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23 March 2014

Leigh Cover
Welcome Road
Karratha WA 6714

Dear Leigh,

Thank you for meeting with myself and members of the Karratha Community House Inc. (KCH) Board and Staff on Thursday the 20th of March 2014, as requested, here is the letter outlining the points from the meeting.

As discussed the current situation is as follows.

The costs of running KCH, at this point in time, are outweighing the income by approximately \$7000 a month. Venue hire booking numbers are down and KCH have also had a lot of cancellations. KCH also now have a complete new suite of staff and this means more time taken for handovers and extra wages costs. The biggest costs to the organisation are Wages, Insurance, lease fees and power.

KCH believe the below contributing factors have lead the organisation in this direction. Since KCH relocated to the Pam Buchanan Family Centre (PBFC) the Frank Butler Centre and the Leisureplex have opened, they are offering more function and meeting spaces to the community. The KDCCI has a meeting room that they offer to the small businesses within the community to use free of charge. KCH offer a small business rate to these same customers but if they can book the room at the KDCCI then they are sure to take that option. The economic climate of the town has changed with the outcome being less demand for venue hire. There has been significant redundancies in town contributing to the decrease in playgroup/programs member numbers from approximately 350 families at the peak to approximately 150 families currently.

KCH has taken action to attempt to mitigate the impacts of the contributing factors. They are as follows. KCH have reduced the number of employees, reduced rates of pay and have also reduced the hours worked by the employees. KCH has entered into an Memorandum Of Understanding with Sherpa Kids/Pilbara Prep for long term venue hire of the play group rooms. A review of venue hire rates has been undertaken to align with the rates offered in town currently. KCH have also secured a grant for a business/marketing consultant (the lead time for this is 3-6 months). As discussed in the meeting KCH will endeavour to arrange a meeting with Woodside and similar companies to attempt to secure agreements for exclusive venue hire.

Apart from the action KCH has already taken above, the board must also look at the long term options the organisation has. This leaves KCH with the options below and their impacts, that the board will have to make an informed decision on.

KCH could continue with the current arrangement with increased marketing and cost cutting. This option poses considerable financial risk to the board. Another is Subletting the Venue hire module. This is an option the board does not wish to pursue as the risks of damage etc are deemed to high. The option with the most impacts is to Break Lease for the Venue hire module. The impacts of breaking the lease will involve KCH, the Shire and Sherpa Kids. KCH would no longer be able to provide the permanent presence in the PBFC. KCH would scale back operations to one employee that would predominantly work from home. The group rep role would be expanded once more.

As the options above are not ideal to all parties involved KCH now asks for assistance from the Shire Of Roebourne (SOR). These are to provide ongoing annual financial assistance in the terms of a partnership to assist with the cost of wages and operational costs for staff and centre management. KCH would require at least \$60,000 annually. Other forms of assistance that could be offered are as follows. A Peppercorn lease for venue hire module. This alone will not enable us to be viable. A reduction in the lease amount on the venue hire module. This alone will not enable us to be viable. The KCH Board will be open to all other options the SOR would like to put forward.

If after KCH and SOR exhaust all options and KCH is deemed to be at risk of closure the board would like to request information on the break lease process.

Thank you again for your time and the Board look forward to meeting with you in the near future to further discuss the organisations current situation. Please use my details below for contact in regards to this matter.

Kind Regards,

Donna Stace
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CC: Karratha Community House Board Members.