



NORTHERN BEACHES REGIONAL GOLF STUDY

WARRINGAH COUNCIL
APRIL 2014

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1. Executive Summary

JBAS is pleased to present to Council the findings of its regional golf study, undertaken over the period January to March 2014. This study was requested by Council to assist it in its update of the current Plan of Management (POM) for District Park ("the Park"), a 62 hectare public green space predominantly located between Condamine Street and Pittwater Road in Manly.

In addition to changing sports participation and recreation habits and overall golf participation trends, there are also mounting operational and financial pressures being faced at many golf clubs across metropolitan NSW.

The membership trend evident within the wider Sydney metropolitan market is one that has exhibited a slow level of decline since 2000. Since 2000, at the wider metropolitan level, there has been a 16% decline recorded in membership demand, with a 6% decline recorded since 2009.

The regional club peer set for WGC contains 11 golf clubs, all located within 18 kms of the WGC. Within the peer set sub markets, the primary market outcomes have largely matched the wider market outcomes with a 17% decline and 7% decline recorded for the same periods as above. Aggregated club membership capacity is presently estimated at around 90%. Public rounds demand over the period 2010 to 2013 has declined by approximately 8%. The average of the EBITDA outcomes achieved across the peer set is 4%, ranging from a low of -3% to +10% at two clubs.

The history of the Warringah Golf Club dates back to 1935 when the first nine holes (the current area north of Kentwell Road) were opened as the Warringah Golf Course. Capital funds were then accumulated to fund the clearing of the area south of Kentwell Road to develop the second nine holes which were opened in 1939.

Measuring some 2,400 square metres in size, the clubhouse site is zoned R2 Low Density Residential. Whilst a number of overlays exist on the site, JBAS is advised that the land is able to be developed for other uses and thus has an indicative value of \$5-\$6 million. The Club's formal tenure on site has recently been extended through to 31 January 2016.

The trend within club playing membership over the past six years has been a declining one with a 5% decline recorded between the period 2008/09 to 2012/13. 68% of the club's membership is aged over 55 years, and 88% of the Club's membership resides within 10 kms of the Club.

The Club, whilst being operational profitable, is not generating significant levels of profit that allow it to re-invest in and improve its amenities. There are a number of challenges to be faced by the Club as it continues to maintain, remediate, and improve the golf course.

Whilst these challenges will be present, the future of the Club should not be seen as ultimately a terminal one. To date the Club has survived largely due to a balanced make-up within its trading outcomes. Membership demand and green fee revenues were topped up with gaming profits and these outcomes covered the expense base incurred in operating the Club. Given its location and disconnection from the golf experience provided to almost two thirds of all users, in the present day, (and perhaps different to past times) the clubhouse building and the amenities it contains is not able to make an increased contribution to the Club's income and overall outcomes. That is the Club is exposed to trends within its key income streams and is unable to reasonably adjust.

The golf operating model is now simply not optimised to reflect the realities of its current environment nor appropriately positioned to be able to service not only the golf market but other users of the Park. Optimisation and adjusted positioning is possible and with that adjustment the likelihood of long term sustainability of the golf club's operations within the Park will be enhanced. In this light, Council is therefore encouraged to consider how this optimisation and re-positioning could occur, whilst also potentially assisting Council deliver on some of its wider community goals.

The North Manly Bowls Club is supportive of an assessment of the potential amalgamation with the golf club and the creation of a new centralised clubhouse building that become core to the Park's users.

Based on a review of key Council documents and the history concerning past club relocation and merger discussions, there appears to be a significant win/win opportunity for Council to actively encourage a golf club relocation outcome that also ties in to a merger with the resident bowls club. This merger could also include responsibility for operations of the WRC.

A merged entity, enjoying a new building and amenities that is funded via the sale of the golf club land, which is park focused and accessible to all becomes a meeting hub for the Park. This outcome assists Council achieve its goals around recreation and creates an opportunity that should result in improved long term sustainability for both clubs. Depending upon the capital investment levels required, and the potential opportunity available from enhanced park food and beverage services, it may be necessary for the clubs to seek a partnership with a specialist provider of food and beverage services.

Recommendations

Based on the detail to be found in this report, it is recommended that Council:

- Gains club buy in to a formal independent assessment of the potential club merger opportunity. This assessment is to determine what hurdles might exist and what a merged entity might look like in terms of its operating model. This process produces an outcome that could also be known as a feasibility study and clear outcomes should be known well in advance of the current expiration of the golf and bowling club leases in January 2016. A mapped process should conclude with a vote of both club's membership bodies to approve or reject the proposal.
- In conjunction with the assessment above, and prior to its conclusion, engages a planning firm to develop an indicative master plan for the bowls club site.
- Gains a clear understanding of its own zoning restrictions regarding permitted uses of the bowling club site and any other site issues that exist.

2. Report Background

Introduction

JBAS is pleased to present to Council the findings of its regional golf study, undertaken over the period January to March 2014. This study was requested by Council to assist it in its update of the current Plan of Management (POM) for District Park ("the Park"), a 62 hectare public green space predominantly located between Condamine Street and Pittwater Road in Manly.

Further background information to this study is outlined below.

District Park Discussion Paper

The current Plan of Management (POM) for District Park was adopted by Council in 2002. In December 2012 Council resolved, in part, to:

Give priority to commencing the review of the District Park Plan of Management (as listed in the 2012 Strategic Community Plan), and ensure it is brought back to Council for adoption no later than December 2015.

In early 2013, Council staff reviewed the 2002 POM and conducted research to support the development of a Discussion Paper. This was then discussed at the Recreation and Open Space Strategic Reference Group meeting in August 2013. Following the SRG meeting, Council staff prepared a Discussion Paper for broader community input with the document released to the public in November 2013.

The objectives of the Discussion Paper were to:

- Identify issues with the current provision of sport, recreation and community facilities and settings in District Park.
- Present ideas for future opportunities for District Park for further consideration.
- Provide input in to the preparation of a Directions Paper based on this Discussion Paper and feedback from the community.

Park Amenities and Current Use

The following facilities and amenities are found within District Park, as identified on the following map.

- Four sportsgrounds (David Thomas Reserve, Miller Reserve, Passmore Reserve and Nolan Reserve) with support facilities such as amenities buildings, flood lighting and car parks.
- Warringah Golf Course (18 holes)
- Manly Small Bore Rifle Club
- North Manly Bowling and Recreation Club
- Manly Vale Calabria Bowling Sports and Social Club
- Warringah Recreation Centre (Tennis, Squash and Futsal courts)
- Christian Brothers Junior Rugby League Football Club
- Childcare centre
- Playground and picnic/barbecue facilities
- Skate park
- Manly Creek and Brookvale Creek

District Park hosts a range of other sporting activities including tennis, squash, futsal, and other field sports such as cricket, football, and touch football. The sportsgrounds, which include multi-purpose sporting fields, cater for a range of field sports in both the summer and winter sporting seasons. Such sports include cricket, rugby league, soccer, and touch football. The fields are hired by sporting clubs for training and competition, and by local schools and various groups for major sports and community events.

A Warringah-wide survey of the use of sportsgrounds for the 2012 winter season found that the usage of the sportsgrounds in District Park is high, with little spare capacity both in after school hours and on weekends. The number of bookings of District Park for sport has increased over the past three years.



Source: Warringah Council

Golf Assets

As illustrated above, District Park incorporates a number of facilities including the 18-hole Warringah Golf Course. The course is currently leased to Warringah Golf Club Limited, with the lease due to expire at the end of July 2014. A

process is underway to extend this term until after the new POM is expected to be adopted by Council, forecast to be in early 2015, with the updated POM giving clarity around the planned future use of the site.

In Council's November 2013 Discussion Paper that provided the community with background information regarding the POM update process, with regard to golf it said:

Council is uncertain about the wider and long-term needs of some sports, particularly golf. The Warringah Recreation Strategy 2009 recommended reviewing and assessing current golf provision and demand in Warringah (including private and council facilities). This review has not been completed for golf. Council needs to establish the current demand for golf courses in Warringah and adjoining local government areas, and whether an 18 hole golf course in this location the best use, given other sport and recreation needs and poor connectivity in the Park.

The Discussion Paper also includes the following key ideas / opportunities commentary regarding the continued provision of golf within the Park.

- Carry out a study which addresses the needs for golf facilities in Warringah and adjoining local government areas.
- Enter into a more commercially-based lease for the Warringah Golf Club.
- Depending on the outcomes of the Regional Golf Study, give consideration to all or part of the open space occupied by the Golf Club for other types of recreation facilities such as:
 - youth recreation facilities (eg. half court/s, bike dirt jump track, outdoor table tennis table, "extreme" play space, mobile skate facilities)
 - a new passive park (for local residents and workers)
 - barbecues, shelters and park benches for gathering and relaxing.
 - Children's' learn to cycle track.
 - incorporate a golf driving range should the golf club be converted to a 9 hole course.
- Any alternate use would need to be planned and consider the value of the mature trees on the golf course.

Report Scope of Work

This report responds to the following scope of work as requested by Council:

- an assessment of national, state and regional trends in golf;
- an assessment of the current supply of golf facilities in the Warringah region and potential future needs;
- a detailed analysis and specific recommendations relating to the provision of golf opportunities in Warringah and in particular with regard to Warringah Golf Course.

The Report is set out in five sections. The first section examines the wider northern beaches golf region. The section contains an assessment of national, state and regional trends in golf and an assessment of the current supply of golf facilities in the Warringah region.

The second section contains a detailed analysis of the operating performance of the Warringah Golf Club, examining the trends in key drivers to financial performance and the outcomes recently achieved. It concludes with an assessment of the Club's likely future performance, highlight the general issues and constraints with the Facility, identifies the likely future capacity of the Club to maintain its obligations under the current and proposed future lease arrangements and makes comment on the likely long term viability of the club/course in its current condition.

The third section of the report reviews Council's key published documents concerning its recreation strategy and wider community goals, reviews past Club and Council discussions concerning the Club's future and identifies the level of alignment that exists between the stated goals and a potential club re-location outcome.

The fourth section explores other potential outcomes that could be achieved within the Park, and contains a high level review of the potential opportunity that exists with the North Manly Bowling Club and the WRC.

The final section of the report concludes the overall report findings and makes recommendations relating to the future provision of golf and opportunities for Council within District Park.

3. Warringah Regional Golf Overview

Introduction

The first section examines the wider northern beaches golf region. The section contains an assessment of national, state and regional trends in golf and an assessment of the current supply of golf facilities in the Warringah region and potential future needs.

Population Trends

As demand for golf and golf club membership is a direct factor of population and population growth, as a precursor to the report proper, it is appropriate to review the region in which the course is situated and the patterns that are emerging with regard to the region's population.

In June 2012, the Australian Bureau of Statistics (ABS) estimated, via the 2011 National Census, that the total population of Sydney approximated 4 million people. Since 2001 the metropolitan region's population had grown by 13%, having approximated 3.5 million people at this time. Over the more recent five year period, population growth averaged approximately 1.4% per year.

Within the metropolitan LGA's, of the LGA's Ku-ring-gai, Manly, Pittwater, Warringah and Willoughby delivered combined average annual growth of 1.6% per annum, slightly in advance of the wider metropolitan rate with an aggregated estimated resident base of 443,000 people at June 2012.

It is presently forecast by the NSW Government that the combined population of these LGA's will increase by a further 110,000 people by 2031, with the majority of this population growth driven by the 65 years and greater demographic.

Major Trends Impacting the Golf Industry

Introduction

Aside from wider societal trends, there are a number of other wider sporting and recreation participation trends impacting the game of golf. JBAS has reviewed two specific reports that investigate these trends, all of which are relevant to Council's provision of golf amenities within District Park.

The first report is an April 2013 report published by the Australian Sports Commission titled 'The Future of Australian Sport'. The second report is a July 2012 report published by The Futures Company, titled 'Golf's 2020 Vision,' and takes a global look at the future of golf for the remainder of the decade.

Key findings from both reports are outlined below.

Australian Sports Commission – The Future of Australian Sport (April 2013)

The Australian Sports Commission recently released 'The Future of Australian Sport', a report of research findings from a study it conducted with the CSIRO into the future of Australian sport. The Report is an important reference in determining long-term policy, strategic planning and investment, as it highlights six sports megatrends that may redefine the sport sector into the future.

The trends identified are:

- A perfect fit - personalised sport for health and fitness

- Participation rates in individualised sport and fitness activities are increasing; whilst participation is remaining steady or declining in organised sports.
- From extreme to mainstream - the rise of lifestyle sports
 - The increase of lifestyle, adventure and alternative sports; which are popular with younger generations.
- More than sport - the attainment of health and community objectives via sport
 - Governments, communities and companies are recognising the broader benefits of sport (e.g. health benefits) to the immediate community and broader population.
- Everybody's game - demographic, generational and cultural change
 - Sporting organisations will be challenged with capturing the interest and involvement of an ageing and culturally diverse population.
- New wealth, new talent - economic growth and sports development in Asia
 - As population and disposable incomes grow, Asian countries are becoming more interested in sport, both on and off the field.
- Tracksuits to business suits - market pressures and new business models
 - Sports will need to consider new business models and adapting the sport to suit modern and emerging markets.



The Report notes that “The sports played in Australia, as well as how and why we play them, are changing over time”. In developing recommendations for Council with regard to golf in District Park, it is important to consider the relevant themes from the Report as it relates to an ‘organised sport’ such as golf:

- One of the main barriers to participation in organised sports is the unwillingness of people to commit sufficient time (A perfect fit);
- At federal, state and local levels, governments are incorporating sport into policies to improve health and community wellbeing, as well economic objectives (More than sport);
- Sports will need to cater for an ageing and diverse population to retain strong participation (Everybody's game);
- The cost of participating sport is increasing and is a barrier to participation for many people (Tracksuits to business suits).

The Futures Company – Golf's 2020 Vision (July 2012)

“Golf's 2020 Vision” is an interesting look at the future of golf for the remainder of the decade. The report was prepared by global consumer research agency, The Futures Company, for a major golf industry sponsor, and provides some old and new insights into the changing nature of the game.

In preparing the report, The Futures Company gathered research data, trends analysis and interviews from key people across the golf industry; whilst also drawing on the experience of identified golf initiatives from around the world.

Key findings from the report as relevant to Council and District Park are outlined below:

- Golf clubs and golf courses will become more family friendly. There will be family friendly facilities, women friendly facilities and holes set up for younger players.
- Six and nine-hole formats, and other short-forms, complement the 18-hole tradition.
- Golf becomes more unisex. As more women come into the game, golf becomes the way for men and women to share leisure time – as cycling has done in richer markets.

Other relevant messages from the report include:

- Golf needs to modernise to stay in touch with the times;
- The profitable clubs of the future will have to meet the needs of women on and off the course;
- The lifestyle of the golfer is changing – and golf clubs will have to respond by thinking differently about the facilities they offer to their members and players;
- There will need to be more locations where the business model is based on pay-and-play or a multi-course pass rather than the membership model.



Current Golf Participation Trends

General Golf Participation

The Australian Sports Commission (ASC), the government body responsible for tracking national participation in sporting activities, estimate that approximately 431,000 people or 7.6% of the NSW adult population aged 15 or over play golf.

In its most recent annual report, released in August 2011, it identified:

- 84% of NSW participants in golf are male.
- There are significant participation differences within genders with 13% of the NSW male population participating in the sport compared to only 2.4% of females, (aggregating to 7.6%).
- Total golf participation levels in metropolitan NSW fell by approximately 17% over the period 2003-2010, a compound average annual fall of -3% as participation levels fell from an estimated 8.5% to 6.5% of the population, as illustrated right.



Warringah Regional Golf Club Market

Introduction

In addition to changing sports participation and recreation habits and overall golf participation trends, there are mounting operational and financial pressures being faced at many golf clubs across metropolitan NSW. At a high level, the general club challenges being faced include membership attrition rates, the overall value proposition of membership, facility expense growth, increased governance and compliance responsibilities and costs, and on-going funding challenges with regard to infrastructure renewal and replacement. Such challenges are thus combining to create a very competitive wider golf club environment.

With this general background, this section of the report examines the performance of the aggregated golf club peer set that is found within 15 kms of the Warringah facility. Trends with membership numbers, financial performance and rounds played are examined. JBAS met with club management at these facilities in order to collect data and opinions as to 'the state of the market' in the Warringah area.

Golf NSW Strategic Plan

As background to the current market realities to be identified in this section, it is important to understand the level and type of assistance clubs receive from their administrative body. Golf NSW has recently released its new strategic plan for the period 2014 to 2017 and the seven key areas of focus of this plan are outlined below.

1. Enhanced club health
2. Industry collaboration
3. Effective communication
4. Volunteer support
5. Growth opportunities
6. Financial strength
7. Improved governance

Of direct relevance to the club market is the first key area of focus, with the following actions to be delivered in this area.

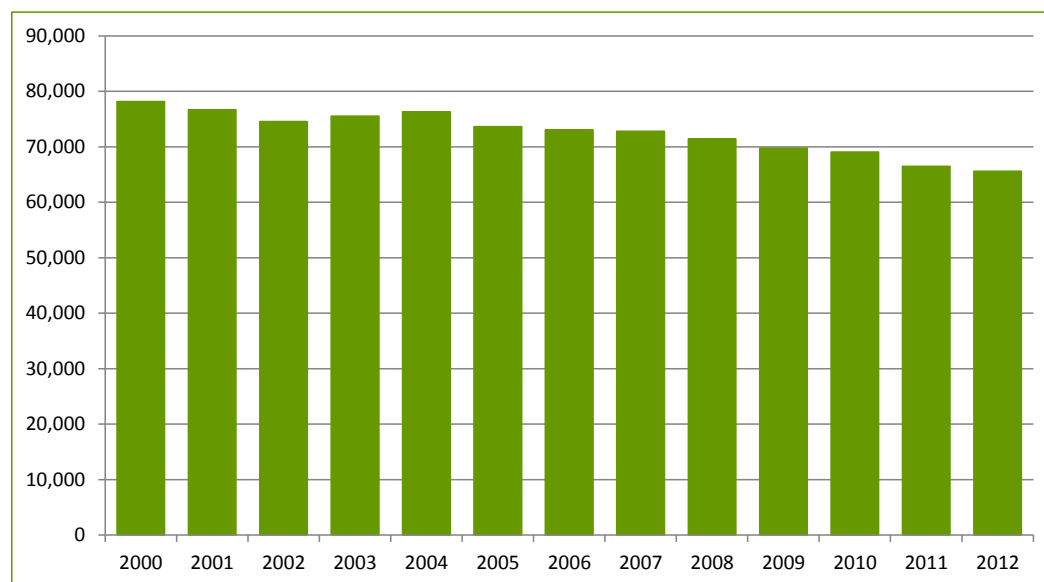
- Develop a Club Support suite of tools and services
 - Identify the needs and terms of reference for club support services
 - Implement club support consultants, responsible for assisting clubs with adapting to societal changes, strategic planning and risk management; promoting case studies of success
 - Explore the market for current resources to utilise
 - Build online training and solutions
 - Lead initiatives for shared services
 - Financial health check service for clubs
 - Develop a communications strategy for current club services
 - Implement a buddy-club system for big and small clubs, to share knowledge, resources, and equipment

This is the first plan created by Golf NSW that has a strong, stated focus on improving golf club health. Historically, in terms of operating assistance, the governing body has typically left clubs to their own devices. This new plan and the services and actions that it proposes to deliver will be of benefit to all clubs across the state.

Sydney Metropolitan Market Club Participation

The membership trend evident within the wider Sydney metropolitan market is one that has exhibited a slow level of decline since 2000. The most recent numbers reported by Golf NSW represent an annual decline of 1.4% over the period with both male and female numbers declining at a similar pace. In recent times the level of decline has slowed to just under 0.5% per year.

The trend within club membership over the 2000 to 2012 period is illustrated below.



Source: Golf NSW

With this background to current membership trends across the wider Sydney club market, a more detailed assessment of the Northern Beaches market is now provided.

Warringah Peer Set

The regional club peer set contains 11 other golf clubs, all located within 18 kms of the WGC. Two general sub sets are distinguishable within the peer set, noted as a 'Primary' or 'Secondary' competing facility, this classification being either travel distance from the WGC, the price point charged for the main membership offer or a combination of both.

Key details regarding the peer set are summarised below.

GOLF CLUB	Area	Driving	Council LGA	7 day
		Distance to WGC		Membership Fee
Warringah Golf Club	Primary	0	Warringah	\$1,605
Balgowlah Golf Club	Primary	4.0	Manly	\$1,500
Wakehurst Golf Club	Primary	4.8	Warringah	\$1,835
Long Reef Country Club	Primary	6.4	Warringah	\$2,375
Manly Golf Club	Secondary	2.5	Manly	\$3,955
Cromer Golf Club	Secondary	6.6	Warringah	\$2,975
Elanora Country Club	Secondary	12.0	Pittwater	\$5,250
Monash Country Club	Secondary	13.6	Pittwater	\$3,950
Mona Vale Golf Club	Secondary	13.8	Pittwater	\$2,591
Bayview Golf Club	Secondary	14.0	Pittwater	\$2,295
Terrey Hills Country Club	Secondary	18.3	Warringah	\$4,110

Source: JBAS Research

Demand Trends

The two key demand measures relevant to golf are membership numbers and rounds played. The trends within these two measures are detailed below.

Membership

Annual membership data sourced from the state golf body allows the trends within membership demand to be illustrated. Since 2000, at the wider metropolitan level, there has a 16% decline recorded in membership demand, with a 6% decline recorded since 2009.

The outcomes within the peer set are collectively in advance of these outcomes with a 9% decline and 4% decline recorded respectively for the periods 2000 – 2012 and 2009 – 2012.

Within the peer set sub markets, the primary market outcomes have largely matched the wider market outcomes with a 17% decline and 7% decline recorded for the same periods as above.

The secondary market, containing a number of clubs positioned at a higher price point, has recorded stronger overall outcomes with only a 3% decline recorded since 2000 and 1% decline recorded since 2009.

The membership demand outcomes by market as discussed above are summarised in the following table.

Peer Set	% change		
	2012	2000-2012	2009-2012
Long Reef Golf Club	839	-17%	6%
Mona Vale Golf Club	1,074	14%	-7%
Balgowlah Golf Club	309	-44%	-35%
Wakehurst Golf Club	1,086	-27%	-9%
Warringah Golf Club	662	-14%	-2%
Sub Total	3,970	-17%	-7%
Cromer Golf Club	1,192	-3%	-3%
Monash Country Club	1,095	-12%	7%
Elanora Country Club	1,127	5%	0%
Manly Golf Club	1,307	5%	-8%
Terrey Hills Golf Club	801	-4%	6%
Bayview Golf Club	947	-11%	-3%
Sub Total	6,469	-3%	-1%
Total Peer Set	10,439	-9%	-4%
Sydney Market	65,599	-16%	-6%

Source: Golf NSW

Membership Capacity

Whilst demand levels have fallen by 4% across the peer set since 2009, discussions with market operators indicate that their respective facilities are still reasonably full and only limited space exists for new membership demand. Aggregated membership capacity is presently estimated at around 90%.

Rounds Played

The number of golf rounds played at any golf facility is another key indicator to overall facility health. This is a particularly key measure for those clubs (including Warringah) that rely on green fee income to support the profit and loss statement.

In order to assess the current rounds demand trends within public golf in the Northern Beaches market, historical public rounds data from three clubs (including Warringah) that each deliver over 15,000 public rounds annually has been collected and aggregated.

The trend emanating from this aggregation indicates that over the period 2010 to 2013 public golf rounds demand has declined by an average of 3% per year, totalling 8% over the period.

Financial Performance

Whilst member demand and rounds played are key indicators to club health, the financial outcomes achieved are the ultimate measure of health and club sustainability. The final measure reviewed within the peer set is financial performance.

Golf NSW Report

As background to the financial performance of the peer set, some wider market information is available to provide some macro context. Golf NSW is the peak body for golf in the state and recently it published the results of an independent report titled 'Golf NSW Governance Study – 2013.' The objective of the study was to review current governance process and then make recommendations that would enable Golf NSW to provide continued relevance and effectiveness for club members and golfers in NSW.

The study contained a high-level golf club health assessment, undertaken to identify the general current financial position and performance of golf clubs across the state. The assessment utilised a measurement table that was first proposed in a report by the NSW Independent Pricing and Regulatory Tribunal (IPART) when it assessed the financial viability of all clubs in NSW in 2008. The measure used in the table is the measurement of a club's EBITDA %, calculated as:

Earnings before interest, tax, depreciation and amortisation / total revenue

When utilising this measure, the Golf NSW Study identified that 34% of metropolitan clubs in NSW could be classified as in serious financial distress with a further 22% requiring change to ensure continued viability. Conversely, it found that only 14% of metropolitan clubs are presently in a relatively solid financial position.

It should be noted that it whilst this measurement highlights the general challenges being faced by clubs as they seek to deliver a sound and sustainable business model, it is only a point in time measurement of an annual result. It does not take into account recent or future capital expenditure needs that might allow current outcomes to continue to achieved or improved.

The following table is extracted from the report and summarises the current financial performance of golf clubs across NSW, identifying both metropolitan and region club outcomes.

EBITDA	Description	NSW	Metropolitan	Regional
25%+	Business flourishing: Ability to reinvest and reinvent as required	4%	2%	5%
15%-25%	Solid position: Needs to critically evaluate capital purchases	11%	12%	10%
10%-14%	Stable position: Sufficient to maintain current operations	22%	20%	23%
5%-9%	Financial distress: Changes required to ensure viability	30%	22%	28%
<5%	Serious financial distress: Serious questions as a going-concern	33%	34%	34%
% of Clubs under distress		63%	56%	62%

Source: Golf NSW Governance Report

Peer Set Financial Performance

In order to gain some insight into the health of clubs located within the subject market, the same health classifications as outlined above have been applied to the aggregated average outcome for the WGC peer set. JBAS has sighted and analysed the profit and loss statements from the peer set clubs and based on most recent year end data the average of the EBITDA outcomes achieved across the peer set is 4%, ranging from a low of -3% to +10% at two clubs.

JBAS is aware that some of the most recent recorded results have been impacted by business and asset improvement activities. When taking this impact into account it would appear that the overall financial outcomes being achieved are generally in line with those of the wider metropolitan market.

Overview of Park Submissions received by Council

With regard to the POM review, JBAS is aware that Council received approximately 250 submissions regarding District Park with 150 of these concerned with the provision of golf within District Park. JBAS has been provided with a summary of these submissions with the comments below typical of those provided.

- "...Golfers want to play on 18-hole courses. 18 holes gives them challenges and variety to keep them coming back to play again..."
- "...Removing 9 holes from Warringah Golf course will result in the club folding..."

- “ Golf gives children and young people valuable skills and self-confidence. The council, the golf and social clubs can create joint initiatives towards affordable 18-hole golf as is found at Warringah...”
- “ This is not a choice between an 18-hole golf course and 9 holes. It is a question of a 18-hole course or nothing! 9-hole courses do not survive. Siting Balgowlah, Avalon & Castle Cove as examples...”

Summary of Key Findings

A summary of the current realities with regard to golf participation and the relevant themes and conclusions from the market overview outlined above are outlined below:

- Since 2007 population growth within the Sydney metropolitan region has averaged approximately 1.4% per year.
- The metropolitan LGA's of Ku-ring-gai, Manly, Pittwater, Warringah and Willoughby have delivered combined average annual population growth of 1.6% per annum, slightly in advance of the wider metropolitan rate with an aggregated estimated resident base of 443,000 people at June 2012.
- It is presently forecast by the NSW Government that the combined population of these LGA's will increase by a further 110,000 people by 2031, with the majority of this population growth driven by the 65 years and greater demographic.
- In its most recent annual report, released in August 2011, the ASC identified that total golf participation levels in metropolitan NSW fell by approximately 17% over the period 2003-2010, a compound average annual fall of -3% as participation levels fell from an estimated 8.5% to 6.5% of the population, as illustrated right.
- Aside from wider societal trends, there are a number of other wider sporting and recreation participation trends impacting on organised sport such as the game of golf and adjustments to how it is provided will be required in future years.
- In addition to changing sports participation and recreation habits and overall golf participation trends, there are also mounting operational and financial pressures being faced at many golf clubs across metropolitan NSW.
- The membership trend evident within the wider Sydney metropolitan market is one that has exhibited a slow level of decline since 2000. Since 2000, at the wider metropolitan level, there has a 16% decline recorded in membership demand, with a 6% decline recorded since 2009.
- The regional club peer set for WGC contains 11 golf clubs, all located within 18 kms of the WGC.
- Within the peer set sub markets, the primary market outcomes have largely matched the wider market outcomes with a 17% decline and 7% decline recorded for the same periods as above.
- Aggregated club membership capacity is presently estimated at around 90%.
- In order to assess the current rounds demand trends within public golf in the Northern Beaches market, historical public rounds data from three clubs (including Warringah) that each deliver over 15,000 public rounds annually has been collected and aggregated.
- Public rounds demand over the period 2010 to 2013 has declined by approximately 8%.
- The average of the EBITDA outcomes achieved across the peer set is 4%, ranging from a low of -3% to +10% at two clubs.
- Council received approximately 250 submissions relating to District Park and approximately 150 of these contained favourable comments regarding the retention of the full 18-hole Warringah golf course.

4. Review of the Warringah Golf Club

Introduction

This section contains a detailed analysis of the operating performance of the Warringah Golf Club, examining the trends in key drivers to financial performance and the outcomes recently achieved.

Club History

The history of the Warringah Golf Club dates back to 1935 when the first nine holes (the current area north of Kentwell Road) were opened as the Warringah Golf Course. Capital funds were then accumulated to fund the clearing of the area south of Kentwell Road to develop the second nine holes which were opened in 1939. Through the late 1950's significant work was done to raise the level of fairways and establish new tees and greens. In 1968 a night practice range was established however due to declining patronage this was closed in 1977.

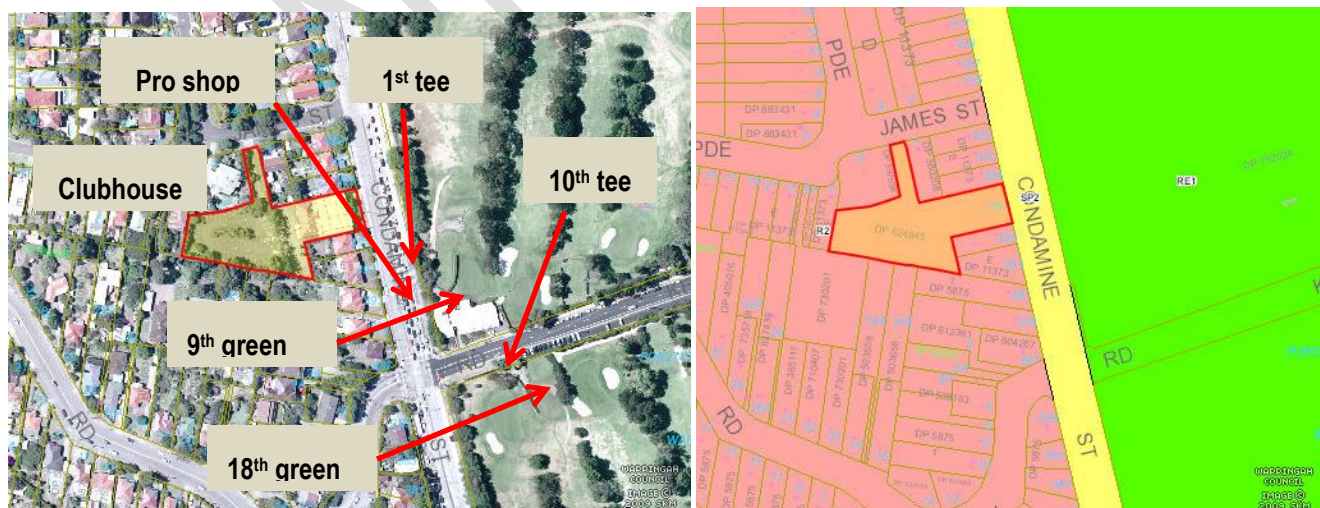
The land where the current clubhouse stands was purchased in 1938 and the first clubhouse was constructed and opened in April 1939. After the Second World War, membership increased significantly and a decision was made to extend the clubhouse building with these extensions opening in 1949. The current clubhouse was built in 1968 and has had renovations and extensions carried out over the years with the last of these being done in the 2000.

In 2003 the Club was found guilty of negligently causing harm to the environment via an accidental chemical spill that found its way into Brookvale Creek. The total cost to the Club of this accident approximated \$600,000.

Clubhouse Location

The location of the club owned clubhouse building is on the western side of Condamine St and now, due to the heavy traffic use of that road, is reasonably separate from the golf course it leases. The key round starting and finishing holes (1st, 9th, 10th and 18th) are well located to the pro shop building which controls play as illustrated below.

Measuring some 2,400 square metres in size, the clubhouse site is at 397 Condamine St and is zoned R2 Low Density Residential. Whilst a number of overlays exist on the site, JBAS is advised that the land is able to be developed for other uses and thus has an indicative value of \$5-\$6 million. The following maps illustrate the clubhouse location and its present zoning.



Source: Warringah Council Planning

Club Lease Agreement

Current Lease

The Club currently holds a lease from the Warringah Council over the Warringah Golf Course.

Key terms include:

- Term: 20 years
- Commencement: 1 July 1994
- Expiry: 30 June 2014
- Options: Nil
- Annual Rent: \$20,000, increased annually by CPI
- Current Rent: the total reported rent for 2012/13 financial year (inclusive of water costs) was \$87,516.
- Property Costs: all charges for electricity, rates, land tax, water and gas payable by the Lessee
- Improvements: all improvements erected become the property of the Lessee at the expiration of the lease.
- Course Access: course exclusivity is enjoyed by the Club between the hours of:
 - Tuesday: 8.30am to 12.30pm
 - Wednesday: 9.30am to 1pm
 - Saturday: 7.30am to 1.30pm
 - Sunday: 10am to 1pm
 - Any member golf played outside these times on a weekend are to have no priority over the public.
- Keep Good: The Lessee shall keep the golf course grounds, fences, hedges and surrounds and all improvements and structures erected upon them in good order and repair and carry out maintenance, painting or repair wherever and whenever directed by Council.

Note: JBAS is advised that the golf course irrigation system is included within the definition of improvements within this clause.
- Green Fees: the green fees chargeable to the members of the public shall not exceed those approved annually by the Lessor.

Lease Extension

JBAS is advised that the Club and Council have recently signed a lease extension that takes the Club's tenure through to 31 January 2016.

The key terms of this extension include:

- Term: 19 months
- Commencement: 1 July 2014
- Expiry: 31 January 2016
- Options: Nil
- Annual Rent: \$74,382, to be increased annually by CPI

All other terms are as per the original lease.

Summary of Historical Performance

Introduction

Three areas of the Club's operation have been assessed in order to gain insight into its current position and overall health.

These three areas are:

- Membership demand;
- Rounds played; and
- Financial performance.

Each is discussed in more detail below.

Club Membership

Trends

The trend within club playing membership over the past six years has been a declining one with a 5% decline recorded between the period 2008/09 to 2012/13. Decline has been greater within female members at 15% (compromising approximately 25% of total membership) over the period compared to a negative 2% outcome within male member numbers.

On an absolute basis, decline has been most evident in the 'Playing' category, declining by 8% over the period. In recent times the Club has boosted its total membership numbers by significantly growing its 'House' membership numbers.

The following table summarises the trends within membership for the period 2007/08 to 2012/13 as recorded in the Club's annual reports.

Category	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Playing	560	545	525	577	505	516
Limited	38	43	50	49	76	81
Junior	56	43	21	27	23	32
Other	17	18	12	9	9	7
Sub Total	671	649	608	662	613	636
NonPlaying	88	87	86	70	72	55
House	197	195	198	182	193	742
Total	956	931	892	914	878	1433

Source: Club Annual Reports

Key Demographic and Member Profile Traits

JBAS has been supplied a copy of the Club's 2013 membership database. From the database the following key traits regarding the Club's playing membership profile has been extracted.

- 25% of the Club's membership is female
- The average age of club members is 55.6 for men and 63.4 for women

- 43% of the club's membership is aged over 65 years, 68% is aged over 55 years, with 88% aged over 45 years.
- The average distance travelled by the Club's membership to the Club is 6 kms.
- 55% of the Club's membership resides within 5 kms of the Warringah Golf Club with 88% residing within 10 kms.
- Approximately one third of the Club's membership base has joined within the last four years.
- 50% of members have been at the Club for 10 years or more.

Female Participation

The level of female participation at the club (25% of members) is worth noting, given that it is 5 percentage points higher than the typical male/female member ratio seen in clubs. Female participation is typically higher at clubs which have "a user friendly" golf course, one that is not built over difficult terrain, eg it is an easy walk. The level of social camaraderie is also of higher importance for female members with this often as important as the golf itself.

Rounds Played

Rounds By Segment

Two key rounds demand segments are evident at Warringah, these being member rounds and public rounds. Detailed rounds data is available for the past four year period to end 2012/13 and is summarised by segment in the following table.

	2009/10	2010/11	2011/12	2012/13
Member Competition	20,634	19,670	19,909	21,035
Public	41,759	36,391	37,426	36,880
Total	62,393	56,061	57,335	57,915
% of rounds public	67%	65%	65%	64%

Source: Club Reports

Note: Public rounds include rounds played by member in non-competition times

Public rounds have consistently accounted for approximately 65% of all rounds played at the Facility. The trend within rounds played at the Facility over this period has been a generally declining one since 2009/10 with a 7% decline recorded. This decline has been entirely sourced from public play, with this market down by 12% over the period. JBAS is aware of some significant weather challenges during late 2010 which have impacted these outcomes.

Rounds By Type

The same data has been assessed by the type of round played, that being either a nine-hole round or 18-hole round and is summarised below.

	2009/10	2010/11	2011/12	2012/13
18 hole rounds	34,630	31,397	31,438	31,791
9 hole rounds	27,763	24,664	25,897	26,124
Total	62,393	56,061	57,335	57,915
% of rounds 9 holes	44%	44%	45%	45%

Source: Club Reports

Note: Public rounds include rounds played by member in non-competition times

Nine-hole rounds have consistently accounted for approximately 45% of all rounds played at the Facility. The trend within rounds played at the Facility over this period has been consistent across both nine-hole and 18-hole round types, each declining by 8% and 6% respectively.

Public Golfer Demographic Profile

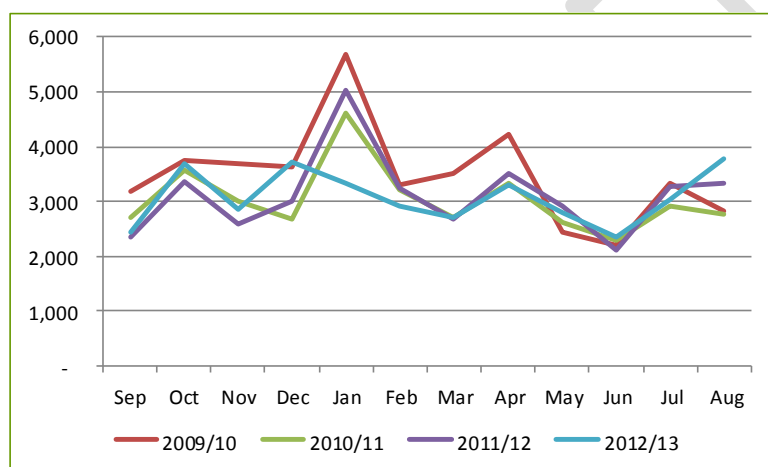
In order to understand the general demographic profile of the public golfer, the Club provided JBAS with some user survey results collected over a six week period in early 2014.

The user profile emanating from this sample is outlined below:

- Sample size: 693 golfers
- 81% classified as 'local', 7% 'overseas' 12% 'other suburbs'
- Of those providing an age (513 respondents):
 - 53% aged 57 years or greater
 - 23% aged 37 to 56 years
 - 23% aged 15 to 36 years

Public Rounds by Month

Historically, public rounds played have demonstrated a reasonably consistent trend as illustrated in the graph below. Demand has typically spiked in the summer months, particularly in the month of January and then softened to a degree through Autumn and Winter.



Source: Club Reports

Public Rounds by Type

Given the level of decline in public play over the period, the public data has been assessed by rounds type to gain further insight into the rounds played trend. The table below summarises rounds played by 18-hole and 9-hole rounds.

As illustrated, the level of decline has been reasonably consistent across both types, declining by 10% and 13% respectively over the period. Nine-hole rounds have consistently accounted for approximately two thirds of all public rounds played.

Year	18 holes	9 holes	Total
2009/10	13,996	27,763	41,759
2010/11	13,042	23,349	36,391
2011/12	13,228	24,198	37,426
2012/13	12,628	24,252	36,880
% change	-10%	-13%	-12%

Source: Club Reports

Member & Public Rounds by Day

The Club collects rounds data on a daily basis by calendar year. This data provides an insight into the trends by day of the week. Analysis of this data indicates that presently weekend demand accounts for 40% of all rounds demand at the Facility. Based on present demand levels the course is at 66% capacity, averaging 56% during weekdays and 93% on weekends.

Note: Social club rounds data is not included in the daily data summary provided by the Club. This demand accounts for approximately 10% of the total public course demand, averaging 4,300 rounds per year over the past four years. JBAS is aware that this demand is typically incurred on a Sunday and this data has therefore been applied to the daily Sunday data recorded in order to allow the development of more accurate course occupancy estimates.

The following table summarises average rounds played per day by member and public golfers for the calendar year 2012, illustrating course capacity by day of the week and for the cumulative weekday and weekend periods.

Average Rounds per Day				
Day	Members	Public	Total	% Capacity
Monday	0	115	115	48%
Tuesday	70	40	110	46%
Wednesday	125	72	197	82%
Thursday	26	97	123	51%
Friday	0	123	123	51%
Saturday	148	83	231	96%
Sunday	47	168	215	90%
Total	69	100	159	66%
Weekday	55	89	134	56%
Weekend	97	126	223	93%

Source: Club Reports

Financial Performance

A summary of the financial performance of the Club for the last six years is outlined below.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Income						
Subscriptions	480,189	534,656	524,860	564,961	556,550	602,620
Green Fees	878,481	906,197	887,491	762,296	790,682	815,542
Comp Fees	143,128	147,045	139,477	151,380	154,109	183,095
Golf Carts					44,089	60,715
Bar	324,219	321,590	313,196	293,575	329,850	306,157
Gaming (net)	101,818	136,825	126,358	90,967	80,191	77,442
Other	57,205	60,232	68,042	53,083	76,751	41,753
Total	1,985,040	2,106,545	2,059,424	1,916,262	2,032,222	2,087,324
Less Expenses						
Bar	315,119	317,393	308,161	297,307	312,439	287,372
Course	941,851	932,355	956,093	949,680	1,034,125	977,791
Admin & House	615,843	633,721	650,943	653,865	687,287	675,180
Total Expenses	1,872,813	1,883,469	1,915,197	1,900,852	2,033,851	1,940,343
Expenses %	94%	89%	93%	99%	100%	93%
Operating Profit	112,227	223,076	144,227	15,410	(1,629)	146,981
Operating Profit %	6%	11%	7%	1%	0%	7%
Less						
Interest	16,446	5,532	4,717	3,308	3,029	1,403
Depreciation	265,048	294,968	302,219	249,662	252,813	228,010
Clubhouse write-off				49,675		
Add						
Total Other Income	105,202	79,553	71,675	152,585	67,808	122,783
Net Profit / (Loss)	(64,065)	2,129	(91,034)	(134,650)	(189,663)	40,351
Net Profit / (Loss) %	-3%	0%	-4%	-7%	-9%	2%
Balance Sheet Summary						
Cash Position	432,343	539,791	402,103	482,735	417,144	579,007
Assets	1,764,094	1,803,505	1,646,444	1,599,500	1,406,876	1,368,499
Liabilities	995,233	1,032,515	966,488	1,054,194	1,051,234	972,506
Net Position	768,861	770,990	679,956	545,306	355,642	395,993

Source: Club Annual Reports

Key observations regarding the Club's financial performance are outlined below:

- Annual total club income, at approximately \$2.1 million in 2012/13 has grown by 5% over the six year period.
- Income growth is evident in membership subscription fees and member competition fees, offset by declining green fee, bar and gaming income.
- Bar expenses have reflected income levels with operating profit within this area averaging 3%.
- Course and Administration expenses have slowly trended up over the period, increasing by 10% and 4% respectively.
- Total expenses have grown by 4% over the period.

- Over the period operating profit has averaged approximately \$107,000 per year, or 5% of income.
- The Club has received approximately \$510,000 in levies/grants.
- The net profit over the period has averaged negative \$73,000 per annum.
- The key asset within the Club's Balance Sheet is the land upon which its Clubhouse sits, which is owned by the Club.
- The Club's Balance Sheet shows a growing cash position though a declining net equity position.

In summary, the Club, whilst being operational profitable, is not generating significant levels of profit that allow it to re-invest in and improve its amenities. JBAS is aware that the Club has a clear understanding of its present position and is working diligently to improve its future outcomes.

Golf Course Assessment

Introduction

Although not strictly an asset owned by the Club, the golf course which the Club leases from Council and upon which it operates its business has an important role to play in the future sustainability of the Club. The Club's lease with Council outlines, via the keep good clause, that the maintenance responsibility for improvements and structures on course rests with the Club.

Given this responsibility, an assessment of the current condition of the course and its key amenities including condition of agronomy, irrigation and the maintenance compound is therefore included in this report. JBAS engaged leading golf course consultant Daryl Sellar of Turfwise Solutions to conduct this assessment. A full copy of the report is contained in Appendix 1.

The key findings from the assessment are outlined below. The following areas are addressed:

- Turf quality
- Practice facilities
- Course design limitations
- Safety
- Drainage
- Water supply
- Irrigation
- Paths
- Bridges
- Maintenance shed

Turf Quality

The following comments were noted regarding turf quality:

- There are three different construction methods and soil types used within the greens throughout the course.
- The greens contain on average approximately 50% *Poa annua* grass, a grass type that is susceptible to stress associated with heat, moisture, salinity and fungal disease.

- The general design of the greens makes for challenging traffic and wear management, and is resulting in excessive compaction and turf loss.
- Shade from surrounding trees is impacting many putting surfaces.
- The fairways are predominantly grassed with kikuyu grass with parts interspersed with couch grass.
- Turf quality and density is marginal, and poor in a number of areas, compromising presentation and playability. This is largely due to poor irrigation coverage which in turn impacts the ability to implement fertility and management programs.
- Inadequate water supply when needed means fairways are rarely irrigated and are generally reliant on rainfall. This promotes weed growth due to lack of turf density and further compromises presentation and playability in areas.
- A number of tees have poor surface levels that compromise the usable area of the tee, resulting in excessive wear in some locations. Others are poorly aligned resulting in concentration of wear densely planted borders (hedges) that impose shade and concentrate wear.
- Maintained areas known as “rough” is extensive and is estimated to cover 25 hectares of the site
- The practice green also serves as turf nursery for course

Course Design

The following comments were noted regarding general course design:

- Course layout options within such an elongated site are always going to be limited, with congestion and parallel holes very difficult to avoid. This places a premium on design features through areas of concentrated traffic movement such as tee and green complexes, as they need to be able to distribute wear in a manner that reduces the impact on the playability of critical turf surfaces (e.g. greens, green surrounds, tees).
- Many of the older green complexes are counterproductive due to their design, with strong mounding and bunker placement concentrating wear in critical areas immediately adjacent greens. They also fail to take advantage of the usage space and provide minimal usable green space.
- Combined with the age and nature of many of the soil profiles within the greens, influence of shading, questionable irrigation coverage, excessive wear and soil compaction limit the ability of the greens to sustain quality playing surfaces given the high traffic levels. In a number of cases, surface water is also directed towards priority playing surfaces, further compromising their playability.

Safety

The following comments were noted regarding general course safety:

- Safety is a concern in a number of areas with bunker placement and tee alignment in some areas directing play towards neighbouring buildings or waiting golfers or other fairways.
- It appears that trees have been established in large numbers over the years to assist the management of some of these risks, but this has resulted in compromised playing conditions in many areas.
- Despite the dominant tree lined fairways, current equipment technology has rendered many of these to be ineffective in preventing ball escape from the course. As an example, a combination of factors combine to present significant safety risks on the 4th hole. The landing zone is only approximately 35 metres from Condamine Street, tee alignment and location directs play toward the street, encroachment of trees on the right hand side of tee and carry directs play toward the street. Further, encroachment of

trees from right hand side of landing zone narrows play and alignment of green encourages play from left (road) side of fairway

Drainage

The following comments were noted regarding general course drainage:

- Comprehensive infrastructure is in place and well maintained to accommodate flood events.
- Critical playing surfaces (greens, tees) are raised for protection during flood events.

Water Supply

The following comments were noted regarding water supply:

- There is a general shortfall of water supply for the course with its only source being a 0.5ML dam supplied from local stormwater catchment. The Club has a 73ML extraction allowance with a licence condition allowing extraction only when flow is sufficient to produce overflow from dam.
- This limited storage is not adequate to meet the needs of the course on a daily basis as peak demand during the year for the course could be in the order of 1ML per night (based on 5mm being applied across the key playing surfaces, without irrigating rough). The rate of recharge into the dam does not meet this demand, and in fact if it did, it would most likely be following a rainfall event that would render irrigation unnecessary.
- The limited capacity of water storage and rate of recharge therefore leaves the course very vulnerable during extended dry periods, with recent events resulting in extensive use of City Water to irrigate greens and isolated tees only.

Irrigation

The following comments were noted regarding the irrigation and pump system:

- While the existing pump system caters adequately for the existing level of irrigation undertaken, it is only because there is insufficient water available in storage to meet the actual course requirements. As a result, fairways are rarely irrigated.
- The pump system capacity that drives the irrigation system is understood to be approximately 60,000L per hour. Given the rate of water flow, to meet the demands of the course during the peak of summer it would take over 16 hours of continuous irrigation to irrigate the course, an impractical outcome that would result in areas of the course being irrigated at times of the day that are inconvenient to golfers and not in keeping with irrigation best practice.
- The pipework and fittings for the irrigation system are approximately 35 years old, with a recommended life span of 20 – 25 years. The excessive age is resulting in fatigue in components, with breaks and leaks becoming common, requiring human resources to complete repairs.
- The system utilised on the fairways is a single row system utilising old technology with poor efficiency of water use and distribution. Seven fairways have no irrigation and three fairways have only partial irrigation.
- The existing irrigation system compromises efficiency and uniformity of water supplied to the course and offers only limited ability to prioritise where water is applied.

Course Paths

The following comments were noted regarding the course paths:

- There is a mixture of materials used in the course paths – paving, granite, rubble and concrete which are generally limited to access around tee complexes.
- Whilst the paths are in average to good condition throughout the course, many areas are too narrow and difficult to negotiate, resulting in traffic leaving paths, damaging turf and detracting from course presentation.
- Due to the limited space available throughout the course, and the club's desire to increase the cart fleet, some form of hard stand paths will be necessary to reduce wear and tear on the course.

Bridges

The following comments were noted regarding the course bridges:

- There are a considerable number of bridges to provide access over water courses throughout the course. Most appear to be in reasonable to good condition, with the exception of the pedestrian bridge at the 6th tee. It is felt this is in serious disrepair, and should be refurbished or replaced as a matter of urgency.

Maintenance Shed

The following comments were noted regarding the course maintenance shed:

- The maintenance shed is centrally located within the course which is particularly advantageous due to the elongated course layout. Direct access to a main road minimises impact on course of deliveries and service vehicles.
- Whilst well located, the main shed size of 250-300m² is considered inadequate for safe compliant equipment storage, mechanical repairs or practical operational needs.

Report Conclusions

The summary view presented by Turfwise in its report stated:

“...The overall impression of the Warringah Golf Club course is one of a neatly presented course that is enjoyable to play and quite well suited to the target market. There are however some key infrastructure issues that must be addressed to not only improve playing quality, but improve maintenance efficiency and course sustainability into the future, as well as enhance its appeal to an increasingly discerning golfing market...”

The condition of the asset upon which the Club conducts its business is important. The course assessment review found that there are a number of challenges to be faced by the Club as it continues to maintain, remediate, and improve the golf course, the goal of these actions being an outcome that allows the Club to at least maintain the value proposition that it offers both its members and the general public.

Summary of Key Findings

The key findings from this section of the report are outlined below.

- The history of the Warringah Golf Club dates back to 1935 when the first nine holes (the current area north of Kentwell Road) were opened as the Warringah Golf Course. Capital funds were then accumulated to fund the clearing of the area south of Kentwell Road to develop the second nine holes which were opened in 1939.
- Measuring some 2,400 square metres in size, the clubhouse site is zoned R2 Low Density Residential. Whilst a number of overlays exist on the site, JBAS is advised that the land is able to be developed for other uses and thus has an indicative value of \$5-\$6 million.

- The Club's formal tenure on site has recently been extended through to 31 January 2016.
- The trend within club playing membership over the past six years has been a declining one with a 5% decline recorded between the period 2008/09 to 2012/13.
- 43% of the club's membership is aged over 65 years, 68% is aged over 55 years, with 88% aged over 45 years.
- 88% of the Club's membership resides within 10 kms of the Warringah Golf Club.
- The trend within rounds played at the Facility since 2009/10 has been a declining one with a 7% decline recorded. This decline has been entirely sourced from public play, with this market down by 12% over the period.
- Nine-hole rounds have consistently accounted for approximately 45% of all rounds played at the Facility.
- The trend within rounds played at the Facility over this period on that basis has been consistent across both nine-hole and 18-hole round types, declining by 8% and 6% respectively.
- 18-hole and 9-hole public play rounds have declined by 10% and 13% respectively since 2009/10.
- Weekend demand accounts for 40% of all rounds demand at the Facility.
- Based on present demand levels the course is at 66% capacity, averaging 56% during weekdays and 93% on weekends.
- Annual total club income, at approximately \$2.1 million in 2012/13 has grown by 5% over the six year period.
- The Club, whilst being operational profitable, is not generating significant levels of profit that allow it to re-invest in and improve its amenities.
- There are a number of challenges to be faced by the Club as it continues to maintain, remediate, and improve the golf course.

Club Future Sustainability Conclusions

To date this report has found that the wider golf market presently faces a number of challenges, some societal, some game related, as the facilities that deliver the game seek a sustainable future. Within the Warringah Golf Club peer set, the primary market membership outcomes have largely matched the declining wider market outcomes. Public rounds of golf across the market and at the Warringah GC facility have been slowly declining.

Further, profitability levels within the Club and across the market illustrate the wider challenges faced regarding asset re-investment and improvement. The Club, by way of its lease and lease extension, is solely responsible for the continued provision and funding of the underlying infrastructure required to deliver golf within the park, that being the maintenance of all playing surfaces and the provision of water to these surfaces. Significant works would need to be undertaken in this area for maintenance of the member and public golfer value proposition that sustains overall demand to occur.

Whilst it has been found that the current northern beaches golf market is presenting a number of challenges for its operators, there are a number of positive outcomes still being achieved. In terms of overall population trends, growth within the region is forecast to continue. Membership demand, generating club capacities of approximately 90%, is still reasonably strong. Weekend public rounds demand is also very strong, with demand near 100% of course capacities.

JBAS is aware that the Club is now, perhaps more than ever before, acutely aware of the challenging times it finds itself in. Having such awareness will undoubtedly assist its future performance and the outcomes it delivers. The Club has a proud history at the Warringah site and is keen to enjoy a continue presence at the site for many years to

come. History suggests that the Club will therefore almost certainly be able to or want to maintain its obligations under the new lease arrangements.

The state golf body has developed a strategic plan that directly focuses on improving club health and turning around the current industry trends. Despite this, without any significant change in the level of interest in golf, public play or membership demand, the path towards long term sustainability for the Club will remain full of challenges.

Whilst these challenges will be present, the future of the Club should not be seen as ultimately a terminal one. To date the Club has survived largely due to a balanced make-up within its trading outcomes. Membership demand and green fee revenues were topped up with gaming profits and these outcomes covered the expense base incurred in operating the Club. Given its location and disconnection from the golf experience provided to almost two thirds of all users, in the present day, (and perhaps different to past times) the clubhouse building and the amenities it contains is not able to make an increased contribution to the Club's income and overall outcomes. That is the Club is exposed to trends within its key income streams and is unable to reasonably adjust.

The Discussion Paper included the following comments and what it called "ideas / opportunities" with reference to golf.

- *Council needs to establish the current demand for golf courses in Warringah and adjoining local government areas, and whether an 18-hole golf course in this location the best use, given other sport and recreation needs and poor connectivity in the Park.*
- *Depending on the outcomes of the Regional Golf Study, give consideration to all or part of the open space occupied by the Golf Club for other types of recreation facilities such as youth recreation facilities, a new passive park (for local residents and workers), barbecues, shelters and park benches for gathering and relaxing, children's' learn to cycle track, incorporate a golf driving range should the golf club be converted to a 9 hole course.*

It is JBAS view that these ideas/opportunities are all very premature in their development and are extreme reaction to a golf operating model that is now simply not optimised to reflect the realities of its current environment nor appropriately positioned to be able to service not only the golf market but other users of the Park. Optimisation and adjusted positioning is possible and with that adjustment the likelihood of long term sustainability of the golf club's operations within the Park will be enhanced.

Only once complete and appropriately repositioned, should the golf club business model then be failing, would it be appropriate for the ideas/opportunities outlined in the Discussion Paper to be re-assessed. Based on the golf user profile as identified in this report, if some of the ideas proposed in the Discussion Paper were actioned a reasonably high level of community displacement would occur.

In this light, Council is therefore encouraged to consider how this optimisation and re-positioning could occur, whilst also potentially assisting Council deliver on some of its wider community goals.

5. Council Strategies and Policy Frameworks

Introduction

A number of Council documents provide insight as to its overall community goals concerning recreation and use of District Park. The content of the Discussion Paper of November 2013 has already been examined within this report. The two other documents that provide a framework for future decision making are:

- Recreation Strategy 2009
- Community Strategic Plan 2023

The key excerpts from these documents which are relevant to this project are outlined below.

Recreation Strategy 2009

Introduction

Council's recreation strategy was published and adopted in December 2009. It was developed to provide a long term strategic direction for the future provision and management of recreational assets, programs and services in Warringah. As outlined in the document, the vision for recreation in Warringah is:

A healthy and active Warringah community that has access to a wide range of appropriate, sustainable and quality recreational opportunities, both now and in the future.

Principles

The strategy contains a number of guiding principles that enable or help to ensure that the community's needs and values to be met. In all 13 principles were developed, with the following list outlining those that have specific relevance to this project.

- Being a leader in the planning, management and facilitation of recreational assets, services and programs for the community.
- Recognising and continuing to support high levels of participation of all ages and abilities by providing accessible infrastructure, programs and services.
- Working with external organisations to improve and increase their capacity to provide appropriate and successful programs, assets and services for Warringah residents.
- Communicating with residents about what is on offer and involving residents and stakeholders in the planning and development of their recreational environment.
- Incorporating a 'healthy active' planning approach to all physical and urban development.
- Assessing funding priorities against evidence based strategic directions, identified need and whole of life costing.
- Basing asset provision and development on the principles of sharing, multi-use, fit for purpose, appropriate safety standards, full life costing and environmental, sustainable and flexible designs.
- Considering the improvement, consolidation and / or usage of existing recreation areas and assets, before provision of new assets.
- Balancing planning and management efforts to reflect current and future demand for sport and recreational activities.

- Adopting a sustainable and environmentally responsible approach to recreation planning and development.

Strategic Directions

In order to achieve the principles outlined above, 15 'strategic directions' were developed within the Plan. Whilst acknowledging them to be "evolving targets that require Council to be responsive in the way it undertakes recreation planning, management and development," they are "to be implemented to ensure that Council can provide a healthy and active community that has access to a wide range of appropriate, sustainable, quality recreational opportunities, both now and in the future."

Of the 15 strategic directions developed, the following list outlines those that have specific relevance to this project.

- Encourage, support and promote participation in sport and recreation.
- Develop, manage, maintain, renew and fund assets, programs and services that support a highly active community, opportunities for people with special needs, low participation groups and address barriers to participation. This should be based on future participant activities, high population and predicted growth areas, urban development, changing use, community expectations and any identified gaps in provision.
- Planning and management is to reflect high current and future demand sporting and recreational activities, particularly incidental, un-structured recreational activities such as walking, swimming and cycling.
- Partner with government, clubs/community organisations, industry agencies and commercial providers to maximise opportunities and the effectiveness of asset, program and service delivery and management.
- Develop transport networks and options which support participation in recreation.
- Improve access to and within recreational assets.
- Rationalise, consolidate or divest assets where there is duplication, poor quality of outcomes, lower patronage and/or where there are barriers which prevent ability to improve service delivery.
- Develop an environmentally sustainable approach and management of sport and recreation including managing and protecting natural areas to balance conservation, environmental and recreational needs.
- Create a healthy physical environment and improve incidental physical activity through urban planning, building development, improved transport options and linking community spaces that encourage walking and cycling.
- Support and improve the capacity of community organisations to deliver quality recreation programs to the community.
- Facilitate and encourage the development of partnerships and regional cooperation to enable the provision of assets.

The Recreation Strategy notes that the vision, guiding principles and strategic directions are to be used as the basis for recreational provision in Warringah and any potential actions must be considered in relation to these directions.

Sports Participation Traits

Contained within the Recreation Strategy document of 2009 are the results of a 2008 resident's phone survey, conducted in order to better understand the sports participation traits of Warringah residents. Some key findings with regard to golf were included and are outlined below:

- Golf (at 13% participation) was the second most participated in sport for adults behind soccer at 19%
- Golf (at 35%) was the most participated sport for adults aged over 60 years

- Golf (at 7%) was the 7th most participated in sport when conducted in an unstructured non-competitive format
- Golf (at 10%) was the 3rd most participated in sport for adults aged over 60 years (behind walking (68% and swimming 17%) when conducted in an unstructured non-competitive format
- Of those sports identified as one which residents might participate in in the future, golf was the 7th highest ranked sport at 13%, behind walking and swimming.
- Of those sports identified as one which residents might participate in in the future, for the 60 years and over cohort, golf was the 2nd highest ranked sport at 27%, behind walking at 61%.

Visitation Levels

The same survey also established the following levels of visitation to Council's recreational assets.

1. Beaches 80%
2. Open space/parklands 70%
3. Walking, bike tracks and trails (incl. bushland) 69%
4. Outdoor sporting reserves/playing fields 59%
5. Ocean rock pools and swimming pools 48%
6. Rivers, lakes, waterways 41%
7. Playgrounds 38%
8. Community facilities 26%

The survey found that there was a higher use of outdoor and natural areas, compared to the use of organised sport areas. It also found that:

- People aged 40 to 59 years typically make higher than average use of all facilities particularly outdoor areas such as beaches, open space/parklands and walking/bike tracks and trails, outdoor sporting reserves and waterways; and
- People aged 60 years-plus make lower than average use of most facilities with the exception of golf courses.

Community Recreation Providers

Also contained within the Recreation Strategy document of 2009 were the results of a 2008 survey to more than 400 public and private groups, clubs or organisations who provide recreational and sporting activities, programs and services and in some cases assets to Warringah's residents.

The key themes and issues extracted from the surveys returned are outlined below:

- Over 50% of clubs/groups conduct their activities in a Council owned facility, with 66% using more than one facility. 63% of clubs/groups of the total surveyed share their facilities with other groups.
- 72% stated that they would not be able to contribute further to the ongoing improvement and development of their main facility which is provided or maintained by Council.
- 57% of respondents thought that the Council should have responsibility for maintaining and managing sport and recreational facilities.
- 47% thought that Council should have responsibility for developing new facilities.

The survey found that the main issues impacting on the clubs/groups in order are:

1. Ability to upgrade facilities
2. Lack of suitable facilities
3. Funding/Income raising issues
4. Declining memberships
5. Lack of recognition/promotion
6. Recruiting committee members
7. Reduction in volunteer involvement

Condition and Management of Assets

At the time of the survey the following was noted regarding the condition of Council's recreation buildings and other assets through the various consultative activities:

- Council has a large and ageing sport and recreation asset portfolio and all focus groups and stakeholder discussions and surveys noted the need to improve the quality of the existing assets.
- The Recreation Organisation Survey (2008) respondents raised concerns with the condition of the sporting assets, in particular the buildings, on field lighting and sportsfield surfaces.
- There are increasing asset maintenance and operational costs for Council's existing infrastructure. A number of facilities have not been upgraded increasing future asset maintenance cost and risk exposure.
- The condition of public toilets are a major area of concern as noted in a number of surveys and discussions.
- A majority of the schools using Council facilities commented on the need to improve amenity buildings and change rooms.
- The community is generally dissatisfied with the quality or limited provision of support facilities (i.e. toilets, change amenities, seating, water, shaded facilities, park furniture etc) that support use of sports reserves and open spaces.

In response Council was to prepare a Total Asset Strategy Program, a key component of which was the need to dispose/rationalise assets that are past their useful lives, are surplus to requirements, uneconomical to maintain or rehabilitate, or are no longer fit for purpose.

Community Strategic Plan 2023

Introduction

The Community Strategic Plan 2023 sets out the long term aspirations of the Warringah community. It reflects where its ten year goal and the key references point for decision making during this period. The Plan seeks to deliver on a six high level objectives. These are:

- Vibrant communities
- Lifestyle and recreation
- Healthy environment
- Connected transport
- Liveable neighbourhoods
- Working together

Of particular relevance are the objectives under-pinning lifestyle and recreation, noted as:

- We have access to a diverse range of recreational facilities that meet the needs of the community and sporting groups.
- We have access to attractive parks and natural areas that encourage and support a safe healthy lifestyle.
- We have inviting public spaces that are clean, green and well designed.

Past Club Relocation Discussions

JBAS is aware that over past years there have been discussions between the Club and Council regarding re-location of its clubhouse premises to within the Park's footprint. Discussions also took place with the North Manly Bowls Club about the potential for an amalgamation. Whilst these discussions were apparently disrupted by the proposed review of the POM, JBAS is aware that there is still significant interest in this outcome.

To this point, the Club's Annual Report of 2012/13 noted:

...Foremost was the decision by Warringah Council to revise the District Park Plan of Management which put the renewal of our lease for the course under question and any thought of relocating to either the Pro-shop area or amalgamating with the North Manly Bowling Club on hold.

We have had numerous meetings with Council staff and the Mayor in an attempt to clarify our position in their plans. We have also held meetings with Michael Baird, our local member, who has given us his full support. As it currently stands the Council will undertake a complete review of the current and future usage of District Park with a finalisation date for the report set as December 2015. In the interim period we expect an extension of our lease to cover that period.

The feedback that we are receiving indicates that the Mayor and senior staff are in favour of retaining the golf course with a central sporting club administering the golf, bowls, tennis and providing a recreation club for local sports and the community in general. Whilst our preferred option is to remain autonomous we would be well placed to fill that role and Council also see us as the best fit for that role...

Conclusions

The table below links stated strategies and goals of Council to potential outcomes obtainable from a relocation, supported by relevant data.

Council Vision/Goal/Objective/Statement	Potential Outcome / Supporting Data
<ul style="list-style-type: none"> • A healthy and active Warringah community that has access to a wide range of appropriate, sustainable and quality recreational opportunities, both now and in the future. 	<ul style="list-style-type: none"> • Relocated club would become a sporting and meeting hub for the Park. • Relocated club would increase size of customer base, particularly food and beverage services.
<ul style="list-style-type: none"> • Being a leader in the planning, management and facilitation of recreational assets, services and programs for the community. 	<ul style="list-style-type: none"> • As above

Council Vision/Goal/Objective/Statement	Potential Outcome / Supporting Data
<ul style="list-style-type: none"> Recognising and continuing to support high levels of participation of all ages and abilities by providing accessible infrastructure, programs and services. 	<ul style="list-style-type: none"> 55% of the Club's membership resides within 5 kms of the Warringah Golf Club with 88% residing within 10 kms. Over 80% of public golfers are classified as 'local' Golf (at 35%) was the most participated sport for adults aged over 60 years Golf (at 7%) was the 7th most participated in sport when conducted in an unstructured non-competitive format
<ul style="list-style-type: none"> Working with external organisations to improve and increase their capacity to provide appropriate and successful programs, assets and services for Warringah residents. 	<ul style="list-style-type: none"> Relocated club would become a sporting and meeting hub for the Park. Club would be able to actively engage with other organisations in a centralised park environment to provide group / class based services.
<ul style="list-style-type: none"> Basing asset provision and development on the principles of sharing, multi-use, fit for purpose. 	<ul style="list-style-type: none"> The relocated clubhouse facility would become a facility for many to enjoy and have multiple uses. Open space / parkland is visited by 70% of the community. People aged 40 to 59 years typically make higher than average use of all facilities particularly outdoor areas such as open space/parklands walking/bike tracks and trails and outdoor sporting reserves.
<ul style="list-style-type: none"> Balancing planning and management efforts to reflect current and future demand for sport and recreational activities. 	<ul style="list-style-type: none"> Creation of a park 'hub' that encourages all recreational activities offered in the park with appropriate supporting amenities.
<ul style="list-style-type: none"> Encourage, support and promote participation in sport and recreation. 	<ul style="list-style-type: none"> Creation of a new modern building that presents sport and recreation in a modern light.
<ul style="list-style-type: none"> Planning and management is to reflect high current and future demand sporting and recreational activities, particularly incidental, unstructured recreational activities such as walking, swimming and cycling. 	<ul style="list-style-type: none"> A central clubhouse building with wider community facilities would become a hub for unstructured activities that occur in the park, making the park a more attractive destination.
<ul style="list-style-type: none"> Partner with government, clubs/community organisations, industry agencies and commercial providers to maximise opportunities and the effectiveness of asset, program and service delivery and management. 	<ul style="list-style-type: none"> 72% of Council asset users believe that they would not be able to contribute further to the ongoing improvement and development of their main facility which is provided or maintained by Council. 47% thought that Council should have responsibility for developing new facilities. The potential opportunity available would be delivered at limited cost to Council, an expense that otherwise might not have commercial outcomes.

Council Vision/Goal/Objective/Statement	Potential Outcome / Supporting Data
<ul style="list-style-type: none"> Develop transport networks and options which support participation in recreation. 	<ul style="list-style-type: none"> <i>A central clubhouse building with wider community facilities would become a hub for walking and bike trails within the park, making the park a more attractive destination.</i>
<ul style="list-style-type: none"> Improve access to and within recreational assets. 	<ul style="list-style-type: none"> <i>As above</i>
<ul style="list-style-type: none"> Rationalise, consolidate or divest assets where there is duplication, poor quality of outcomes, lower patronage and/or where there are barriers which prevent ability to improve service delivery. 	<ul style="list-style-type: none"> <i>Continuation of current arrangements may limit club's ability to achieve long term sustainability and thus potentially denying community residents access to these sports in future years.</i>
<ul style="list-style-type: none"> Council has a large and ageing sport and recreation asset portfolio and all focus groups and stakeholder discussions and surveys noted the need to improve the quality of the existing assets. There are increasing asset maintenance and operational costs for Council's existing infrastructure. A number of facilities have not been upgraded increasing future asset maintenance cost and risk exposure. The condition of public toilets are a major area of concern as noted in a number of surveys and discussions. A majority of the schools using Council facilities commented on the need to improve amenity buildings and change rooms. The community is generally dissatisfied with the quality or limited provision of support facilities (i.e. toilets, change amenities, seating, water, shaded facilities, park furniture etc) that support use of sports reserves and open spaces. 	<ul style="list-style-type: none"> <i>All of these issues addressed for District Park</i>
<ul style="list-style-type: none"> There is community support and interest in markets, for which District Park is a possible location. 	<ul style="list-style-type: none"> <i>Clubhouse building would provide significant infrastructure support.</i>

Based on this review of Council documents and the history concerning past club discussions regarding potential relocation, there appears to be a significant win/win opportunity for Council and the Club to actively pursue a relocation outcome.

6. Other District Park Opportunities

Introduction

The extract from the Golf Club Annual Report of 2012/13 outlined in the previous section included a reference to the North Manly Bowling Club. JBAS is aware that discussions between the two clubs did occur some years ago regarding potential amalgamation but never progressed any material distance.

Given this history, as Council considers how optimisation and re-positioning of the golf club could potentially occur in the Park, it is encouraged to be cognisant of a wider opportunity that potentially exists with the bowls club and the formation of a merged golf/bowls entity.

Also, as noted in the 'Park Amenities' overview at the beginning of this report, incorporated in the Park is the Warringah Recreation Centre (WRC).

Council documents that it manages a large and ageing sport and recreation asset portfolio, it has increasing asset maintenance and operational costs for its existing infrastructure, and that there is general dissatisfaction within the community with regard to the quality or limited provision of support facilities that support the use of sports reserves and open spaces.

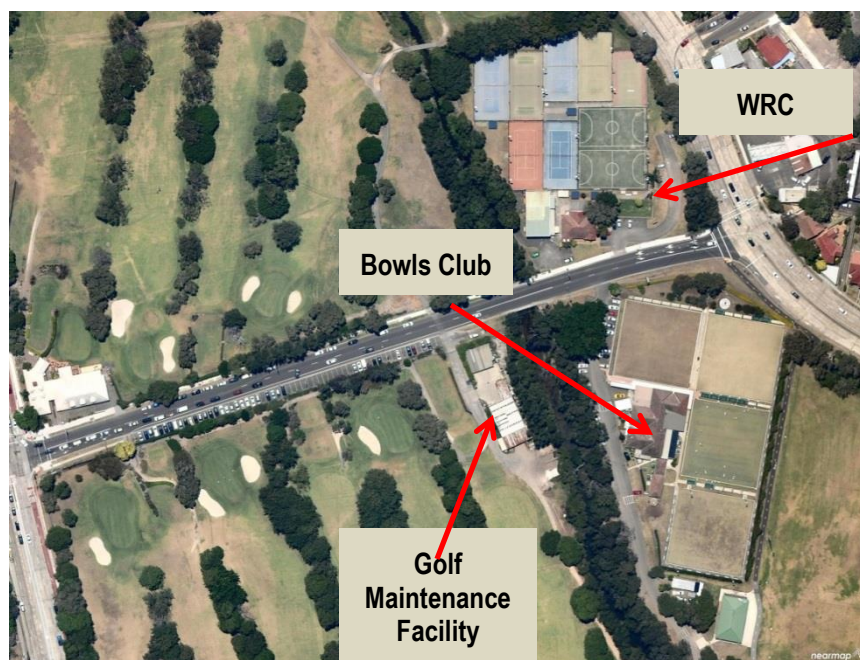
This section of the report therefore undertakes a high level review of the current realities facing the bowls club and some of the potential opportunities that could emanate from the WRC to determine what opportunity could be potentially be available if Council was to take a wider view of an amalgamation of what are the Park's key sporting and community recreation amenities.

Bowls Club

Location & Amenities

The North Manly Bowls Club is the lessee of the bowling facilities located towards the Kentwell and Pittwater Rd corner of District Park.

Covering approximately 1.1 hectares, it sits at the opposite end of Kentwell Rd from the golf pro shop but opposite to the WRC. The amenities on site include a 1,000 square metre clubhouse and four bowling rinks as illustrated below.



Lease

The Club is currently subject to a Deed of Variation of Lease. The key terms of the Deed are outlined below:

- Term: 4 years and 10 months
- Commencement: 31 March 2011
- Expiry: 31 January 2016
- Options: Nil

Bowls Industry Trends

Bowls Australia (BA), is the peak body for lawn bowls in Australia. BA produces an annual "National Bowls Census Report" which captures the annual level of participation in bowls across Australia.

Participation data for the Sydney market has been extracted and is summarised in the following table.

Sydney	Clubs	Total Playing	Non Playing	Total
		Members	Members	Members
2010	167	32,048	40,029	72,077
2011		19,017	43,152	62,169
2012		21,984	57,470	79,454
% change		-31%	44%	10%
Northern Sydney				
2010	37	7,949	7,878	15,827
2011		7,106	8,241	15,347
2012		7,604	19,130	26,734
% change		-4%	143%	69%

Source: Bowls Australia Census Reports 2010 – 2012

Note: Non-playing members are classified as members who joined a club for social activities other than bowls.

Key observations from the table above include:

- Across 167 clubs, total playing members in the Sydney market have declined by 31% over the three year period.
- Non playing members in Sydney market have increased by 44% over the period, generating an increased market size of 10%.
- Across 37 clubs, total playing members in the Northern Sydney market have declined by 4% over the three year period.
- Non-playing members in Northern Sydney market have increased by 143% over the period, generating an increased market size of 69%.

Based on the data outlined above it is apparent that the membership trend within bowls is a similar one to golf. With traditional member numbers declining, club operations are increasingly reliant on non-bowler members.

Bowls Club Financial Performance

The following table summarises the last three year financial performance of the Bowls Club.

Income	2011	%	2012	%	2013	%
Bar Sales	513,786	67%	685,119	66%	755,456	67%
Poker Machines	141,259	19%	220,534	21%	196,897	17%
Catering	12,353	2%	40,159	4%	67,824	6%
Subscriptions	14,061	2%	17,432	2%	25,700	2%
Green Fees	44,886	6%	64,125	6%	59,963	5%
Other Income	35,957	5%	18,364	2%	23,817	2%
Total Income	762,302	100%	1,045,733	100%	1,129,657	100%
<u>Department Expenses</u>						
Bar	451,495	88%	671,926	98%	768,644	102%
Gaming	31,121	22%	20,718	9%	17,406	9%
Greens	105,612	14%	94,997	9%	103,861	9%
Administration	198,035	26%	221,815	21%	228,486	20%
Total Expenses	786,263	103%	1,009,456	97%	1,118,397	99%
Operating Profit	(23,961)	-3%	36,277	3%	11,260	1%
Less:						
Depreciation/Amortisation	63,196	8%	72,774	7%	67,290	6%
Net Profit	(87,157)	-11%	(36,497)	-3%	(56,030)	-5%

Source: Bowls Club Annual Reports

Key observations noted are:

- The Club's income has grown by 48% over the past three years to approximate \$1.13 million
- Expenses have grown by 42% over the same period, with this growth being largely sourced to house bar services.
- The Club has recorded an average operating profit of \$8,000 per annum for the past three years.
- At the net operating line cumulative losses of approximately \$180,000 have been recorded.

In summary, the outcomes summarised above are also a reflection of the changing nature of the bowls club industry. As is evident above, the growth in income that the Club has achieved has come through income streams that are 'traffic' related, those being income / revenues received when people physically visit the bowls club. These income streams are all those above excluding Subscriptions and Other income.

Recent Initiatives

JBAS is aware that the Club recently applied to Council to convert one of its bowling rinks to a beach volleyball court. Whilst this application was ultimately turned down by Council, it provides evidence of the Club's appreciation that alternate demand sources and revenue streams outside of its usual business are important to sustain its future.

Council Submission

JBAS has sighted the Club's submission to Council with regard to the Park's Discussion Paper. The submission contains the following statements:

- "...NMBC supports the concept of a multi-purpose sport and recreation facility with a clubhouse, administration areas and associated amenities for a range of users and visitors to the site that is developed in partnership with council and other key stakeholders..."

- “ NMBC supports the potential for amalgamation with Warringah Golf Club and an independent assessment of this potential. This will enable the vision for the site to come into fruition...”
- “ The new PoM must provide a level of flexibility to enable a variety of future uses and the key planning documents must speak to one another. The new PoM should enable a broad range of recreational and community based uses from a new club house and recreational hub that also permits cafes, restaurants, parks, storage areas, parking and other facilities. “

Other Industry Reports

In June 2013 BA published a report titled “Building an evidence base to increase participation in Lawn Bowls.” BA had commissioned this report from the Centre for Sport and Social Impact (CSSI) at La Trobe University in Melbourne to determine the reasons people play bowls, the physical and mental health benefits they derive from participation, why people cease playing bowls, what constitutes the ‘bowls experience’ and what changes are required to make bowls more attractive.

Key learnings from this report as it relates to this project are outlined below:

- Most interviewees came to bowls from other competitive sports, and thus bowls provides the opportunity to continue to enjoy competitive and team aspects of sport.
- Bowls is a sport that has some unique attributes; specifically being able to offer people of all ages and abilities a chance to play.
- The survey results confirmed the interview results in that the most important motives for participation in bowls are the sense of camaraderie and belonging from being part of a team sport and the social connections that participation in bowls provides, both of whom are higher for women than men.
- Bowls facilitates long lasting friendships that are often a central feature of the social support network for older people who may have lost their partner.
- Bowls can offer a family friendly environment.
- Bowls offers players of varying physical ability the chance to compete with each other in an integrated sport participation opportunity.
- Bowls clubs are safe social spaces for women.
- Membership decline is a pervasive problem throughout bowls.
- Clubs appear ill-equipped to deal with diverse population groups and need assistance in how to communicate with and market themselves to local communities.
- Clubs are facing a number of key challenges, specifically in relation to the way in which they manage their business, the increasing financial pressures to run a club and their future leadership capacity.



Warringah Recreation Centre

Introduction

The Warringah Recreation Centre (WRC) is located immediately opposite the Bowls club on the northern side of Kentwell Rd. The WRC contains 6 tennis courts, 3 squash courts, 2 futsal courts and a small canteen. JBAS is aware that following a review of its operation, the management of the WRC is now under the internal control of Council. This arrangement is to last until at least July 2016 when a review of the operating outcomes being achieved and determination of its future on-going management strategy is to occur.

This management arrangement and the fact that it is not encumbered with any long term lease agreement allows it to be included in this high level review.

Management Opportunities

Increasingly apparent to Council should be the reality that in the current age, golf clubs and bowls clubs require both efficiency in their operations and need to capture a broad stream of revenues to offset what are largely fixed cost bases. With specific regard to the golf club and the bowls club, they are both presently vulnerable to varying demand levels of the casual, non-member participant. Any alternate sources of demand can therefore only assist their respective businesses.

The WRC presents two opportunities in this regard, these being:

- Operational oversight and enhanced administration efficiency; and
- Enhanced visitor traffic levels.

Operational oversight

Were a strong sporting club to be located immediately opposite the WRC, the club, seeking to optimise its operational efficiencies and maximise the outcomes achievable from its fixed administrative staff costs, would be well placed to provide oversight of the WRC facilities. The Club could provide the booking function required, an on-site presence and in agreement with Council share a percentage of revenue or provide a fixed rental payment.

Visitor Attendance Levels

JBAS has been provided with attendance levels recorded at the WRC for the period September 2013 to February 2014, the period the facility has been under Council control. These attendance figures are outlined, by type of sport, in the following table.

WRC Attendance					
Month	Squash	Tennis	Futsal	Futsal Spectators	Total
September	274	290	0	0	564
October	344	659	4,040	2,920	7,963
November	380	697	4,535	2,885	8,497
December	213	640	2,380	1,252	4,485
January	358	1,758	1,058	434	3,608
February	305	973	1,017	807	3,102
Total	1,874	5,017	13,030	8,298	28,219

Source: Council Report

Figures for the six months to February 2014 indicate that over 28,000 people have utilised the WRC facilities in this time. On an annualised basis total visitors to the facility would be expected to exceed 50,000 by the end of August 2014.

Presently, save a small canteen area, these visitors have limited pre or post activity eating or drinking options within the park. Were a strong sporting club to be located immediately opposite the WRC, the club, with modern facilities on offer, would likely attract these participants with all spending incurred to contribute to the continued sustainability of the club and provision of facilities.

Additional Council Goals and Strategies

In addition to the potential outcomes identified in the previous section, the following other potential outcomes would also be obtainable under this scenario.

Council Vision/Goal/Objective/Statement	Potential Outcome / Supporting Data
<ul style="list-style-type: none"> Considering the improvement, consolidation and / or usage of existing recreation areas and assets, before provision of new assets. 	<ul style="list-style-type: none"> <i>Consolidation of assets achieved via potential merger of golf club and bowls club.</i>
<ul style="list-style-type: none"> Adopting a sustainable and environmentally responsible approach to recreation planning and development. 	<ul style="list-style-type: none"> <i>Achieved via a club merger.</i>

Summary of Key Findings

The key findings from this section of the report are outlined below:

- The North Manly Bowls Club is the lessee of the bowling facilities located towards the Kentwell and Pittwater Rd corner of District Park. Covering approximately 1.1 hectares, the amenities on site include a 1,000 square metre clubhouse and four bowling greens.
- The Bowls Club is currently subject to a Deed of Variation of Lease, expiring on 31 January 2016.
- It is apparent that the membership trend within bowls is a similar one to golf. With traditional member numbers declining, club operations are increasingly reliant on non-bowler members.
- The Club has recorded an average operating profit of \$8,000 per annum for the past three years.
- At the net operating line cumulative losses of approximately \$180,000 have been recorded.
- Bowls clubs appear ill-equipped to deal with diverse population groups and need assistance in how to communicate with and market themselves to local communities.
- Bowls clubs are facing a number of key challenges, specifically in relation to the way in which they manage their business, the increasing financial pressures to run a club and their future leadership capacity.
- The Club is supportive of an assessment of the potential amalgamation with the golf club and the creation of a new centralised clubhouse building that become core to the Park's users.
- The WRC presents two management opportunities, these being operational oversight and enhanced administration efficiency and enhanced visitor traffic levels.

7. Report Recommendations

Introduction

With the current market and club reality identified, an understanding of Council's goals with regard to recreation to hand, and a high level review of a wider opportunity for the Park, recommendations relating to the future provision of golf and opportunities for Council within the District Park precinct are made below.

Key Findings

This report has found that the wider golf market presently faces a number of challenges, some societal, some game related, as the facilities that deliver the game seek a sustainable future. Within the Warringah Golf Club peer set, the primary market membership outcomes have largely matched the declining wider market outcomes. Public rounds of golf across the market and at the Warringah facility have been slowly declining.

Further, profitability levels within the Club and across the market illustrate the wider challenges faced regarding asset re-investment and improvement. The Club is now, perhaps more than ever before, acutely aware of the challenging times it finds itself in and knows that the path towards long term sustainability will remain full of challenges.

In the current day, the physical location of the Clubhouse building is however not optimal and doesn't provide it with genuine opportunities to broaden its income base and improve its sustainability. The Club's main asset however is its ownership of its clubhouse site, which has a present zoning that implies a potential market value of \$5 million to \$6 million.

The ideas/opportunities outlined in Council's Discussion Paper could be considered an extreme reaction to this reality. Council has numerous goals for its community regarding recreation. District Park is a key provider of many recreation services.

The North Manly Bowls Club is also a key stakeholder within the Park, occupying what is perhaps the premium position in the Park in terms of traffic flow and sporting field access. This club also finds itself faced with challenging times. It has recorded an average operating profit of only \$8,000 per annum for the past three years and at the net operating line cumulative losses of approximately \$180,000 have been recorded.

The WRC, located opposite the bowls club, presents two opportunities that would improve club health and sustainability, these being greater use of administration services and enhanced visitor traffic levels.

Based on a review of key Council documents and the history concerning past club relocation and merger discussions, there appears to be a significant win/win opportunity for Council to actively encourage a golf club relocation outcome that also ties in to a merger with the resident bowls club. This merger could also include responsibility for operations of the WRC.

A merged entity, enjoying a new building and amenities that is funded via the sale of the golf club land, which is park focused and accessible to all becomes a meeting hub for the Park. This outcome assists Council achieve its goals around recreation and creates an opportunity that should result in improved long term sustainability for both clubs. Depending upon the capital investment levels required, and the potential opportunity available from enhanced park food and beverage services, it may be necessary for the clubs to seek a partnership with a specialist provider of food and beverage services.

Recommendations

Based on the above conclusions, it is recommended that Council:

- Gain club buy in to a formal independent assessment of the potential club merger opportunity. This assessment is to determine what hurdles might exist and what a merged entity might look like in terms of its operating model. This process produces an outcome that could also be known as a feasibility study and clear outcomes should be known well in advance of the current expiration of the golf and bowling club leases in January 2016. A mapped process should conclude with a vote of both club's membership bodies to approve or reject the proposal.
- In conjunction with the assessment above, and prior to its conclusion, engage a planning firm to develop an indicative master plan for the bowls club site.
- Gain a clear understanding of its own zoning restrictions regarding permitted uses of the bowling club site and any other site issues that exist.