



8th April, 2020

Dear members of the Slovene Association Sydney,

This letter to you, contains some very important information about the current situation at the club and its future. This information is shared with you in the spirit of frankness and transparency. After all, you are all stakeholders in its future.

*The Slovene Association Sydney (Slovensko Društvo Sydney) has had many challenges over a long period of time. **It is at a crisis point.** Despite hard work and good intentions of previous committees, falling attendance numbers, aging membership, the protracted development of 'Manor on Elizabeth' (lessee of the newly constructed building) have all caused a worrying trend and subsequently overwhelming worries.*

*Decisions were made 8 years ago, that have now been shown, to **not** be in the interest of our members and community. For 8 years, the club has struggled with the repercussions of these contractual agreements. No fully independent legal advice appears to have been sought by the committee at the time, which caused tremendous disadvantage to the club. For example, there was no '**Sunset Clause**' for construction, meaning there was no income for the club until the tenant was operating! In addition, due to the poor lease arrangement, the club suffered*

- *loss of its restaurant,*
- *loss of its function room,*
- *loss of its kitchen,*
- *loss of its playground,*
- *loss of its tennis courts.*

This was in addition to other negative decisions by previous committees to

- *sell the poker machines and licences which resulted in \$800,000 income loss for the club, but nothing constructive was done with the money and now the money is gone.*
- *Invest money in the stock market, this being a disastrous loss.*

Even when the lease was renegotiated, and despite the offer of free legal advice to the club in 2017, for some unknown reason the advice and assistance that was offered was refused. The resulting lease variation did not include CPI increases and payment of, or contribution to, outgoings which is disastrous for the club.

It was for this reason that the committee, in particular the President and Secretary of SDS, approached Mr. Anthony Tomažin (Current Honorary Consul) and Mr. Alfred Brežnik (The former Honorary Consul General) for advice and assistance on the 15th March. All agreed that this Slovenian Association Sydney, which was in fact the first registered Slovenian Association in Sydney, was in a precarious position and urgent assistance was needed.

Managing this Crisis:

- *To this end, 5 members of the club attended an extraordinary committee meeting on the 22nd March and were invited to become members of the SDS committee. These were: Mr. Anthony Tomazin, Mr. Mark Stariha, Mr. Alfred Brežnik, Mr. Jože Lah & Mrs Olga Lah. At this meeting, Mr. Šernek relinquished his position as President, citing personal reasons.*

Officers' positions were declared vacant and these new appointments were made by the committee:

President - Mr. Anthony Tomažin

Vice President - Mr. Jože Lah

Treasurer - Mr. Mark Stariha

Secretary - Mrs. Olga Lah

Assistant Secretary - Mrs. Lynn Pusenjak

Mr. Alfred Brežnik has joined the current committee members.

- *A 'Crisis Sub-Committee', comprised of the Office Bearers, has been formed to assess and evaluate the financial standing of the club and to undertake appropriate action on behalf of members.*
- *The Club will be closed until further notice, due to the Covid -19 crisis.*

Actions taken to date:

- *A new Accountant for the club is being appointed. The current financial standing of SDS is found to be in dangerous territory. So much so, that the club was in danger of closing its doors in the near future. The club's **Income** was not covering **expenses** for a considerable time. Every event held was run at a significant loss.*
- *A new and independent Lawyer is being appointed. This lawyer will evaluate all contractual agreements and report on the impact of such agreements. The lawyer will act in the club's interest!*
- *An urgent meeting was held between the Crisis Sub-Committee and the Lessee representative, Mr. Steven Labbozzetta. (Manor on Elizabeth). At this meeting, Steven Labbozzetta said the lease variation is well in his favour and the committee should not have signed it. Our Lawyer has advised us that the Lease agreement is effectively watertight. The tenant has been given tenancy rights upto 2048! This is extremely detrimental to the club as it did not include CPI increases and no provision for the Lessee to pay or contribute to outgoings.*
- *We need to investigate whether there has been any written authorisation, by the previous President and committee, for any additional works completed by the tenant. Some of this work has damaged the Slovenian character of our club.*

- *We are having ongoing discussions with the tenant to renegotiate aspects of the tenancy agreement, wherein there is some additional contribution by him, to cover outgoing costs of the club. At this point there appears to be little prospect of any such agreement.*
- *In view of the seriously dire financial situation of the club, we are reducing running costs wherever possible. E.g., cancel regular rubbish collection, retain alarm monitoring but cancel security patrols, investigate any possibility to have council rates reduced.*
- *A partial stocktake has been conducted.*
- *We are getting appraisals of the value of our asset, the SDS.*

What is the future of the club?

In the spirit of transparency and honesty, it must be stated that the future is dim indeed.

*Our options are still being investigated and our members may find some ideas unacceptable. However, **all options** need to be considered at this time. Here are some:*

- *Ideally, we can try to recreate the Slovenian character of our club, but at this point, the prospects of doing this are poor. The tenant has changed the outlook of the exterior, blocked windows and any natural light into the hall, dismantled the original kitchen and dining room, with a promise to build a restaurant in its place. This did not eventuate. The changes made are permanent and are arguably in line with the Lease agreement.*
- *We can continue to hire out the hall to other communities and nationalities, as has been done to date. This will provide some income, but probably not enough to cover outgoings.*
- *We can lease out the whole club premises to another group in the wider community, perhaps negotiating to retain Slovenian use of the premises at certain times e.g., every second Sunday. This may be very difficult to do.*
- *We can consider partial subdivision or a Commercial Strata Plan.*
- *We can sell the property outright to a larger commercial entity (together with the existing lease) and find a better suited property for our Slovenian community. In other words...relocate.*
- *We can investigate building an income producing asset e.g., a Woolworths Liquorland store, Dan Murphys or similar, on unused club grounds to bring money to the club.*
- *Borrowing money against the asset to improve community facilities and attract visitors, i.e., a new restaurant, poker machines,*
- *Find a business solution to raise money by completing a commercial strata plan and have the current tenant buy the land he uses under his lease. Invest the money into the club to improve the facilities and attract members and visitors to come to the club, ie, poker machines, gaming room, restaurant, outdoor social area.*

- *Consider the future direction of the club., endeavouring to revive and meet the needs of not only the members, but the whole Slovenian community, young and old.*

Conclusion

Is there hope for the Slovene Association Sydney? YES, DEFINITELY!

This club must be run as a business, it needs to be run professionally, but retain a Slovenian identity and feel and provide the kinds of community events that would attract our community and others.

Be assured that the committee of your club will work extremely hard and tirelessly to achieve the best outcome for the Slovene community. The 'Crisis Sub-Committee' has taken the approach to use professionals for advice on all options being considered. Any options considered will be presented to the members at an EGM or AGM. We hold an extremely valuable asset and careful thought must be given to how we best use it.

Members of the committee have a love of all things Slovenian and feel a strong commitment to the Slovenian community. We are aware that no individual 'owns' this club. Decisions made will be for the benefit of its members and the wider Slovenian community. We need your support!

We cannot organise a meeting of members during the coming months due to the Covid-19 crisis. However, if you wish to discuss these issues, please call the club phone number or send us an email.

In sincerity,

*Olga Lah
Secretary - Slovene Association Sydney,*

*on behalf of Mr. Anthony Tomazin, President - Slovene Association Sydney
and the Crisis Sub-committee.*

Contact: slodsyd@bigpond.com

club mobile: 0417665213