



## MEDIA RELEASE

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### **SEAGULLS SEEKING COMMERCIAL OPPORTUNITIES**

Norths and Seagulls Club members will be asked at their Annual General Meeting on the 25<sup>th</sup> May 2009 to declare areas of the Club as non-core areas to give it the flexibility to take advantage of new income-earning opportunities as they arise.

The club believes the changes are essential to ensure Seagulls' long-term survival in the face of high taxes on gaming revenue, the impact of smoking bans in licensed premises and the effect of the current economic downturn, all of which have hit the club industry hard.

"We have to find alternative revenue streams to gaming if we are to survive, let alone continue to provide the standard of services and facilities our members expect. It's as simple as that," said Seagulls General Manager Wayne Kendrigan.

"At Seagulls we have a magnificent asset in a great location that is currently considerably under-utilised. It costs a lot to run and maintain properly, so we are asking our members to give us the flexibility to look for new business opportunities such as leasing out parts of the club for appropriate activities."

Mr Kendrigan said Seagulls had received a proposal from a company interested in leasing the club's 1500-seat Stardust Auditorium and other areas, while future opportunities may include activities like child-care centres and a medical centre.

"A major entertainment company has come to us with a very attractive proposal to take over the running of the Stardust Auditorium as a theatre restaurant," Mr Kendrigan said.

"At the moment the auditorium is used on average about once a week, and we have a company interested in running it virtually seven days a week. It is talking about employing some of our staff to help run the facility, and obviously our members will benefit from the increased entertainment on offer."

"We simply can't afford to turn our back on opportunities like this."

Seagulls occupies a magnificent five-hectare site overlooking the Terranora Broadwater at Tweed Heads, but club management says the land and floor

space of more than 17,000 square metres have been under-utilised for years, creating a constant drain of the club's finances.

Seagulls was first built in 1971 and grew rapidly over the next 20 years to cater for up to 60 coachloads of Queenslanders each day who crossed the border to play poker machines. However, Queensland legalised poker machines in 1991 and Seagulls' patronage declined accordingly.

The club has 20,000 members, but the halcyon days of the 1980s when Seagulls regularly recorded the highest gaming turnover of any club in NSW are long gone.

The club ran into serious financial difficulties in the mid-1990s, prompting a merger with Norths Leagues Club in 1998. Since then Norths has spent \$24 million renovating Seagulls and upgrading facilities.

Now the board and management are asking members to approve redefining Seagulls into core and non-core areas under the Registered Clubs Act to provide flexibility to develop parts of the site if opportunities arise. Members will be asked to ratify the changes at its annual general meeting on 25 May.

Under the proposed changes, certain sections of the club's premises and the entire car park will be changed from core to non-core. Under the Registered Clubs Act, club boards can "lease, license, sell or otherwise dispose" of non-core areas. However, Mr Kendrigan said the club had no intention of selling off any areas of the club.

"We are certainly not planning to 'sell off the farm'," he said. "The word 'sell' is in the Act, but we have no intention of selling anything. Rather, we want to develop facilities that will earn us an on-going income from tenants well into the future, for the benefit of our members."

"The land is all on one title and the Club cannot simply sell off a portion of the land without rezoning, subdividing and submitting it to public scrutiny and Council approval."

Mr Kendrigan added that it had been decided to include the entire carpark in the proposal, so that the club could be responsive to community and potential tenants' needs.

"If a potential tenant wants a specific area of our carpark to maximise their income potential, then it is in our interest to consider it so that we can maximise our rental return.

"But all carpark development will be the subject of a Development Application and therefore subject to (Tweed Shire) Council and public scrutiny. Council will always require us to maintain adequate carparking spaces for the club's clientele, and that of any future tenants."

Norths Group Chief Executive Officer Hans Sarlemyn said major clubs around NSW were diversifying into new commercial ventures in order to secure long-term revenue streams that were not dependent on gaming.

“It is the responsible thing to do to ensure long-term survival in this industry,” Mr Sarlemyn said. “At Norths we developed a large part of our lower ground floor to a commercial fitness centre, while other clubs have introduced operations like medical, child care and swimming centres, accommodation and commercial and retailing premises.

“On a site as large as Seagulls there are a number of opportunities to develop new services without compromising the core activity of the club, which is to provide top-class entertainment, dining and social facilities and activities for our members, as well as a venue for the community to use. In fact, by securing other revenue sources we will be in a position to improve our services.”

“It is a simple fact that a club needs approximately 4,500 sq metres to service a membership base of 20,000 members. Seagulls will retain more than 8,000 sq metres of core space if the resolution is passed by the members and this does not include the already approved stage 3 development of the Club which incorporates a new dining facility and a large deck area overlooking the Terranora Broadwater.”

Mr Sarlemyn stressed that the theatre restaurant proposal is currently on offer however the club is working on developing other proposals which are in line with the changing needs of the community. These proposals are still in their formative stages and it is not appropriate to comment on them at this early stage.

“However, we need flexibility to be able to respond to opportunities as they arise. At the moment our entire five hectare site is classified as a core area, which means that we need to seek members’ approval for any change we want to make. The calling of a general meetings to have members consider whether or not a particular area can be deemed as non-core is an expensive and time-consuming exercise and is commercially untenable as it could cost us valuable opportunities in the future.”

**Media inquiries:**

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