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Proposed merger of Milton Ulladulla Bowling Club and Milton Ulladulla ExServos Club

FREQUENTLY ASKED QUESTIONS

Milton Ulladulla Bowling and ExServos Clubs are considering joining forces. This would ensure the long term future, viability and sustainability of both clubs.

BACKGROUND

Why are the clubs proposing to merge?

Clubs across NSW compete with many other forms of leisure and entertainment as they strive to grow their businesses and membership. As costs rise, clubs must operate more economically while continuing to improve member services and facilities.

ClubsNSW figures show that since 2007, 114 clubs have closed at an average of 11 per year.

A 2015 Club Census produced by KPMG found 40% of clubs were at risk of financial distress.

By joining together, the Milton Ulladulla Bowling and ExServos Clubs would ensure Milton Ulladulla has great clubs supporting the local community and offering sustainable facilities into the future.

How would merging be more economical?

Currently, the clubs operate within a short distance of each other and double up on many costs and processes.

Merging the clubs' Boards, management and administration would remove duplication of expenses and give the new entity increased buying power. More resources could then be directed into facilities for club members and the community.

Will there be an amalgamation of members of both Boards?

The merger will create one Board. More details are set out later in this document.

Do the current Boards of both clubs support the proposal?

Yes, the two Boards have signed a Memorandum of Understanding which sets out the details of the proposed merger, and are taking part in the discussions voluntarily. This is not a "takeover" proposal, but a discussion between two willing participants.

In other cases, club mergers and amalgamations have happened because one or both of the entities are in significant financial danger. These types of mergers are generally viewed as a "takeover" situation. That is not the case here, and both clubs have entered into the discussions proactively.



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ClubsNSW – the peak body for registered clubs in NSW – fully supports the proactive approach of both clubs in considering the benefits of a strong financial future as a merged entity.

How did the proposed merger come about?

The ExServos Club put out an “expression of interest” to see if any other clubs within a 50 kilometre radius were interested in merging. The Bowling Club expressed interest in merging with the ExServos Club.

LOGISTICS

What is actually proposed?

Under the proposal, the Boards, management and administration of the Bowling and ExServos Clubs would merge to become one entity with two licensed club premises.

The two club sites would continue to operate as they currently do.

Current members of the two clubs would become members of the amalgamated entity.

All staff would be offered similar employment with the amalgamated club.

What are the benefits of a merger?

Merging the clubs makes good financial sense; instead of two clubs operating separately and duplicating many costs and processes, the amalgamated club would have one Board and management structure.

This would see financial savings over the years to come and set the merged club up for long-term financial viability.

Merging now allows the organisation to make slight adjustments over time, rather than introducing major impacts or changes.

The merger would ensure the Milton-Ulladulla community has access to the best in local club facilities and activities now and in the future, with a financially-strong club preserving and enhancing both club premises.

Who gets to decide if it goes ahead?

The members of both clubs need to approve the merger proposal. Each club will hold a special general meeting of its members later this year, where members will vote on the proposal.

If the clubs’ members vote to proceed with the proposed merger, it will go to the NSW Department of Gaming and Racing for sign-off.



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When will the members' vote be held?

The special general meetings will be called once we're satisfied members' questions and concerns have been addressed.

FINANCIAL & LEGAL MATTERS

Is this a takeover of the Bowling Club?

This is not a "takeover", it is a voluntary discussion between two entities about merging into one entity.

If it were to be a "takeover", the Bowling Club would not have any representation on the Board of the new entity. Under this merger proposal, the Bowling Club will have three positions on the interim Board (more details later in this FAQ sheet). After three years, any member of either of the current clubs will be able to nominate to be on the Board.

Will the Bowling Club be refurbished?

A key aim of the proposed merger is to create a strong, amalgamated entity operating two thriving and popular club premises. This may entail refurbishment of the bowling club and its facilities.

Decisions on the extent of any refurbishment would be made by the Board of the amalgamated club. The Board would be responsible for the cashflow of the organisation, including the budget for any renovations or additional facilities.

Will the ExServos Club be propping up the Bowling Club?

The Bowling Club has experienced net losses over the last two financial years but remains in a viable position and is not in financial distress. This has been confirmed by the club's auditor.

Merging would have a positive financial impact for both current clubs as an amalgamated club would be able to streamline its systems, remove duplication of costs and collect income from two well-patronised club premises.

While there would be some expenditure to upgrade facilities at the Bowling Club, the amalgamated club would have increased assets and revenue which would outweigh these costs.

What happens to the finances of the clubs?

The assets, debts and liabilities of both clubs would become the responsibility of the amalgamated club.



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What are the advantages of a merger for both clubs?

The ExServos Club would be part of a strong, amalgamated club with increased assets and revenue. This increase would outweigh any expenditure on upgrading of facilities.

As well as being part of a strong, amalgamated club, the Bowling Club site would retain all of its activities and traditions.

The merger would consolidate club facilities in Ulladulla and keep member facilities, jobs and community support here. If the merger did not go ahead, future mergers might involve clubs from outside the region which could result in a loss of local facilities.

Should members be concerned that the Bowling Club will be sold off to a developer?

No, members can be assured that a merged club would continue to own and operate the Bowling Club site as a bowling club.

It's also important to remember that, if a sale was ever considered in the future, the Board of the amalgamated entity would not be able to sell the site without first putting it to a membership vote.

Under Shoalhaven City Council's Local Environment Plan, the bowling club site is zoned RE2, Private Recreation.

With the population growth in the Milton Ulladulla region, what is the growth in membership of each club?

Neither club's memberships are growing at the same rate as the region's population. The ExServos Club is experiencing moderate annual growth and has a membership of around 16,000. Most of its new members are from outside the area. The Bowling Club's membership remains steady at around 6,000.

The reality is that clubs today compete with many other forms of leisure and entertainment, including online. This makes it increasingly difficult to attract new members.

Would both current clubs be dissolved?

Under the merger the Bowling Club as an entity would be dissolved, however the facilities and activities of the Bowling Club will continue as they are and in their current location.

For cost reasons, the ExServos Club as an entity would continue. To dissolve both clubs and create a brand new legal entity would be very expensive, which would take resources away from member services and facilities.



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Continuing the ExServos Club as an entity serves a legal function and makes a merger more cost-effective. It would have no bearing on the actual operations of the two club premises.

Can I see the Memorandum of Understanding between the two Boards?

The MOU is available on both clubs' websites. This is a transparent process and members are welcome to read the MOU.

What will the clubs be called?

The ExServos Club premises would continue to operate as the Milton Ulladulla ExServos Club. The Bowling Club premises would continue to operate as the Milton Ulladulla Bowling Club.

STAFF

Will all staff keep their jobs?

All employees of the two clubs would be offered similar employment with the amalgamated entity.

Employees who accept the offer of employment will receive continuity of employment and their entitlements will be honoured by the merged club.

Employees who don't accept the offer of employment with the merged club will be paid their full entitlements when their employment comes to an end.

If staff will be offered comparable jobs, how will there be cost savings?

All current staff will be offered similar employment in the merged club. Over time, as staff leave or change positions, roles would be reviewed and consolidated where appropriate.

One of the many benefits of a voluntary merger is that small changes can be made over time, rather than making dramatic changes that have a significant impact on staff.

COMMUNITY SUPPORT

Will a merged club continue to support community groups and causes?

Yes, the merged club would continue to support the community to the same extent provided by the ExServos and Bowling Clubs and will look for opportunities to enhance that community support.

Clubs still have responsibility under the Club Grants scheme to contribute. The system we have in Shoalhaven and the Ulladulla area works well and we will continue to support this process



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MEMBERSHIP

What happens to my membership?

The merger of the clubs would have a positive impact on services to members of both current organisations.

If the merger proceeds, membership cards from both clubs would be accepted at either premises (for the time being, the points system for each club premises would be different because they operate on separate systems. This would be addressed in the future).

Membership fees are expected to stay the same if the clubs merge.

How many members belong to both the Milton Ulladulla Bowling and ExServos Clubs?

Currently, 3517 people are members of both clubs.

How long will both clubs stay open?

There is no intention to change the opening hours of either club premises.

Does that mean bingo will change?

There are no plans to change any specific activities like bingo as a result of the merger.

Will my membership card work at both clubs?

Yes, members of the newly-merged club will be able to use facilities at both the ExServos Club and Bowling Club premises.

Will the clubs have a joint, rewards member card to access both clubs?

Yes, that is the intention and depends on software and hardware being updated. This will happen over a period of time. In the meantime, the current point systems will remain in place.

Is there a future plan for membership deals at the Bowling Club?

Details of this nature would be finalised after the merger.

Will there be different entertainment and more events to encourage members to come to the clubs?

Both club sites will continue to organise events, raffles and promotions as they do now.



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Details about specific entertainment and additional events would be finalised after the merger.

Will all members receive information about upcoming events?

Yes, the amalgamated club would promote events and activities at both club sites.

Will the courtesy bus go to both clubs?

That is the intention. This detail would be considered after the merger.

If someone is barred by one club, can they attend the other?

While the details of this issue are still being finalised, the intention is that anyone barred from one club site is also barred from the other while their suspension remains in force.

What will happen to the clubs' poker machines?

The merged club would keep all poker machine entitlements for the foreseeable future.

Will both restaurants run separately?

The current catering contracts at each club site will remain in place.

BOWLING ACTIVITIES

What happens to bowls?

Bowling will continue at the Bowling Club premises, administered by men's and women's bowling sub-clubs. The traditions, amenities, culture and memorabilia of the existing Bowling Club would continue.

Both the men's and women's bowling sub-clubs would have their own constitutions, committees and members and would continue to use their existing names and insignia.

Life members, Club members and Junior members will, subject to the rules of the men's bowling sub-club and the women's bowling sub-club, be permitted to join the men's bowling sub-club and the women's bowling sub-club.

The current Bowling Administration Committee structure would continue.

CLUB MANAGEMENT AND OPERATIONS

What will happen to the ExServos' renovation?

The ExServos' renovation has a master plan and it is intended for this to continue. Any variations to this would be decided by the amalgamated club Board.



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Who would be the manager of each club?

If the merger goes ahead, the Secretary Manager of the ExServos Club, Darryl Bozicevic, will become the Secretary Manager of both clubs.

The current Secretary Manager of the Milton Ulladulla Bowling Club, Michael O'Sullivan, will become the Manager of the Bowling Club. His current employment conditions and entitlements will continue.

Matt Bryant will be the Manager of the ExServos Club.

Who would be on the Board of the newly-merged Club?

Currently, both clubs have Boards made up of seven people. The amalgamated club would have a nine-person transitional board for three years. The Board would be made up of:

- **President** - William Drury

- **Three Vice Presidents:**
 1. Annie Steel
 2. Simon Law
 3. Kevin Lydiate

- **Five Ordinary Directors:**
 1. Paul Warren
 2. Tony Ireland
 3. Ted Wild
 4. To be appointed from the current Bowling Club Board
 5. To be appointed from the current Bowling Club Board

The current Chairman of the Bowling Club would fill one of the Vice President positions on the new Board. Two of the Ordinary Director roles would be filled by current directors of the Bowling Club and two roles would be filled by current ExServos Club Directors.

After three years, the Club Board will consist of seven Directors, made up of a President, two Vice Presidents and four Ordinary Directors.

Board elections will follow a tri-annual process, and under the Constitution all members are eligible to stand for election to the Board.

Why won't the two current clubs have an equal number of Directors on the amalgamated Board?

The two current club entities are not of an equal size or financial position. Approximately 75% of the revenue and expenses of the amalgamated entity would come from the current ExServos Club, and around 25% from the Bowling Club. The Net Asset position would be made up of 70% (ExServos) and 30% (Bowling Club).



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The composition of the transitional Board reflects these proportions. It should be stressed, however, that after three years any member of the amalgamated club would be eligible to stand for election to the Board.

MORE INFORMATION

Where can I find out more?

We encourage you to ask questions and clarify anything you're not sure about. As well as coming to an information session, you can contact the Secretary Managers of either club:

Darryl Bozicevic – Secretary Manager/CEO, Milton Ulladulla ExServos Club
Phone - 4455 1444 Email - darryl@ulladullaexservos.com.au

Michael O'Sullivan – Secretary Manager, Milton Ulladulla Bowling Club
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