

ANZAC CLUB JUDGEMENT A VICTORY FOR TRANSPARENCY

**By Hans Sarlemyn
Chief Executive Officer
Norths Group**

The decision by the Supreme Court of NSW on 2 April to grant an injunction preventing the North Sydney ANZAC Memorial Club proceeding with its meeting to vote on its proposal for amalgamation with a club from Ramsgate is a victory for transparency.

It's also a victory for the North Sydney community.

It means ANZAC Club members should now get the chance to consider the merits of the submissions from all three clubs interested in amalgamating before they vote – not just the one from the Ramsgate RSL Memorial Club.

ANZAC Club members should now have a chance to consider all the facts before they decide whether they want to tie their future to a club from southern Sydney or join with one in their own community.

The norths Group sought the injunction because we were convinced that the ANZAC Club board and management were not giving members sufficient information about the submissions for amalgamation they had received from norths and Northbridge Golf Club.

We were concerned that the board was trying to rush through a vote on the proposal at its meeting on 2 April, and felt we had no alternative but to seek a Court injunction against the ANZAC Club.

It was drastic action, but we felt we owed it to our members, to ANZAC Club members (the majority of whom also belong to norths), to North Sydney RSL Sub-branch (which has backed norths' amalgamation proposal), and to the North Sydney community.

In his judgement, Supreme Court Justice Nicholas found there was an arguable case as to whether ANZAC Club members had “sufficient disclosure of material information to members who are called to deal with the business of the meeting”.

Justice Nicholas was concerned that the ANZAC Club board had not provided enough information to members as to why amalgamation with Ramsgate was the board’s preferred option. He noted that in a letter to members seeking their approval for amalgamation with Ramsgate RSL, there was only a brief reference to other expressions of interests, and the clubs involved were not named.

“In my opinion the approval sought must necessarily be approval given by a member aware of the underlying information relevant to the decision he or she is called on to make,” he said in his judgment. His Honour made it clear that he didn’t believe ANZAC Club members had been given that information.

Justice Nicholas also found there was an arguable case as to whether the ANZAC Club had complied with a regulation of The Registered Clubs’ Act 1976 in relation to its amalgamation proposal. He also found that the ANZAC Club had misled members by falsely claiming that its current lease stipulated “that North Sydney Council was under no obligation to assign or transfer the lease except to an approved Returned Soldiers Club, such as Ramsgate ...”

As I said, we took this court action because we were extremely concerned that ANZAC Club members weren’t being given all the facts before being asked to vote on their future. We were also extremely concerned that the process by which the ANZAC Club had considered the submissions from the three clubs who responded to its call for Expressions of Interest in amalgamating was deeply flawed.

We believe an important issue like this – that also involves North Sydney’s ANZAC heritage and the important welfare work carried out by the RSL Sub-branch among returned servicemen and women and their families in this area – deserves complete transparency.

We think members deserve to know what the two other potential amalgamation partners have to offer, especially in the very important issue of keeping North Sydney’s returned services heritage and assets in this district.

The Supreme Court judgment completely vindicates our stand, and I would like to acknowledge the work done by our legal team led by Warwick Anderson of Anderson & Boemi Lawyers in preparing the case.

Our motivation in seeking an amalgamation with the ANZAC Club is based on four key premises.

One, as already stated, is to keep our ANZAC heritage and assets firmly in North Sydney.

The second is because we have answered the call for support from the North Sydney RSL Sub Branch who feel so disenfranchised by the ANZAC Club’s attitude that they have gone public in their support for amalgamation with Norths.

The third is because we feel we are in the best position to help the Sub Branch continue its important welfare work in this community.

Finally, and perhaps most importantly, we want to help a struggling neighbour by supporting its members (the majority of whom are also our members) and maintaining opportunities for them to continue to play bowls and participate in other social and sporting activities.

The Norths Group has an exemplary record in successful amalgamations, and we have no doubt that we could make a success of an amalgamation with the ANZAC Club.

Now, thanks to this Supreme Court judgment, we can look forward to being able to properly present our case to ANZAC Club members.

We believe the case for amalgamation between *norths* and the ANZAC Club is compelling and will receive the overwhelming support of the members of both clubs.

The key points of our submission were:

- **Retaining control of community assets in the local community.** This is a key issue, because amalgamating with a club from Ramsgate could result in North Sydney's ANZAC heritage being transferred out of the district, particularly as North Sydney Council has shown no interest in extending the club's lease on its council-owned premises when it expires in 2011.
- **Our integrity as an amalgamation partner.** The club has maintained amenities and employment at North Sydney Bowling Club (amalgamated 1992) and Seagulls Club (amalgamated 1998) and honoured all pre-amalgamation commitments.
- **Honouring the ANZAC tradition in North Sydney.** We have undertaken to amend our Constitution to include a provision "to maintain a fitting memorial to all who served the nation in time of War in the Armed Services."
- **Continuing welfare work with veterans and their families.** We have undertaken to provide facilities for the RSL sub-branch to continue its very important work with the district's returned servicemen and women, and their families. We have already initiated steps to enter into a formal agreement with the North Sydney RSL Sub-Branch to support the Sub-Branch's range of welfare, social, commemorative and administrative activities and, in the event of amalgamation, join the RSL & Services Clubs Association
- **Retaining club operations at ANZAC Avenue.** Norths will, in good faith, seek to retain club operations at the existing club premises in ANZAC Avenue, Cammeray when the current lease expires in October 2011. However, should Council terminate the lease as it has indicated, we have facilities at *norths* and *norths bowlo* to cater for the needs of ANZAC Club members.

- **Ownership of club premises.** Questions about the future of North Sydney ANZAC Memorial Club have arisen, in part, because the club operates from leased premises. It is worth noting that *norths* owns its club premises (land and buildings) in Cammeray and at *Seagulls* at Tweed Heads.
- **Our underlying financial strength.** Norths has substantial financial strength, with Group assets of \$46.3 million after taking into account all bank loans, liabilities, employee entitlements and creditors. In 2007 the aggregate bar sales and poker machine net revenue of the group was \$44 million.
- **Shared membership, shared future.** Independent market research commissioned by norths indicates that at least 75% of the members of North Sydney ANZAC Memorial Club and 80% of the North Sydney RSL Sub-Branch are already members of North Sydney Leagues Club.

To me, the final point is the clincher. Most ANZAC Club members already belong to norths as well. In that sense, the two clubs already **ARE** amalgamated. Let's make it official.

EXTRACTS FROM LETTERS OF SUPPORT TO FOLLOW

Extract from Returned Service League of Australia North Sydney Sub Branch



“It is the view of the North Sydney RSL Sub-Branch membership that an amalgamation with North Sydney Leagues Club Limited would be in the best interests of the North Sydney community, and of course the North Sydney RSL Sub-Branch ...

... an amalgamation between the ANZAC Memorial Club Ltd and North Sydney Leagues Club would be the most satisfactory outcome for the North Sydney local community and the war veterans who rely ... on the North Sydney Sub-Branch”

Alex Wilson. (Ex Defence Force – Navy)
Hon Secretary, North Sydney RSL Sub-Branch
2nd February 2008

Extract from Kirribilli Ex Services Club

“Kirribilli Ex Services Club (Kirribilli Club) and Kirribilli RSL Sub branch both recognize the importance of maintaining the ANZAC tradition in the local North Sydney area. Furthermore, the assets accumulated by the North Sydney ANZAC community over many decades should fairly remain in the North



Sydney community for the benefit of the local community.

...we will not be submitting an expression of interest and as such support your initiative to amalgamate with the North Sydney ANZAC Memorial Club knowing your club's long history of support for the local community including cultural, sporting and charitable organizations."

AR Jeffcott
Chief Executive Officer
Kirribilli Ex Services Club
February 20, 2008

Extract from a letter to Hans Sarlemyn,

"..In relation to the proposed amalgamation with the ANZAC Memorial Club, the Council supports an amalgamation with a local organization already providing community services and facilities in the North Sydney area. The North Sydney Leagues Club certainly fits this criterion.

Through providing this support, Council wants to ensure that in an amalgamation the assets of the ANZAC Club remain in the North Sydney Council area. Council has not yet made any decisions about the future of the ANZAC Memorial Club site itself, which is Council property."

Genia McCaffery
Mayor of North Sydney
19th February 2008



Extract from BankWest Letter

“I have read the advertisement calling for expressions of interest for amalgamation called by North Sydney ANZAC Memorial Club Ltd ...



BankWest

The bank is satisfied that the debt of North Sydney Leagues Club is relatively low when considering its net asset base and its income streams...

... I note that North Sydney Leagues Club Ltd has gone against industry trends and in fact increased its cash flows in spite of the recent complete smoking bans that came into effect in July 2007.”

Darren Longmuir
Director - Hospitality
Bank of Western Australia Ltd
Manager – North Sydney Leagues Club Account
13th February 2008