



# Q & A

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27 October 2022



VERSION 1.0

Our vision for the Bowlo...

**thriving**, social hub,

venue of **choice**

**epicentre** of local **sports**

and **bowls**

financially

**successful** club,

without pokies

retain our **much-loved**

**community asset** in

**local** hands

# Keep The Bowlo Local Member Group

We are a group of Bowlo members who are passionate about the club and want to see it retained in local ownership and control.

We're committed to presenting the Bangalow community with a viable alternative to amalgamation, an alternative that doesn't rely on pokies or gambling. An alternative that retains this valuable asset for future generations, so that it can't be sold or developed in the pursuit of profits.

Members of our group have experience and skills in a wide range of fields including hospitality, legal and corporate governance, marketing, research, and of course running successful small businesses and membership-based organisations.

This document answers questions we've received from the community and dispels some myths and misunderstandings that seem to be doing the rounds. We want members to be well-informed before they vote on the club's future.

Questions are welcome at any time by emailing us at [keepthebowlolocal@gmail.com](mailto:keepthebowlolocal@gmail.com)

*KTBL Member Group*

### **1. Who is the KTBL group and how did it form?**

We are just a group of Bowlo members who got together out of shared concern for the Bowlo's future. A small number of us commenced meeting after the April presentation from North's, and by August we had grown to 15 members with many more people willing to help. Some of our profiles have been published in the local Bangalow Herald and can be viewed on our website and in our business plan. We have no agenda, nothing to gain, except offering our hard work and commitment to keeping the Bowlo local and successful.

### **2. Are the members of your KTBL group proposing to become Board members in the event that the existing Board steps down?**

Our group has several suitably qualified and experienced members who are willing to stand for Board positions. We've had some productive dialogue with the existing Board on numerous occasions and hope we can build on this. Existing board members have already signalled their intent for a 'warm handover', and we would very much welcome the passing on of their valuable knowledge and experience.

Our intent is unity for the future, and we would follow appropriate process to ensure members had an opportunity to select their preferred Board members in accordance with the rules. This is the members' club, so it is appropriate that they choose the outcome and people involved at a Board level.

### **3. Are you planning on remunerating future Board members?**

Absolutely not. This is a small community-based club that relies on local volunteers to contribute to its success. We don't believe it's appropriate for the Bowlo to have a paid Board now or at any time in the future. Of course if the amalgamation proceeds, the Bowlo will be governed by a paid Board based in Sydney.

#### 4. Why are you retaining the poker machines for five years?

This is not the case, in fact ultimately we would like to see a pokie-free venue. Our financial projections in Appendix F conservatively assume the poker machines are gone after three years. Until that time, they are forecast to generate net revenue of \$27,000 p.a. based on current data. In subsequent years we show \$16,000 p.a. which is derived from leasing the poker machine entitlements, but we don't rule out selling the entitlements altogether to bring revenue forward.

Having said that, it's quite likely we would be in a position to remove pokies earlier than forecast. The reason we don't propose this action immediately is because we need time to implement our plan to make the Bowlo financially strong, without causing a revenue shock, and we'd also like to consult with members who are opposed to removing the club's pokies. We have wasted no time commencing a survey of members to gauge their thoughts about various aspects of the club.

#### 5. You say there is \$15,000 in phase one for resurfacing the bowling green. Where is this specified in the financial projections?

The financial projections in Appendix F of our business plan do not constitute a detailed budget or exact expenditure plan, nor a forecast profit and loss. The purpose of the projections is to show broadly how our plan will impact the financial performance of the club. Although we have outlined the goal of setting aside \$15,000 to resurface the greens in Phase One (first six months) of our plan, this figure is not specifically accounted for in the projections. Our projections include all the existing weekly bowling green maintenance costs as part of 'Administration', while incorporated into 'Refurbishments and Renovations' is \$150,000 for a new bowling surface and \$60,000 in floodlighting.

#### 6. Are you proposing to increase membership fees to an unpalatable level?

No, we are not proposing any significant increases to existing membership fees. We've received feedback that a small increase would be acceptable from the current \$8.33 per year (\$25 for three years). Our goal is to encourage more people to be members of the club, and to make it easier to join online rather than using a paper

form. We have some ideas around the introduction of different tiers of membership, providing discounts on food and beverage at the Bowlo which could even extend to discounts around town. Another possibility is to have a foundation membership which could involve paying ten years up front at a higher fee, but with added benefits such as club merchandise and free access to casual bowls. We would consult with members before making any changes.

#### **7. Do you believe the current narrative that the club is in a precarious position due to the upcoming BAS payment?**

The significant BAS debt was discussed with the Board when we met with them on 10 September 2022. The level of debt accumulated is a major issue and the lack of short-term plans to correct the situation was of major concern to our group. We acknowledge the most recent efforts to raise awareness of the BAS debt ('stay afloat until we vote') and the rallying of support for better trading, including fundraising campaigns and events. These efforts are consistent with those contained in our business and strategic plan, so perhaps the Board was inspired by our suggestions to address the club's current situation.

#### **8. Do you agree that the Bowlo is not able to trade profitably?**

Our view is that the fundamentals of the business and current outlook are positive. We have received some detailed information regarding the club's financial health, but we don't have the full picture. Certain requests for more detailed financial information have not been honoured and, in some cases, records have been lost. For example the 2015 and 2016 annual reports. From what we have seen, there is no reason the Bowlo should not trade profitably and sustainably, which is why we are asking for 12 months' profitable trading before an irreversible decision is made by members.

**9. You say that profit margins are not what they should be, suggesting that wages and cost of goods sold are much higher than industry standards. Where did these so-called industry standards originate?**

We've used target figures provided to us by Bowlo management but they've also been verified by those with experience in the industry. Clearly these are theoretical industry standards and we don't promise if or when such targets can be achieved at the Bowlo. At the same time, we don't have a detailed understanding of why costs have been as high as they are.

According to data provided to us, the Bowlo's recent COGS (cost of goods sold) for food and beverage has been averaging 38%, which is not far above the figure we've used of 34%.

Wages have been at around 44% of sales compared to the common industry target of 32% and this is probably the area of most challenge. We believe that some improvement is possible which make a significant difference to the bottom line. Data we've just seen indicates that 29% was achieved in September 2022, which is a great sign.

Our annual financial projections are conservative and we incorporate a significant buffer to the net position. We have not included the benefit of any government grants, which could be substantial.

The targets can be adjusted and our financial projections modified accordingly. Even if costs are higher than what we believe to be achievable, the club would still be profitable and able to carry out repairs and improvements to the building.

**10. Have you discussed your business and strategic plan with Bowlo management?**

Our group has been explicitly instructed, in several emails, not engage with management and staff about our plan or proposals. This has been frustrating for our group as we believe the current club management is best placed to help us understand how and where we can help.

### **11. Do you plan to make any changes to the existing Bowlo management?**

No. We sincerely hope the current management and staff are willing to work with us on our proposed alternative path. As outlined in Phase One of our document, there is expected to be no changes to management structure and we have no plans to replace key management personnel. We assume the current management also wants to work alongside the desires of the club membership, in the same way they would wish to work alongside North's if the amalgamation were to proceed.

### **12. Is your expert grant writer willing to offer assistance to the current Board?**

There is no question of willingness, but a great deal of uncertainty surrounds the path forward until the MOU vote result is known. There may be a restriction on providing grants to clubs which are in the process of seeking amalgamation.

At this stage our effort is focused on helping members understand our alternative plan and applying for grants is one part of the plan to be implemented. The current Board has not asked for this assistance and in fact has continues to reject any help or expertise we've offered.

### **13. Have you surveyed the membership to seek feedback on what people like and don't like about the Bowlo?**

This is a great question. A survey has just been circulated and we've already received some valuable responses. We will share a summary of the survey results in the near future. Feedback we get from conversations with members is that they value the existing aesthetic of the club and the relaxed atmosphere. We know from the survey how important the restaurant options are to members and visitors.

### **14. How have the cost of building works been calculated?**

Our costings for renovating the club and the bowling green have mostly come directly from the Board. We have consulted professionals for minor works, but the major works need further planning and updated quotes. Where necessary we would



engage an expert in building and construction, following a tender process as required by good governance.

**15. You seem to suggest that the KTBL group will only fundraise to help the club in the event that no amalgamation occurs. Is that right?**

We have received feedback that the community is reluctant to donate funds only to see those go to North's if the MOU is voted up. The 'stay afloat until we vote' campaign was launched following repeated meetings and suggestions from us that more action was needed right now.

Our group has offered to conduct fundraisers, working bees, and to work directly with management and staff on solving problems that could lead to a healthy balance sheet and more profitable trading situation. Unfortunately, these requests have all been denied by a Board which remains focused on the path to amalgamation.

**16. With the working bee planned for the first 6 months, is there any reason this can't be done right now?**

We had planned a working bee for September, at our cost, and with dozens of people willing to participate. This included removing rubbish and debris from under the building, making the area around the water tanks safer, sanding and oiling the outdoor tables, and other such tasks. Unfortunately, our offer of a working bee was postponed by the Board "until after the vote".

**17. Given your focus on the Bowlo kitchen and menu review, has the group approached the new consultant chef?**

Again the Board directed us not to engage with any staff or management. We would love to establish dialogue with John Verano, the consulting head chef.

**18. In phase one of your plan, the extent of initial repairs and capital works seems low. Can you clarify this?**

The initial works were identified in concert with the Board and relate to recent verbal feedback from compliance inspectors. Members of our group have been provided walk-throughs of the premises and have discussed safety issues with the Board. Major capital works such as asbestos removal and roof work are not necessarily immediate compliance matters. Although clearly this work forms part of the longer-term sustainability, development and quality of the building.

**19. What's your plan to cover the outstanding and ongoing ATO debts?**

Remittances to the ATO in a timely fashion is an ongoing requirement of any business. We are told by the Board that the previous two quarters of ATO remittances have not been paid in full and are subject to payment plans. In addition, we understand that the upcoming quarterly BAS payment due in November is not covered by existing funds. This could be why donations are currently being sought.

The inability to pay debts while continuing to trade is concerning to us and one of the indicators of insolvency. We've had conversations about this with the Board.

Our financial projections include an accelerated paydown of ATO debts in the first three years of the plan. This is achieved through increased operating margins as a result of increasing revenue and fundraising while lowering costs wherever possible. We assume the current Board is actively engaged in a similar strategy and it's exactly what North's would do if the club were given to them.

**20. How have you forecast that annual membership fees will amount to \$40,000?**

We have specified in note 2 to the financial projections that we'll conduct a membership renewal drive as it appears many members don't renew on time or at all. We have been told by the Board that the existing member database is not well maintained and could do with an upgrade. We would therefore make this a priority, along with the ability to join and renew online.

We have proposed the concept of one or more new membership tiers (with increasing benefits according to tier) and we've also canvassed the idea of bringing forward any membership payments.

We have no intention of increasing membership rates to a level unpalatable to the community. We anticipate annual member numbers to rise at least in line with population growth, but we would seek to expand numbers through advertising and promotion.

The current annual cost of membership is a very low \$8-10. Anecdotally we understand members would consider a small increase to this amount. When canvassed at member presentations with the Board, this idea was rejected because it "wouldn't make much difference" to the club's financial situation. We don't agree. Many small changes quickly add up to a large overall benefit.

**21. In your plan you've suggested holding events with up to 650 people attending. Can the club handle that sort of crowd?**

Any events planned would have to be within the capacity of the club's premises, to protect the safety of attendees and ensure a positive customer experience. We are not aware of any capacity limits and there have been large events and concerts at the Bowlo before. However, we've considered the requirement for additional facilities such as portable toilets and potentially security or crowd control. Discussions within our group indicate that numbers of 300-400 people and up to 650 people are achievable, but we welcome any input so that we may adjust our projections.

**22. Where have you included the cost of maintaining the existing bowling green in your plans?**

We have used the existing maintenance costs, as provided by the Board, to formulate our financial projections. In addition, we will set aside funds to resurface the green and, within a few years, \$150,000 to completely renovate the green including new drainage and \$60,000 in floodlighting. In the longer term we will investigate the feasibility of an all-weather, low-maintenance synthetic playing

surface. We would work closely with the bowling club members to ensure their needs are met. After all, competitive and social bowling has always been an integral part of the club and we intend to keep it that way.

**23. If you're going to encourage more trade at the Bowlo, how will you manage the inevitable increase in costs?**

We have reasonably assumed that COGS and wages increase in line with sales (5% per year). Variable costs in our projections are therefore a fixed percentage of sales. As both sales and costs would increase in the same proportion, net profit will grow at a higher rate which allows more funds to be invested back into the community.

**24. You have forecast an increase in revenue by \$770,000 during the first six years of your plan. How is that possible?**

We incorporate a small lift in membership subscriptions, a decrease in pokie revenue (the machines are assumed to be removed after a few years if not earlier), and no change to 'other revenue'. This is clarified in the notes to our financial projections. Bar and food sales are predicted to rise by 5% each year, and we believe this is a reasonable assumption. With the Bangalow population growing by 36% in the last five years, combined with our membership drive, we believe the increase in revenue is not only achievable but could be easily surpassed.

Keep in mind that North's produced a financial projection showing annual revenue rising to \$6.5 million over a similar timeframe, including just under \$1 million in poker machine profits. We are wondering how that's possible.

**25. What if the amalgamation doesn't proceed, but the new business plan fails to deliver within the first year or two? The club would have lost the chance to amalgamate.**

We don't see why the club loses the opportunity for amalgamation. The last thing any of us want is for the doors to close on our beloved Bowlo. We have stated that we don't intend to burn any bridges with North's, and at the minimum we believe that the club deserves 12 months of further trading before making an irreversible decision to relinquish local ownership and control. There may also be other clubs interested in amalgamating in the future, should the need arise.

**26. Much of the current bookkeeping and accounting work is performed by volunteers.**

**Under your plan where have you budgeted for the cost of this work?**

It's a testament to the Bowlo's place in the community that people are willing to give a large amount of their personal time to help out. Similarly we have members in our group who are more than willing to carry on the volunteer bookkeeping and administration of the club's finances. The current Board is aware of this.

**27. The Bowlo has been rescued before, including ten years ago when it closed its doors under administration. We don't want to go through it again, why should we trust your plan?**

The Bangalow community should never be underestimated in what it can achieve. Great people have stepped up in the past to preserve the Bowlo and we think there are community members who are willing to step up now.

Our group is not saying we know best, but we've seen a lot of change in the town during the past five years. The population has grown, new skillsets are constantly arriving, and there's fresh energy to get the job done. Like those before us, we're just asking for a go, and to prove what we believe can be achieved. Through hard work and determination, we've seen other bowling clubs transform and become successful.

Giving our club to North's is a gamble. If amalgamation proceeds, we can pretty much guarantee there won't ever be another chance to step up and retain our beloved community asset. The club will belong entirely to North's, any profits will be distributed as North's sees fit, and if things don't work out as planned the Bangalow Bowlo's land will be sold or re-developed at North's prerogative. If we find ourselves in a similar predicament 12-24 months down the track, we will pursue all options including amalgamation. We have no intention whatsoever of seeing the Bowlo close its doors.