

The Celtic Club A Vision for the Future

Prepared for the Celtic Club
Melbourne

MacroPlan Australia Pty Ltd

June 2008

Final Report



AUTHORS

Glenn Lamont
Associate Director
Policy & Strategy

Kevin Xiao
Consultant
Policy and Strategy

Susan Ander
Consultant
Policy and Strategy

Signed*

.....

DATE:2008

* This document is for **discussion purposes only** unless signed and dated by the persons identified. This document has been reviewed by the Project Director.

CONTACT

MacroPlan Australia Pty Ltd
Level 4, 356 Collins Street,
Melbourne, Vic. 3000
t 03 9600 0500
f 03 9600 1477

e info@macroplan.com.au
w www.macroplan.com.au

© MacroPlan Australia Pty Ltd

All Rights Reserved. No part of this document may be reproduced, transmitted, stored in a retrieval system, or translated into any language in any form by any means without the written permission of MacroPlan Australia Pty Ltd.

All Rights Reserved. All methods, processes, commercial proposals and other contents described in this document are the confidential intellectual property of MacroPlan Australia Pty Ltd and may not be used or disclosed to any party without the written permission of MacroPlan Australia Pty Ltd.



Contents

1	EXECUTIVE SUMMARY	4
2	INTRODUCTION	10
2.1	STUDY CONTEXT	10
2.2	CURRENT ROLES, FUNCTIONS AND COMPARISON WITH QUEENSLAND IRISH ASSOCIATION	10
2.3	SURVEY METHODOLOGY	12
2.4	LIMITATIONS	13
3	SURVEY FINDINGS	14
3.1	OVERVIEW	14
3.2	CURRENT SITUATION ANALYSIS	14
3.3	ROLES & FUNCTIONS	18
3.4	PRODUCTS & SERVICES	20
3.5	OVERALL SATISFACTION	25
3.6	ESSENCE OF A NEW VISION	28
3.7	ACTIONS FOR ACHIEVING A NEW VISION	29
4	FUTURE VISION AND DIRECTION FOR THE CLUB	32
4.1	OVERVIEW	32
4.2	CLUB OPERATIONAL MODELS, PRINCIPLES, OPPORTUNITIES & RISKS	32
4.3	REDEVELOPMENT OPTIONS, OPPORTUNITIES & RISKS	33
4.4	MACROPLAN'S SUGGESTED OPTIONS	36
5	SUMMARY & RECOMMENDATIONS	37
6	ANNEXURE	39

1 Executive Summary

Study Context

1. The Melbourne Celtic Club (the 'Club') faces an important and significant challenge to define a new vision and direction for the Club in line with its member's interests.
2. MacroPlan Australia has been engaged by the Club's Committee of Management to undertake the following:
 - Identify and confirm the roles, functions and future directions of the Club through a survey of its members;
 - Define a clear vision and direction for the Club through a collaborative process with the Club's Committee of Management; and
 - Provide advice in relation to preferred options for possible redevelopment of the club.
3. MacroPlan has undertaken a survey of members to assess: the current purpose, roles and functions of the club and drivers of membership and satisfaction with the club; what might be improved to enhance the club and drive membership; what direction the club should take in the future and how this might take place.

Summary of Survey Results & Key Findings

4. Overall the response from members was positive and broadly representative of the views of current club members. The results of the survey are summarised below and discussed in further detail in this report:
 - Around half of the members surveyed indicated they had been members for less than five years, highlighting an obvious membership gap and therefore the opportunity to address this gap in the future;
 - Members have indicated strongly that the Club is an important cultural and heritage destination for the Irish community in Melbourne, including Club members and visitors.
 - Celebration of Irish culture and cultural events are prominent and defining aspects of the Club's current role and function.
 - While the vast majority of members are broadly satisfied with their club at least two thirds of members recognise a need for change in the direction of the club going forward either through:
 - a. refocusing the club on improving member based services; or
 - b. changing the focus to include a wider range of non-membership based services and activities.
 - The future vision of the Club will largely reflect the strong cultural role and focus of the Club for the Irish community, members and visitors – a prominent feature identified in the survey of members.
5. In defining the strategic direction of the Club, the Committee of Management may need to examine its operational objectives for the Club in consultation with its members. This will help to identify the most appropriate redevelopment options matching the vision of members and operational objectives for the Club going forward.

Summary of Survey Findings

Current role & functions of the Celtic Club	Most important member services	Services that could be improved or added to enhance the club	Future Direction
<p>Summary</p> <ul style="list-style-type: none"> - 63.5 percent of members rate the overall services as generally good - 50% of members have been members for less than 5 years (with the average membership length of 8 yrs 9 months) - 78.1% of members visit the club on a regular basis (daily, weekly or monthly) 	<p>Summary</p> <ul style="list-style-type: none"> - The most important services offered for the Club currently in order of importance are: <ul style="list-style-type: none"> ▪ Bar & dining ▪ Culture & heritage ▪ Access to club rooms ▪ Historical appreciation ▪ Hotel / Accommodation ▪ Gaming/pokies 	<p>Summary</p> <ul style="list-style-type: none"> - Some important services which could enhance the current Club in order of importance: <ul style="list-style-type: none"> ▪ Car parking ▪ Café / Restaurant Dining ▪ Historical appreciation / interpretation centres ▪ Internet café ▪ Beer Garden 	<p>Summary</p> <ul style="list-style-type: none"> - Club needs to refocus on becoming either a unique Club to attract new members or - Club needs to change the focus to becoming an iconic destination for members and non-members.

6. Analysis of the survey results highlight a dominant theme concerning the need for the Club to build upon its existing strengths (CBD location, heritage) to become something more like say the Queensland Irish Association (QIA) Club, noting key differences.
7. This might include extending the current membership based club model to include a range of non-member based functions and services while retaining a strong focus on cultural heritage aspects of the Club.

Future Vision and Direction for the Celtic Club

8. MacroPlan's assessment of members' feedback highlights that at least two thirds of members believe that a change in the direction of the club is needed and this change may involve either refocusing the Club to become a leading member based cultural club or changing the focus of the club to include a broader range of facilities and services to drive future sustainability of the Club.
9. This highlights two possible operational models for the club which have potentially different implications for redevelopment. There are a number of key principles, advantages, opportunities and risks associated with these models highlighted in further detail in this report:
 - **Model 1** – mainly membership based operation - this might involve actions to re-focus the direction of the Club towards increasing membership numbers as the basis for driving future financial sustainability of the club. This will most likely require investment to enhance membership services and facilities similar to say the QIA in Brisbane; or
 - **Model 2** – mainly non-membership based operation - this might involve changing the focus towards a largely non-membership based operation by offering a broader range of services and activities as a way of driving the future sustainability of the Club. While membership may likely still be a feature in this model it would be less significant as a financial basis for the Club's operation.

10. It is important to note that the operational models identified are likely to give rise to different redevelopment options and outcomes for the Club over time. This reflects the operational objectives of each model
11. MacroPlan identifies the following options for redevelopment of the Club and its facilities reflecting the operational models defined. There are a number of advantages, opportunities and risks associated with each option which are highlighted below and discussed in further detail in this report:

Option 1 – Partial redevelopment/refurbishment of the existing CBD club facilities

- This would enhance what is already there and to potentially expand or improve the efficiency of the current range of facilities and services to generate a new and improved club experience for existing members and visitors.
- This is something that could be achieved in a relatively quick timeframe (depending on the extent of works) and has the potential, through future promotion to drive increased membership and support future operational objectives of the Club; or

Option 2 – possible relocation to different locations (either smaller CBD site or elsewhere)

- This could involve (1) possible re-location to a different (possibly smaller) CBD based location which is better placed as a strategic location for the club to capture both day-time and evening/weekend activity (i.e. similar to QIA in Brisbane or Elephant & Wheelbarrow, PJ O'Brien's, Bridie O'Reilly in Melbourne)
- Alternatively, this could involve (2) possible re-location to a different (possibly larger) strategic location that will enable club to trade off a much broader catchment and activity base that will support a range of membership and non-member based services and facilities in the future including a range of mixed use developments including hotel, conferencing, bar/tavern, retail and commercial operations

Option 3 – Comprehensive redevelopment of the CBD site

- This may involve full scale, mixed use development concept incorporating new club facilities that will generate significant future value capture for the Club.
- This option would likely involve temporary relocation of the club's operation to allow significant intensity of redevelopment to take place on the site during a 18-24 month timeframe that could involve (subject to planning/heritage) a mix of retail, commercial, hotel/tavern/bar, conference, serviced apartment, residential developments on the site
- This may require acquisition of neighbouring sites subject to further investigation

Option 4 – Possible negotiated land swap

- This may involve with neighbouring land holders to capitalise on car parking/access and allow future growth without significant redevelopment.
- Contingent upon assessment of potential and land valuation to assess current value of the site and neighbouring sites and would involve careful consideration before discussing with other parties

12. It should be noted that the options identified would each take time to deliver and that there is no quick solution to addressing the club's preferred operational model going forward from a redevelopment perspective.

Suggested Redevelopment Options

13. In reviewing the feedback from members and having reviewed various other cultural and non-cultural clubs throughout Australia, MacroPlan makes the following overall suggestions to help guide the future decision making of the club in relation to its vision and redevelopment.
14. The suggested approaches are made in light of the Club's existing operational objectives, current location and risk considerations given the current market environment.

Short/Medium Term

15. MacroPlan's view is that during the short/medium term, the Melbourne Celtic Club should consider re-shaping its operations and facilities to become more like the Queensland Irish Association model which is very well positioned in the CBD and offers a range of well positioned, effective services and facilities for its members including catering and conferencing and library services.
16. The lay-out of the QIA club, including gaming which features differently in the layout, is an important component in defining the effectiveness of the club.
17. This could take effect through Option 1 with partial redevelopment/refurbishment of the existing CBD club facilities which would enhance what is already there and potentially expand or improve the lay-out and efficiency of the current range of facilities and services.
18. This could generate a new and improved club experience for existing members and visitors in line with the QIA approach.
19. This is something that could be achieved in a relatively short-term timeframe (depending on the extent of works) and has the potential, through future promotion to drive increased membership and support future operational objectives of the Club

Longer Term

20. MacroPlan's view is that over a longer time period the Club needs to generate higher day-time, evening and weekend activity from its favourable CBD location. It is recognised that current club facilities are generally under-utilised by both members and other visitors to the club, particularly during the day and this trend needs to change in order for the Club to truly benefit from its CBD location.
21. Should the Club not be able to generate significant activity from its existing CBD location over time then relocation of the Club to a more prominent CBD location could have the potential to significantly enhance the Club's exposure and activity and therefore financial and operational sustainability.
22. This could take effect through an Option 2 type arrangement with possible re-location to a different (possibly smaller) CBD based location which is better placed as a strategic location for the club to capture both day-time and evening/weekend activity (i.e. similar to QIA in Brisbane or Elephant & Wheelbarrow, PJ O'Brien's, Bridie O'Reilly in Melbourne).
23. It is noted that the suggested redevelopment arrangements identified by MacroPlan will influence both the extent and timing of future development and ultimately the Club's future operational objectives and performance outcomes.

24. The suggested options need to be further considered and tested by the Club in light of the future operational objectives of the Club. This will help the Club to take actions to position itself both in the short/medium term to optimise long term future outcomes through redevelopments in line with the vision of members.

Conclusions & Recommendations

25. The Club is an important cultural and heritage destination for the Irish community in Melbourne, including Club members and visitors. Celebration of Irish culture and cultural events are both prominent and defining aspects of the Club's role and function.
26. The future vision of the Club will largely be based upon the strong cultural role and focus of the Club for the Irish community, members and visitors – a prominent feature identified in the survey of members.
27. While the vast majority of members are broadly satisfied with their club at least two thirds of members recognise a need for change in the direction of the club going forward either through refocusing the club on improving member based services or changing the focus to include a wider range of non-membership based services and activities.
28. In defining the strategic direction of the Club, the Committee of Management may need to examine its operational objectives for the Club in consultation with its members. This will help to identify the most appropriate redevelopment options matching the vision of members and operational objectives for the Club going forward.
29. Macroplan has identified a suggested redevelopment options to help guide the future decision making of the club in the short/medium term and for the longer term success of the Club. These options need to be further investigated and tested by the Club to assess the future development outcomes associated with each of the scenarios.
30. This will help the Club to formulate a position in consultation with its members about the most appropriate redevelopment option for the Club reflecting its approach to risk and broader operational objectives.

Going Forward

The Club may wish to consider the following steps as part of an action plan going forward to address the preferred options identified in this study.

Step 1 – agree and formalise a preferred option for club redevelopment (e.g. Option 2 or 3) with members in the context of opportunities/risks and key advantages and disadvantages highlighted in this report

Step 2 – undertake a preliminary design feasibility study associated with a preferred option (e.g. Option 2 or 3) to establish a prima facie business case for proceeding with redevelopment. This would be undertaken over an 8-10 week period in collaboration with an architect, quantity surveyor and development feasibility consultant (such as MacroPlan Australia) including a series of design workshops.

Step 3 – HOLD POINT 1 – Club to consider the findings of a design pre-feasibility study for a preferred redevelopment option in the context of broader Club objectives (i.e. feasible/not feasible) and determine whether or not to proceed to further stages of investigation

Step 4 – undertake a detailed development and operational feasibility analysis in collaboration with an architect and lawyer to further test and assess the scale of

redevelopment opportunity and risks; and to address potential neighbouring site acquisition and potential deal structure/joint venture opportunities and arrangements. This process may take 3-6 months and result in a potential call for market expressions of interest in the redevelopment through a partnership with the Club.

Step 5 – HOLD POINT 2 – Club to consider findings of detailed feasibility study and deal structure arrangements and whether or not to proceed further with redevelopment option as outlined.

MacroPlan Australia would be available to project manage this process on behalf of the Club and can prepare a more detailed proposal of works and associated fee structure for the Club to consider with its members as part of the next stage of this project.

2 Introduction

2.1 Study context

The Melbourne Celtic Club (the 'Club') is defining a new vision to guide the future direction and possible redevelopment of the Club in line with the needs of current and future members and users.

This process will invariably involve considering both the operational model of the club (i.e. membership or non-membership) and appropriate options for the possible redevelopment of the CBD club and/or potential relocation, depending on member needs and the operational objectives of the Committee of Management.

The Club has engaged MacroPlan Australia to undertake the following:

- Identify and confirm the roles, functions and future directions of the Club through a survey of its members;
- Define of clear vision and direction for the Club through a collaborative process with the Club's Committee of Management; and
- Provide advice in relation to preferred options for possible redevelopment of the club.

MacroPlan has undertaken a survey of members to assess:

- the current purpose, roles and functions of the club and drivers of membership and satisfaction with the club;
- what might be improved to enhance the club and drive membership;
- what direction the club should take in the future and how this might take place.

Overall the response from members was positive and broadly representative of the views of current club members.

In all there were 68 respondents including members and non members from across a broad spectrum of demographics and needs. All the surveys were done on paper and returned to MacroPlan for analysis.

It is interesting to note that around half of the members surveyed indicated they had been members for less than five years, highlighting an obvious membership gap and therefore the opportunity to address this gap in the future.

2.2 Current Roles, Functions and Comparison with Queensland Irish Association

Founded on 26 September 1887, The Celtic Club continues to be a strong social organisation for Melbournians of Celtic ancestry or descent.

The Club currently has around 1000 members who use club facilities mainly on a weekly or monthly basis for entertainment, the bar, pokies and other venue facilities and for cultural events throughout the year.

The Club is located on Queen Street in Melbourne's CBD which is a prime location and a major advantage for the Club and its members.

The Club offers a wide variety of services and functions including bars, dining, live and other entertainment, cultural heritage functions and events, sports entertainment and gaming facilities and various membership and reciprocal benefits such as discounts on food and beverage.

The Club provides cultural and social programs to its members and regularly hosts visits by Irish political, business and cultural identities. Some other activities that occur at the Club on a regular basis are:

- Book readings
- Irish Dancing
- History circle
- Dances for the Retired Irish Community
- Irish music
- Genealogy Groups
- Irish language groups
- Poetry readings
- Irish Sporting Clubs meeting
- Scottish speaking and cultural groups
- Welsh Speaking and Cultural groups
- Plays by local authors

It is acknowledged that while the Club has a CBD location, club facilities are generally under-utilised by members and other visitors to the club, particularly during the day.

The Club's current location will be an important consideration in both defining and negotiating options for the possible redevelopment of the Club and/or relocation of the club if this is considered.

Members have indicated the main drivers of club membership relate to the celebration of Irish culture, entertainment and cultural events and that the club's facilities and the bar and pokies are less important overall in driving membership.

Members have indicated they are generally satisfied with the range of services and facilities currently provided by the club.

A high level comparison with the Queensland Irish Association (QIA) in Brisbane CBD reveals some similarities and differences:

- Strong cultural themes and branding with an active focus on attracting new members through membership awards schemes as well as non-member activities through invitations and events promotions
- An attractive, vibrant CBD club with good exposure to day time activity, key retail shopping areas and pedestrian areas with access to public transport
- Very good quality venue, facilities and events coordination including a 500 person function centre
- Recent reopening of the QIA library providing enhanced cultural precinct for the club following refurbishment works

- An actively growing membership base with around 7,500 members and strong level of day time and evening use by non-members
- A broad range of facilities and services for members such as reward points including broader services and functions including as discounted parking and trip promotions

Analysis of the survey results highlight a dominant theme about the need for the Club to build upon its existing strengths (CBD location, heritage) to become something more like say the QIA Club or the RACV Club for example, but noting key differences.

This might include extending the current membership based club model to include a range of non-member based functions and services while retaining a strong focus on cultural heritage aspects of the Club.

2.3 Survey Methodology

MacroPlan designed a detailed survey as a key input into this study.

The surveys were distributed to various members by the Celtic Club. The survey incorporated a dozen questions across on three key areas focusing on:

- the current purpose, roles and functions of the club and drivers of membership and satisfaction with the club;
- what might be improved to enhance the club and drive membership;
- what direction the club should take in the future and how this might take place

For most questions, all respondents were asked to rank their responses in order or importance from 'most' important to 'least' important. This information was analysed and presented two ways:

- Measure 1: A summary of responses highlighting the total number of 'most important' responses as a share of respondents to this question
- Measure 2: The relative importance of each category looking at the total number of ranked responses for each answer (this measures the ranking of each answer)

Example (Measure 1): Most Important Response:

Question 1: Why are you a member of the Celtic Club?
(rank boxes in order of importance i.e. 1 = highest)

- 2 Direct cultural or family connection
- 1 General cultural & community appreciation
- 3 Entertainment, fun socialising
- 4 Celtic Club venue & facilities
- 5 Cultural & heritage events
- 6 Other (please specify)

General cultural & community appreciation was ranked 'most' important for this member. Irrespective of the other answers, MacroPlan has summed up all items ranked 'most' important for all survey responses and calculated which items had the highest score across all categories for this question. General cultural & community appreciation rated this as 'most' when summed across all survey responses.

Example Measure 2: Relative Importance of all categories

Question 1: Why are you a member of the Celtic Club?
(rank boxes in order of importance i.e. 1 = highest)

- 2 Direct cultural or family connection
- 1 General cultural & community appreciation
- 3 Entertainment, fun socialising
- 4 Celtic Club venue & facilities
- 5 Cultural & heritage events
- 6 Other (please specify)

For instance, this respondent values General cultural & community appreciation highest, but also values direct cultural or family connection. MacroPlan has measured the relative importance of each measure to understand what members valued overall.

The findings were analysed by MacroPlan and are discussed in more detail in the following chapter.

No field validation has been conducted with regards to the survey data. As a result MacroPlan's analysis relies on the data collated by the Celtic Club. MacroPlan has to the best of its ability modelled the answered to formulate specific directions and redevelopment options for the Celtic Club in the future.

2.4 Limitations

Overall the response from members was positive. All the surveys were completed on paper and returned to MacroPlan for analysis.

In all there were 68 respondents including members and non members from across a broad spectrum of demographics and needs. The results of the survey cannot be regarded as having statistical significance for the purposes of this analysis but are broadly representative of the views of the current club members.

No field validation has been conducted with regards to the survey data. As a result MacroPlan's analysis relies on the data collated by the Celtic Club.

MacroPlan has to the best of its ability modelled survey responses to formulate specific directions and redevelopment options for the Celtic Club in the future.

3 Survey Findings

3.1 Overview

Overall the response from members was positive and broadly representative of the views of current club members. The results of the survey are summarised below and discussed in further detail in this report:

- Around half of the members surveyed indicated they had been members for less than five years, highlighting an obvious membership gap and therefore the opportunity to address this gap in the future;
- Members have indicated strongly that the Club is an important cultural and heritage destination for the Irish community in Melbourne, including Club members and visitors.
- Celebration of Irish culture and cultural events are prominent and defining aspects of the Club's current role and function.
- While the vast majority of members are broadly satisfied with their club at least two thirds of members recognise a need for change in the direction of the club going forward either through:
 - a. refocusing the club on improving member based services; or
 - b. changing the focus to include a wider range of non-membership based services and activities.
- The future vision of the Club will largely reflect the strong cultural role and focus of the Club for the Irish community, members and visitors – a prominent feature identified in the survey of members.

3.2 Current Situation Analysis

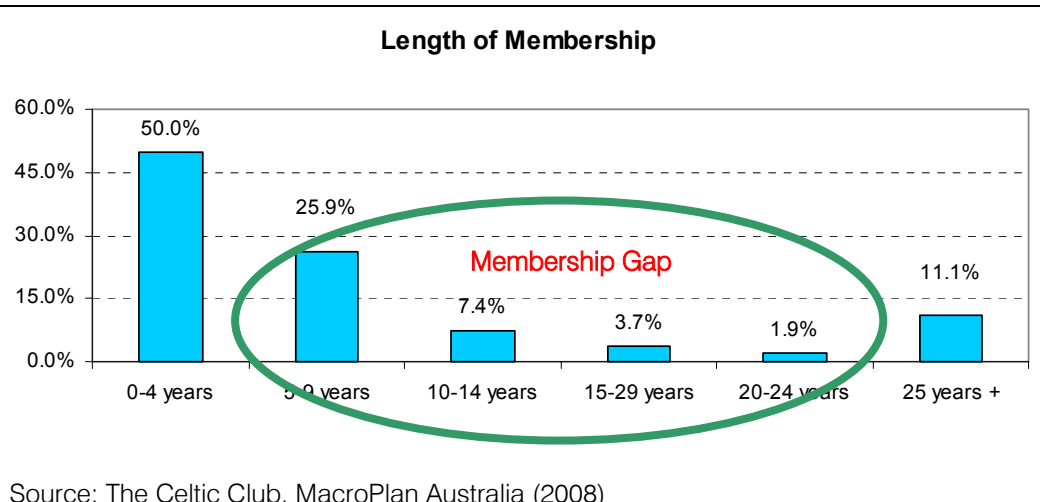
Membership

The Club is currently home to approximately 1000 members. The average membership length, according to the survey, is approximately 8 years and 9 months. Of those who responded the approximately half of them have been members for less than 5 years.

The number of members drastically diminishes from 5+ years, with a fall in membership in the 5-9 year cohort to 25.9% to 7.4% for the 10-14 year range. The drop eventually reaches 1.9% for those in the 20-24 year cohort.

There appears to be a significant membership gap between 1983 to 1998. This could either have been caused by low membership sign up or poor member retention.

Figure 3.1 Length of Membership



There appears to be a greater number of committed members who have been at the club for more than 25 years. They represent 11.1% of the membership base from those surveyed.

Discussion with the Celtic Club Committee suggests that there is a trend of falling membership in recent years. This has significant implications for the functioning of the Club including:

- Financially – The membership fee is relatively irrelevant for the functions of the Club. However falling membership correlates to falling commitment and membership spend. This may result in lower revenues and thus threaten the financial viability of the organisation.
- Cultural and demographic relevance – the cultural and demographic relevance (whether the Club is relevant to the demographics of Melbourne today - it may not meet the needs of the younger generation) of the Celtic Club may also be questioned in times of falling membership.
- Membership Benefits - It may portray an inability of the club to meet the needs of its members. In other words, there appears to be of little difference between whether you are a member or not.

MacroPlan will address this issue throughout the report, concluding with a set of recommendations in Chapter 5.

Frequency of Visit & Use

The majority of the surveyed members visit the Club on a regular basis. 78.2 per cent of those surveyed visit the Club on either a daily, weekly or monthly basis. The remaining 21.9% visit the Club infrequently – usually during special occasions such as St. Patrick’s Day (see Figure 3.2)

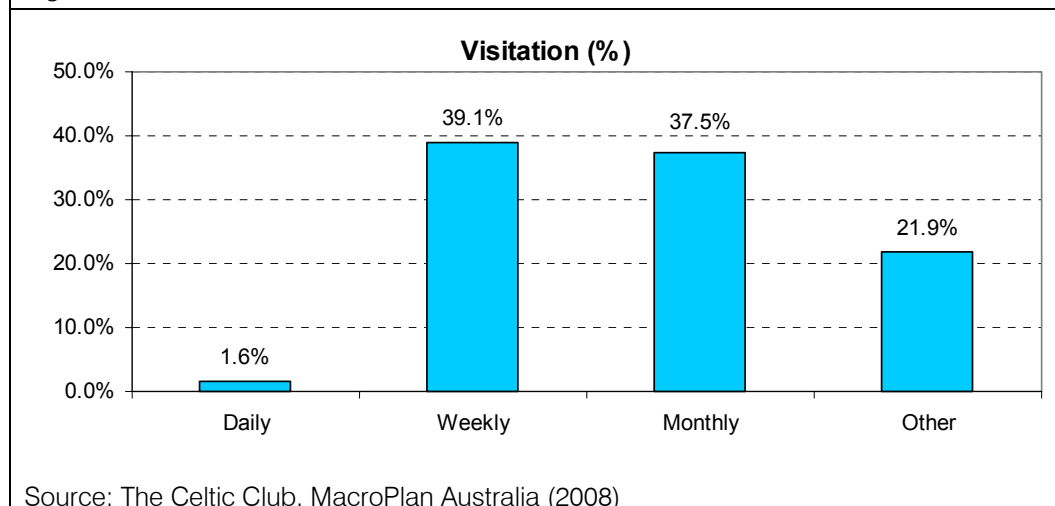
The strong visitation levels may be caused by a range of influences, including:

Diverse product and services offering – the services at the Club may have appeal to attract members for frequent revisitations. This may be a reflection of the bar, restaurant, library and other social and cultural services that are available through the Club

Ease of access/Location – the central CBD location offers convenient access to Club members especially those working or living close or within the CBD.

Key functions, events and celebrations – The Club Cultural Heritage Committee holds number of key functions and events frequently, these events generate frequently visitations and expenditure.

Figure 3.2 Member Visitations



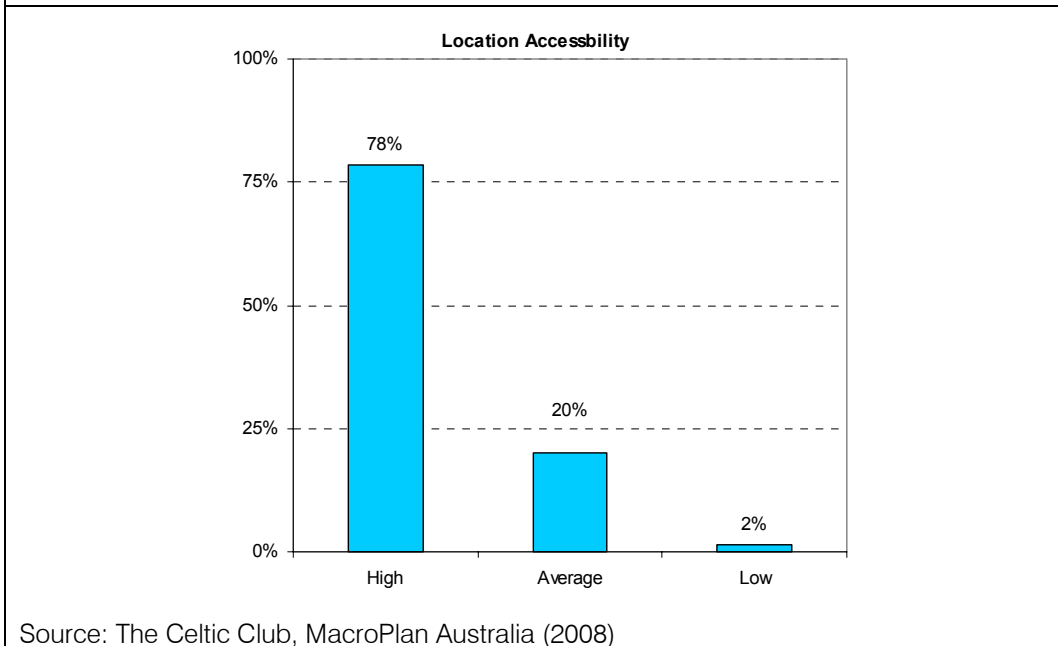
Location

The majority of the members were very satisfied with the current location of the Club. Of those surveyed 78% the respondents said that the accessibility of the Club was high (see Figure 3.3 below).

Only 2% of the respondents believed that the location of the Celtic Club was low. Other responses include that the Club:

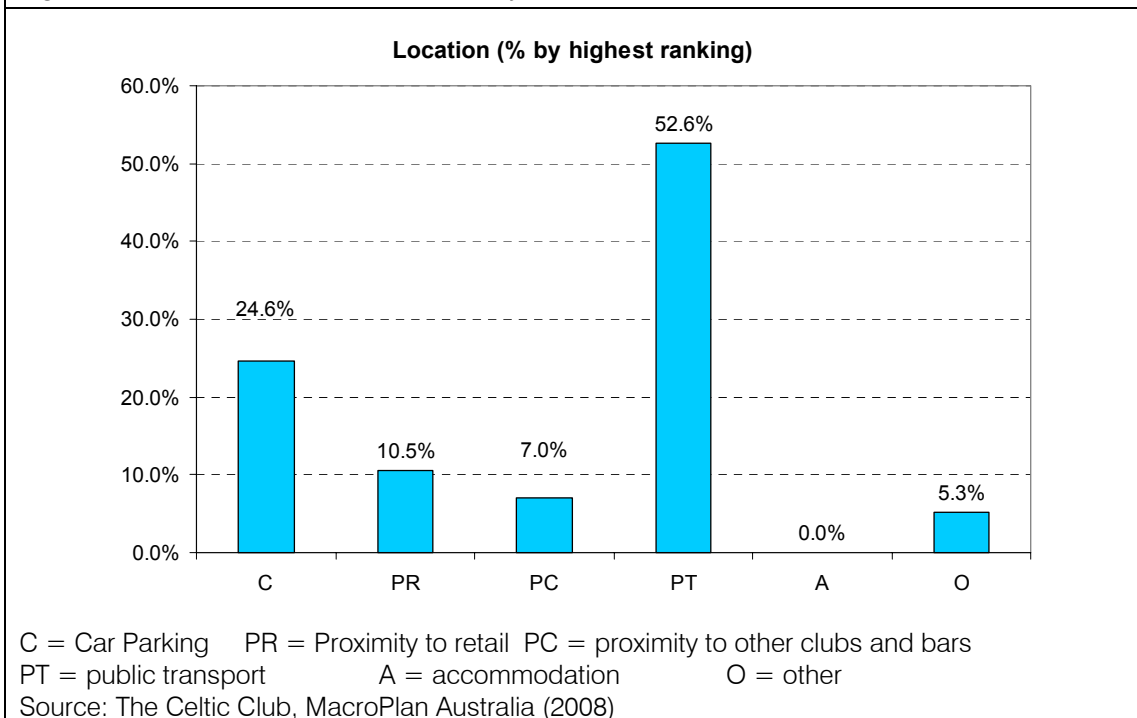
- has great accessibility to Public Transport
- is within Central Business District and that the location can be a great position to be capitalised upon
- is close to the other Celtic related services such as the Welsh Church
- is in the wrong end of town
- has issues in relation to car parking

Figure 3.3 Celtic Club Location Accessibility



When asked about the location features of the club the majority of the respondents say that access to public transport was the most important location feature of the Club.

Figure 3.4 Celtic Club Location Accessibility



Most respondents thought public transport was the most important feature of the current club location. This was ranked highest in both measures (by highest ranking and relative intensity)

Car parking was considered to be the next most important issue with 26.9% of all respondents ranking that as the most important issue

Many did mention that the location was advantageous in that it was close to work and the Telstra Dome, however some did express safety issues at night

3.3 Roles & Functions

In short, the current vision of the Club is to continue to foster and share the rich Celtic heritage and culture with the whole of the community.

The role of the Club can be encapsulated into the following key categories:

- Provision of cultural experiences
- Provision of entertainment, venue and club facilities.
- Support for local Irish community and overseas visitors to Melbourne
- Networking and connection between local Irish community

Drivers of Membership

In its Survey, MacroPlan endeavours to better understand the drivers behind membership and why people sign up to become members of the Club. This question was designed to better align the Club's roles and functions to the needs and wants of its current member base.

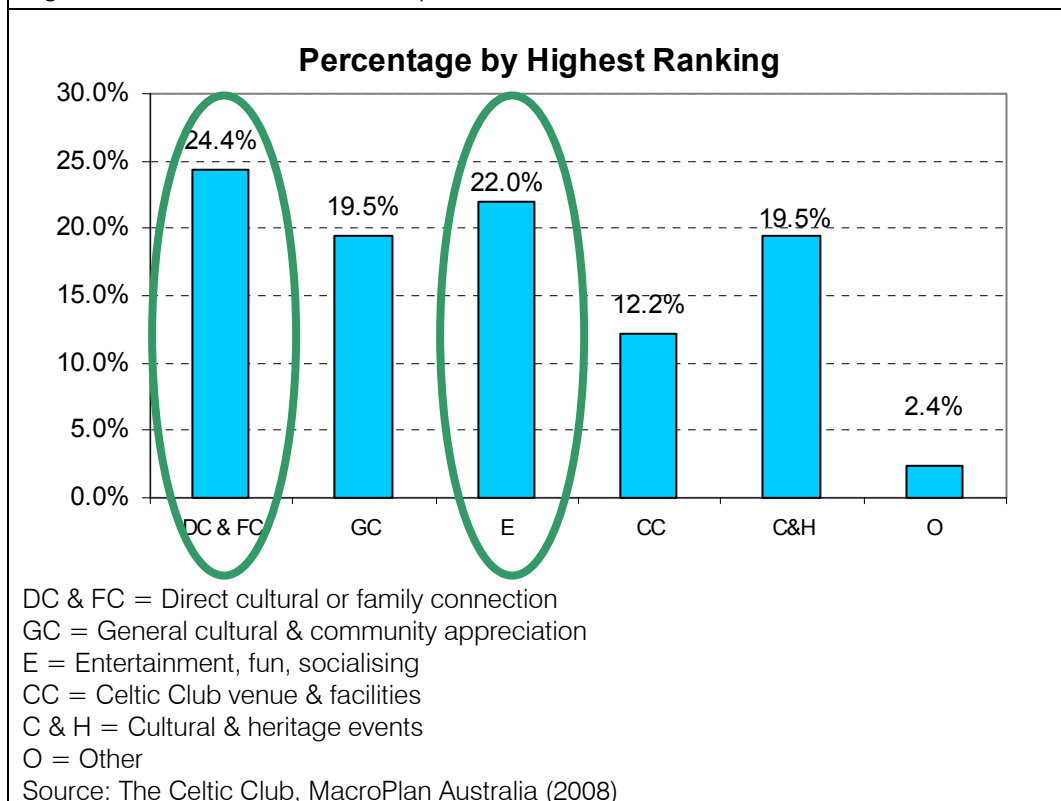
The majority of the members surveyed highlighted the importance of the Celtic Club in providing an iconic Cultural and Entertainment destination for its members.

Approximately 24.4 per cent of the respondents suggested that culture, heritage or family connections were the primary purpose for them joining the club. The second most valued offering of the Club was entertainment and social interaction (22 per cent).

Celtic Club venue and facilities was considered the least important motivation for joining the Club. Figure 3.4 below presents, by percentage, the most valued feature of the Club. Other suggestions and responses include:

- Golf Club members
- Committee Interest
- Wanting to contribute
- Irish Bureau events
- Maintaining strong Irish identity in Melbourne

Figure 3.5 Reasons for Membership



The results suggest that entertainment and culture are more highly valued than venue and facilities. This finding is insightful in that it suggests that the Club should continue to focus on its role of sharing and fostering Celtic culture and heritage with the whole community.

The majority of the members believed that the Celtic Club was active and effective in fulfilling its role to maintain and share the Celtic culture and heritage. One area of key importance many respondents felt more can be done is in the area of entertainment.

A particular respondent's comment includes:

"Entertainment is mundane, boring, one dimensional and not paying its way! Whilst it's nice to focus on Irish music/bands it would be great to have a break from the 'traditional'. It would be good to break the monotony and provide entertainment that appeal to a wider audience than what we do currently..."

"I'm not advocating total abandonment of Irish music but I think (particularly on Friday night) it would be work trying music that would appeal to people younger than 60!"

The Celtic Club recognises the importance of attracting a younger crowd into its current membership base. In order for this to happen there needs to be a greater emphasis on creating entertainment which appeal to the female and younger demographics.

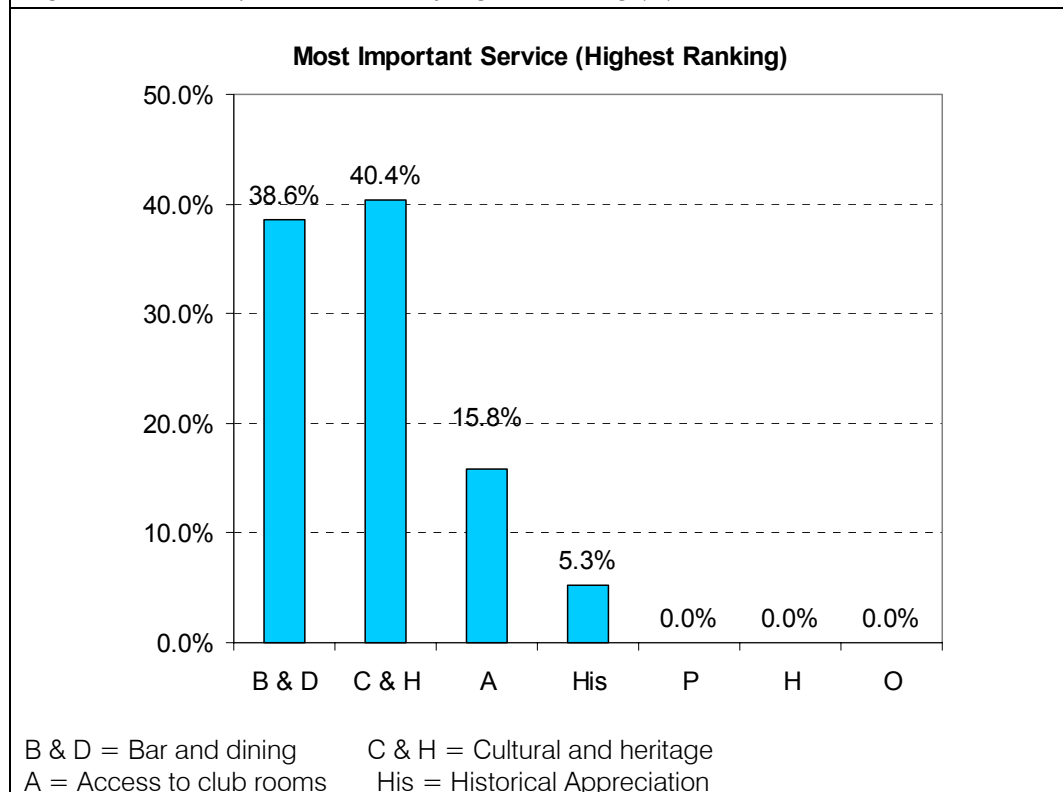
3.4 Products & Services

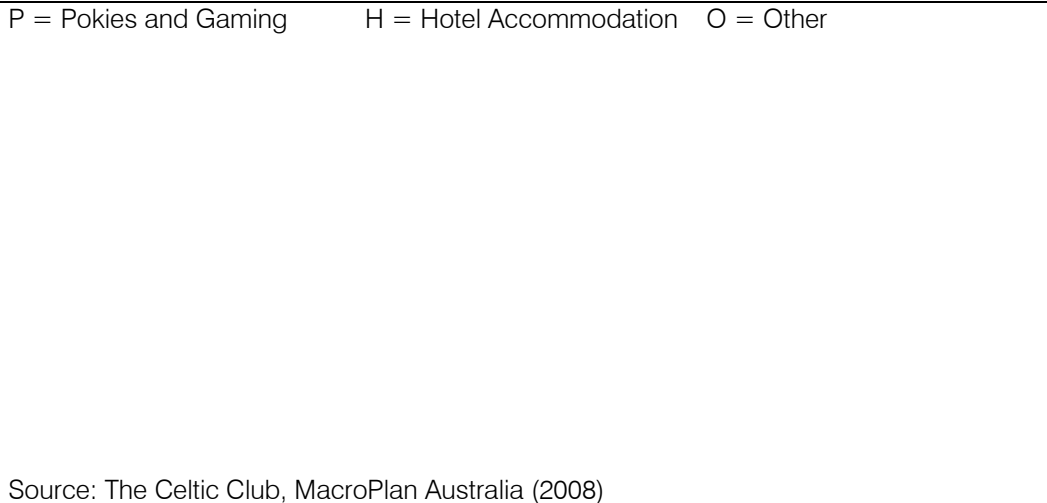
The Club provides cultural and social programs to its members and regularly hosts visits by Irish political, business and cultural identities. Some other activities that occur at the Club on a regular basis are:

- Book readings
- Irish Dancing
- History circle
- Dances for the Retired Irish Community
- Irish music
- Genealogy Groups
- Irish language groups
- Poetry readings
- Irish Sporting Clubs meeting
- Scottish speaking and cultural groups
- Welsh Speaking and Cultural groups
- Plays by local authors

The survey aims to identify the key services and products which are important to members. 40.4 per cent of members believed cultural and heritage events as the most important service offered to members. 38.6 per cent of respondents surveyed suggested bar and dining were most important.

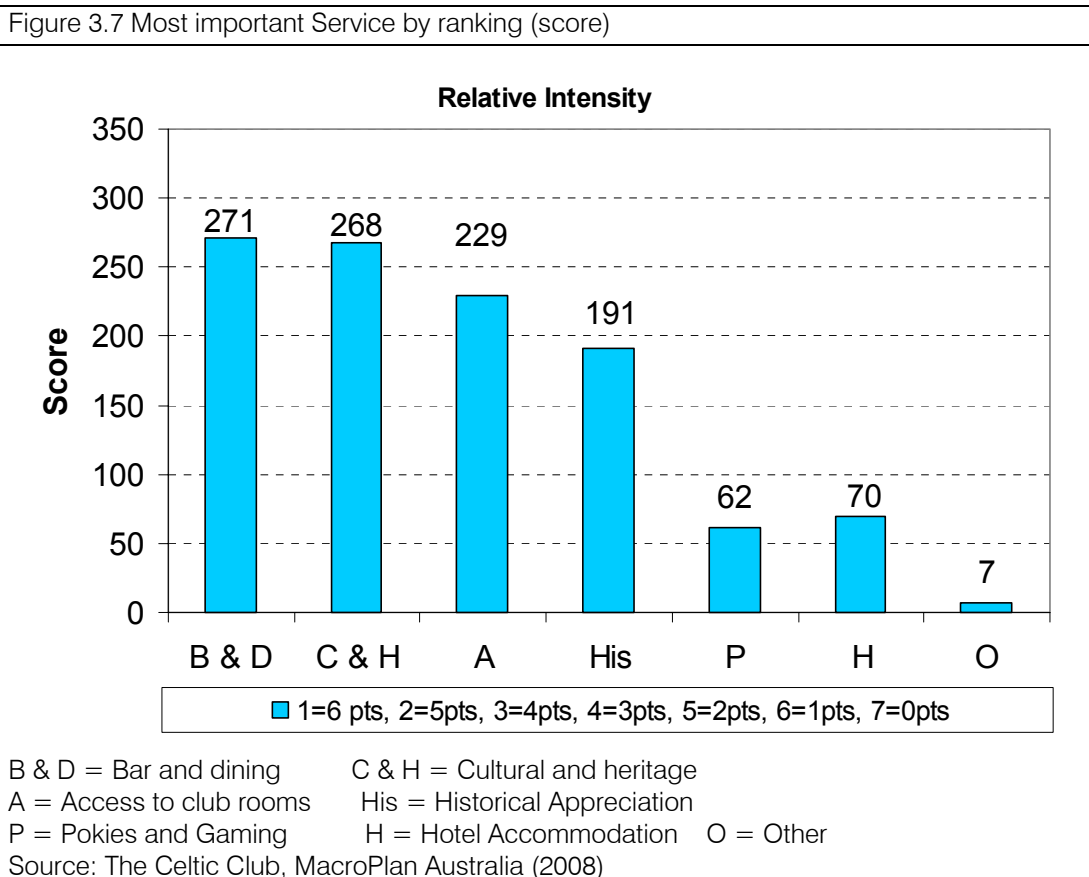
Figure 3.6 Most important Service by highest ranking (%)





Not one respondent believed that pokies & gaming or hotel accommodation are the most important service offered by the club.

MacroPlan also measure the relative intensities of each of the responses. This enables the Club to better understand the relatively importance of each service. The answer with the highest rank (1) received the maximum number of points, whereas those with the lowest rank (7) or no responses received no points. The results are represented overleaf on figure 3.7.



When measuring the relative intensities of the services, bar and dining was ranked as the most important service offered by the club with a score of 271 points. "Cultural and heritage events" was close behind with 268 points. This suggests that even though more respondents thought cultural and heritage events were the most important function, relatively bar and dining was even more important.

Once again pokies and accommodation received very little support from members.

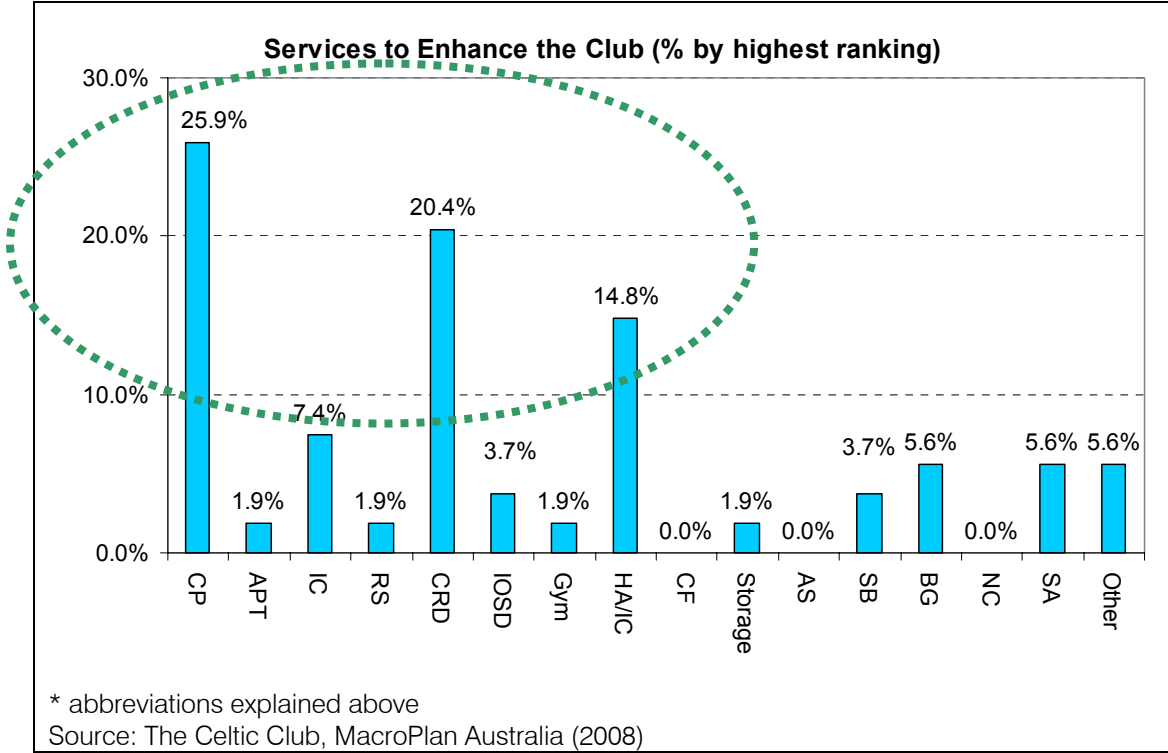
Another key question which was asked was: "What services could be added to enhance your club?" The answers have of ranged from :

- Car parking (CP)
- Access to public transport (APT)
- Internet café (IC)
- Retail shopping (RS)
- Café, restaurants dining (CRD)
- Indoor/outdoor seating/dining (IOSD)
- Gym, fitness centre (Gtm)
- Historical appreciation/interpretation centre (HA/IC)
- Conference facilities (CF)
- Storage, lock up facilities (Storage)
- Advocacy services (AS)
- Sports bar (SB)
- Beer garden (BG)
- Night club (NC)
- Serviced Apartment/accommodation (SA)
- Other

Of the 54 respondents, the significant proportion of the following services as the most important service for enhancing the club. They include:

- Car parking (25.9%)
- Cafes, restaurants dining (20.4%)
- Historical appreciation/interpretation centre (14.8%)
- Internet Café (7.4%)

Figure 3.8 Most important Service for enhancing the Club by high ranking (%)*



Other responses for enhancing the service of the Club included:

- More Irish music events
- More Members only benefits – members only lounge
- Quite meeting place for women
- Better and more accessible resource centre
- More multifunctional space
- Removing the pokies
- Tidying up bar area
- Good theatre with better sound equipment

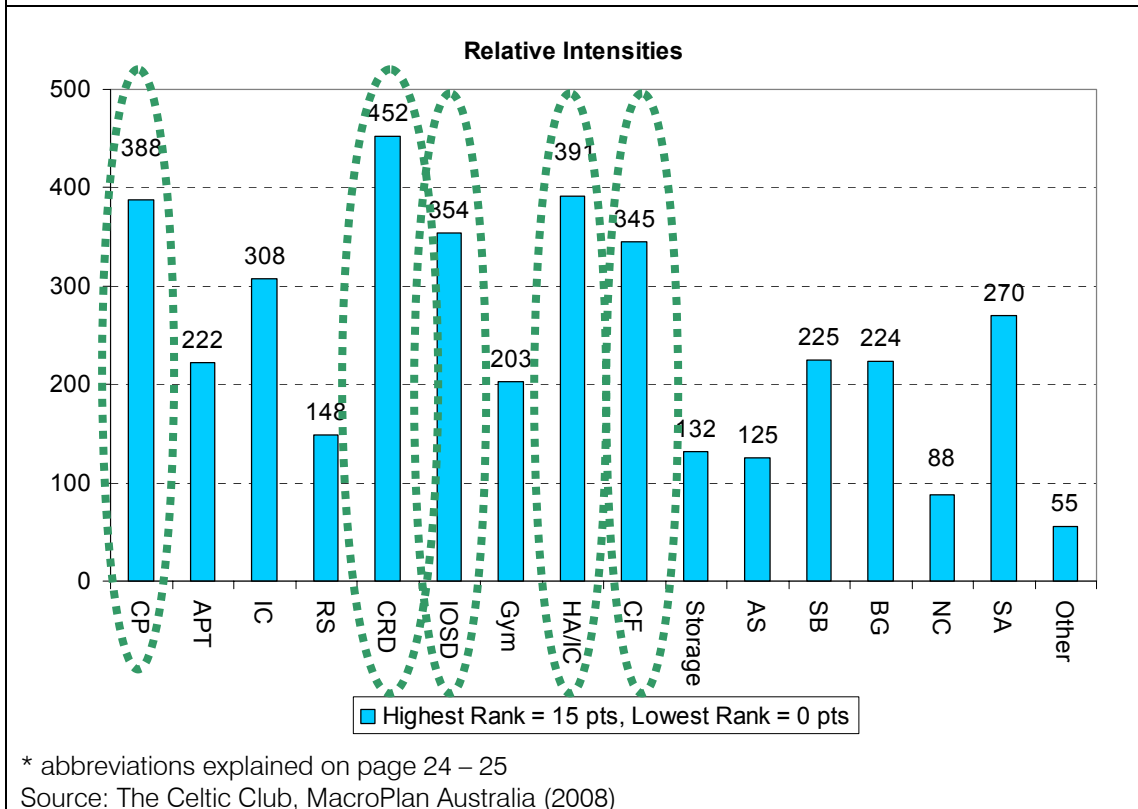
MacroPlan also measured the relative intensities of each answer. The relative intensity measure is key in helping us understand the relative importance of each service. For instance conference facilities were ranked as the fifth most importance service by relative intensity, whereas by the percentage with the highest ranking it scored zero percent.

A measure of relative intensities suggested that other areas not identified by the highest ranking by percentage measure such as conference facilities and serviced apartments/accommodation were considered to be relatively important. The top 5 responses by relative intensities included:

- Cafes, restaurant dining (452 points)
- Historical appreciation/interpretation centre (391 points)
- Car parking (388 points)
- Indoor/outdoor seating/dining (354 points)
- Conference facilities (345 points)

Unsurprisingly, the results for the relative measure importance are consistent with the perceived reason and purpose for membership at the Celtic Club – entertainment and cultural and historical appreciation.

Figure 3.10 Most important Service for enhancing the Club by high ranking (%)*



3.5

Overall satisfaction

The majority of the respondents rated the overall satisfaction of services provided by the Celtic Club as either excellent or generally good.

Of the 63 respondents, 63.5% of all respondents suggested that the service offered by the Club was generally good. 14.3% were very satisfied with the services of the Club excellent by ranking the satisfaction as excellent. Almost 20% of the respondents ranked their overall satisfaction at the Club as poor.

Overall the majority of the respondents were happy with the current group of management and staff, however some improvements were suggested including improving:

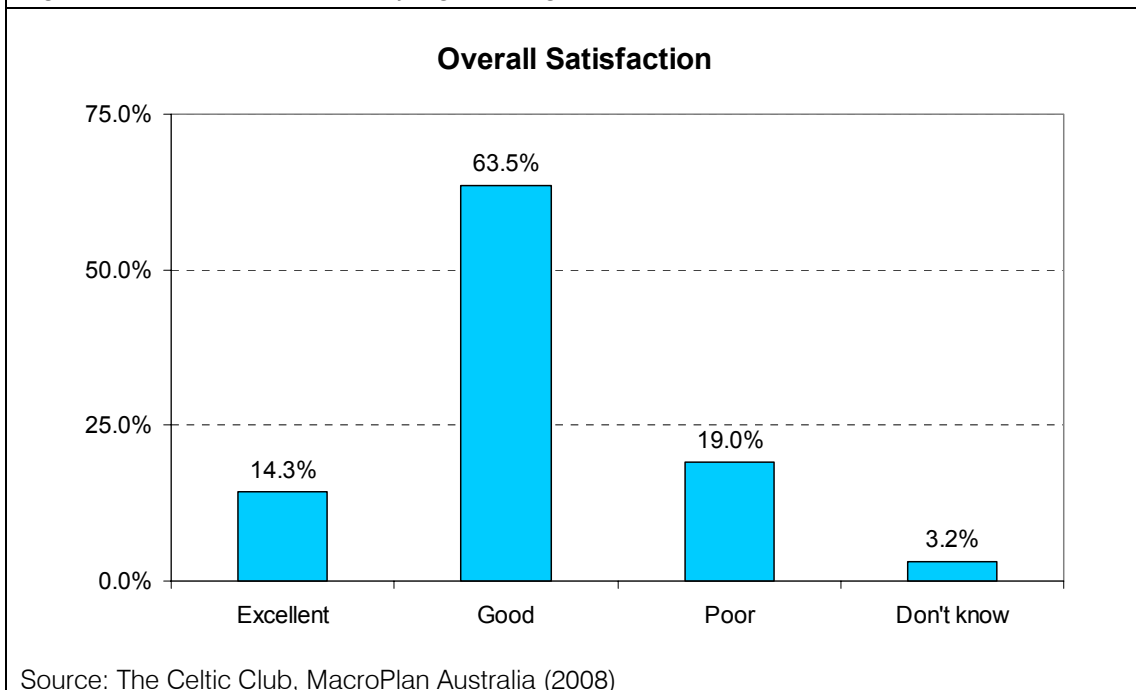
- utilisation of space
- professionalism
- service and quality
- quality of social functions
- atmosphere
- quality of food can vary

Others also focused on the overall management and membership aspects of the Club with comments such as:

- Organisation is tired and has no clear direction
- More has to be done to benefit members

- Greater access for Celtic Groups not just Irish groups
- Uneven – too narrow focused
- On par with other Hotels

Figure 3.11 Overall satisfaction by high ranking



To help gauge the appetite for change, MacroPlan asked the respondents:

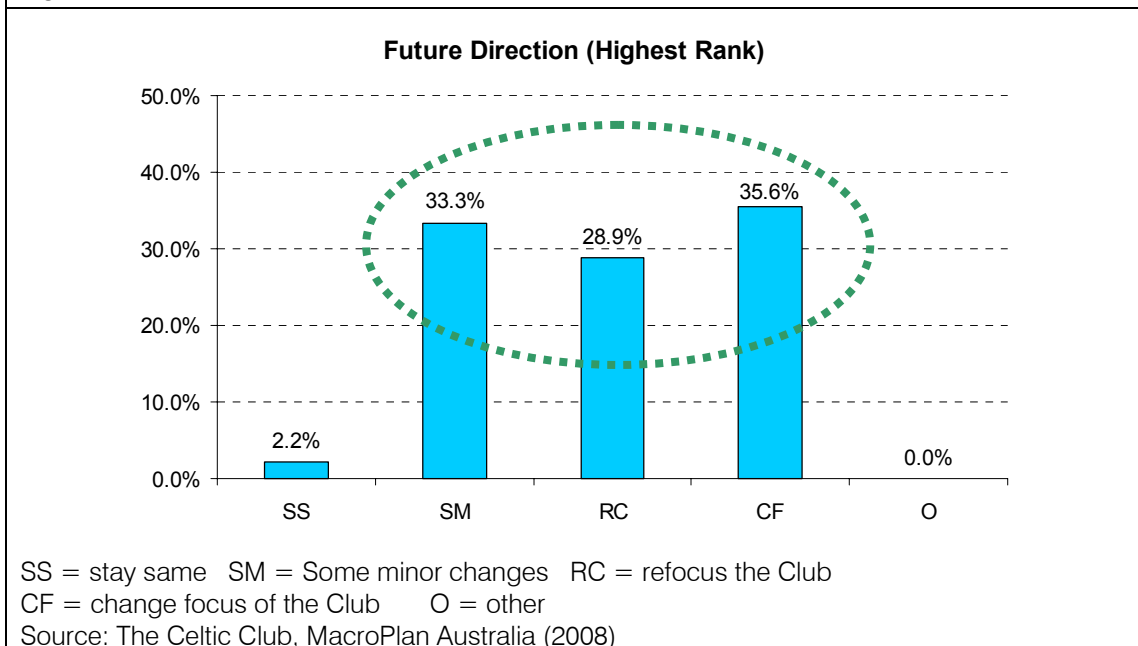
“What direction do you think the Celtic Cub should take into the Future?”

The answers included:

- Stay the same no change
- Some minor improvements to enhance member services
- Refocus the Club on being an iconic destination for members and visitors
- Changing the focus of the Club to become a new, unique club experience that will provide a diverse range of new services and attract visitors and new members
- Other

An overwhelming majority of the respondents suggested that there needs to be greater change in order for the Club to survive, grow and thrive.

Figure 3.12 Direction for the Club's Future

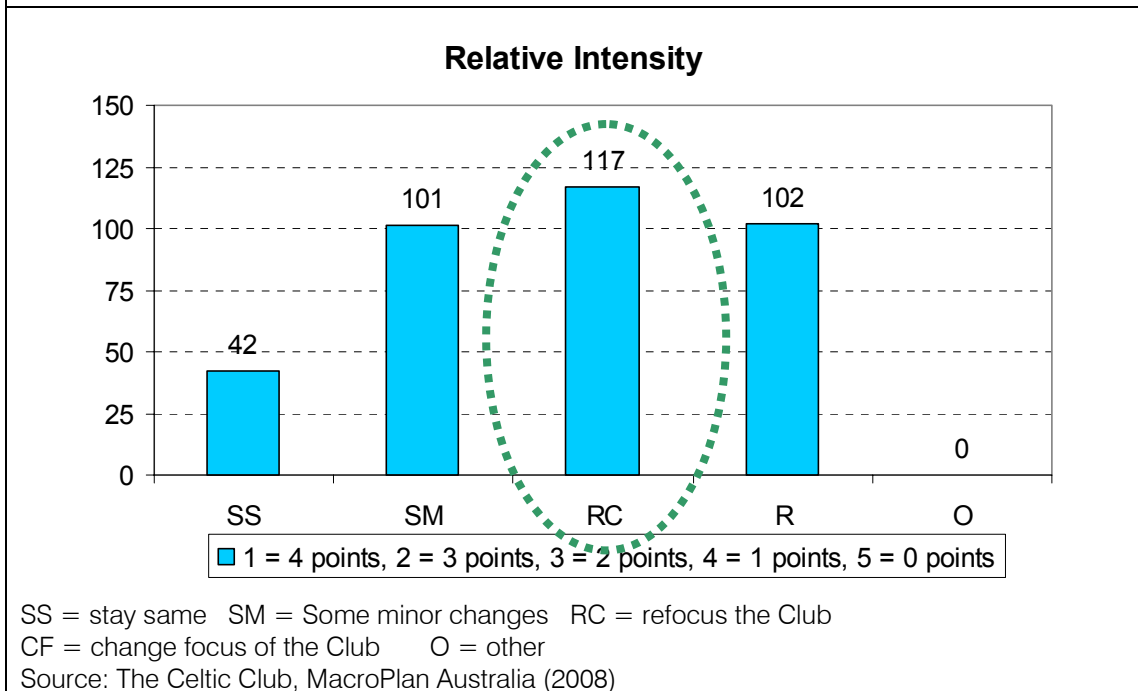


Only 2.2 per cent of the respondents suggested that the Club stay the way that it is. More importantly, the respondent who said that change did not need to happen was on average of low membership length than those who have been at the Club for a long period of time.

Observing the relatively intensity measure (see overleaf), the answer scoring the highest number of points was "refocusing the Club on being an iconic destination for members and visitors" with 117 points.

It is clear that the overwhelming proportion of members want clear change within the Club. MacroPlan will examine various options for change, including the establishing a new vision for the Club, in Section 3.6, 3.7 and in Chapter 4 of this report.

Figure 3.13 Direction for the Club's Future



3.6 Essence of a New Vision

"Where there is no vision, the people perish"

Book of Proverbs 29:18

Having a clear vision which resonates with the Club's goals, objectives and mission is crucial for the Club to survive, grow and thrive.

Almost every organisation in this modern age has a vision/mission statement, however very few are able to successfully embody and deliver on the vision which have been stated. Yet those who do are among the most successful companies and organisation in the world.

What is a vision?

In essence a vision is statement about what your organisation wants to become. This statement should be able to resonate with all members of the organisation and help them feel proud, excited and part of something much bigger than themselves.

Successful non-profit clubs and organisations are founded on a vision which encapsulates a number of key attributes among its members including:

- Passion
- Motivation
- Direction
- Purpose
- Action

More importantly, the vision should not only be limited to management or in this case the Celtic Club Committee, but to the rest of the membership base. Inevitably as the organisation grows the potency of the vision may decrease inline with a person's commitment to the Club, nonetheless, it is advantage when everyone from the President to the Staff to the Members is clear as to:

- What is it
- Why do we have it
- How it can be applied in the operations of the organisation

One of the key benefits of a vision is that it guides the organisation in making clear, purposeful and effective decisions. It is also a blueprint for evaluating the Club current position, services and products which it offers to its members and the general public.

Celtic Club Vision

The Vision of the Celtic Club – Melbourne is to be

“the natural place for Irish people and those Australians of Irish descent to gather and maintain their proud Irish heritage and culture while also extending a welcoming hand to people of all other Celtic nations and the broader community.”

MacroPlan has identified a number of key questions for the Club to consider going forward. They include:

- What is the role of the Celtic Club – Melbourne?
- Is the current vision effective in the context of the Club and its operations today and in the future?
- Is what the Club doing at the moment aligned with the Vision of the Club?
- Do all the members understand and embody the vision of the Club?
- Has the vision been communicated clearly?
- What mechanisms are in place to ensure that the Vision is actionable and practical to the everyday operations of the Club?

MacroPlan underwent a thorough workshop with key members of the Executive Committee of the Club. This incorporated the feedback from the survey as well as discussion and insights provided by key Club Executives and MacroPlan officers.

3.7 Actions for Achieving a New Vision

Suggestions of actions for achieving a new Vision have been very diverse and creative. MacroPlan believes that it is worthwhile for the Club executive to consider the majority of the actions which have been put forward by the respondents and members of the Club.

Incorporated in the survey was a question in regards to what respondents think is most important for driving future growth in memberships at the Celtic Club. Answers ranged from:

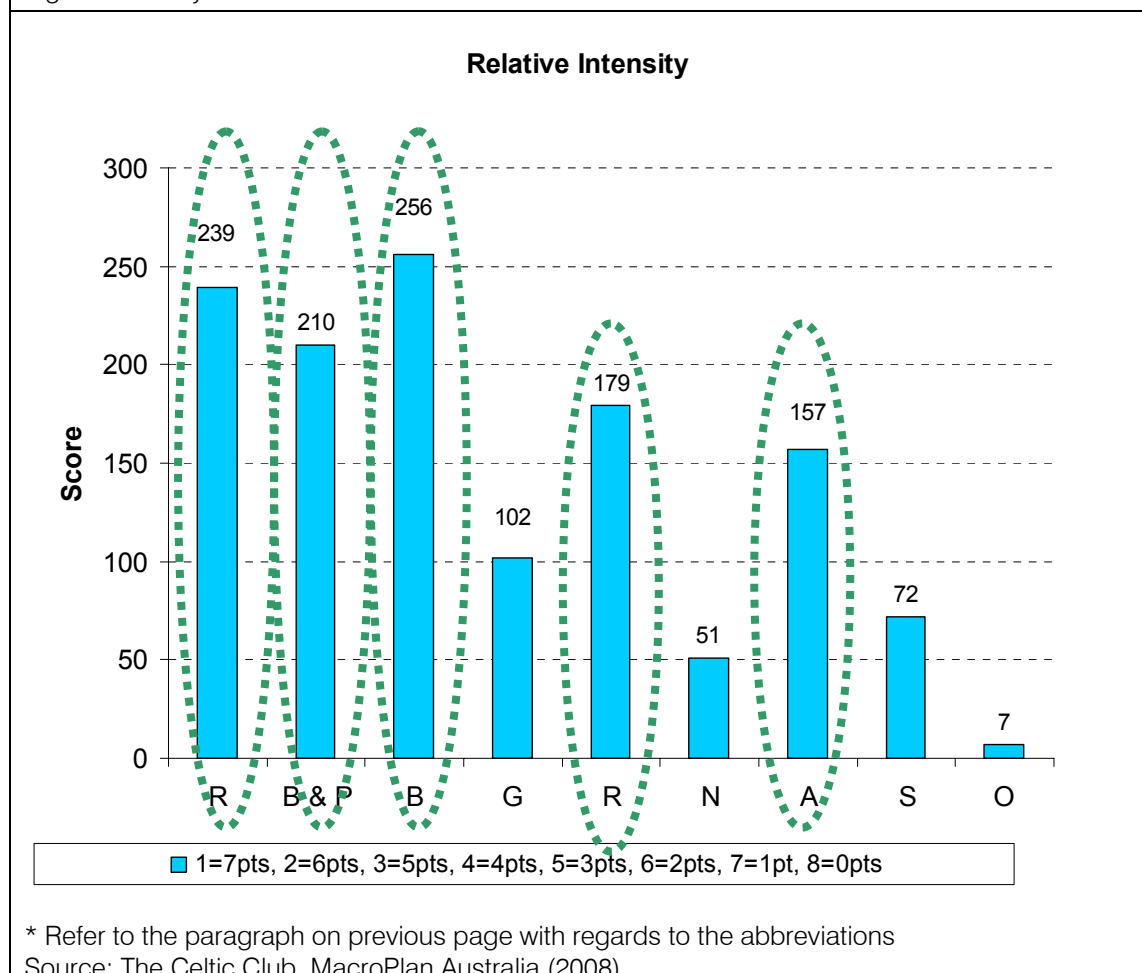
- Redevelopment of existing club (R)
- Branding, promotion & events (B&P)
- Broader range of facilities & activities (B)

- Gym, fitness centre (G)
- Reciprocal memberships with other clubs (R)
- New location (N)
- Activities for younger people (A)
- Sports bar, night club (S)
- Other (O)

When measuring the relative intensity of each answer the top 5 suggestions included (by score):

1. Broader range of facilities & activities
2. Redevelopment of existing club
3. Branding, promotion and events
4. Reciprocal membership with other clubs
5. Activities for younger people

Figure 3.14 Key drivers for Future Growth*



Other suggestions included:

- The Club should development itself as a venue for businesses to meet, run forums and conduct training
- The Club could link itself to surrounding Universities to become an invaluable part of the University's program and study of Celtic Culture
- The Club with a proper performing space and ticking capacity could arrange for Irish and other bands in conjunction with tor operators to play the Club
- Better facilities for families, aged and people with disabilities
- Greater emphasis of women members – facilities which will attract this cohort, not just bars + pokies; membership drive for female members
- Better services and benefits to the Club as there is really no difference between members and casual visitors
- Inviting other ethnic groups to conduct cross cultural promotions and programs
- Physical improvements to the interior and better staff training to improve the hospitality of the place
- Encourage greater knowledge and idea sharing among members – provide platforms for this to occur
- Keep focused on the product as a vehicle consistent with the Celtic Club's Mission and Vision

4 Future vision and direction for the Club

4.1 Overview

MacroPlan's assessment of members' feedback highlights that at least two thirds of members believe that a change in the direction of the club is needed and this change may involve either refocusing the Club to become a leading member based cultural club or changing the focus of the club to include a broader range of facilities and services to drive future sustainability of the Club.

4.2 Club Operational Models, Principles, Opportunities & Risks

This highlights two possible operational models for the club which have potentially different implications for redevelopment. There are a number of key principles, advantages, opportunities and risks associated with these models:

Model 1 – mainly membership based operation

- This might involve actions to re-focus the direction of the Club towards increasing membership numbers as the basis for driving future financial sustainability of the club.
- This will most likely require investment to enhance membership services and facilities similar to say the QIA in Brisbane; or
- Key principles of a membership operation include: membership is a key to accessing services and facilities of the club and participation; membership is critical to the financial sustainability of the club; shared appreciation or a common interest (i.e. culture/heritage) is a key driver of membership activity; simple benefits and rewards from membership can influence levels of new membership
- Advantages of a membership model include: group participation and celebration of shared interests; up front financial contributions for membership rewards; critical mass for activities and events and use of facilities; lifestyle membership can promote long term loyalty and shared successes
- Risks associated with a membership model include: Financial risk: financial sustainability linked to membership activity which can constrain club potential; partial cost recovery for utilisation of club resources; Membership risk: attracting new members and younger people can be difficult with increased sporting club based activities; Leadership risk: catering to the interests of all members can be difficult particularly in seeking long term change and transition

Model 2 – mainly non-membership based operation

- This might involve changing the focus towards a largely non-membership based operation by offering a broader range of services and activities as a way of driving the future sustainability of the Club.
- While membership would likely still be a feature in this model it would be less significant as a financial basis for the Club's operation.
- Key principles of a non-membership operation include: access to services and facilities open to wide range of users and participation levels maximised; financial sustainability of the club not linked to or constrained by membership; delivery of a broader range of user interests and diverse range of services and facilities reflecting market demand;

- Advantages of a non-membership model include: full cost recovery for utilisation of club resources; attracting diverse range of user groups including younger people not contingent upon membership; location of club facilities can be detached from ideology and positioned where the market is more effectively; lack of leadership risks reflecting club ideology
- Risks associated with a non-membership model include: Ideology risk: lack of loyalty and/or shared appreciation or a common interest or activity; Financial risk: lack of up front financial contributions.

It is important to note that the operational models identified are likely to give rise to different redevelopment options and outcomes for the Club over time. This reflects the operational objectives of each model

4.3 Redevelopment Options, Opportunities & Risks

MacroPlan identifies the following options for redevelopment of Club facilities reflecting the operational models defined. There are a number of advantages, opportunities and risks associated with each option which are highlighted:

Option 1 – Partial redevelopment/refurbishment of the existing CBD club facilities

- This would enhance what is already there and to potentially expand or improve the efficiency of the current range of facilities and services to generate a new and improved club experience for existing members and visitors.
- This is something that could be achieved in a relatively quick timeframe (depending on the extent of works) and has the potential, through future promotion to drive increased membership and support future operational objectives of the Club; or

Advantages of this option include:

- relatively low risk; reconfiguration of club facilities involving relatively contained capital outlays to improve and enhance existing range of programs and facilities without significant additional capital program;
- timely delivery of improved facilities enhance member services and attracting new members in a timely way
- less complex and detailed compared to a comprehensive refurbishment

Risks associated with this option include:

- future member based activities may be constrained to existing range of services and facilities and membership activity may not increase significantly in the medium/long term reflecting lack of significant additional capacity catering to future members
- financing and the associated debt may impede on the growth of the club or improvements may return less than anticipated to cover associated costs
- Remaining building will not optimize the airspace above

Option 2 – possible relocation to different locations (either smaller CBD site or elsewhere)

- This could involve (1) possible re-location to a different (possibly smaller) CBD based location which is better placed as a strategic location for the club to capture both day-time and evening/weekend activity (i.e. similar to QIA in Brisbane or Elephant & Wheelbarrow, PJ O'Brien's, Bridie O'Reilly in Melbourne)

- Alternatively, this could involve (2) possible re-location to a different (possibly larger) strategic location that will enable club to trade off a much broader catchment and activity base that will support a range of membership and non-member based services and facilities in the future including a range of mixed use developments including hotel, conferencing, bar/tavern, retail and commercial operations

Advantages of these options include:

- opportunity to significantly enhance activity levels and trade activity within a more active and connected location with positive flow on for membership and day-time visitor activity including evening and weekend activity;
- create new place and destination address point for the club; potential to re-brand and redefine exposure of the club within a new market place
- less structural maintenance issues with a newer facility
- opportunity to capitalise on current property prices through sale of the current site

Risks associated with these options include:

- market risk: possible shift in market activity or trade potential over time meaning the club is no better off than before;
- planning & operator risk: operational licensing issues supporting various uses such as number of guests/alcohol/gaming as well as statutory controls and potential changes affecting future capacity to re-develop/enhance through development;
- competitor risk: potential future competitor activity within a defined catchment may constrain activity and/or expenditure/membership outcomes;
- financial risk; site acquisition costs and/or redevelopment of new site costs may significantly offset value capture from existing site
- limited mobility and access to the Club: insufficient public transport and walkability to the site may deter membership
- timeliness: it may take significant time before an appropriate site is identified or available on the market
- member dissatisfaction: the site selected may not be adequate or suited to all members needs and they may not wish to relocate to the new facility

Option 3 – Comprehensive redevelopment of the CBD site

- This may involve full scale, mixed use development concept incorporating new club facilities that will generate significant future value capture for the Club.
- This option would likely involve temporary relocation of the club's operation to allow significant intensity of redevelopment to take place on the site during a 18-24 month timeframe that could involve (subject to planning/heritage) a mix of retail, commercial, hotel/tavern/bar, conference, serviced apartment, residential developments on the site
- This may require acquisition of neighbouring sites subject to further investigation

Advantages associated with this option include:

- future member based activities not constrained to existing range of services and facilities and membership activity has potential to significantly increase in the medium/long term reflecting major additional capacity catering to future members;
- purpose built facilities and customization in design to suit patrons requirements

- mixed use development could generate alternative streams of revenue for the club. For example, including commercial facilities (conference rooms), entertainment facilities, or a gym above or below could increase club exposure and generate additional profits

Risks of this option include:

- high risk; possible requirement to acquire neighbouring land/sites at additional cost;
- planning risk associated with development approval of development concepts; competitor risks relating to strength of market and location of proposed redevelopment within a local activity catchment;
- major redevelopment of club including mixed use development involving significant capital program and risk; potential long lead times required for delivery of improved facilities and possible future shared access/ownership and tenure issues
- temporary relocation whilst the facility undergoes significant redevelopments may deter membership
- risk and uncertainty: timing of construction and risk associated with the development may expose the club to unforeseen matters

Option 4 – Possible negotiated land swap

- This may involve neighbouring land holders to capitalise on car parking/access and allow future growth without significant redevelopment.
- Contingent upon assessment of potential and land valuation to assess current value of the site and neighbouring sites and would involve careful consideration before discussing with other parties

Advantages of this option include:

- relatively low risk; access to a new more suitable site at minimum cost and risk;
- possible opportunity or potential to develop a new site
- addition skills and expertise required to negotiate land swap

Risks associated with this option include:

- operational risk: Timing of relocation and need to possibly temporarily relocate during redevelopment of new site;
- financial risk; site relocation costs and/or redevelopment of new site costs may significantly offset value capture from existing site;
- planning & operator risk: operational licensing issues supporting various uses such as number of guests/alcohol/gaming as well as statutory controls and potential changes affecting future capacity to re-develop/enhance new site through development
- level of difficulty in the execution of possible land swap and additional risk on all facets of the organisation
- similar issues become evident to those of Option 2 (Relocation issues)

It should be noted that the options identified each would each take time to deliver and that there is no quick solution to addressing the club's preferred operational model going forward from a redevelopment perspective.

4.4 MacroPlan's Suggested Options

In reviewing the feedback from members and having reviewed various other cultural and non-cultural clubs throughout Australia, MacroPlan makes the following overall suggestions to help guide the future decision making of the club in relation to its vision and redevelopment.

The suggested approaches are made in light of the Club's existing operational objectives, current location and appetite for risk given the current market environment.

Short/Medium Term

MacroPlan's view is that during the short/medium term, the Melbourne Celtic Club should consider re-shaping its operations and facilities to become more like the Queensland Irish Association model which is very well positioned in the CBD and offers a range of well positioned, effective services and facilities for its members including catering and conferencing and library services. The lay-out of the QIA club, including gaming which features differently in the layout, is an important component in defining the effectiveness of the club.

This could take effect through Option 1 with partial redevelopment/refurbishment of the existing CBD club facilities which would enhance what is already there and potentially expand or improve the lay-out and efficiency of the current range of facilities and services. This could generate a new and improved club experience for existing members and visitors in line with the QIA approach.

This is something that could be achieved in a relatively quick timeframe (depending on the extent of works) and has the potential, through future promotion to drive increased membership and support future operational objectives of the Club

Longer Term

MacroPlan's view is that over a longer time period the Club needs to generate higher day-time, evening and weekend activity from its favourable CBD location. It is recognised that current club facilities are generally under-utilised by both members and other visitors to the club, particularly during the day and this trend needs to change in order for the Club to truly benefit from its CBD location.

Should the Club not be able to generate significant activity from its existing CBD location over time then a relocation of the Club to a more prominent CBD location could have the potential to significantly enhance the Club's exposure and activity and therefore financial and operational sustainability.

This could take effect through an Option 2 type arrangement with possible re-location to a different (possibly smaller) CBD based location which is better placed as a strategic location for the club to capture both day-time and evening/weekend activity (i.e. similar to QIA in Brisbane or Elephant & Wheelbarrow, PJ O'Brien's, Bridie O'Reilly in Melbourne).

It is noted that the suggested redevelopment arrangements identified by MacroPlan will influence both the extent and timing of future development and ultimately the Club's future operational objectives and performance outcomes.

The suggested options need to be further considered and tested by the Club in light of the future operational objectives of the Club. This will help the Club to take actions to position itself both in the short/medium term to optimise long term future outcomes through redevelopments in line with the vision of members.

5 Summary & Recommendations

The Celtic Club faces an important and significant challenge to define a new vision and direction for the Club in line with member services

The Club is an important cultural and heritage destination for the Irish community in Melbourne, including Club members and visitors. Celebration of Irish culture and cultural events are both prominent and defining aspects of the Club's role and function.

The future vision of the Club will largely be based upon the strong cultural role and focus of the Club for the Irish community, members and visitors – a prominent feature identified in the survey of members.

While the vast majority of members are broadly satisfied with their club at least two thirds of members recognise a need for change in the direction of the club going forward either through refocusing the club on improving member based services or changing the focus to include a wider range of non-membership based services and activities.

In defining the strategic direction of the Club, the Committee of Management may need to examine its operational objectives for the Club in consultation with its members. This will help to identify the most appropriate redevelopment options matching the vision of members and operational objectives for the Club going forward.

Macroplan has identified suggested redevelopment options to help guide the future decision making of the club in the short/medium term and for the longer term success of the Club. These options need to be further investigated and tested by the Club to assess the future development outcomes associated with each of the scenarios.

This will help the Club to formulate a position in consultation with its members about the most appropriate redevelopment option for the Club reflecting its approach to risk and broader operational objectives.

Going Forward

The Club may wish to consider the following steps as part of an action plan going forward to address the preferred options identified in this study.

Step 1 – agree and formalise a preferred option for club redevelopment (e.g. Option 2 or 3) with members in the context of opportunities/risks and key advantages and disadvantages highlighted in this report

Step 2 – undertake a preliminary design feasibility study associated with a preferred option (e.g. Option 2 or 3) to establish a prima facie business case for proceeding with redevelopment. This would be undertaken over an 8-10 week period in collaboration with an architect, quantity surveyor and development feasibility consultant (such as MacroPlan Australia) including a series of design workshops.

Step 3 – HOLD POINT 1 – Club to consider the findings of a design pre-feasibility study for a preferred redevelopment option in the context of broader Club objectives (i.e. feasible/not feasible) and determine whether or not to proceed to further stages of investigation

Step 4 – undertake a detailed development and operational feasibility analysis in collaboration with an architect and lawyer to further test and assess the scale of redevelopment opportunity and risks; and to address potential neighbouring site acquisition and potential deal structure/joint venture opportunities and arrangements. This process

may take 3-6 months and result in a potential call for market expressions of interest in the redevelopment through a partnership with the Club.

Step 5 – HOLD POINT 2 – Club to consider findings of detailed feasibility study and deal structure arrangements and whether or not to proceed further with redevelopment option as outlined.

MacroPlan Australia would be available to project manage this process on behalf of the Club and can prepare a more detailed proposal of works and associated fee structure for the Club to consider with its members as part of the next stage of this project.

6 Annexure