

Appendix 1

Newport Cricket Club 'The Future of NAC' Document



Aerial View of the Rodney Parade Cricket Ground in 1961

'The Future of the NAC' Document

In the years prior to the sale of the Rodney Parade Cricket ground, the Club's Officers together with Hockey Club Officers produced a document outlining the real problems in the NAC. The Document written by Fred Wangler in 1985 and titled 'The Future of the NAC' also outlined an alternative option other than selling the Cricket Ground.

At the time, the document was turned down out of hand by the Rugby dominated NAC Management Committee. However looking back in 2019, following Newport Rugby Club's demise and the subsequent loss of the entire Rodney Parade site to pay off their debts, the Cricket and Hockey Club Officers could be justified in saying 'We Told You So!'



**THE FUTURE FOR
NEWPORT ATHLETIC CLUB**

INDEX

	<u>PAGE</u>
1. INTRODUCTION	3
2. THE OBJECTIVES	5
3. THE ASSUMPTIONS	6
4. FOOTBALL GATES	7
5. MEMBERSHIP LEVELS	8
6. MEMBERSHIP FEES	9
7. INCOME FROM ADVERTISING	10
8. THE SOCIAL CENTRE	11
9. GROUND STAFF AND OFFICE SALARIES	14
10. SALE OF FIXED ASSETS INCLUDING LAND	16
11. SUMMARY OF CONCLUSIONS	18
12. THE RECOMMENDATIONS	20
APPENDIX	

1.00 INTRODUCTION

1.01 HISTORY

Examination of the history of the early days of the N.A.C., its subsequent growth and stuttering development highlights the very different character of the Club membership as it is now constituted to that of years gone by.

The story of the Club is woven around numerous large characters who were active participants in the affairs of more than one section and provided the warp and weft of the fabric of the organisation.

A photograph of Newport Cricket section with the caption "Winners Monmouthshire Challenge Cup 1891" has recently come to light. The team list includes T. Harding, T.C. Graham and A.W. Boucher all Newport Rugby Captains whose combined period of captaincy encompassed nine years. Furthermore the umpire was H. Packer who played Rugby for Newport and Wales.

Other notable examples of players of more than one section are G. Llewelyn-Lloyd who was simultaneously captain of Cricket and Rugby and subsequently became Secretary of the Club. Mr Foster-Steadman was captain of Cricket and Hockey and Secretary of Hockey. Three generations of the Webb family were intimately associated with both Rugby and Cricket and Mr J.F. Rust was captain and Chairman of Cricket, captain of Hockey and Chairman of Badminton. There are many other persons who can be listed along with the above.

This thread is apparent until relatively recently. One only has to examine the 1st XV of 1950/51 which was captained by Ken Jones and which contained Roy Burnett, Gwili Jenkins, Hedley Rowlands, Bryn Williams and Malcolm Thomas all of whom at one stage or another in their sporting careers were active members of the Cricket section.

Regrettably it would appear that the increased length of the Football season, summer tours and more intense commitment to achieve higher standards in their particular game by all sportsmen has destroyed this traditional unifying factor and consequently the playing membership has become insulated into sectional groupings with the result that the welfare of the N.A.C. has taken a downturn.

Superimposed on this sectional isolation is the special position of the Rugby section which, in common with the other Clubs in the top echelon of Welsh Rugby, now displays all the trappings of professional sport (with the exception of payment to players).

The Rugby section, as never before, has little or nothing in common with the other playing sections and in some quarters a resentment towards the other sections has grown because of the apparent financial dependence of those sections upon the Rugby section and its adverse effect on the fiscal progress of that section.

1.02 RECENT EVENTS

Up until October 1983 the Management of the Newport Athletic Club gave each playing section an opportunity to actively participate in the management of the N.A.C. and thereby control the respective playing sections. The development of the N.A.C. did not therefore ignore or disregard the welfare

of any playing section other than those in which interest had waned to such a degree that it was inevitable that they would fold.

In October 1983 at a Special General Meeting of the Membership the constitution of the Management Committee of the Club was altered to favour the substantial membership of the Rugby section very few of whom, however, have had any active participation in the Rugby Football team.

There is a substantial imbalance in the income and expenditure of the Club which has occurred over a number of years with the result that there is now an overdraft which has caused considerable concern to everyone. Much publicity was given to the stated intentions of the Rugby section at the time of the Special General Meeting that they would preserve the playing of Rugby Football at Rodney Parade at all costs and if absolutely necessary action would be taken which would adversely affect one or more playing sections and could result in their extinction.

Minutes of recent meetings of the development sub-committee of the Management Committee have indicated that that Committee has given serious consideration to raising capital to resolve the Club's financial predicament. This would involve a land sale and result in a reduction in the number of sports played at N.A.C.

1.03. REASONS FOR THE REPORT

The sections under threat, notably the Cricket and Hockey sections, feel particularly vulnerable because they have one lone representative per section on a Management Committee which by its very constitution is Rugby orientated. Despite the previous Management Committees inability to resolve the current financial problems of the N.A.C. those sections, who have participated in the preparation of this Report, hold firm convictions that the financial problems can be resolved without the loss of any playing sections and without the sale of any of the Club's playing surfaces.

They are also concerned that it should even be contemplated that land, which was made available by Lord Tredegar (himself a Cricket member) for the specific purposes of sport and the playing of Cricket in particular, and buildings, which were provided by public subscription, should be sold to the detriment of present and future generations of sportsmen.

It is wrong in principle that the substantial heritage of freehold land of the present membership of this most famous of sporting clubs should be alienated to any degree

This report, therefore, has been commissioned by the Chairmen of the Cricket and Hockey sections respectively in the hope that it would bring the points of view and the very important point of principle set out in the previous paragraph to the attention of the Management Committee and all other persons concerned with the welfare of the N.A.C.. They have a genuine desire that the recommendations contained at the end of this Report should be given due consideration and subsequently implemented.

2.00 THE OBJECTIVES

The objectives set out below were formulated prior to the preparation of this Report and it is with these objectives in mind that the Report has been prepared.

2.01 TO MAINTAIN THE OBJECTS OF N.A.C. AS SET OUT IN THE RULES OF THE CLUB

2.02 TO BALANCE THE INCOME/EXPENDITURE ACCOUNT

2.03 TO REDUCE AND EVENTUALLY ELIMINATE THE OVERDRAFT AT THE BANK

2.04 TO PRESERVE THE EXISTING PLAYING SURFACES

2.05 TO RESTORE THE PLAYING SURFACES TO THEIR TRADITIONAL QUALITY

2.06 WHERE APPROPRIATE TO IMPROVE FACILITIES TO MODERN STANDARDS

3.00 THE ASSUMPTIONS

In dealing with these matters the following assumptions were formulated and in later pages of this Report it is hoped that some or all of these assumptions will be justified.

3.01 INCOME FROM FOOTBALL GATES WILL CONTINUE TO DIMINISH EXCEPT IN THOSE SEASONS IN WHICH THE TEAM REACHES THE FINAL STAGES OF THE WELSH CUP

3.02 MEMBERSHIP LEVELS WILL FALL

3.03 MEMBERSHIP FEES WILL ONLY INCREASE AT THE PREVAILING RATE OF INFLATION

3.04 THE CURRENT LEVEL OF INCOME FROM ADVERTISING WILL BE DIFFICULT TO MAINTAIN

3.05 THE SOCIAL CENTRE LOSES MONEY

3.06 ADMINISTRATION COSTS ARE HIGH

3.07 SALE OF FIXED ASSETS OF THE CLUB TO SATISFY AN EXCESS OF EXPENDITURE OVER INCOME IS WRONG IN PRINCIPLE AND WILL ACHIEVE NO SUBSTANTIAL BENEFITS ESPECIALLY IN THE LONG TERM AND WILL RESULT IN DETRIMENT TO FUTURE GENERATIONS OF SPORTSMEN

4.00 FOOTBALL GATES

4.01 The graph of income from Football Gates since 1963 shown in the Appendix, corrected for inflation, shows a regular decline interrupted only slightly in 1977/78 when the team was supremely successful in the Welsh Cup Competition.

4.02 The present income is less than 50% of the value of the Club's income in the year 1963. The value of the income in real terms has continued to diminish at a regular rate for the past three years.(see Appendix graph)

4.03 Falling spectator sport is not peculiar to Newport Rugby and is evidenced throughout the British Isles. Spectator sports are inevitably in decline.

CONCLUSIONS

4.04 The income from Football will continue to fall in real terms except intermittently during particularly successful seasons.

4.05 There will be a resultant reduction in the general income of the N.A.C.

5.00 MEMBERSHIP LEVELS

5.01 Past levels of Membership were maintained at a surprisingly regular level but the current trends show a decline which was particularly evident during the 1982/3 season.(see Appendix graph)

5.02 REASONS FOR DECLINE

There are a number of reasons which could be deemed to have caused the reduction of membership levels. These would include the moderate success of the Football Team, the lack of original (as opposed to traditional) facilities, competition from other sports and facilities offered particularly by Local Authorities responsible for leisure services, and high unemployment.

CONCLUSIONS

5.03 There will be a continuing decline in membership income in real terms

5.04 There will be a reduction in the gross income to the Club e.g. Bar receipts

6.00 MEMBERSHIP FEES

6.01 Membership fees have been historically maintained at a low level but in recent years increases have been significant but probably well judged.

6.02 Whenever there has been a significant increase in membership fees there has been a noticeable decline in the membership.(see Appendix graph)

6.03 It is believed that membership fees of the playing sections within the N.A.C. are expensive in comparison to the cost of joining other Clubs. In the Cricket world this perception is supported by the fact that it now costs more to join the N.A.C. Cricket section than to join any other Club (other than Cardiff) in the Famous Grouse Western Cricket League including the traditionally expensive Clubs of Clifton, St. Fagans and Lansdown.

Other playing sections will confirm the comparative expense of joining Newport Athletic Club but generally consider it is worthwhile because of the emphasis on the attainment of excellence which is the principle objective of some if not all of the playing sections of Newport Athletic Club.

CONCLUSION

6.04 The income from membership fees is unlikely to rise in real terms.

7.00 INCOME FROM ADVERTISING

7.01 It may well appear to the layman that companies that pay money to sporting Clubs in order to display a named hoarding at a sporting event, which is itself designed and presented as an attention catching spectacle, do so out of kindness and generosity to like minded sportive persons rather than with the belief that they will gain a commercial advantage.

7.02 Sponsorship and advertising has a commercial objective and therefore, given that there is diminishing spectator support at Rodney Parade together with the current lack of the T.V. coverage of games, the enthusiasm of local enterprises to channel money towards the N.A.C. under the guise of advertising is unlikely.

7.03 Also there is an arguement that the perceived image of the N.A.C in the local community is not wholly agreeable and that goodwill towards the Club is limited to those who make a contribution at present.

CONCLUSION

7.04 The maintenance of existing levels of revenue from ground advertising will be difficult to sustain.

8.00 THE SOCIAL CENTRE

8.01 The annual accounts for the year ending April 1983 isolated for the first time the total turnover and "gross profit" of the Social Centre bar. The reports of the twenty preceding years show only a so called "net profit" of the bar but it is now clear that such figures have often deceived an uncritical membership and that in fact the true position is that the Social Centre runs at a loss.

8.02 It was confirmed at the A.G.M. on behalf of the Management Committee that in preparing the accounts of the Club the operating expenses of the Social Centre only included wages to staff directly employed in the Centre. The "net profit" made no allowance for fixed overheads i.e. rates etc, heating, lighting, and the involvement of office staff in invoicing, paying bills, calculation of VAT and general accountancy work.

8.03 It is not impossible using intelligent guesses to make some assessment of the level of the problem and to quantify the loss with some accuracy.

8.03 (i) There is no sub-division of the rateable value of the club premises but informed opinion suggests that 50% of the rates payable are attributable to the Social Centre i.e. £6,000. At a stroke the bar profit shown in the General Revenue Account in the 1983 Annual Report is wiped out.

8.03 (ii) Heating and Lighting - the Social Centre must be the major source of power consumption. For the purposes of this Report it has been assumed that 80% of the power bill will be attributable to the social centre i.e total costs for the year ending 30th April 1983 of £9,364.

8.03 (iii) Office Services - for the purposes of this Report we have assumed that 20% of office time is used for bar accountancy, stocktaking calculation, payment of wages and salaries and other calculations to include VAT returns which would attribute say £2,400 as a further overhead to the social centre.

8.03 (iv) When the sums referred to in (i) (ii) and (iii) above are added to the operating expenses referred to in the Annual Report for 1983 an assumed net profit turns into a substantial loss.

	£
Operating Expenses (i.e. Wages)	15,969
Rates	6,000
Heat and Light	9,364
Office Services	2,400
	<hr/>
Total Costs of Social Centre	33,733
Gross Profit for 1983	21,926
Excess of costs over gross profit	<hr/> 11,807 <hr/>

Put in weekly terms the Social Centre loses money at the rate of £227.00 per week.

8.04 Enquiries directed to the Management team of a major national brewery elicited additional information:-

8.04 (i) Houses with a turnover of less than £120,000 annually are considered to be unprofitable to manage. The turnover for the year ended 30 April 1983 was £71,500 or 59.5% of what must be regarded as a minimum target figure.

8.04 (ii) The wage bill of any house should be 16% of annual turnover less VAT. Using the bar takings of 1983 as an example the turnover net of VAT amounted to £62,181.

Therefore an economic wage bill for the social centre would be £9,949 which sum should include all staff engaged there including cleaners and related charges such as Earnings Related National Insurance etc.

The actual wage bill (referred to in the annual report as operating expenses) for the Social Centre was shown at £15,969 i.e. 25% of annual turnover. The wage bill does not include the £2,400 referred to in 8.03(iii) and if this figure is added the percentage of annual turnover would be in excess of 29% or almost twice the acceptable percentage referred to in 8.04(ii).

8.05 In the annual report of 1963 the Management Committee made a plea for members to support the new social centre. In the reports of each subsequent year this plea has been reiterated. The hopes of the Committee have not been fulfilled and the doubts expressed by many members at the planning stage have been justified.

8.06 It is well understood by the Management Committee and ordinary members alike that the present bar facilities are substantially under-utilised on as many as six days per week in summer and winter alike. It is reasonable to assume, therefore, that the Social Centre fails to cater for the needs nor does it accommodate the wishes of a substantial majority if not all of the membership.

It is reasonable to regard the Social Centre as a massive loss maker which the membership in general do not want and this will undoubtedly be confirmed by the collation of accurate figures for the fixed overheads. Unless the foregoing estimates can be substantially faulted then immediate action is a necessity.

8.07 A smaller bar should be established possibly in the area of the tea rooms where facilities were provided in 1961/63 during the reconstruction of the Social Centre.

The immediate aim would be to achieve a breakeven situation and ultimately to show a significant profit admittedly on a reduced turnover. To this end it would be necessary to use voluntary labour or part-time paid staff and it would be unnecessary to achieve the turnover figure of £120,000 referred to in 8.04(i).

8.08 The present facilities are now even less suited to the requirements of the members than they were in 1963. At that time the Club annually hosted two first class Cricket matches, the Welsh Lawn Tennis Championships, International Rugby Teams, International Hockey Teams and other major sporting events when the extensive bar facilities were an advantage.

CONCLUSIONS

8.09 The Social Centre is a massive loss maker.

8.10 Monies expended on provision of bar and drinking facilities are excessive for a sporting club whose major objectives do not include provision of bar facilities.

8.11 The present facilities are principally of benefit to those who are not members of the Club who wish to drink before or after Rugby matches for a

short period of time and who do not share the concern of members at the serious financial plight of the Club.

8.12 Management information as to the true cost of the provision of bar facilities must be collated to put the true position before members.

8.13 The Social Centre is a wasting asset and a sale for whatever consideration would significantly reduce expenditure.

9.00 GROUND STAFF AND OFFICE SALARIES

9.01 GROUND STAFF

9.01 (i) It is assumed that the item under the general heading "Wages" refers to emoluments paid to the three groundsmen and one maintenance man. Reference to the chart in the Appendix of this report will show that since 1963 the wage bill has remained stable relative to the retail price index.

9.01 (ii) Despite the valiant efforts of the newly formed Grounds Committee the consensus of opinion is that the quality of the playing surfaces is not what it was despite the full-time employment of the groundsmen and a maintenance man who spends much of the summer months working on the playing areas.

9.01 (iii) Few Cricket Clubs can afford the luxury of full-time staff but most, if not all, of the venues in the Famous Grouse Western Cricket League are in better condition than Rodney Parade and often support a greater number of games each season. The League records indicate that in recent years more games have been cancelled at Newport than at any other venue.

9.01 (iv) The Hockey section have played many of their games on all weather pitches outside the ownership of the Newport Athletic Club with a resultant increase in expenditure to the Club.

9.01 (v) Because of the large excess of expenditure over income it is evident that the Club can no longer afford the services of four full-time employees working on the ground.

9.01 (vi) The aim should be to employ one young highly skilled grounds manager with the personality and authority to mobilise and use the voluntary services of the members. The accelerating trends to earlier retirement and lack of paid work for many of the younger members make available an increasing pool of labour. It will give an ideal opportunity of service to the Club for those members who are unwilling or ill equipped to serve on the Committee structure.

9.02 OFFICE SALARIES

9.02 (i) Salaries (as opposed to wages for bar staff groundsmen and the maintenance man) to the year ended April 1983 amounted to £12,193. With the membership currently standing at around 1,200 senior members that means that approximately £10.00 of every individual members subscription is spent on the professional administration of the Club. This does not take account of the other office expenses, eg. telephone, postages, stationery etc. which totalled £6,645. When corrected for inflation the graph in the Appendix shows zero growth of office salaries over the past twenty years.

9.02 (ii) Most if not all playing sections administer themselves at little or no cost to the Newport Athletic Club and it is difficult for members to understand what direct benefit they derive from having such a costly administration.

9.03 The total cost to the N.A.C. membership of employing staff to the year

ending April 1983 was as follows:-

	£
Bar operating expenses	15,969
Groundsmens Wages	24,665
Office Salaries	<u>12,193</u>
	<u>52,827</u>

When this figure is compared with total subscriptions amounting to £30,264 the shortfall in the subscription income over the cost to the Club of its employees amounts to £22,563 (ie. approximately 88.5% of the excess of expenditure over income for the year ending April 1983)

CONCLUSIONS

9.04 (i) Ground Staff and office salaries form a substantial part of the overheads of the Club and have contributed in no small part to the excess of expenditure over income.

9.04 (ii) For a membership of 1,200 senior persons it is unnecessary to have a professional administration.

9.04 (iii) Playing sections should accept more if not absolute responsibility for maintenance of their playing surfaces so that it is unnecessary to employ so many ground staff.

10.00 SALE OF FIXED ASSETS INCLUDING LAND

10.01 The economy is languishing in the trough of the most severe depression for fifty years. Although interest rates are falling they are at an historically high level and the relative value of development land is concomitantly low.

10.02 Buildings only increase in value where there is a ready market for them on a resale. Otherwise they can be regarded as wasting assets.

10.03 The same considerations do not apply to land and whatever state or condition land appears to be in generally the value increases as years go by; not least in its amenity value.

10.04 Sale of that area of the cricket field which is currently leased to S.T.C. appears to be an attractive option to solve the overdraft problem. It is considered, however, that the loss of upto 30% of the sale proceeds for the payment of capital gains tax and other expenses must make even this simple solution of doubtful benefit. It should not be forgotten that the Club derives a substantial yearly rental income from this asset of in excess of £8,000 which would disappear on sale. The current offer on the table from S.T.C. does not amount to much more than eight years rental which has been capitalised and if the bank overdraft was maintained at its current level this could be serviced quite easily from the current rental income from S.T.C.. Almost £5,000 capital would be paid off the overdraft in the first year alone if the rental income was applied to repay the bank lending. The Club would thereby retain the benefit of the freehold reversion.

10.05 (i) There are further tax considerations to be taken into account if the whole of the Cricket field is sold for development. In addition to capital gains tax there is a potentially crippling liability arising from the incidence of development land tax. Furthermore whatever exemptions or initial exemptions from development land tax are obtained by the Club those exemptions are still the subject of liability to capital gains tax.

10.05 (ii) With the prospect of development land tax being charged on a substantial proportion of the proceeds of sale at the rate of 60p in the £1 it is believed that whatever offer was made for the sale of the Cricket ground could effectively be halved once all taxes together with expenses of sale have been taken from the proceeds.

10.05 (iii) There may be tax saving schemes which could be considered and if the drastic step of selling the Cricket field is taken it is absolutely essential from every members point of view that tax specialists are consulted to salvage some of the proceeds of sale from the ravages of taxation.

10.05 (iv) It should not be forgotten, however, that the Inland Revenue often test tax avoidance schemes in the courts and some professional opinion is of the view that the recent decision of the House of Lords in the court case of *Furness -v- Dawson* has heralded the demise of such schemes.

10.06 Even if tax considerations are totally disregarded it is considered that the effect of a sale of land used for sporting purposes as opposed to the sale of the Social Centre would be disastrous for the following reasons:-

10.06 (i) The fixed asset used for sport will be gone forever.

10.06 (ii) Interest rates upon investments are low and therefore the investment income potential from the net proceeds of sale is moderate if not poor.

10.06 (iii) If the current rate of expenditure over income continues then the capital will dwindle away within ten years.

10.06 (iv) There would be little if any effect on expenditure because:-
a) No rates are chargeable on the Cricket field.
b) There will be few if any savings of capital payments for maintenance costs.
c) There would be no reduction in salaries and wages (see 9.02(iv))

10.06 (v) Two of the principal objects of the Club (to play cricket and hockey) would be erased at a stroke to sustain the ancillary purpose of providing bar facilities which at present do not contribute to the common weal of members.

10.06 (vi) There would be a reduction in the direct income of the Club because of loss of membership and also in the indirect income from revenue from bar takings to set off against the expenses of running that bar.

CONCLUSIONS

10.07 (i) Taxation considerations must be balanced against what may appear on the face of it to be attractive offers to purchase land held for the benefit of the N.A.C.

10.07 (ii) Any proceeds of sale net of taxation and expenses will ultimately disappear if current management policies are maintained.

10.07 (iii) Sale of the Cricket ground will substantially affect the current income (ie. rental from S.T.C. and reduce membership income) and will adversely affect the future income and earning capacity of the Club.

10.07 (iv) The wholesale disposal of a substantial part of the Clubs playing area is diametrically opposed to the objectives of the Newport Athletic Clubs former benefactors.

11.00 SUMMARY OF CONCLUSIONS

4.04 The income from Football will continue to fall in real terms except intermittently during particularly successful seasons.

4.05 There will be a resultant reduction in the general income of the N.A.C.

5.03 There will be a continuing decline in membership income in real terms.

5.04 There will be a reduction in the gross income to the Club e.g. Bar receipts.

6.04 The income from membership fees is unlikely to rise in real terms.

7.04 The maintenance of existing levels of revenue from ground advertising will be difficult to sustain.

8.09 The Social Centre is a massive loss maker.

8.10 Monies expended on provision of bar facilities are excessive for a sporting Club whose major objectives do not include provision of bar facilities.

8.11 The present facilities are principally of benefit to those who are not members of the Club who wish to drink before or after the Rugby matches for a short period of time and who do not share the concern of members at the serious financial plight of the Club.

8.12 Management information as to the true cost of the provision of bar facilities must be collated to put the true position before members.

8.13 The Social Centre is a wasting asset and a sale for whatever consideration would significantly reduce expenditure.

9.04 (i) Ground Staff and office salaries form a substantial part of the overheads of the Club and have contributed in no small part to the excess of expenditure over income.

9.04 (ii) For a membership of 1,200 senior persons it is unnecessary to have a professional administration.

9.04 (iii) Playing sections should accept more if not absolute responsibility for maintenance of their playing surfaces so that it is unnecessary to employ so many ground staff.

10.07 (i) Taxation considerations must be balanced against what may appear on the face of it to be attractive offers to purchase land held for the benefit of the N.A.C.

10.07 (ii) Any proceeds of sale net of taxation and expenses will ultimately disappear if current management policies are not maintained.

10.07 (iii) Sale of the Cricket ground will substantially affect the current income (ie. rental from S.T.C. and reduce membership income) and will adversely affect the future income and earning capacity of the Club.

10.07 (iv) The wholesale disposal of a substantial part of the Clubs playing area is diametrically opposed to the objectives of the Newport Athletic Clubs former benefactors.

12.00 RECOMMENDATIONS

12.01 The principal strategy to save Newport Athletic Club is to reduce expenditure; its imbalance over income is so great that it cannot be achieved by switching off lights or turning sauce bottles upside down. The surgery has to be radical extensive and swift.

12.02 The steady and inevitable reduction in income from Rugby gates and the concomitant steady fall in Club membership implies that the Rugby section will have great difficulties in maintaining their accustomed life style unless they tap alternative sources of revenue and all extraneous burdens both real and imagined are removed. This will facilitate the proper evolutionary development of the Rugby Club.

12.03 It is therefore proposed that the Rugby section should have complete and absolute control over all revenue directly derived from the game whether from gates, membership, advertising or sponsorship and eventually from their own bar and social activities.

12.04 This strategy implies not only self determination for the Rugby section but also for the other playing sections. Given the supremely advantageous heritage of a large area of freehold land (with no payment of rental) there is no reason why the sections should fail to survive, thrive and develop by liberating their own internal energies as Sports Clubs do elsewhere. For example one only has to look as far as the Squash Club. It seems absurd that a new successful venture should exist within the grounds of the N.A.C. when the latter as a whole is faced with what appear to be formidable financial problems which will result inevitably in massive changes and possibly in extinction of the sections which have existed for over one hundred years and are in no way defunct.

12.05. Cricket and Hockey Clubs together form a natural unit of survival with perfect interlocking of activity as the one naturally takes over where to other finishes. There is little clash of interests and should be the first section to be "privatized".

12.06 Bowls is now played throughout the year and the existing arrangements appear to be profitable.

12.07 The Tennis section could have the most difficult task because of its limited season and lack of all weather surfaces but possibly in association with the remarkable Netball section which shares their playing area the problem can be overcome.

12.08 Alternatively a composite Rackets Club should be formed with the Badminton section.

12.09 Even if no other of these recommendations are accepted provided the hypothetical financial figures relating to the Social Centre are substantially accepted then it is a matter of urgency that it should be closed and alternative and more suitable accommodation provided in the area of the tea rooms.

12.10 Whether the stated requirement of the Rugby section for new changing facilities can be accommodated by redesigning the social centre is a matter of conjecture and perhaps only can be answered by the Rugby section.

12.11 Each section must be entirely responsible for its own administration

and will set its own level of fees and finance itself completely by its own efforts. They will be responsible for all capital equipment associated with that section.

12.12 The traditional form of the Newport Athletic Club will therefore have to be altered. It is suggested that the new Newport Athletic Club should be set up upon the lines of a Charitable Trust which would own all the grounds of the current Athletic Club and accept responsibility for payment of all outstanding debts. Members of the Trust would be the current Trustees if they wish to continue, the President and the vice-Presidents and all other persons who wish to be associated with the new Newport Athletic Club; the latter could be regarded as patrons. Current Honorary Life Members would also be made Honorary Life Members of the new Newport Athletic Club and it would be anticipated that they would become Honorary Life Members of their respective section Clubs. There would be no material advantages of membership although quite naturally membership would be regarded as an honour.

12.13 The new Newport Athletic Club would then grant leases of respective parts of the ground to the proposed Clubs referred to above which would operate independently of each other. The present Committee structure which absorbs so much time and energy of both members and staff will no longer be necessary. Each Club, however, would be responsible to answer to the new Newport Athletic Club not only on a Landlord and Tenant basis but also upon the basis outlined in paragraph 12.15 below.

12.14 The current liabilities of the existing Club would be the responsibility of the new Newport Athletic Club in whose ownership the land and capital assets would be vested subject only to but with the benefit of the suggested leases to the individual Clubs. The Trustees of the new Newport Athletic Club would be responsible (not in their personal capacity) for the servicing and repayment of the current overdraft and outstanding debts and they would receive the rental income from S.T.C., the Squash Club other car-parking arrangements and contributions from the respective sections although it is envisaged that the respective sections would not be required to pay much more than a peppercorn rent. Should further income be required each section could be charged a levy per member. This sum would be determined by the Trustees and would be of such an amount as is necessary to enable them to service and repay the debts that are currently outstanding. A financial viability study should be commissioned forthwith.

12.15 The Trustees should require each new Club to provide a five year plan of development outlining their respective ambitions and proposed method of financing further progress and modernisation of playing facilities. In the absence of such a plan the Trustees would have the power to intervene in the administration of those playing sections in default.

12.16 The recommendations outlined above would involve a total reorganisation of the existing administration of the Athletic Club and would involve its de-registration as a Club and its dissolution in the form in which it now exists. Each new playing Club will then be entitled to register as a Club in its own right with its own constitution which would of course be subject to the overall supervisory powers of the new Newport Athletic Club. Such a reorganisation or de-merger will test the ingenuity and organisational skills of the administration and the psychological adaptability of the members. It is appreciated that the implementations of such a programme of reorganisation of this magnitude would not be an easy option to take.

12.17 In summary, however, we are of the view that a new Newport Athletic Club would not only satisfy the criteria of the more traditional thinking

within the membership but would also enable each individual section to concentrate on its own particular needs and provide for its membership appropriately. The management committee of Trustees of the new Newport Athletic Club would provide a loose administrative network within which a genuine modern sporting conglomerate could thrive and where social and drinking facilities would be placed in proper proportion and perspective as a valued adjunct to the various sporting activities undertaken at the Athletic Club grounds. There would be no risk in the future of playing sections being threatened as they are at present because the Social Centre and other overheads are haemorrhaging money at an alarming rate.

- o o o -