

Proposal

Formation of New Club at The Gardens Greyhound Racing Complex



**From: NSW Greyhound Breeders, Owners and
Trainers Association,
PO Box 485, Glebe NSW 2037
Ph: 85871206**

March 14, 2014

NSW GBOTA Proposal: Formation of New Club at The Gardens Greyhound Racing Complex

To:	Greyhound Racing NSW (GRNSW)
From:	NSW Greyhound Breeders, Owners and Trainers Association
Contact:	Mr Brenton Scott Executive Officer NSW GBOTA PO Box 485 Glebe NSW 2037 Ph: 02 8587 1206 Email: brenton@gbota.com.au
Proposal:	Formation of New Club at The Gardens Greyhound Racing Complex

1. Introduction

The NSW GBOTA is Australia's largest Greyhound Racing organisation. It has racing operations at the following venues:

- Wentworth Park (104 Metropolitan TAB meetings, 26 TAB meetings)
- Gosford (52 TAB meetings)
- Maitland (50 TAB meetings)
- Lismore (52 TAB meetings)
- Bulli (52 TAB meetings)
- Bathurst (52 TAB meetings)
- Appin (4 non-TAB meetings)
- Temora (25 non-TAB meetings)
- Gunnedah (25 non-TAB meetings)
- The Gardens (Interim Management of all race meetings since August 2013)

The following NSW greyhound racing clubs are also affiliated with the NSW GBOTA.

The Affiliation relationships are based on the fact that the NSW GBOTA and its affiliates seek to foster the development of greyhound racing co-operatively and with industry outcomes in mind.

- Broken Hill GRC
- Goulburn GRC
- Grafton GRC
- Hastings River GRC
- Kempsey GRC
- Moree GRC
- Muswellbrook GRC
- Shoalhaven GRC

In addition to its racing function, the NSW GBOTA is also an organised representative group on behalf of owners, trainers and breeders. The Association currently has just under 1,200 members and 28 Branches throughout NSW. The Branches meet on a monthly basis and promote suggestions via the Directorate. The NSW GBOTA believes this process enables it to represent the position of average participants accurately and effectively.

The NSW GBOTA Directorate comprises 10 members, all of whom are elected for two year terms by members.

The NSW GBOTA is represented on a number of State and National bodies as follows:

- Australian Greyhound Racing Association (NSW GBOTA Chairman is currently the AGRA Deputy Chairman)
- Australian Federation of Greyhound Breeder Owner Trainer Associations
- Metropolitan & Provincial Greyhound Racing Clubs Association
- Greyhound Racing Clubs Association
- Greyhound Media Services
- Greyhound Racing Industry Consultative Group

The NSW GBOTA has been incorporated since 1939.

The NSW GBOTA currently employs 17 persons on a permanent basis and further employs 211 casuals.

Its organisation structure involves a small Head Office (based at Wentworth Park) which oversees administration, maintenance and casual staff services at each of its other racing venues.

The NSW GBOTA is an experienced and ethical employer with an unblemished record of professional race track management.

The NSW GBOTA has undertaken interim management of The Gardens facility since August 2013.

During this time the NSW GBOTA has reversed an entrenched pattern of trading deficits.

The NSW GBOTA has adopted a caretaker approach to management. A number of positive adjustments have, however, been made as follows:

- **Employee Relations:** Considerable attention has been applied over various Human Resource areas, including contract management, role specification, policy roll out, Internal Controls and governance education.
- **Facility Improvements:** The facility has been cleaned, managed and tidied. Maintenance schedules and backlog maintenance identification processes have been implemented.
- **WH&S:** The interim Area Manager's position specification required focussed attention be applied to WH&S, given clearly identified weaknesses.
- **Stakeholder Relations:** Notwithstanding the restrictions which apply in caretaker management, the NSW GBOTA has strengthened and improved relationships where at all possible via professional and transparent management of the facility with all major stakeholders, including:
 - Local participants
 - Council
 - Media
 - Contractors
 - Sponsors
 - GRNSW

The NSW GBOTA holds the view that the Gardens facility is of significant importance to the future of greyhound racing in New South Wales. The facility provides a vital racing and trialling service to industry participants.

It currently generates reasonable levels of non-race day earnings but the NSW GBOTA believes that considerable potential exists to explore opportunities in this regard. Such exploration will be undertaken in line with best practice commercial justification principles. Summarised, the cost and returns from the potential investment will be professionally analysed and pursued only in circumstances where a satisfactory Internal Rate of Return is clearly achievable.

The NSW GBOTA generates good levels of secondary income at the majority of its current tracks and recognises that the ongoing development of non-racing business activities is a key contributor to the future viability of all New South Wales greyhound racing organisations.

The NSW GBOTA trusts that this tender will reinforce with GRNSW that the Association does have advanced Governance and Compliance systems in place. Further, that the organisation is a proven expert manager of greyhound racing venues with a flexible Organisation Structure which is resourced so as to allow it to manage multiple venues efficiently and effectively.

The NSW GBOTA is financially sound, has a long track record for professional fiscal management and has the asset based and working capital to ensure that the business model proposed in the tender is successfully achieved.

2. Governance

(a) Board Structure, Governance and Operating Centre Control

The NSW GBOTA is elected by membership election or two year terms. The Association's membership is State wide.

The Association has an open membership policy and its Directors are subject to intense assessment by the membership.

The Association adopts an open and transparent communication stance with its membership. Some 350 Branch meetings are staged annually and two general meetings.

Directors review the Governance Structure annually and adopt a Governance Charter annually. A copy of the current Governance Charter is attached as Appendix (2). The Governance Charter supports the organisation's Constitution. A copy of the Constitution is attached as Appendix (1).

Directors also require that all operating centres (tracks) that are accountable ultimately to the Board of Directors operate to a defined governance system, referred to as the Track Operating Framework.

A copy of the "Operating Framework for the NSW GBOTA Gardens Management and Advisory Committee" is attached as Appendix 3.

The Operating framework for the Gardens ensures a commitment to including local input to track management oversight. It also indicates the skills that the NSW GBOTA seeks to have or develop within its Board of Directors and the Management Committee structure.

Importantly, the Board of Directors and the Management Committee have access to professional support via Head Office and specialist advisors.

(b) Process and Timelines for Selection

The Management Committee structure will apply immediately. Initially, local input to the committee will be provided by the Area Directors, local management and a selected person from the local region capable of enhancing Management Committee considerations.

As the membership of the Gardens (refer Section 4) is developed, then the local selected person will in fact be determined by a membership election or nominee process.

(c) Financial Accountability and Transparency

The Financial Reporting system of the NSW GBOTA is centralised at the Wentworth Park Head Office. The Finance Department co-ordinates all trading activity at individual operating centres (tracks) and prepares detailed Management Accounting information for monthly meetings of Directors and Management Committee meetings.

The following are reviewed by Directors and management committee members monthly.

- Revenue and Expenditure (monthly year to date)
- Forecast trading projections vs Budget
- Leave Records (Annual, Sick, Long Service)
- Investments
- Debtors
- Status of any loans
- Cash Position and Cash flow analysis
- Key Performance Indicators

(d) Internal Controls

Directors have in place an Internal Control Policy which is based on best practice for Not for Profit Organisations. It is attached as Appendix (4).

3. Administration

(i) Organisation Structure

The NSW GBOTA has adopted an Organisation Structure which combines with maximum efficiency, centralised and local management functions.

Essentially tasks and functions where it is more effective and efficient to centralise coordination are undertaken via the Head Office.

Tasks and functions best undertaken locally are left with the various operating centres (tracks).

This allows for improved control, consistent performance and standards across all operating centres, improved communication, innovation and cross fertilisation of ideas and promotions.

It ensures that employees with specialised skills are able to be put to maximum influence. The structure is driven by a Resource Allocation Plan which allows the output of all Operating Centres to be undertaken when normal circumstances are disrupted due to leave, sickness, redundancies, resignations or unexpected occurrences.

The Resource Allocation Plan's primary output is to ensure that the total performance requirements of all operating centres are undertaken. Various requirements can shift and exchange between operating centres and between operating centres and Head Office as circumstances require.

(ii) Roles and Head Office/Operating Centre Integration

An organisation chart which outlines how key duties integrate between Head Office and the gardens Operations is attached at Appendix 5.

(iii) Key Position Specifications

The local management of the Gardens venue will be reliant on three key positions; the Hunter Central Coast Area Manager, the Gardens Administration Manager and the Gardens Track and Grounds Manager.

Position Specifications for each position are attached as Appendix 6.

(iv) Appointment Process to Positions

The key positions at the Gardens are currently filled as follows:

- Hunter Central Coast Area Manager: Chris McKay
- Gardens Administration Manager: Vicki McIntosh
- Gardens Track and Grounds Manager: Boris Petrovski

Should the NSW GBOTA tender to manage the Gardens be successful three year contracts will be offered to Vicki McIntosh and Boris Petrovski. A further interim contract will be granted to Chris McKay. A longer term appointment will be determined via a recruitment process.

(v) Expert and Experience

Executive Officer: Brenton Scott

Experience:

- 8 years Administration/Marketing GRSA
- 17 years Executive Management NSW GBOTA

Qualifications:

- Graduate Diploma of Management
- Awaiting graduation MBA

Operations Manager, Ellen Dwyer

Experience:

- 5 years Administration Canberra Greyhound Racing Club.
- 3 years Business Development and operations management NSW GBOTA

Qualifications:

- Bachelor of Communications, Sports Management

Financial Controller, Vaios Papaioannou

Experience:

- 10 years Finance Department of NSW GBOTA

Qualifications:

- Bachelor of Accounting (Finalising CPA)

4. Membership model

(i) NSW GBOTA membership

- Open Membership
- 350 members in Hunter District
- \$10 two year membership fee

Members of the NSW GBOTA in the Hunter Region are assigned to nine branches in the District.

All Branches are able to contribute to and connect to the operations of all NSW GBOTA tracks.

(ii) Garden membership

If appointed to operate the Gardens venue, the NSW GBOTA will develop a local track membership system.

This membership will include annual membership and ten meeting memberships.

A variety of benefits will be provided to members including administrations, purchasing discounts and loyalty rewards.

Gardens members will be able to be considered for appointment or election to the Gardens Management committee.

5. Venue improvement

(i) Area Breakdown

The NSW GBOTA has undertaken considerable evaluation of the condition of Assets and the business development potential at the Gardens.

The Gardens venue is best described in five separate components as follows:

1. Car park
2. Kennel block
3. Track and surrounds
4. Grandstand, Race day wagering area, Change rooms
5. Office area

(ii) Capital Assessment Report

The NSW GBOTA appointed Northcroft to undertake an analysis of the Capital Works at the Gardens, assuming all current facilities and usage were to be maintained.

This report has identified that if all works were to be undertaken, an upgrade costing \$2.6 million (ex GST) is required. The Report, which outlines the trade breakdown and the timetable for works is attached as Appendix (7).

The NSW GBOTA is of the view that the works proposed in the Northcroft report require further consideration. If the NSW GBOTA is selected as a preferred tenderer, then it would seek to analyse the Northcroft findings with GRNSW with a view to assessing the essential and discretionary works and those which may be viewed as not being required.

Discussion on a funding plan should be part of the analysis.

(iii) Racing Infrastructure and Race Track

The NSW GBOTA is of the view that the track and racing infrastructure are of sound condition.

A minor upgrade to the racing surface, removal of some unnecessary hedging and covering of the 400m boxes are small requirements that will be funded as part of normal maintenance requirements.

(iv) New Business Development

The NSW GBOTA is of the view that considerable scope exists for development of new business opportunities at the Gardens.

Preliminary evaluation of the venue include the following possibilities:

- Re-activation of the Licensed Club
- Development of Serviced Offices
- Development of a Veterinary Surgery
- Development of a Childcare or Early Learning Centre

The NSW GBOTA would seek to evaluate all of the above within six months of being appointed as Manager.

The NSW GBOTA is committed to any new business being external of any financial contribution from GRNSW. This will mean that costs and returns from any proposed new business ventures will need to be properly evaluated and a satisfactory Internal Rate of Return realistically projected.

6. Tenancy

The NSW GBOTA would propose acquisition of the Gardens facility at a price of:

One and a half million (\$1.5 million) (excluding GST)

The NSW GBOTA would consider seeking bank Financing but has a preferred option of entering into a Vendor financing arrangement with GRNSW.

The NSW GBOTA would propose Vendor finance at 5% fixed with a 16 year payback period.

The NSW GBOTA financial modelling has been based on the above preferred acquisition proposition.

7. Financial Analysis

The NSW GBOTA has prepared a detailed operating budget based on the current trading patterns of the Gardens venue based on information provided by GRNSW to all tendering organisations.

The NSW GBOTA believes current trading patterns are a reasonable basis for projecting financial operating outcomes.

In terms of risk and sensitivity testing on the arising projection, the NSW GBOTA would conclude the following:

- That sponsorship levels in the projection at the Gardens are possibly overstated, given the amount driven by the corporate bookmaking sector. It would appear to be up to \$50,000 above other TAB track levels.
- Non race rentals at the Gardens are currently reasonable but do not appear to have reached maximum potential. There is an argument to suggest they are potentially understated in the projection, given the business development scope.
- On course trading has been indexed at 2.5% which, whilst a reasonable objective, does oppose the national racing industry trends of the past 10 years.

Given the above, the NSW GBOTA would propose that the use of current trading trends, modelled out over 16 years presents a fair indication of likely operating returns on a savings and roundabouts basis.

The NSW GBOTA has built into its modelling interest associated with the acquisition at 5% vendor finance with a 16 year loan amortisation.

The NSW GBOTA is comfortable that its acquisition (based on 5% vendor financing) can be justified and that the investment will deliver a positive NPV.

This however does not address the funding of capital works identified in the Northcroft report.

Clearly, as the cash impact analysis modelling reveals, the NSW GBOTA could not fund the total cost of capital works.

GRNSW, however, has already indicated that it will fund at least a portion of the works highlighted by Northcroft (roof and wagering area) and its conditions of tendering document leaves open the prospect of further discussion with the preferred tenderer.

Against this background, the NSW GBOTA is proposing that it make a \$25,000 annual contribution to capital development needs at the venue indexed at 2.5% on and above normal maintenance funding.

The NSW GBOTA would welcome further interaction with GRNSW regarding the capital works needs and funding arrangements but trusts that its approach to modelling will be viewed as having been responsibly prepared and with clear good faith.

The assumptions clarify most spend lines but it is with highlighting that the NSW GBOTA is committing to fund prize money by an additional \$20,000 per year, on and above that funded by GRNSW. It is our understanding that no additional funds have been paid by the managing club at the venue in the past.

NSW GBOTA Proposal: Formation of New Club at The Gardens Greyhound Racing Complex

Financial Forecast 2015-2030 (88 meetings)	<u>FRI</u>	<u>SAT</u>	88	88	88	88	88	88	88	88
	52	36	2014	2015	2016	2017	2018	2019	2020	2030
			TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Revenue										
Race Day-Racing Income										
GRNSW Unplaced Prizemoney	3,200	3,200	281,600	288,640	295,856	303,252	310,834	318,605	326,570	418,037
GRNSW Admin Payments	5,055	3,180	377,340	386,774	396,443	406,354	416,513	426,926	437,599	560,163
Race Day-Racing Income			658,940	675,414	692,299	709,606	727,346	745,530	764,168	978,200
Other Race Day Income-Race										
Admissions	618	732	58,491	59,953	61,452	62,988	64,563	66,177	67,832	86,830
Sponsorship			120,000	135,000	138,375	141,834	145,380	149,015	152,740	195,520
Other Race Day Income-Race			178,491	194,953	199,827	204,823	209,943	215,192	220,572	282,350
Race Day Trading Income										
Totaliser Income										
Totaliser Commission			80,065	82,067	84,118	86,221	88,377	90,586	92,851	118,857
Prizemoney Incentive Income			8,000	8,200	8,405	8,615	8,831	9,051	9,278	11,876
Race Day Trading Income			88,065	90,267	92,523	94,836	97,207	99,637	102,128	130,733
Bar & Catering Income										
Bar Sales	1,325	1,703	130,175	133,429	136,765	140,184	143,688	147,281	150,963	193,245
Catering Sales	599	874	62,604	64,169	65,773	67,417	69,103	70,830	72,601	92,935
Functions Income			40,000	41,000	42,025	43,076	44,153	45,256	46,388	59,380
Bar & Catering Income			232,778	238,598	244,563	250,677	256,944	263,367	269,951	345,561
Other Race Day Trading Income										
Media Rights			50,000	51,250	52,531	53,845	55,191	56,570	57,985	74,225
Race Book Sales	138	149	12,553	12,867	13,188	13,518	13,856	14,202	14,557	18,635
Other Race Day Trading Income			62,553	64,117	65,719	67,362	69,047	70,773	72,542	92,860
Non Race Day - Race Income										
Trial Income										
Trial Income			77,484	79,421	81,407	83,442	85,528	87,666	89,858	115,025
Non Race Day - Race Income			77,484	79,421	81,407	83,442	85,528	87,666	89,858	115,025
Club Management Income										
Grants Received										
IAF Routine Maintenance			25,000	25,625	26,266	26,922	27,595	28,285	28,992	37,113
IAF Other			8,000	8,200	8,405	8,615	8,831	9,051	9,278	11,876
Grants Received			33,000	33,825	34,671	35,537	36,426	37,336	38,270	48,989
Other Club Income										
Rental Income			68,364	80,000	82,000	84,050	86,151	88,305	90,513	115,864
Other Club Income			68,364	80,000	82,000	84,050	86,151	88,305	90,513	115,864
			2,730,985	2,833,187	2,904,017	2,976,617	3,051,033	3,127,308	3,205,491	4,103,300
Total Revenue			1,399,674	1,456,594	1,493,008	1,530,334	1,568,592	1,607,807	1,648,002	2,109,582
Expenses										
Race Day Racing Expenses										
Prizemoney & Trophies										
Unplaced Prizemoney			281,600	288,640	295,856	303,252	310,834	318,605	326,570	418,037
Club Prizemoney Contribution			20,000	20,500	21,013	21,538	22,076	22,628	23,194	29,690
Member Bonus			5,000	5,125	5,253	5,384	5,519	5,657	5,798	7,423
Trophies	30	30	2,640	2,706	2,774	2,843	2,914	2,987	3,062	3,919
Race Day Racing Expenses			309,240	316,971	324,895	333,018	341,343	349,877	358,624	459,069

NSW GBOTA Proposal: Formation of New Club at The Gardens Greyhound Racing Complex

Other Race Day Racing Expenses

Wages Raceday	1,643	1,643	144,625	148,241	151,947	155,746	159,639	163,630	167,721	214,697
Veterinary Surgeon	475	475	41,800	42,845	43,916	45,014	46,139	47,293	48,475	62,052
Photofinish	73	73	6,411	6,571	6,735	6,904	7,076	7,253	7,435	9,517
Security	188	188	16,545	16,959	17,383	17,817	18,263	18,719	19,187	24,561
Video Costs	620	620	54,560	55,924	57,322	58,755	60,224	61,730	63,273	80,995
Complimentary Drinks			250	256	263	269	276	283	290	371
Complimentary Meals			600	615	630	646	662	679	696	891
Cleaning			10,000	10,250	10,506	10,769	11,038	11,314	11,597	14,845
Other Race Day Racing Expenses			274,791	281,661	288,703	295,920	303,318	310,901	318,674	407,929

Other Raceday Overhead Expenses

Insurance			10,342	10,601	10,866	11,137	11,416	11,701	11,994	15,353
General Expenses Raceday	18	18	1,608	1,648	1,689	1,732	1,775	1,819	1,865	2,387
Hygiene & Sanitary			4,650	4,766	4,885	5,008	5,133	5,261	5,393	6,903
Other Raceday Overhead Expenses			16,600	17,015	17,441	17,877	18,324	18,782	19,251	24,643

Race Day Trading Expenses

Tote Expenses

Bar Costs			64,554	66,168	67,822	69,517	71,255	73,037	74,863	95,831
Wages Bar	133	133	11,707	11,999	12,299	12,607	12,922	13,245	13,576	17,378
Wages Catering	240	240	21,094	21,621	22,162	22,716	23,284	23,866	24,463	31,314
Catering Costs			31,219	32,000	32,800	33,620	34,460	35,322	36,205	46,345
General Expenses Functions			405	415	426	436	447	458	470	601
Race Book Printing	90	90	7,920	8,118	8,321	8,529	8,742	8,961	9,185	11,757
Race Day Trading Expenses			136,899	140,321	143,829	147,425	151,111	154,889	158,761	203,227

Non Race Day Race Expenses

Trial Expenses

General Expenses Trials			5,600	5,740	5,884	6,031	6,181	6,336	6,494	8,313
Wages Trials			52,000	53,300	54,633	55,998	57,398	58,833	60,304	77,194
Non Race Day Race Expenses			57,600	59,040	60,516	62,029	63,580	65,169	66,798	85,508

Routine Maintenance

R & M Track Maintenance			50,000	51,250	52,531	53,845	55,191	56,570	57,985	74,225
Motor Vehicles			5,000	5,125	5,253	5,384	5,519	5,657	5,798	7,423
Wages Track Maintenance			91,517	93,805	96,150	98,554	101,018	103,543	106,132	135,857
Routine Maintenance			146,517	150,180	153,934	157,783	161,727	165,770	169,915	217,505

Utilities

Electricity			96,000	100,800	105,840	111,132	116,689	122,523	128,649	209,556
Telephones			2,315	2,373	2,432	2,493	2,555	2,619	2,685	3,437
Postage			286	293	300	308	315	323	331	424
Council Rates			10,500	10,763	11,032	11,307	11,590	11,880	12,177	15,587
Water Rates			18,000	18,900	19,845	20,837	21,879	22,973	24,122	39,292
Gas			1,550	1,589	1,628	1,669	1,711	1,754	1,798	2,301
Utilities			128,651	134,717	141,077	147,746	154,739	162,072	169,761	270,597

Other Expenses

Administration Costs

Computer Expenses			2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,969
Legal Expenses			5,000	5,000	2,500	2,563	2,627	2,692	2,760	3,532
Stationery			6,500	6,663	6,829	7,000	7,175	7,354	7,538	9,649
Staff Uniforms			1,500	1,538	1,576	1,615	1,656	1,697	1,740	2,227
Wages Administration			78,706	80,674	82,691	84,758	86,877	89,049	91,275	116,840
Wages Oncosts			63,944	66,567	70,330	74,240	78,302	82,520	86,901	111,240
Administration Costs			157,650	162,491	166,027	172,330	178,844	185,576	192,533	246,458

Financing Costs

Acquisition Interest			0	75,000	71,830	68,501	65,006	61,336	57,482	6,591
Depreciation			0	0	0	0	0	0	0	0
Financing Costs			0	75,000	71,830	68,501	65,006	61,336	57,482	6,591

Advertising & Marketing Costs

Advertising Expenses			25,000	25,625	26,266	26,922	27,595	28,285	28,992	37,113
Advertising & Marketing Costs			25,000	25,625	26,266	26,922	27,595	28,285	28,992	37,113

Total Expenses

1,252,948	1,363,021	1,394,519	1,429,551	1,465,587	1,502,656	1,540,790	1,958,639
------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

NSW GBOTA Proposal: Formation of New Club at The Gardens Greyhound Racing Complex

Operating Profit	146,726	93,572	98,490	100,783	103,005	105,150	107,212	150,943
Less sinking fund contribution	0	25,000	25,625	26,266	26,922	27,595	28,285	36,207
Net Profit / (Loss)	146,726	68,572	72,865	74,517	76,083	77,555	78,926	114,735

Forecast Assumptions 2014

- Major on course earnings based on per meeting August 2013 to December 2013 annualised at either 88 meetings or 104 meetings.
- SRWMF&CPG capped at \$25k and \$8k.
- Sponsorship assumes \$100k Unibet and other sponsors at \$20k.
- Rental Income assumes the following (ooh Media \$30k, Wallsend Football \$10k, C3 Church \$24k, Peter Yore \$43k)
- Media Rights assumed at \$50k based on GRNSW estimation.
- Repairs and maintenance assumed at \$50k.
- Wages On Cost assumed at 16%
- Advertising assumed at \$25k
- Electricity assumed at \$8k per month, \$72k annual.
- Water assumed at \$1.5k per month, \$18k annual.
- Motor vehicle assumed at \$5.
- Legal Expenses assumed at \$5,000 given Club formation costs.
- Administration loading based on current GRNSW TAB B and TAB C levels.
- Wages Administration assumes \$50k plus leave loading for over arching management and \$28k for Office assistance.
- Wages Track Maintenance assumes \$60k for Senior Manager plus leave loading and \$31k for casual assistance.

Forecast Assumptions 2015 and Beyond

- Sponsorship increased to \$135k for 2015. Increased at 2.5% annually thereafter.
- Electricity and water increased by 5% in 2015 and by 5% annually thereafter.
- Wages On Cost adjusted annually in line with superannuation requirements.
- Legal Expenses assumed at \$5k in 2015, reduced to \$2.5k in 2016 and increased at 2.5% thereafter
- All other trading forecasts increased at 2.5% annually.
- Interest in 2015 assumes vendor financing at 5%.
- Interest from 2016 to 2030 assumes vendor finance fixed at 5%, amortising over 16 years.

Cash Impact Analysis

88 Meetings	2014	2015	2016	2017	2018	2019	2020	2030
Operating Profit	146,726	93,572	98,490	100,783	103,005	105,150	107,212	150,943
Total Capital Expense	0	636,682	0	135,220	39,720	977,722	6,174	128,212
Net Effect	146,726	(543,110)	98,490	(34,437)	63,285	(872,572)	101,038	22,731
Cumulative Effect	146,726	(396,383)	(297,894)	(332,331)	(269,046)	(1,141,617)	(1,040,580)	(2,758,879)
Operating Profit	146,726	93,572	98,490	100,783	103,005	105,150	107,212	150,943
Sinking Fund Contributions	0	25,000	25,625	26,266	26,922	27,595	28,285	36,207
Loan Principal Repayments	0	63,404	66,574	69,903	73,398	77,068	80,922	131,813
Net Effect	146,726	5,168	6,291	4,614	2,685	487	(1,996)	(17,078)
Cumulative Effect	146,726	151,895	158,185	162,800	165,484	165,971	163,976	83,104

8. Business Plan

Market Research

Unibet Gardens complex is located within the Wallsend district in Newcastle, which has a high percentage and of male and females between ages of 20-35. Information from the 2011 census indicates that 2,339 people in the above age bracket reside within Wallsend.

Information from Sky Racing indicates that this age group currently are the highest engagers with racing product. This age group reflects 19.5% of the Wallsend population, with Newcastle economists predicting population growth of over 5% in the region over the next 15years.

Research also indicated that the Wallsend population predominately work within the manufacturing, retail trade and health care sectors. In seeking the best return on investment for advertising, communicating to participants within these sectors offer the greatest reach in the local community.

Target markets

Male 18-30

- Bucks Groups
- Sporting Groups
- Boys weekends
- Work outings
- General attendance

Female 18-35

- Hens Groups
- Sporting Groups
- Work outings
- General attendance

University students

- General attendance
- Sporting Groups

Corporate

- Christmas Functions
- Team bonding sessions
- Business meetings
- Social Club groups

Marketing Strategy

- **Product offering**

The Unibet Gardens facility offers as a venue which can vary its product offering, however, the prime business focus is greyhound racing. At the current time, racing in prime positions of Friday twilight and Saturday night meetings, offer strong options for attracting paying customers, corporate and social functions.

The NSW GBOTA would see the programming of events at all levels, as critical to the Marketing Strategy of the venue. Commitment is given to the elevation of the Black Top feature series from Group 2 to Group 1 status, with the GBOTA to review within the context of the Group Race Calendar, more beneficial timeslots that may be available.

- **Pricing:** Unibet Gardens will remain a competitively priced venue across the key areas of entry, bar and catering sales. This includes corporate packages, with the Miss Elly Mint and Jack Bell lounges well positioned corporate suites suitable for the corporate and social group sector.
- **Promotion:** a number of promotional activities would be undertaken, including: online discount sales (Living Social), university promotions, sporting club incentives, return patronage incentives, club membership and more. Promotions for identified target markets

are critical to increasing awareness of the venue, and therefore increasing patronage and non-race day use.

- Customer service improvements: finalisation of tender would allow a number of customer service initiatives to be rolled out. Up skilling of bar staff to be trained by beverage suppliers in up selling, product knowledge, conflict management. Gate staff to be better trained in customer assistance, facility advice and responding to customer feedback.
- Advertising: critical to the operation would be the development of a basic, yet informative website and social media platforms. Initial increased communication with potential customers will assist in awareness of the venue and business.

Advertising campaign through local mediums (Newcastle herald print advertising, mail drops, online forums, university campus campaign) outlining product offerings would also be undertaken to further venue awareness.

- **Proposed marketing expenditure**

The NSW GBOTA would develop a marketing budget which looks to not only promote the venue and business for patronage but also communicate with participants feature events and general racing. This is most cost effectively achieved through the NSW GBOTA network, which negotiates lower rates with industry advertisers given multiple venue management. The NSW GBOTA believes that this budget would be in the order of \$25,000 per annum, which includes \$8,000 issued through the Club Partnership Grant.

The NSW GBOTA sees smarter advertising forms, which drive customer numbers as being critical to maintaining a \$25,000 Advertising budget. Strong work in customer loyalty programs, members and social media interaction are all critical to reaching this outcome.

9. Proposal Summary

That the NSW GBOTA be elected as the proposed tenderer so as to more fully explore aspects of its tender, with particular regard to acquisition financing options and capital works requirements.

Notwithstanding the above, the NSW GBOTA's offer at the current time can be summarised as follows:

“That the NSW GBOTA will immediately commit to acquisition of \$1.5 million (ex GST) based on 5% vendor financing and a 16 year payback period, subject to:

- **Clarification on Capital Works requirements (including scope of works) and funding of same.**
- **Agreement that any contribution by the NSW GBOTA to the clarified Capital Works requirements being \$25,000 per annum indexed at 2.5%”**

Appendix

1. NSW GBOTA Constitution
2. NSW GBOTA Governance Charter/Code of Conduct Directors/Confidentiality Requirements
3. Operating Framework for NSW GBOTA Gardens Management and Advisory Committees
4. Internal Controls Policy
5. Organisation Chart
6. Position Specifications
 - 6a. Area Manager
 - 6b. Gardens Administration Manager
 - 6c. Gardens Track and Grounds Manager
7. Northcroft
 - 7a. Northcroft Capital Works Assessment Report Draft
 - 7b. Northcroft Capital Works Assessment Works Breakdown without GST
8. Detailed Financial Projections
 - 8a. Expanded Financial Forecast 2015 to 2030
 - 8b. Expanded Cash impact analysis 88 meetings
9. Signature Page