



People's Panel
KGroup presentation

Introductory slide

- After many years of exploring options that have not been supported by the community, we decided to seek community feedback right from the start.
- The intention of this process was to have an open engagement with the community, perhaps in this exercise we underestimated the level of distrust present in the community.
- It is a genuine consultation process with no plans. The process has been instigated by genuine financial concerns around the long-term viability of the Gold Creek Country Club.
- Thank you to the People's Panel for their time. I look forward to answering your considered questions today.

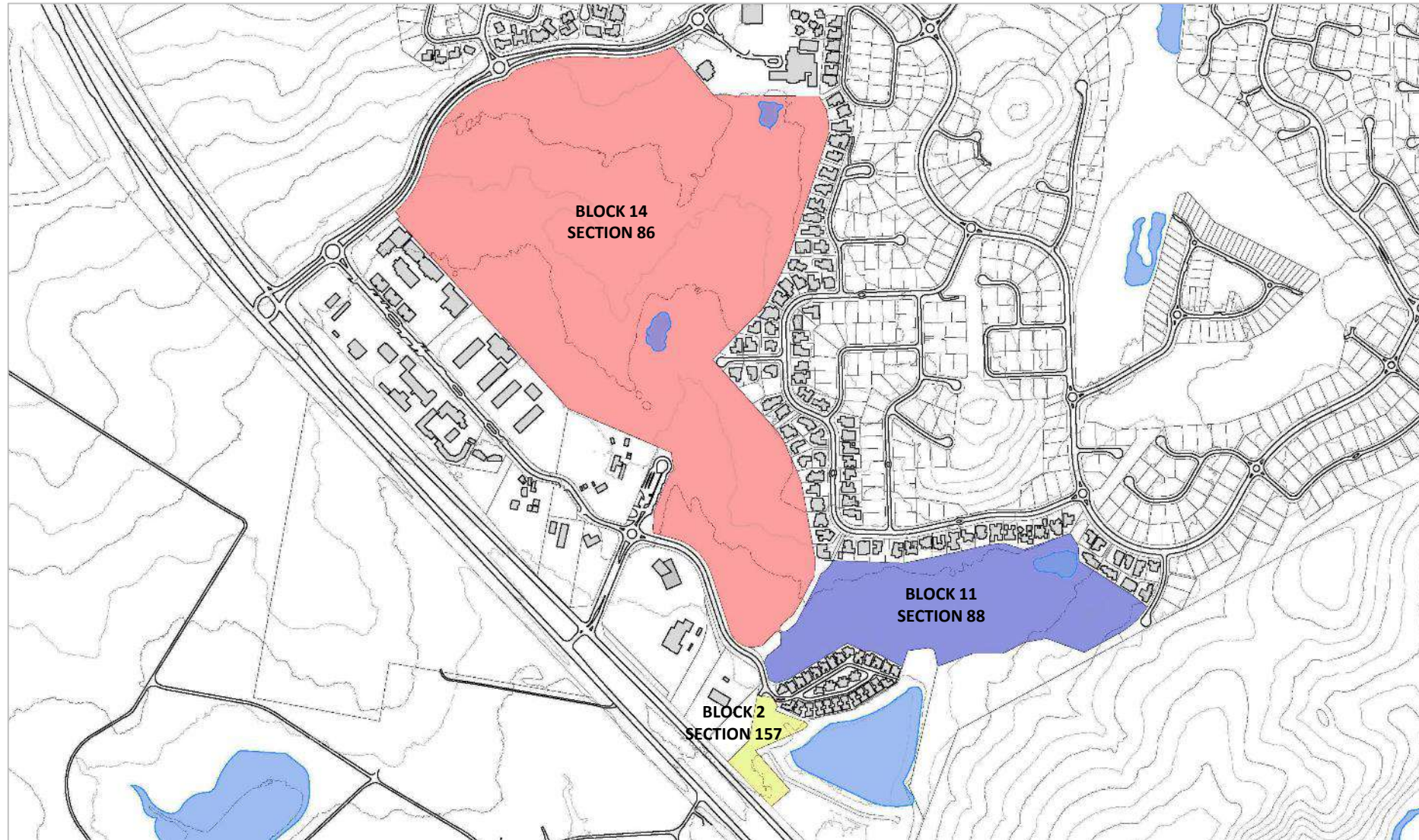


What preliminary planning work has been undertaken by KGroup on the site? Can we see it? What is the KGroup's thinking with respect to the site? Has any surveyor work been carried out to inform the re:imagine proposal?

CRNG question: We have been advised by golf members that they have seen surveyors on the course in the last 6 months. Have you used the services of a surveyor subsequent to the 2014 lease variation, in respect of any or all of the land comprising holes 10 to 18, the practice range or the Par 4, Par 3 or Par 5 practice holes, with a view to obtaining advice about potential development options?

- Yes, we have used surveyors and landscape architects to provide various opinions on whether it is possible to shrink the land required to be used as course, confirm the size of the relevant parcels of land. Consider any underground irrigation and easements, consider any floodways, etc.
- That advice was requested on a preliminary basis without knowing what could possibly go on the land, and which parts of the land.
- We undertook a general survey to better understand the site, not to formulate plans.

People Panel 3 + CNRG question 4



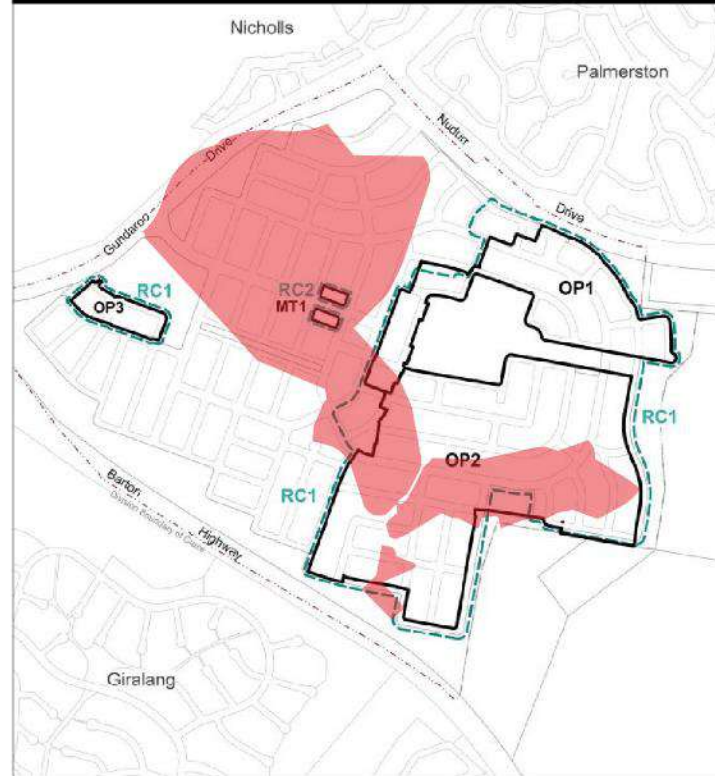


People Panel 3 + CNRG question 4

Nicholls Precinct Map



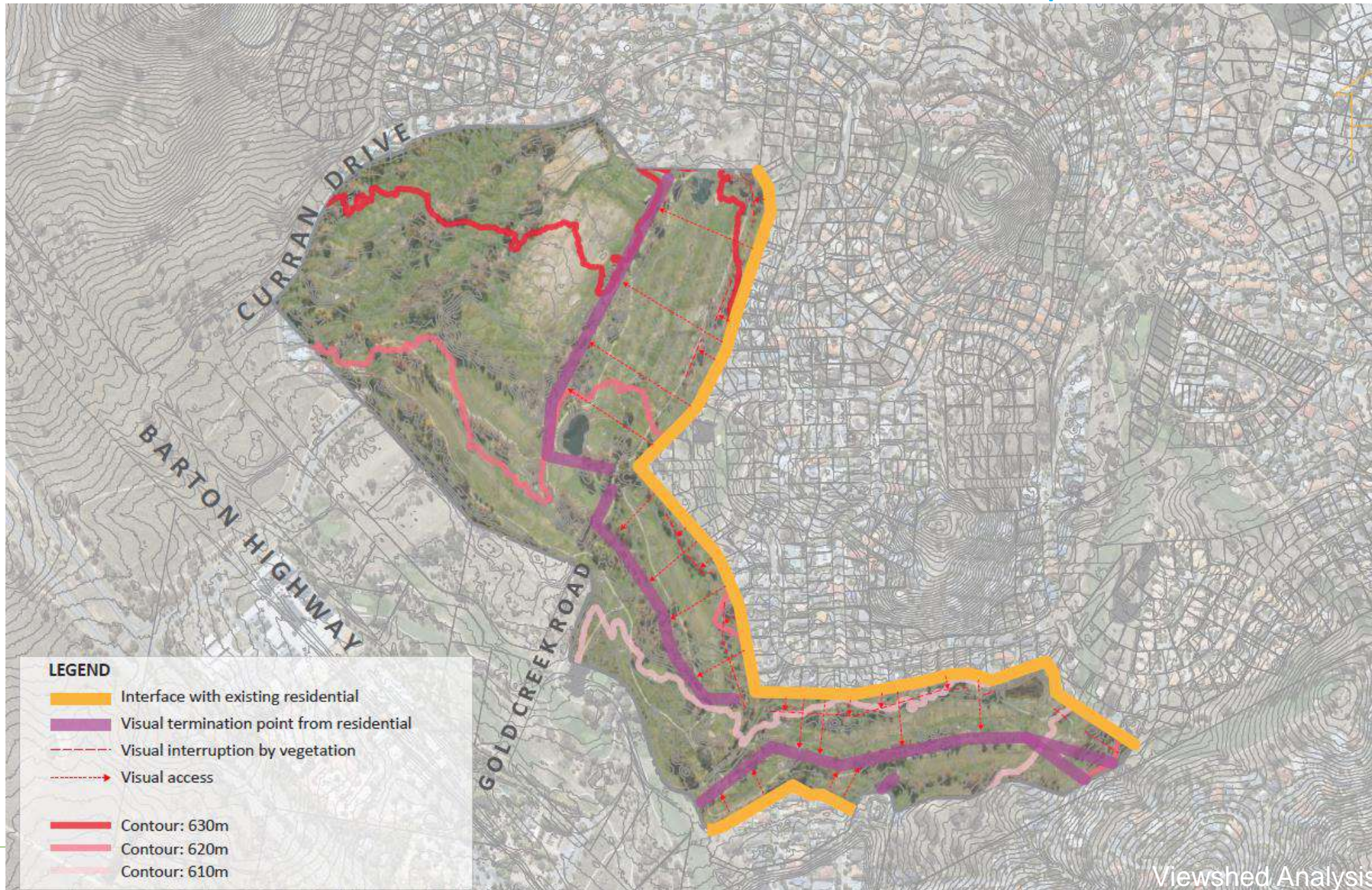
Crace Precinct Map

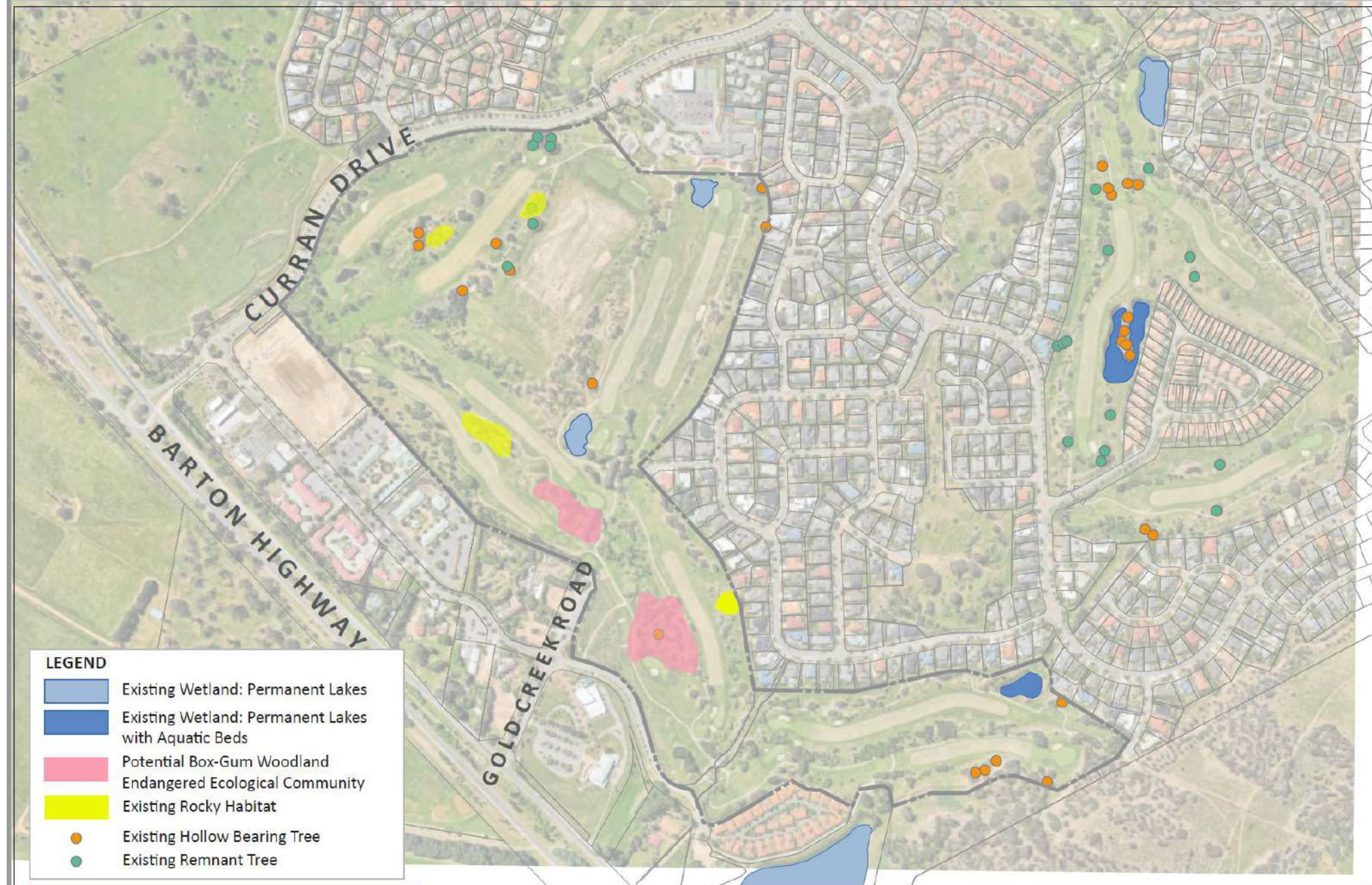


Springbank Map



People Panel 3 + CNRG question 4





PRELIMINARY ECOLOGICAL ASSESSMENT



re:imagine
Gold Creek
COUNTRY CLUB

join the conversation

What discussions have been had with the Government or members of the Legislative Assembly by any person representing the KGroup in considering options for the site?

CRNG Question - Has any Director, employee or person acting on behalf of the KGroup as a paid or unpaid lobbyist spoken to any government official or member of the Legislative Assembly about any aspect of the KGroup's proposal, either in full or in part, in the last 12 months?

- At the time of launch we distributed the same pack of information that we gave to the public to the ACT Government MLAs.
- On 1 May 2018 we provided a briefing to Alastair Coe and Mark Parton at their request.
- ACT Government diaries are publicly available as indicated here:
<https://www.canberratimes.com.au/politics/act/ministerial-diaries-show-who-meets-with-act-ministers-20180508-p4ze2t.html>

What is currently feasible on the site and what would be the costs associated with these options?

- The following is from the current lease, outlining what is possible:


Outdoor recreation facility with minimum eighteen (18) holes that may include practice fairways and putting greens;

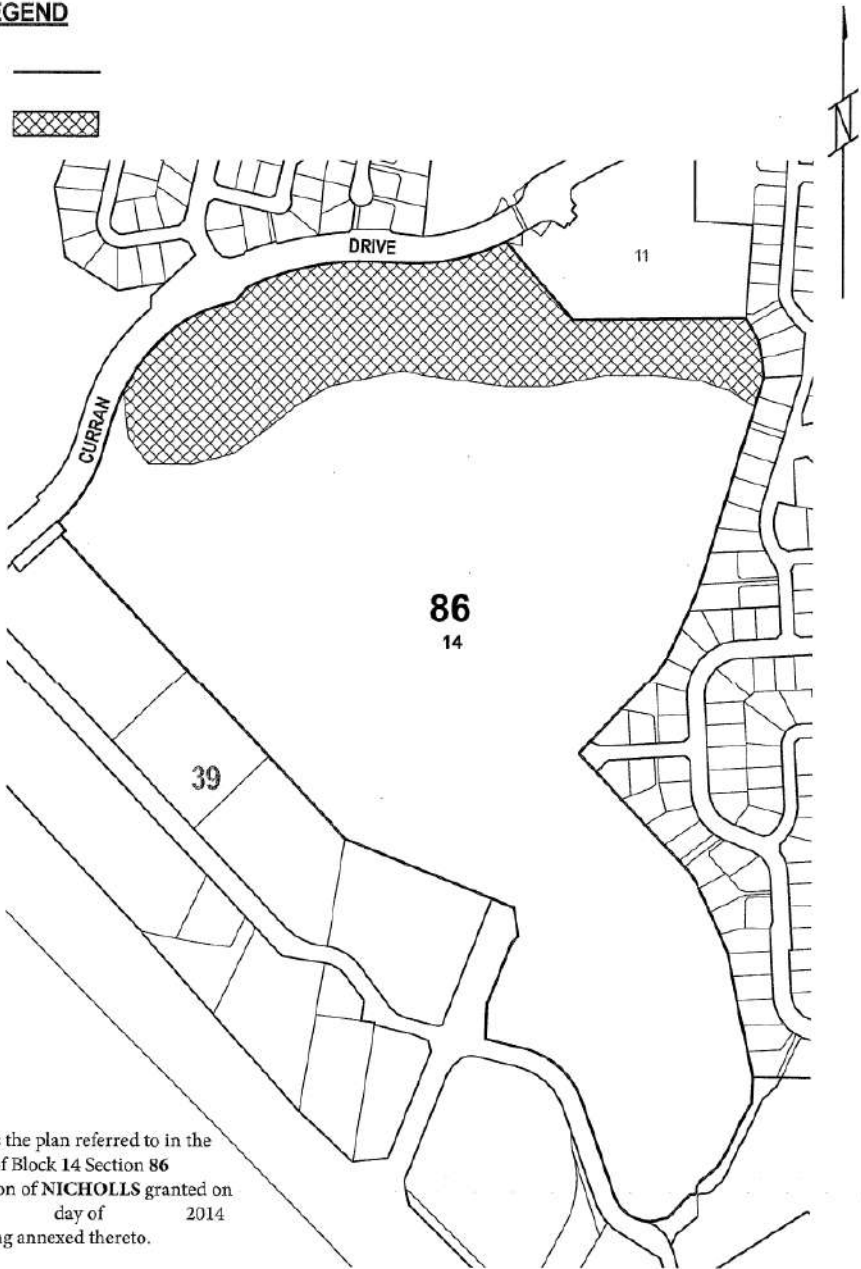
AND IN ADDITION only the part of the premises at Block 14 Section 86 Division of Nicholls identified by cross hatching on the plan at Attachment 1 may also be used for one or more of the following purposes:

- (i) commercial accommodation use LIMITED TO guest house, hotel, and motel;*
- (ii) indoor recreation facility;*
- (iii) outdoor recreation facility; and*
- (iv) club and/or child care centre ANCILLARY TO outdoor recreation facility and/or indoor recreation facility;*

- We have not undertaken any detailed costings with respect to any of these, as we have not determined options for the site yet.

LEGEND

- A ———
- B 



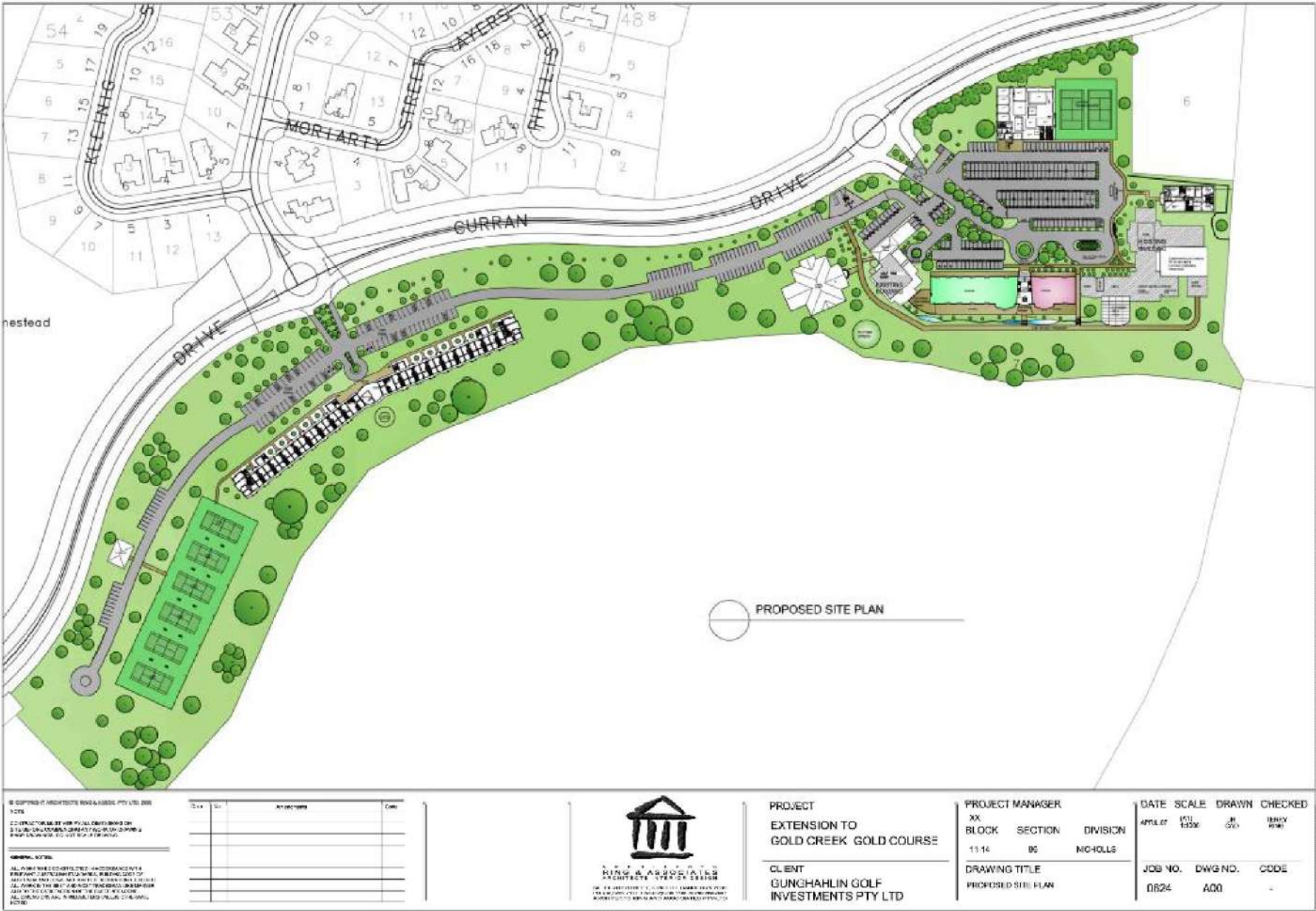
This is the plan referred to in the
lease of Block 14 Section 86
Division of NICHOLLS granted on
the day of 2014
as being annexed thereto.

Scale 1 : 5000

In 2006 there were a range of plans released for the site. What happened to these ideas?

- In 2006, a master plan was released which showed:
 - New childcare – this has been built;
 - New Indoor children's playgroup – this has been built;
 - A bigger gym with potentially other uses (between pro-shop and divots) -this has not been built, however a new gym was build between the restaurant and the pool.
 - A licenced club – this has not been built as we have been unable to secure any interest from clubs due to the unknown laws around their main revenue driver – poker machines
 - Six new tennis courts, and approx. 100 commercial accommodation (hotel/motel) apartments – unable to secure an operator
- It should be noted, these initiatives do not directly make the golf operations more viable, they just generate more/different income streams to support the golf course. We hope the re:imagine program will generate ideas so the golf course will not need on-going support and can be self sufficient, with sufficient reserves to operate and provide capital improvements.

2006 Master Plan



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What is the accurate area being considered for the re:imagine project? There has been reference to 49ha or 50ha, but it is understood the footprint of the golf course is actually only around 30ha.



- The land incorporating the back nine is 49ha. The land used for the front nine is approx 34ha. The entire land is approximately 88ha.
- The crown lease has the exact sizes, there are about 11 blocks associated with the Crown Lease.

As the financial viability of the golf club is being used to justify the need for redevelopment; can we see the KGroup's financial results for the golf course?

- Figures to explain the finances of the golf course were provided by the General Manager and are replicated below and Troon is working on the budget for FY19.
- Troon is attempting to work to a budget loss of \$300,000, but to achieve that will require a 15% increase in revenue, which is a very optimistic target when patronage is falling.
- We would be prepared to provide access to the books to a suitably qualified independent expert (at someone else's cost, so that the decision is not seen as biased as the bill payer) for the accounts to be reviewed on a confidential basis.
- No golf courses in Canberra are making any significant money to cover costs, and have sufficient reserves to cover future capital expenditure or unknown occurrences (such as drought, damage, etc).

YTD	
Restaurant	40.5%
Membership	24.2%
Social Green Fee	9.4%
Comp Fees	5.4%
Carts	5.4%
Retail	4.3%
Sponsorships	4.0%
Driving Range	3.8%
Drinks	1.9%
Foods	1.2%

YTD YOY*	
Revenues	7%
COS	-0.8%
Gross Profit	10.1%
Wages	-2.7%
Operating Expenses	-0.9%
Net Profit	-26.4

Troon – Nov-May YOY	
	9.1%
	-6.5%
	14.6%
	-0.6%
	0.7%
	-70.8%*

* Year to date; Year-on-year

**June is forecasted to be significantly worst than previous year due to end of year adjustments

Year To Date \$400K loss



join the conversation

What financial target would be considered by KGroup to be a 'viable and sustainable' golf course?

- A cash profit of between \$300,000 and \$400,000 per annum, or approximately 20% of revenue (so \$0.20 profit for every \$1 of revenue) would be a target at a minimum.
- This would allow sufficient cashflow to cover equipment principal repayments, have reserves in case of emergency, and for future capital improvements.
- We are currently \$800,000 to \$900,000/annum away from that.

What did KGroup expect the financial return to be when they purchased the golf course? Has this rate of return been realised?

- Based on our experiences with other businesses in the membership and sporting recreation fields, (Club Lime and CISAC), we expected to be able to convert the golf course to a profitable operation. This has not been achieved.
- Our expected return was in the range of 20-30% of revenue when we purchased the course.
- The ACT Government was losing \$1m a year running the course. We have been able to reduce that to \$500k a year.

"The Gold Creek Country Club and Golf Course has cost ACT taxpayers about \$1 million a year, so it is an asset which the Territory really does not need,"

Source: <http://www.abc.net.au/news/2005-10-17/govt-sells-off-golf-course/212641>

Has the \$3.3M purchase price for the golf course been paid to the ACT Government? Has the group recouped this investment by the sale of ancillary facilities including the childcare centre, the pool and gymnasium, tennis courts and Let's Play?

CRNG Question - Of the \$3.33m 'market value', what has actually been paid to the ACT Government?

- The purchase price was made up of
 - \$3,080,000 for the land (inc GST)
 - \$350,000 for the business (excl GST)
- This was paid to the ACT Government on the date of settlement of the purchase – 31 May 2006. Land does not transfer without a proper contract of sale and payment!
- The sale of Gold Creek Country Club was part of an open tender process, where bids were received and assessed by the ACT Government. The KGroup offer was clearly the best option available and was accepted.
- The KGroup has not recouped its investment, and is about \$10m in the hole at the moment.

What was the rationale behind selling off the developed part of the golf course – ie the childcare centre, Let's Play and the gymnasium and pool? What were the conditions of this sale? It seems that the lack of this rental income has contributed to the current financial circumstances of the golf course.

- The KGroup has always considered the golf course operations as separate and different to the landlord business and are treated as such for management, accounting and other business operation purposes.
- The golf course operations lose \$500k a year. The sale of the commercial tenancies has no impact on this operational loss, as they are separate entities.
- The rationale to sell parts of the golf course commercial precinct was to recoup some of the cash spent by the KGroup to support the loss making operations of the golf course.

People Panel 13 + CRNG Question 3

Since the golf course was purchased, how much has been invested into the course in ancillary recreational facilities, consistent with expectations created at the time of purchase by the KGroup and the Government? What has the KGroup done to improve the sustainability of the golf course?

CRNG Question - The recent engagement of Troon Golf Management is a positive step. Can you outline what other steps KGroup has done to improve the sustainability of the golf course operations over the last 12 years? Is there a plan for the future that does not require rezoning and redevelopment.

- The KGroup has invested about \$8m to-date in operational cash to keep the golf course operations going.
- The engagement of Troon is a plan to improve the viability of the golf course business. It is our opinion that a repurposing of some of the land for other uses will save money for the golf course business, generate funds for improvements to the golf course and improve its chances of viability.
- In terms of ancillary services the KGroup has invested:
 - New childcare - \$1.1m
 - New gymnasium - \$1.2m
 - Indoor Kids Play Centre - \$1.8m
 - Indoor Recreation Centre (not proceeding) \$350k
 - Refurb of pro-shop and food and beverage, including divots over the previous 12 years – approx. \$300k
- In terms of golf operations the KGroup has undertaken the following improvements:
 - Installation of couch grass \$200k+
 - Upgrading of irrigation systems \$250k (to better manage water usage)
 - Replacement of submersed pumps to more energy efficient in dam (\$200k)
 - Purchased automatic golf ball dispensing machine, \$20k
 - Restructured and increased membership fees to optimise revenue
 - Replaced as much equipment as possible to newer equipment to reduce repairs and maintenance costs
 - Attempted to attract more corporate golf days, including purchase of 55 golf carts to help promote to corporate golfers.
 - Introduced annual Pro Am Golf event attracting golfers from across Australia – only 2 day event in ACT
 - Introduced twilight golf at a discounted rate
 - Heavily promoted discounted golf deals through Crazy Golf Deal, Golf Deals direct etc.
 - Introduced Junior Golf Clinics
 - Signed Matt Miller as the Golf Pro – Canberra highest ranking professional golfer



join the conversation

What is the actual annual water cost and annual water usage of the golf course? It has been suggested that the reduced size of the golf course would save \$200,000; although we understand the annual water cost of the golf course is less than \$35,000. Have the allowances of the current water licences been exceeded at any time?

CRNG Question - Claims have been made that the annual water usage is 300 million litres. We are advised that the actual water use has rarely exceeded the concessional allowance of 165 million litres. Can you reconcile these figures?

CRNG Question - Claims have also been made that the shrinkage of the golf course would save \$200,000 in water cost. We are advised that the actual water cost for the golf course has never exceeded \$35,000. Can you reconcile these figures?

Golf course water usage FY 2016/17

End of Month	Usage (MLs)	Meter Reading
July 2016	0.194	313.917
August 2016	0.000	313.917
September 2016	0.727	314.644
October 2016	3.924	318.568
November 2016	18.844	337.412
December 2016	43.716	381.128
January 2017	19.187	400.315
February 2017	27.537	427.852
March 2017	10.584	438.436
April 2017	8.187	446.623
May 2017	0.000	446.623
June 2017	2.689	449.312
Total	135.589 MLs	449.312

- The golf course buys a licence to take water from the dam 'as long as the dam has water in it'. There is no 'concessional allowance'.
- Our licence allows 185 ML (185,000,000 litres). About 6 years ago this was increased from 149 ML because we were consistently exceeding our licence. This incurred a one off cost of about \$60,000.
- In 2006/07 financial year, we had to use town water to fill the dam (and pay normal \$5/KL rates), and then take the water from the dam. In that year the water cost us \$180,000.

People Panel 14 + CNRG question 6

- Our water abstraction costs for FY2016 were \$30,644 which were waived due to offset credits provided to golf courses. The offset credits expire on 31 December 2020, concurrently the Water Abstraction Charge increases from 10c to 20c to 25c to a normal charge (circa 50c)
- The usage in FY2017 was 136 ML, with hardly any usage in May or June 2017. Water usage is totally dependent on weather. In May/June 2017 it wasn't hot, but in May 2018 it has been hot so water was used this year.
- This financial year, prior to a large pour of rain, (about 3 months ago) we were 4 days away from the dam being empty again and needing to be refilled from town water. Water usage for this year to March 2018 is 144 ML (circa \$72k) which already exceeds 2017 usage and April and May were still hot and required watering. Depending on the remaining credits, some of this may need to be paid.
- Generally, water costs are not included in the \$500,000 per annum loss the course makes, due to the waiver. However, from 2020, the waiver of fees by the ACT Government expires and all water abstraction charges will need to be paid.
- The \$200,000 saving by shrinking the golf course is taking into consideration the higher water abstraction charge which will apply, the higher volume of water required as the environment gets hotter for longer, as well as the chemicals, etc required.

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Was the original \$15M investment in the golf course, identified at the time of purchase, a condition of purchase? How much of this \$15M has been invested?

- No, it was not a condition of purchase. It was based on the value of the development rights of 15,000m², at an average of \$1,000psm (2006 rate).
- We have undertaken significant investment as outlined in response to People's Panel Question 13. Together with the subsidisation of the operational business, and the commercial tenancies built, we are very close to having spent \$15m.

Does the KGroup have money to commit to investing in the outcomes of the re:imagine process, eg the development of parks etc?

How do you expect to leave open space and still make the re:imagine project profitable?

- Yes
- Investment in parks and open spaces would be factored into the cost of the development in the same way other construction costs would be.
- It is a balancing act of what to include, and how much it costs. Without knowing what we need to build, we do not know the costs. The land is big enough to be able to include development and still have open space.
- It is important to note that the open space is not public land, it is private land, and any change being proposed with development would essentially make the open space public land. We would be willing to explore options to transfer ownership of any remaining open spaces back to the ACT Government.

Is the KGroup interested in selling the course? Have there been any previous or current offers to buy the course? How much would KGroup be prepared to sell the course for?

- The KGroup is willing to consider any offers to purchase the golf course, but do not feel it is commercially appropriate to publicly declare a sale price.
- There have been no offers to purchase the golf course.

What is the value of the re:imagine land with development approval?

- We are unable to answer that as it would depend upon what type of development approval, if any, was granted.
- Any increase in value as a result of a change in the permitted uses on the site would be subject to the ACT Government Lease Variation Charge (also known as the betterment tax).

Can we see a copy of the strategic operational review undertaken of the golf course? Who undertook this review and what was it's terms of reference? Was there a future operational model considered in this review?

CRGN Question - You have stated that a strategic review of the Gold Creek Golf Course has been conducted. Can you advise who conducted the review, what were the Terms of Reference and whether the report could be made available to members of the People's Panel? Were any Committee members of the Gold Creek Golf Club involved in the strategic review?

- This review did not involve the Gold Creek Golf Club, it was conducted internally by the KGroup Directors and various advisers.
- This review is commercial-in-confidence due to the intellectual property associated with it and the competitive nature of the golf industry. There are 3 other golf courses nearby which we compete with.

Troon was engaged only a few months ahead of announcing the re:imagine project; what has changed since engaging Troon that led to a conclusion that the golf course needed to be re:imagined?

- Nothing has changed since the appointment of Troon. The success of any future development has always included the improved viability of the golf course; Troon is an important part of achieving this.



CRNG Question - We understand that K Group has engaged Troon Golf Management to manage the golf operations for an initial period of one year, with an option for a further three year period, subject to performance. A Press Release dated December 2017 stated:

“This appointment presents an exciting opportunity for us to partner with an established club in a thriving region of the world,” commented Mark Charleski, President – Troon International. “We are delighted to be working with the team at Gold Creek and to marry our expertise with the team’s knowledge and experience to enhance the development here in Canberra and offer new and existing members as well as visitors, an experience to rival the very best.” (Emphasis added)

Troon’s involvement will ensure the property delivers on its potential, in its offerings both on and off the golf course.

Mr John Konstantinou, Director and owner of Gold Creek has been vocal in his support of the Troon appointment. He said: “I believe Troon Golf can provide Gold Creek, together with its members, a golf facility that will further establish us as one of the best in the ACT, offering club members not only quality playing surfaces and superb course conditions but also the plethora of benefits that come with having Troon Golf on board.”

Can you comment on what has changed in a few short months that has seen the K Group shift its position to one of proposing a “compact 18 hole golf course or potentially a 9 or 12 hole golf course”?

- The decision to propose a compact golf course is unrelated to Troon operating the golf course. Troon will manage the course whether it remains as is, is a compact 18-hole golf course, or anything else.
- The strategic review covers the long term future of the course. Troon is here to try and improve the performance of the course now.
- The strategic review found that we need to cut costs (ie: reduce the amount of land that needs to be serviced for golf course members), and provide an improved short course/time poor product in the future which will hopefully increase patronage and income.

What portion of profits from any development will be directed at achieving sustainability for the golf club?

CRNG Question - If you are ultimately successful in getting some commercial/residential development approved, what proportion of the profits from this development will the K Group put back into the golf course and its ancillary facilities? In this respect, it is noted that other ACT golf clubs currently considering member-generated development (eg. Yowani and Federal) intend to reinvest the full return from the development to fund the long-term sustainability of their golf courses in their current 18 hole configuration.

- The KGroup would look to recoup its losses in the first instance, but the idea is to make the golf course operationally viable.
- Imagine if the course was viable and given back to the members to own and operate. In that regard, the Golf Club was offered the course for nominal or no rent, and was not able to secure the financial backing to take on the obligation. This is why we recruited Troon to assist us.
- The financial analysis of the viability of any future development will be undertaken as part of preparing development options. No development options have been developed yet.

What long-term interest does the KGroup have in running this golf course? What does the KGroup see as the long-term future of the golf course?

- The KGroup has supported the golf course for 12 years, and will continue to support the golf course; but not at the detriment of other parts of its business.
- The future shows golf penetration and usage dropping, so to safe guard against future, changes need to be made.

Why does KGroup believe there is a demand for further commercial premises when existing commercial premises in the Gold Creek Village are currently unoccupied?

CRNG Question - Your “blank canvas” suggests that further commercial premises, inter alia, may be built on freed-up land. In light of the apparent unviability of the indoor sports centre and the surfeit of commercial premises that remains unoccupied in the Gold Creek Village itself, what gives you confidence that further commercial accommodation is viable and would be taken up by potential investors?

- The KGroup has not formed an opinion on the viability of commercial premises on the site. This is just one of the areas suggested to the community for feedback.
- Further market research would be required before the commercial viability of any future development can be assessed.
- Drawing on our commercial experience as business owners; if we were to propose anything commercial, it would be different to what is already at Gold Creek Village, so not to compete, but rather to compliment.



Can the KGroup provide certainty about the final outcome or 'end' of this process?

- It is hard to define what 'certainty' is to any individual.
- It is difficult to provide certainty when there are still so many unknowns:
 - If the community is strongly opposed to any change at the golf course, this makes it hard to resolve the on-going financial viability challenges at the golf course.
 - If there is community support for maintaining open community space that isn't a golf course, but no support for any development, alternate options for funding and maintaining the community space would need to be identified.
 - If we are unable to change our lease conditions and seek to progress with development options within the current lease, this may require community consultation, development approval etc.
 - If we sell the golf course, we cannot commit to what future owners may do with the land.
- We can provide certainty that we are willing to listen to the community and will seek to develop options (for the community to consider) that respect and respond to community views.

CNRG Question 1 - The residents of Nicholls and the surrounding community, through the Community of Nicholls Residents Group (CNRG), have endorsed the following six principles for engagement with the K Group:

- 1. Transparency of the community consultation process;*
- 2. Preservation of the suburb's open space, amenity and wildlife habitat;*
- 3. Land values should not be put at risk;*
- 4. KGroup should honour its promises to spend \$15m on ancillary recreational facilities and retain an 18 hole championship-level golf course;*
- 5. Certainty about the long-term character of the Nicholls suburb; and*
- 6. Continuation of an 18 hole championship-level golf course and the associated urban open space, ie. the K-Group should be required to adhere to the conditions of the lease it acquired in 2006 (as subsequently varied for sub-division in 2014).*

Please respond to each of these principles.

1. Transparency of the community consultation process;

We agree; a specialist community consultation firm, with a reputation for an open and honest approach to consultation has been engaged to deliver the community consultation. All processes to date have been open and transparent and the final consultation report will be made publicly available to the community. There is nothing to be achieved by running a flawed consultation process as any subsequent statutory consultation process would identify any shortcomings.

2. Preservation of the suburb's open space, amenity and wildlife habitat;

We agree; our consultation material has already suggested that future development should include open space should include 'open spaces, community and cultural spaces'.

3. Land values should not be put at risk;

We agree; It is not our intention, or in our best commercial interest, to compromise land values in the area.

4. KGroup should honour its promises to spend \$15m on ancillary recreational facilities and retain an 18 hole championship-level golf course;

We do not believe we 'promised' to spend \$15M on ancillary recreational facilities. This figure is based on the potential value of the development rights on the site at the time of purchase. However, as shown in previous slides we have spent almost that on investment and operational costs of the golf course.

There is no clear definition of a 'championship-level' golf course. We are currently required to retain 18 holes within our lease, but do believe that the exciting future of golf is to move away from 18 holes. We are willing to commit to maintaining 18 holes and continue this conversation with our golf club members about how to deliver that on a smaller land area.

5. Certainty about the long-term character of the Nicholls suburb; and

We believe that options for the site can be developed that will not impact the long-term character of the Nicholls suburb.

6. Continuation of an 18 hole championship-level golf course and the associated urban open space, ie. the K-Group should be required to adhere to the conditions of the lease it acquired in 2006 (as subsequently varied for sub-division in 2014).

The KGroup is not required to adhere to conditions that are not currently specified in the lease and does not believe it is commercially viable to continue the golf course in its current format.

We believe the size of the site can allow the continuation of an 18 hole golf course, public urban open space, with the inclusion of some development.

CRNG Question - KGroup has said publicly that it will be seeking a variation of the Territory Plan prior to the community consultation process being completed;

We have confirmed publicly that any request to vary the Territory Plan will be after the conclusion of any community consultation.

We acknowledge it is poorly worded; however the brochure in question references changes to the Territory Plan as part of Phase 3 consultation, which is when we come back to the community with final plans prior to lodging a DA (after showing the community initial options).

By this stage we assumed that we will have some idea of what type of development is acceptable by the community and therefore allow us to lodge a request to vary the Territory Plan.

re:imagine is a consultation process which will be run in three phases:

During Phase 1 we will focus on gathering peoples' views. We want to know what you value, what you would like to see in the area and what you wouldn't like to see in the area. During this phase we will put together our People's Panel and ask this panel to provide recommendations based on the feedback received throughout the consultation process. Visit our website if you would like to become part of our People's Panel or find out more about the project.

During Phase 2 we will bring back to the community some ideas based upon the feedback received, so that the community can see what we are thinking and provide us further feedback.

During Phase 3 we will bring our proposal back to the community for further comment before we lodge planning documents.

After this, we are aiming to submit a Development Application. This will not be the end of the conversation though. We will continue to consult and work with the community as the project continues. This is a 10 year project.

During the above process, we will be lodging an application to vary the Territory Plan to change the use of the area of land from a golf course – this is a first step in creating the future we collectively imagine.



7



No environmental assessment has been undertaken ahead of the intention to seek a variation to the Territory Plan;

Correct, it would be inappropriate to undertake an environmental assessment at this time, when we haven't decided what would be developed on the site. Any such assessment will be carried out at the appropriate time, once we know what we are trying to achieve, and the scope of any changes to the course. We have done a preliminary ecological assessment as noted in an earlier slide.

House values have already been compromised, with several examples already of houses in the vicinity of the golf course either being withdrawn from sale or passed-in at auction as a direct consequence of K Group's announcement. The "Reimagine Gold Creek" website states ... "Any development that would negatively impact on property values in Nicholls does not meet this important objective";

The KGroup stands by this statement; it is not in our best interest to negatively impact property values in Nicholls. Rather, we are seeking to create a development that enhances property values in the area. We do not agree that there is evidence that house values have been compromised by this consultation process. There is never a 100% clearance rate at auction in Canberra or anywhere in Australia. To blame a lack of clearance on the golf course is not appropriate.



Public commitments given by the K Group to maintain an 18 hole championship golf course as recently as 2013. In an open letter to Gold Creek Country Club members dated 21 December 2013, it was stated that:

“The Country Club is predominately a golf course and will always predominantly remain an 18 hole golf championship course. The development application currently being considered will not change that, it only serves to change the ownership of the commercial tenancies from one owner to several. This will allow the owner to divert funds into further golf course improvements which we are currently considering.” [Emphasis added]

We have been unable to determine a definition of “championship” when it comes to golf courses. The golf course can still remain an 18 hole golf course (championship or not) on a smaller parcel of land to help make it more financially viable.

In the same open letter to Gold Creek Country Club members dated 21 December 2013 relating to the 2014 lease variation, it was stated that:

“Whilst these tenancies have served a purpose of assisting with the subsidisation of the golf course operations over the last seven years by way of rental received, they have now served their purpose and it is more appropriate for the tenants to become owner-occupiers of their tenancies” [Emphasis added].

Can you explain the logic behind this action by K Group, when seemingly the lack of rental income has contributed to the losses now claimed to be the reason for seeking a variation to the lease to allow further development?

The property sold did provide rental income which, did subsidise the golf course operations.

The \$500,000 loss per annum is an operational loss to the golf course business which has always been separate to any property rental income. The KGroup chose to use the rental income (plus some) to subsidise the course and maintain it as an ongoing concern for a period of time. Post the sale of these units, the subsidy has come from other parts of the KGroup business.

Regardless of the source of funds, the golf course requires a subsidy, and this is not sustainable, long term, in any business. Every business must be able to stand on its own feet, and after 15 years of Government ownership, and 12 years of KGroup ownership, the course is still not able to stand on its own feet.

CRNG Question 12

CRNG Question - It has been speculated that you are primarily seeking a variation to the Territory Plan which would allow residential and/or commercial development on holes 16 and 17 and the par 5 practice hole. This speculation would seem to be supported by the 2014 lease variation and your current proposal to apply for a variation to the Territory Plan, which would supposedly require a Development Application seeking rezoning of Section 14/86. Is this an accurate description of your intentions? If so, what do you perceive to be the win/win scenario for the community, golf members and the environment?

Your “blank canvas” suggests that further commercial premises, inter alia, may be built on freed-up land. In light of the apparent unviability of the indoor sports centre and the surfeit of commercial premises that remains unoccupied in the Gold Creek Village itself, what gives you confidence that further commercial accommodation is viable and would be taken up by potential investors?

- There is significant speculation about our intentions.
- The KGroup has been upfront in this re:imagine project; after having considerable negative feedback on every development proposed at the golf course, including:
 - 18 months to get a maintenance shed built on the course closer to the first 9 holes, with the final DA conditions making the development unfeasible;
 - 2 years to get the indoor sports facility DA approved; during which time the tenant withdrew;
 - 18 months to get the Unit Title application through, which is a right under the crown lease not subject to discretion.
- So as a property owner, we decided to ask before doing anything and this is the re:imagine Gold Creek Country Club project.



Where to now?

- Looking forward to the feedback from the People's Panel
- We are still considering our options and in the future we would like to present some clear options for consideration.
- Based on what we have heard from general community sentiment to this stage, I can commit to:
 - maintaining large areas of open space, particularly along the areas directly abutting homes, and not negatively impacting on these properties views.
 - maintaining an 18 hole golf course (although on a smaller footprint)
 - working with Troon to continue to make a viable golf club
- As always proposed, I would like the opportunity to develop some options for the site and present them to the community for consideration and feedback (stage 2 consultation).



Thank you and further questions



join the conversation