



Cnr Pennant Hills & Evans Road, Carlingford NSW 2118
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www.cbsrc.com.au ABN: 67 000 110 976

Members and Guests

Carlingford Bowling Sports & Recreation Club has a long and proud history of over 70 years encouraging and promoting lawn bowls and providing a vibrant friendly social environment for all its members, their guests and the community. Any suggestion to the contrary is an insult to the good name and solid achievements of the Carlingford bowling community.

When the Denistone club put its hand up in 2015 seeking interest from other clubs to amalgamate with, it did so because its continuing financial viability was in doubt. Denistone told the then current members of Carlingford Bowling Club, prior to the Carlingford members agreeing to the amalgamation, that this was the reason it was seeking an amalgamation.

It has recently come to light that Denistone's financial woes date back much earlier than 2015, at least to as early as 2010 when it was provided with an independent report which concluded that if its financial position continued on its then current trajectory, the result was a likely insolvency in the near future. The report observed that this trend had been apparent since from about 2007 or earlier. This report stated that some of the accounting practices adopted by the Denistone club were "100% contrary to recognised legislated accounting norms". The report went on to observe that "it is obvious that your [the Denistone club's] level of expenditure cannot be supported by current income streams meaning costs must be reduced **NOW**" [emphasis in the report].

In mid 2015 Carlingford Bowling Club brought to the attention of the Denistone club that there were longstanding variances in the poker machine cash flow reports. The Denistone club directors obtained an independent report dated July 2015, which has only recently been made available to Carlingford Bowling Club, which observed that shortages in the poker machine hoppers can result from a number of factors, the most likely being the result of dishonesty. The report concluded that "It is appreciated that the club is run by a group of volunteers however the NSW Independent Liquor and Gaming Authority would still take a dim view if they were to audit the club and become aware of shortages occurring over an extended period of time without the governing body taking appropriate action."

Carlingford Bowling Club is by no means a large rich mega club. Although there are such clubs in the area only one of them made an offer to the Denistone club and that was to allow it to amalgamate. There was no offer of any financial support or backing and no guarantee to continue lawn bowls at the Denistone club.

The offer from Carlingford Bowling Club was the best offer for amalgamation that the Denistone club received. Carlingford Bowling Club guaranteed to prop up and carry the Denistone club for at least 5 years after the amalgamation was completed.

Carlingford Bowling Club guaranteed that it would not dispose of any land or buildings of the Denistone club within that 5 year period. It agreed not to cease trading from the premises unless the Denistone club traded at an operating loss for 3 consecutive quarters after that 5 year period. Carlingford Bowling Club agreed to undertake capital expenditure on improvements and renovations to the Denistone club which were to include enhancements of the gaming room and upgrades to the gaming machines; creating a safe environment for staff, members and guests by implementing security surveillance equipment; upgrading the décor, furniture, fittings and lighting of the club rooms; improving the food outlet

The expenditure on capital upgrades at the Denistone club were in the order of \$380,000. Of this amount, some \$200,000.00 was expended on a kitchen upgrade, some of which work was necessary to ensure that the Denistone club complied with health regulations.

When the Independent Liquor and Gaming Authority of NSW (ILGA) approved the amalgamation in April 2017 and transferred the liquor licence to Carlingford Bowling Club,



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the formal amalgamation process was completed. Carlingford Bowling Club became the parent and continuing club under relevant legislation and the members of the former Denistone club became members of the vibrant self supporting Carlingford Bowling Club. Carlingford Bowling Club then took over the liabilities of the Denistone club and became responsible for the continuing operational costs and liabilities of the Denistone club. The assets of the Denistone club were transferred to Carlingford Bowling Club, the major ones being the Denistone premises and poker machine entitlements.

But it was from March 2016, one year prior to amalgamation completion, that Carlingford Bowling Club commenced to provide the financial support and security for the Denistone club. Carlingford has been propping up the ailing Denistone club and kept it alive for a period of 9 years.

For the financial years from 2016 to 2023 the Denistone club has made an operational profit in only one year and that was an amount of \$7,500.00 in 2017. From financial year 2016 to 2023, the Denistone club has suffered combined operational losses of \$691,000.00 and for the first half of financial year 2023 /2024 the operational loss of the Denistone club was \$47,000.00. These losses do not include Denistone's proper share of some overhead costs which have been allocated wholly to Carlingford.

Carlingford Bowling Club proposed to reduce expenses of the Denistone club by reducing the number of bowling greens from 3 to 2 (Carlingford with a similar number of bowlers has only 2 greens) the directors on the Board of Carlingford Bowling Club who represented the interests of Denistone club rejected this proposal. Carlingford Bowling Club proposed to increase the revenue from Denistone Club by including other activities at the site such as Futsal (five a side soccer). Again this was rejected by directors who represented the interests of the Denistone club.

Carlingford Bowling Club put a proposal to Council to develop the Denistone Club site with an over 55 residential development including a bowling club (similar to Waverley) but council rejected all proposals from Carlingford Bowling Club.

The operational losses of, and the capital expenditure on the Denistone club have been wholly met from the operational profits of Carlingford Bowling Club.

Apart from the continuing operational losses of the Denistone club, Carlingford Bowling Club is now also faced with the prospect that critical repairs are required to the Denistone clubhouse which together with associated costs would likely be in the vicinity of \$500,000.00.

What the members of the former Denistone club have gained is the privilege of being members of the vibrant and financially sustaining Carlingford Bowling Club at no cost to themselves.

If the Denistone Club had not been able to find a club which was prepared to allow Denistone to amalgamate with, the likely result would have been that Denistone Club would have gone into liquidation and its assets sold within a relatively short period of time. Under relevant legislation the proceeds of sale of Denistone club assets could not and would not have been distributed to members but are required to be distributed to another club with similar objectives. The continued support of Carlingford Bowling Club for 9 years has meant that the Denistone club has survived as a bowling club in circumstances where if Carlingford Bowling Club had not propped it up, it would have closed some years ago.

The financial burden of the Denistone club on Carlingford Bowling Club has been a continuing strain since 2016 so much so that the then chairman in 2019 strongly supported,



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seconded and gained board approval for a motion to approach council with a view to its purchasing the Denistone property as an ongoing concern.

It is with great sadness that the board had to decide to sell the Denistone club. There was no viable alternative.

The bowlers from the Denistone club were well aware that negotiations for the sale of the Denistone property to Ryde Council were advanced when they commenced recent court proceedings against Carlingford Bowling Club in November 2023 and yet it was no part of their application to the court that the sale be restrained.

The bowlers from Denistone club ought to have been aware that after 5 years after amalgamation completion (that was in April 2022) Carlingford Bowling Club was entitled to dispose of the Denistone club and that it was entitled to cease trading and sporting activities from the premises if it traded at an operating loss in 3 consecutive quarters after that 5 year Carlingford Bowling Club.

The vote at the special general meeting in July 2023 was not a vote about whether the Denistone property should or could be sold. Carlingford Bowling Club already had the legal right to do so. The vote was about whether members would allow Carlingford Bowling Club to negotiate a sale to a party, possibly a developer, who might pay a higher price than the price subsequently achieved and with terms allowing for continued bowling at the premises. It is a great pity that Denistone members rejected this.

The sale was no surprise. It was unfair to the members of Carlingford Bowling Club and those who came over to that club for the Carlingford Bowling Club to continue to prop up a failing Denistone club.

There is a claim that the Denistone club has 400 registered bowlers. The true picture is very different. In March 2016 when Carlingford Bowling Club commenced to provide the financial and other support to enable the Denistone club to continue, Denistone club provided a list of members to Carlingford Bowling Club that showed Denistone had 77 registered bowlers and another 290 social and non paying members. The Annual Report for the Denistone club for the year ending June 2016 (just 2 months after amalgamation completion in the April) disclosed 88 registered bowlers and another 322 social and 6 Life members. As at February 2024 there are 140 bowlers registered to play from the Denistone club.

Regarding the Brush Park Club, the Carlingford Bowling Club did receive a large capital injection from the sale of the Brush Park club. This money has been invested wisely and will be used for future capital developments. It is not a sustainable business model to use capital to pay for continuing operational costs and losses. That is a recipe for eventual oblivion of the Group.

The tenure of Carlingford Bowling Club at its premises on the corner of Evans Road and Pennant Hills Road Carlingford is assured.

Carlingford Bowling Club has weathered and continues to weather the same difficult times and challenges that the decline in popularity of lawn bowls has thrown up to all bowling clubs over a number of decades.

Carlingford Bowling Club has survived and thrived and was able to make such a good offer to the Denistone club due to the careful and prudent management of the club which has put it on a sound financial footing. It has ensured that the environment created in the club house was one that the members, guests and community wanted to patronise and they did so and continue to do so.



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Carlingford Bowling Club is going from strength to strength. It is embracing the future. It has retained 2 world champion bowlers for its team in Bowls Platinum League which is starting in NSW in April 2024.. Bowlers from Carlingford Bowling Club will be able to access coaching from these 2 world champions. The platinum leagues is the sport's made for live streaming event. It is the 20/20 of lawn bowls. Carlingford Bowling Club will be a host game from the platinum league. And, there are other exciting developments nearing finalisation of plans.

D Gleeson

David Gleeson

Chairperson of the Board

7th February 2024