical, e.g. it absolved council of having to make decisions that could have created conflict or generated accusations of favouritism. It also provided an additional resource to help manage the limited or varied capacities of the three clubs.

Selling the vision of the new facility was a key element of the process, but until there were tangible plans/designs available and a financial/contractual commitment from council and the developer, it was difficult.

Council had/has a vision for a best-practice model for the association. In order for this to be, realised council has had to sell the benefits to the stakeholders and invest resources towards it.

MAJOR ISSUES/BARRIERS TO ADDRESS?

Generally clubs are resistant to change: proposing the co-location model meant significant change in many ways and there was initial resistance to the concept of relocating. Not only were clubs being asked to move to a new home but they were also being asked to share facilities with other clubs that had differences including cultural, size of membership and operating models.



POSITIVES/SUCCESSSES

The clubs' decision to engage in the process by signing tenancy offers, setting up the working party to oversee the process, and forming the new association: all are signs that the process is working successfully. There is still plenty to do as the facility is yet to be occupied, but the early signs - from the positive response by the committee representatives to achieving a range of goals - indicate it will be a successful model. The association is now incorporated, has a constitution, and is currently seeking executive members for its first official management committee.

One of the clubs has rebranded itself to align its club name to the name of the association (the Rose and Crown Cricket Club is now the Eyre Royals Cricket Club).

TIMELINE OF THE PROCESS

Initial conversations between council and the three clubs began in late 2016; the first meeting of the Eyre Sports Working Party was held in February 2017; and the association became incorporated in May 2017. The likely date for the first club.

SUPPORT PROVIDED

Council funded an external consultant, and fully funded the new facility design and construction (there was no club contribution).

Additional council staff were provided to help manage matters that the clubs were not resourced for.



CASE STUDY SIX – Co-location

This is an example of a regional co-location involving four sports clubs in a shared facility under a single governance model.

Lameroo Sports Club.

DESCRIPTION

Lameroo Sports Club is located in the South Australian Mallee region and is home to the Lameroo Hawks Football and Netball Clubs, the Lameroo Lawn Tennis Club and the Lameroo Cricket Club. It is an example of a regional facility that has four clubs co-located and sharing the same facility under a single governance model.

HOW DID IT COME ABOUT?

The Lameroo Sports Club Inc. was established in 1991 to govern and manage these four sports clubs. It was formed when the Lameroo South and Lameroo North Football and Netball Clubs amalgamated due to a decline in numbers. The cricket club joined in 1993 and the lawn tennis club joined in 2011.

WHAT STEPS OCCURRED TO FACILITATE THE OUTCOME?

Until 1991, the Lameroo South and Lameroo North Football and Netball Clubs competed as stand-alone teams sharing the same oval. However, by the latter stages of 1990 player numbers – for all clubs, football and netball – had dropped to the point the clubs conceded it was time to merge and become the Lameroo Hawks. The inaugural meeting of the Lameroo Hawks Netball Club was held on October 25th 1990 in preparation for the 1991 season. Soon after the merger, it was agreed that the uniform would comprise the colours of Lameroo North (black and white) and Lameroo South (blue and gold).

Next, the Lameroo Cricket Club sought to join the sports club so it could be part of a ‘shared’ club and enjoy the benefits of this. In 1993, the cricket club was accepted as a member.

A Lameroo Sports Club constitution was drafted and adopted, the club became incorporated, and council allowed it to lease the oval and clubroom facility for a peppercorn rent.

The sports club elected a management committee whose responsibility was to govern and manage the operations of the shared club facility. The sports club has overall management of each club and operates under a constitution, although each member club also has its own separate constitution. The sports club has a management committee that comprises two representatives from each member club, and other committee members with a specific role such as bar manager, bookings officer and social club representative.

The sports club was established to provide a coordinated approach to sport in the Lameroo community and to share the burdens facing sporting clubs in a rural community, thus enabling sport in the town to survive and prosper.

The sports club is responsible for covering the operational costs of all four clubs including costs that would normally be charged to the individual sports through their lease agreements with council. These include:

- Infrastructure
- Maintenance
- Insurance
- Utilities

The sports club is able to generate the majority of its revenue through the liquor licence in the shared facility.

The members of each sporting team are automatically also members of the Lameroo Sports Club and so enjoy the benefits the shared facility has to offer.

The sports club adopted a ‘one account model’ and all four sports clubs have combined their accounts into the Lameroo Sports Club account, which is managed by a treasurer responsible for all financial matters involving the clubs. Each club has a separate ledger item in the sports club account.

WHAT STEPS OCCURRED TO FACILITATE THE OUTCOME? *cont.*

All income generated through the bar is deposited into the sports club account; the individual sports apply for funding on a needs basis to meet any specific costs they might have.

The facility is free of charge to member clubs to use.

The sports club has applied for and been granted funding from the State Government's Female Facilities Fund to upgrade the facility.

WHAT LESSONS WERE LEARNT?

It has been important to have people with the appropriate range of skills and experience on the sports club committee to ensure this model of governance works. Having some 'champions' who are passionate and committed to making things work, and willing to commit their time, is invaluable.

Selling the benefits of working and functioning in a shared facility is important, as it is a significant cultural change compared to what most country sports teams are used to. Transparency has been essential to ensure acceptance of this model by the member clubs. It is important to be up-front about how everything will work so there are no secrets to bring the process undone.

Communication is also important. Passing on information that is timely and accurate creates confidence among the members – they know they are being well informed.

MAJOR ISSUES/BARRIERS TO ADDRESS?

The major issue was the fear of the unknown, as clubs had been independent and not reliant on others. This new model brought uncertainty about whether it was going to work. Bringing clubs together and asking them to share facilities is always going to create some issues. Teams see the dividing up of income from bar takings as lost income when compared with what they could generate in their own right.

Some locals were these accommodating to the opportunity and preferred to run the risk of hoping their sport could survive in difficult times, rather than being willing to join with others in a shared arrangement.

POSITIVES/SUCCESSSES

Bringing people's skills and shared facilities together has been a success: all member clubs feel they are an important part of the sports club.

The shared facility has eased the load on volunteers, and reduced the costs each club was facing (e.g. greater overall member numbers means reduced insurance premiums).

Through the clubs working together we have developed a more efficient facility and more professional clubs which are now required to present a 12-month plan and a five-year 'wish list' that the sports club is able to use to plan its finances into the future.

The future of the individual clubs is now much brighter under a shared governance model, compared to if they had remained as struggling clubs each doing their own thing.

The success of the sports club model has been instrumental in it securing significant government facility funding.

TIMELINE OF THE PROCESS

The process of creating the shared facility model under the governance of the Lameroo Sports Club Inc. has evolved over the past 25+ years, and is still evolving as interest in joining has been expressed by the Lameroo Swimming Club.

SUPPORT PROVIDED

Council has been supportive through its generous commitment with the current peppercorn lease agreement, its utilities-cost subsidies (water), and mowing the sports club oval.





Frequently Asked Questions

What are the main steps in the amalgamation process to meet the requirements of the *Associations Incorporation Act 1985*

There are three main steps in the South Australian amalgamation process:

Step 1

The associations wishing to amalgamate must each pass a special resolution. This means a positive vote from at least 75% of eligible votes cast at a general meeting of members; or, if the rules of the association do not provide for the membership of the association, a positive vote by at least 75% of the committee of the association at a committee meeting. The resolution must approve amalgamation, including the:

- Terms of the proposed amalgamation
- Name of the proposed amalgamated incorporated association.

It is best practice to seek member approval of the proposed rules of the new association. The rules of the association to be formed through the amalgamation must be submitted to Consumer and Business Services (CBS).

Step 2

The associations wishing to amalgamate must jointly lodge an application in the required format to CBS, along with:

- Copies of the special resolutions passed by each association supporting the amalgamation
- The proposed rules
- Any relevant trust documents (if any trusts are established or amended as part of the amalgamation)
- The prescribed fee (see 'Fee Schedule' on the CBS website)
- Details of the first public officer of the amalgamated association
- Certificates for incorporation of the amalgamated associations
- A completed checklist to ensure the proposed rules comply with the Act (see 'Association Checklist').

Step 3

If CBS is satisfied that all requirements have been met, it will issue a Certificate of Incorporation for the new amalgamated association. At this time, CBS will cancel the incorporation of the individual incorporated associations.

Step 4

Once the amalgamation has been approved the new entity needs to change its letterhead, logo, website and printed materials, apply for a new ABN, and then notify all stakeholders of the new entity name and ABN, including (where relevant):

- Australian Tax Office – for PAYG and GST registrations
- Funding bodies
- Bank accounts
- Suppliers (e.g. power, telephone, internet service provider, office supplies).

What information can I provide to a members' meeting to show them the steps necessary to implement a successful amalgamation?

Template for use at initial members' meeting:

1. Meetings with both clubs
2. Members vote on whether to pursue an in-principle amalgamation
3. Selling of benefits including:
 - a. Must provide compelling reasons to both clubs for the amalgamation
 - b. Decreased costs through economies of scale
 - c. Reduced demand on volunteers
 - d. Simplified administration at club level
 - e. More effective allocation of resources
 - f. Increased quality/quantity of services
 - g. Improved government/corporate support
4. Independent task group/steering committee set up to investigate amalgamation process and consider such matters as:
 - a. Governance
 - b. Organisation name and structure
 - c. Staffing, if required
 - d. Activities
 - e. Finance
 - f. Facilities
 - g. Promotion and marketing
 - h. Legal implications
 - i. Memorabilia and life memberships
 - j. Transition issues
 - k. Timeline for implementation
5. After consideration of task group recommendations, seek club approval for amalgamation at special general meeting for each club. Should feature a shared, transparent communication to club members
6. Consultation with key stakeholders – to outline amalgamation decision
7. Set up Memorandum of Understanding (MoU) stating position of both clubs and considerations for proposed amalgamation
8. Implementation Plan incorporating:
 - a. Legal issues – new constitution, name, winding up (e.g. application to close down existing clubs/transfer liquor licenses)
 - b. Financial issues – accounting system, budgets, bank accounts
 - c. Governance issues – transitional board, voting rights, sub-committees, equity issues
 - d. Management/staffing issues – industrial issues, staff requirements, transitional arrangements, HR policies
 - e. Timeline issues – deadlines (pre- and post-merger)
9. Amalgamation implies both organisations cease to exist in their own right and their resources, assets and roles are consolidated into a new entity which satisfies the needs of the stakeholders
10. Amalgamation celebrated!



What are some possible governance models that could be used in a shared facility where organisations are being co-located?

Where appropriate, two or more organisations can share a facility so that access to, use of, and operation of the facility is increased and provides improved outcomes for the members of the organisations. In order to achieve the best outcome for all parties it is important to establish some form of management agreement for such shared facilities. These agreements should be comprehensive; detailing all cost sharing, legal and access arrangements, so that responsibilities and usage rights are clear. Detailed below are some possible management models for consideration:

- **Direct Management** - the owner of the shared facility (generally a local council authority) employs a facility manager. The owner is responsible for all aspects of the shared facility's operation including operating policies, financial performance and asset maintenance. In some cases, a management committee may be established to help with policy development and to ensure community and user group involvement in management decisions.
- **Contract management** - the owner of the shared facility contracts the management of the facility to a user group under a head lease. Responsibilities of the arrangement are set out in a formal contract or management agreement. The facility owner is generally responsible for major building maintenance but all other day-to-day operations and management are taken care of by the user group.
- **Joint management** - the owner of the shared facility hands over responsibility to a management committee comprising representatives of the user groups to administer and manage the activities and operations. Terms of reference/licence agreement are established in consultation between facility owner (usually local government) and the committee. The committee functions under the direction of a constitution.

Model 1

Lease or Licence

Applies where the shared facility is offered to an individual organisation or group of clubs to utilise for their own activity or service. This could occur where a number of clubs have been co-located or come together in a facility as an amalgamated club, and where the new entity is offered the head lease. This means the operational aspects of the facility are handed over to the entity and its management committee and the facility owner (generally a local government authority) loses control over the operational aspects of the facility.

The key considerations of a lease are:

- It is a legal agreement between two entities, i.e. the parties must be incorporated legal entities
- The lessee (tenant club/clubs) has rights over the facility for a specific time in return for rent
- The lessor (owner) has no control over policy and direction and forfeits all involvement in day-to-day management except where there is a breach of terms
- The lease is usually for a long period with an option for renewal. Community leases in South Australia provide the lessee with rights for a maximum of 21 years but are normally for five-year periods plus options
- It is difficult for the lessor to withdraw from a lease without the approval of the lessee. Within the terms of the lease, the lessee has the freedom to manage the site/building as the lessee sees fit
- Once the lease has been signed, the terms cannot be changed without the consent of both parties, except where expressly stated in the terms.

MODEL 1 - Example

Kauri Community and Sports Centre

Model 2

Committee of Management

This is a common model, particularly for facilities and sports hubs where a number of user groups access playing surfaces and/or venues. Incorporated associations are developed that comprise a number of representatives from user groups and may include additional community or local council (facility owner) representation.

The key aspects of a committee of management include:

- A legal agreement between the owner and the association is formulated
- Owners have little or no control over the day-to-day management of the site
- Profits from the site are retained by the community association for its own needs/operations
- The owner usually underwrites the association by annual lease or licence
- The individual community associations usually require some assistance with cash flow funding in the short term to enable them to function. Individual user groups may, over time, come to exert a high degree of influence over the operation of the centre
- Some associations employ paid staff to oversee the day-to-day management of the facility/site
- Any income generated and profit made by the association during the year stays within the committee and is reinvested back into the club at the discretion of the management committee.

MODEL 2 - Example

Playford Bowls Club

Model 3

In-house or Direct Management

This is where the owner (generally a local government authority) retains full control and management over all aspects of the facility, and the user groups operate under a user-pays system (where clubs have no say regarding how the facility operates). The user groups may be consulted on certain aspects of the facility; however, they have no legal standing or financial stake in the facility. The user groups receive no financial benefit from such an agreement and their involvement can be terminated at any time.

In South Australia this seems to be the most common approach to managing recreation facilities: it means that managers are employed by council and normally sit within a 'provider' department such as community services or facility management. Traditionally facilities managed in-house have been required to at least break even; a balance between social and commercial objectives ensures the facility can meet its primary aim of serving its immediate community, while not being an undue financial drain on council or other services it provides.

MODEL 3 - Example

The ARC Campbelltown Community Leisure Hub

Model 4

Contract Management

This is where a facility is outsourced to a third party (normally a commercial operator) which operates it for a fee for a given period. This is more common with larger community facilities where specific knowledge and experience are required to ensure optimal access and use of the facility (to ensure financial sustainability), or where using volunteers to run the facility is too risky and will not generate the financial return required.

The negative aspects include some loss of control by the user groups and additional management fees paid out to administer the facility, but these aspects can be negotiated and considered when identifying appropriate roles and responsibilities of all parties.

MODEL 4 - Example

Playford Tennis Centre

Summary

In selecting the preferred model, the following points must be considered:

- Management of the user groups is consulted
- Fair and equitable representation of all stakeholders, and their views considered
- Club identity is maintained where an amalgamation or co-location is involved
- Financial profitability is a key factor
- Administrative burden on the user groups is reduced/alleviated.

If we have clubs sharing facilities, how can we address the loss of income over the bar?

There are a number of financial models for member clubs to consider regarding the operation of a shared bar facility.

The assumptions we have used are:

- The bar being provided in the new facility will be operated as a shared bar and staff will come from volunteers from the member organisations
- There will need to be a volunteer bar manager appointed to oversee the normal responsibilities of running a bar (e.g. ordering stock, stock control, arranging bar staff, etc)
- The governance of the facility is under the control of a board of management with equal representation of member clubs
- Any funding generated through the bar is going to be directed to an account established by the board of management.





Options for income distribution:

1. Dividend Model A - At a designated time of the year, the income generated is distributed to each member club based on patronage over the bar (determined through a point-of-sale system). Generally, the more a club patronises the bar the greater the dividend. A percentage of the bar takings is retained by the association for operational expenses.

- **Currently the scheme adopted by Glenunga Community Hub**

2. Dividend Model B - at a designated time of the year the income generated is distributed to each member club based on an agreed percentage of bar takings (with a percentage of the bar takings being retained by the association for operational expenses).

- **The scheme initially adopted by Clare Sports Club**

3. Incentive Model - any income generated above an agreed benchmark figure per week and calculated through member patronage is distributed to the member clubs within five days of the weekend's trading. The association retains all income up to the benchmark figure.

- **Currently the scheme adopted by Clare Sports Club***

4. Grant Model - all income generated is retained by the association to meet operational costs and member clubs apply for grant funding for specific requests/projects. Under this model, each member club does not have its own accounts; rather their finances are recorded under a central set of accounts through an itemised ledger category.

- **Currently the scheme adopted by Lameroo Sports Club**

**Clare Sports Club adopted a different model to better suit its circumstances and provide better returns for the member clubs. A good lesson in being prepared to experiment until the best financial option is found.*

What are 'Terms of Reference' and what do they include?

Terms of reference define the purpose and structures of a committee or any similar collection of people who have agreed to work together to accomplish a shared goal or project.

Example 'Terms of Reference' for use by an interim committee considering an amalgamation process:

- Establish identity for the new entity including such matters as club name, logo, colours and uniform
- Establish governance principles for new entity including organisational structure and ongoing management
- Establish policies and procedures for financial management of the new entity
- Establish policies and procedures for club rules/operations including team composition, sponsorship and fundraising, social activities, promotion and marketing, etc
- Finalise all legal responsibilities for establishing a new entity and closing down existing clubs
- Establish policies and procedures for addressing matters relating to preserving both clubs' history and legacy (e.g. honour boards, life memberships)
- Establish processes for addressing transition issues
- Establish a timeline for implementation of the amalgamation process.

Do we need a constitution?

Organisations either amalgamating or setting up a new shared-facility governance model will in most cases need to lodge a new constitution.

The Office for Recreation, Sport and Racing has developed constitution templates for community clubs, regional and state associations. The templates meet the requirements of the Associations Incorporation Act 1985 in South Australia and incorporate best-practice governance principles as advocated by the Office for Recreation, Sport and Racing.

The constitution templates are available through the Office for Recreation, Sport and Racing website.

To find out more about the requirements of an incorporated association, download publications or lodge a new or updated constitution, visit Consumer and Business Services.

What is the purpose of a Memorandum of Understanding?

The purpose of a MoU is to encourage and foster the development of closer links and cooperation between the parties involved. It is an agreement developed to formalise the functions and tasks to be managed jointly by the parties involved. It will establish a framework for the collaboration between the organisations and set out the common goals or vision of the parties to the MoU.



Memorandum of Understanding (MoU) Template

THE PARTIES - this MoU is an agreement made between the following parties that have agreed to consider an amalgamation process:

Party A

Organisation Name	<Insert>
Address	<Insert>

Party B

Organisation Name	<Insert>
Address	<Insert>

Party C

Organisation Name	<Insert>
Address	<Insert>

PURPOSE *(states the purpose of the Memorandum of Understanding)*

The organisations identified above have agreed to work towards an amalgamation/merger in the best interests of their members.

The Parties to this Memorandum of Understanding enter into this agreement on the basis that they have the authority to do so and with the intention that this Memorandum of Understanding reflects the spirit of cooperation between the parties.

This MoU has been prepared to guide and confirm the relationship between the parties, by identifying the rights and responsibilities of each of the parties and the shared responsibilities in achieving the proposed amalgamation.

The term of this MoU is for a period of months/years from the date of signing but may be renegotiated as and when required.

RESPONSIBILITIES *(details the commitments that have been made by all parties)*

All parties to this MoU agree that they will cooperate to achieve the objectives of the proposed amalgamation through the following (select those that are relevant to your situation):

- The recommendations of the amalgamation working party/steering committee will form the basis of the implementation strategy for the governance, operational, legal and financial matters of the new entity
- The governance of the new entity will be the responsibility of the management committee, elected as per the constitution
- The conduct and operations of the new entity and its members will be detailed in the constitution and by-laws
- The parties involved in the amalgamation will cease to exist in their own right and their resources, assets and roles will be consolidated into the new entity
- The facilities of the new entity will be available for the use of all members of the amalgamated club
- The new entity will endeavour to maintain the history and traditions of the parties involved in the amalgamation process.
- *(Insert any additional items that are relevant to your situation)*
- *(Insert any additional items that are relevant to your situation)*

TERMINATION *(describes what will happen if one of the parties does not fulfil its commitments)*

Any party may withdraw from this agreement at any time and without reason should it wish to do so. The party intending to withdraw must advise the other party/ies in writing, giving at least one-month' notice of its intention to do so.

SIGNATORIES *(the signing of this MoU implies that the signatories will strive to reach the objectives stated in the MoU to the best of their ability)*

PARTY A REPRESENTATIVE

PARTY B REPRESENTATIVE

PARTY C REPRESENTATIVE

Signature:

Signature:

Signature:

Name:

Name:.....

Name:

Position:

Position:

Position:

Date:

Date:.....

Date:

Memorandum of Understanding

The MoU details steps required to finalise an amalgamation and create the new entity.

Memorandum of Understanding between and

The purpose of this MoU is to detail the remaining steps to finalise the amalgamation of the Sports Club Inc. and the Sports Club Inc. to form the Sports Club Inc.

The following steps have been developed on the advice of Consumer and Business Services, Australian Taxation office and Clubs SA:

- At a Special General Meeting of XYZ Sports Club and ABC Sports Club on Sunday 18 September 2016 the members agreed to merge and in so doing accepted the name of Sports Club.
- The public officer for the XYZ Sports Club will become the public officer for the Sports Club.
- The Interim Committee is endorsed as the authority to establish the new entity of the Sports Club Inc. in accordance with relevant legal requirements.
- In the period leading up to the amalgamation date the Interim Board will be responsible for decisions relating to the setting up of the new entity including the following – club logo, colours, uniform, membership fees, selection, sponsorship, communication to members.
- XYZ Sports Club and ABC Sports club agree to consolidate their existing accounts into a newly established bank account for the new entity.
- Sports Club submits plans for its new facility, with a letter of support from Council, owner of the facility at Road, which must be approved by CBS.
- At the time that is agreed when the two clubs formally amalgamate once the new building is finished, then Form 4 (*Amalgamation of Incorporated Associations*) is submitted along with the new Constitution developed for the new entity to be formed and copies from the SGM (Sunday 18 September) to show the members voted to accept the amalgamation.
- The Form 4 needs to be lodged and the required fee paid prior to the agreed amalgamation date to allow CBS to process the forms and have the Incorporation Number established.
- On the agreed date of the official amalgamation, CBS then issues a new Incorporation Number which marks the commencement of the new entity known as the Sports Club Inc.
- The new Incorporation Certificate will state the new entity is an amalgamation of the XYZ and ABC Sports Clubs to now be known as the Sports Club.
- The new entity then needs to apply for a new ABN.
- There is no need for the new entity to apply for new bank accounts as it will be using the accounts already established, but it will need to advise the bank of its new ABN.
- Any assets of the amalgamating clubs are then transferred to the new bank accounts already set up.
- The existing Constitutions of the XYZ and ABC Sports Clubs become null and void and are replaced by the new Constitution which has been approved by the members at the 18 September SGM of both clubs.
- The new entity will then conduct its first AGM within one week of the new entity being incorporated. All positions are declared vacant as it is a new entity and a new board being established.
- There is no need for the AGM to adopt the new Constitution, as the forming of the new entity requires a new Constitution be developed anyway as part of the CBS approval process.
- The existing boards of the former XYZ and ABC Sports Clubs are dissolved.
- The new Board will assume total responsibility for the management of the club.
- The Sports Club Inc. works with its State Sporting Organisation for the 2017/2018 season to ensure all membership matters relating to clearances, player registrations etc. are finalised prior to the season.
- The lease for the new Sports Club Inc. is issued once the new facility is completed and all conditions of the MOU have been satisfied.

Club Execution by President XYZ Sports Club

On behalf of the XYZ Sports Club Inc., we acknowledge this MoU and where applicable will action accordingly.

Name.

Signed.....Date.....

Club Execution by President ABC Sports Club

On behalf of the ABC Sports Club Inc., we acknowledge this MoU and where applicable will action accordingly.

Name.

Signed.....Date.....

What Consumer and Business Services forms will be required to complete the amalgamation process?

Amalgamations - The Consumer and Business Services website contains relevant information and forms that organisations need to be aware of when considering an amalgamation.

Information and forms include:

[Applying to incorporate a new entity - Forms 1 and 2](#)

[Applying to amalgamate incorporated organisations - Form 4](#)

[Winding up an incorporated organisation - Form 9a](#)

[Deregistering an incorporated organisation - Form 9c](#)

[Change of public officer - Form 10](#)

[Change of name of incorporated organisation - Forms 6 and 7](#)

[Liquor and gaming](#)

What if I need to set up a new bank account for the new entity?

In order for a financial institution to set up a new bank account for a new entity (where an amalgamation has occurred), the following steps are necessary:

- Provide evidence of the entity's existence - either registered incorporation details OR an original of the entity's rules or constitution
- Provide ABN (if the entity has one)
- Provide minutes of the committee meeting seeking the setting up of a new bank account, including:
 - o Date of the meeting
 - o State that an account is to be opened with the designated financial institution
 - o State full legal names for the intended signatories to the account
 - o State the signing instructions to the account (one or two to sign)
 - o Needs to be signed by two committee members.

Once this evidence is available, organise an appointment to go through the different accounts, complete a new account application, copy all the documentation, and get each signatory to the account to verify their identity at the bank branch via a 100-point ID check.

What template is available to highlight the actions necessary when co-locating organisations to a shared facility?

The following table details the actions that a management committee needs to complete to implement the co-location of multiple user groups to a new-shared facility.

Activity	Outcome	Allocated To	Completion Required By	Status
1. Interim committee	Establish committee with reps from each user group			
2. Vision & mission statement	Vision & mission statement developed			
3. Constitution & by-laws	Documents developed and accepted by member clubs and lodged with CBS			
4. Public officer	Public Officer nominated and lodged with CBS			
5. Mobilisation plan	Timeframes finalised for member clubs to move into new facility			
6. Building licence	Licence for the clubhouse building			
7. Member club sub-licences	Sub-licences created and signed by member clubs. Documents should include all items related to shared use and club allocations			
8. Incorporation	Apply to CBS for incorporation			
9. Liquor licence	Apply to CBS for liquor licence			
10. Bank accounts	Establishment of bank accounts			
11. Management committee members	Nominations sought for management committee (including president, secretary, treasurer, council liaison and club reps) to govern organisation in the future			

Activity	Outcome	Allocated To	Completion Required By	Status
12. Utility connections	Electricity, gas, internet accounts established in new facility			
13. Facility maintenance and cleaning procedure	Processes and procedures developed for facility maintenance and cleaning of facility			
14. Strategic plan	Development and implementation of strategic plan			
15. Communications plan	Including establishment of website/social media accounts			
16. Bar and canteen operations	Agreement between user groups for protocols for operating the bar and canteen and ancillary catering such as BBQs			
17. Appointment of suppliers for bar and canteen stock	Agreed suppliers and stock management process			
18. Point-of-sale system	Investigation and purchase of shared POS system			
19. Insurance cover	Purchase of appropriate insurance policies			
20. FF&E purchases	Identify and purchase any furniture or equipment required in new facility			
21. Grant opportunities	Member clubs to identify and apply for grants to contribute to FF&E			
22. Membership	Establish criteria/ conditions for club membership			
23. Casual hiring	Establish process and fee structure for external groups to hire the clubroom space			



References

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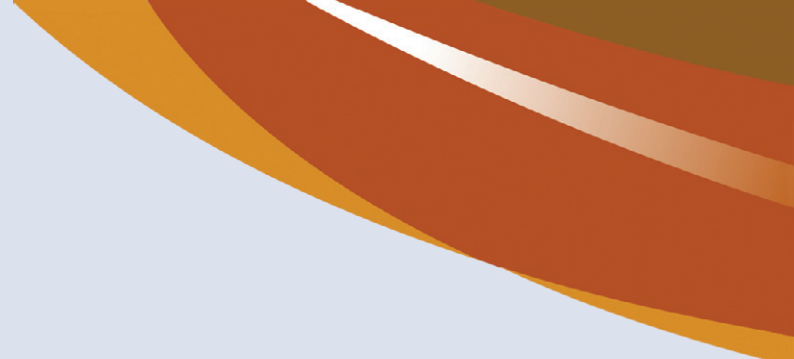
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