

WHY ARE WE LOOKING TO AMALGAMATE?



Dear Members,

BREAKERS BOARD CARRIED OUT AN UPDATE ON THEIR STRATEGIC PLAN IN DECEMBER 2019.

From that plan it was mentioned that:

To take the Club to the next level and become a leading hospitality venue on the Central Coast, some financial risk together with a potential change in philosophy is a proposition that was needed to be considered by the Club to ensure its long-term future and this meant making some tough decisions about the ongoing use of traditional facilities and the development of something new for the wider demographic and community.

The key to any proposed changes under consideration by the Club, is the requirement to understand the demographic of the primary catchment area and determine the Club's target market. This will enable the development of the appropriate facilities. And offerings needed to attract the target market and enable revenue growth and financial strength.

It was considered that the ongoing redevelopment of the Club facilities was essential for the long-term financial viability of the Club and cash flow was required for these projects and business performance to happen.

The Board reviewed its options and the banks indicated that they would not be lending us the amount of funds that we felt would allow us to secure future growth and ensure the future of our club long term.

The needs of our members and our local community have changed...

The key to any proposed changes under consideration by the Club, is the requirement to understand the demographic of the primary catchment area as well as determining the Club's target market. The past two years have seen a significant change in demographic in our local area which means to survive, we must keep abreast of the changes and adapt accordingly. We are competing with many other innovative businesses on the Coast and so we need adopt a strategy that ensures revenue growth and financial strength.

We are facing new and strong competition...

Our current business plan has had to change to compete with surrounding local hotels, restaurants, wine bars, shopping centres (now known as social entertainment centres) and the online entertainment offers that are all affecting the way we do business. This is before we even get into the effects that COVID has had on our industry and the changing landscape.

Investment is needed...

It was agreed that the ongoing redevelopment of the Clubs' facilities was essential for the long-term financial viability of the Club. However, to fund the desired projects and improve business performance, cash flow is required. The Board reviewed its options and the banks indicated that they would not be lending us the amount that we felt would allow us to secure future growth and ensure the future of our Club long-term.

We have investigated all options before deeming this the best for our Clubs' long-term future, which will ensure future generations get to enjoy it too for many more years to come.

We had four choices.

- **A bank loan** to provide the funds, equating to a large debt
- **A joint venture with another club** which would cost us money and not guarantee us obtaining the investment we needed as a Club
- **Amalgamating with another club as the parent club** but we would likely need to invest in them before we achieved enough to then upgrade ourselves
- **Amalgamating with a larger club with the view of Breakers being the child club** which would provide us the opportunity to request the funds needed from a club with the funds already there for us to access. We contacted numerous clubs to see how they felt about amalgamating with us. We held discussions with Mingara Recreation and Doyalson Wyee RSL (Doylo) who both made presentations to the Board. We then spoke with Mount Pritchard District & Community Club (Mounties). They gave the Board a presentation and from this presentation we felt that they would be the right club to join forces with for the following reasons:
 - Values and vision alignment
 - Future opportunity for stability and growth
 - Greatest benefit to our members, staff and community



Our club has had many changes during its 50-year history...

The following is a quick summary of the major changes that have occurred to the Club highlighting that the Club embraces change for the benefit of the Club and the local community.

- The R.S.L. sold the club to Terrigal Memorial Country Club.
- We built the original clubhouse from scratch with the support of members funds.
- We started with three holes on the golf course purchased additional land to increase the course to nine holes and introduced two sets of tees to allow eighteen-hole competition.
- Introduced bowls to the Club with two bowling greens to complement the golf course and tennis courts that the Club had established.
- Built a new clubhouse in 1998 and have continued to carry out upgrades to the clubhouse to meet the needs of the community and members. Whilst introducing the deck area and kids play area, we removed the tennis courts.
- We rebranded ourselves with a new trading name Breakers Country Club replacing Terrigal Memorial Country Club.
- We have built dams and redesigned the golf course to ensure the golf course would have water and reduce our usage of the local water supply.
- We installed solar panels on the clubhouse to reduce our demand on the electricity grid whilst also doing our bit for the environment and we are about to install a further 572 solar panels and provide under cover parking for the members.
- We have reduced our Board number from 13 to the current number of 7.

What does this all mean?

We are a progressive club that has seen us survive and grow our membership from 4,356 in 1997 to a high of 17,912 members and we currently have 14,664. As you can see, we embrace change for the benefit of our members and the community and we feel this is the next change that we need to make for the long-term survival of the Club, not to mention the improvements that we will all benefit from.

WHY MOUNTIES GROUP?

They hold similar values to us as a club with a strong association with the community and they work on the sole ethos of **IMPROVING THE LIVES OF OUR MEMBERS.**

They have been able to diversify their business over the years, whilst still providing a club culture for their community. They are the first true intergenerational club group that provides for both young and old. They have the ability to provide the very best services, available to all of our members and cater to our needs better than anyone else in Australia, and this is why we are confident that the future of Breakers will not only be secured but it will flourish by joining the Mounties Group family. Mounties will also bring 160,000+ members to our Club and we will have access to nine other clubs, two of which are located on the Central Coast.

Mounties Group are the only club group in Australia to have been formed as a profit-for-purpose business model. This means that they work hard to turn a profit, then they use that profit to benefit their members and the communities in which their venues operate.



Some key points from the MOU

- Breakers retains its identity.
- Terrigal Wamberal RSL will continue with the association they currently have with the club.
- Capital input of \$11million once master plan has been established.
- Upgrade of the golf course with the current masterplan spending \$200k per year for the next 5 years (additional to general maintenance).
- Golf and bowls fees frozen for three years, only increase is if the association fees increase.
- Bowling greens remain for minimum of five years and will enter into discussion should the usage alter by 20% after that time.
- All staff will be offered employment to all current terms and all entitlements will be honoured.
- Henderson Golf, Glenn's Bus Service and Gus Mowing are all retained.
- Yes bingo and trivia will remain.

What does amalgamation with Mounties mean for our club?

- More benefits and support for members, staff & community.
- A secure future.
- Better buying power.
- Greatness achieved through finance and assets.
- Expertise & skills unavailable elsewhere.
- \$11million masterplan within 12-months in consultation with Breakers management, advisory committee & members.
- Golf course upgrade - \$200k pa for 5 years.
- Capital Replacement Program established.
- Preventative Maintenance Program established.

What does this mean for
our members?

- Retain identity.
- Increased community grants.
- Sporting & Sub-Clubs remain.
- Greater value for your Membership fees.
- Better loyalty benefits.
- Better pricing.
- Mounties Care.
- Membership 9+ venues.
- \$15 to \$25 Birthday Voucher (Based on Tier).
- Discounted food and drinks.
- Pay by Point discounts.
- Discounts on holidays at Perisher, Sussex Inlet, Fingal Bay and Urunga.
- Golf Fees frozen for 3yrs *
- Bowls Fees frozen for 3yrs *

What does this mean for
our community?

- Greater support.
- More events & activities.
- Easily accessible grants.
- Mounties provides significant support to every Council district they operate in.



Ken Pearson
CEO
Breakers Country Club