

MESSAGE FROM THE PRESIDENT

12 July 2010

Dear Narooma Golf Club Member

I have been conscious for some time that with the demise of 3 Putt, the timeliness of communication between the Board and members about Club issues may have declined. While we have been holding member information meetings about every three to four months, I know not everyone is able to attend, so I thought it useful to provide all members with a snapshot of our affairs in addition to my remarks in the Annual Report itself, as a precursor to our AGM.

There is no doubt that our financial position is not what we as the Board want it to be. Notwithstanding that we did have a positive cash flow in the last financial year; the audited accounts show we lost \$535,548. However, they also show that about 56% of that loss was classified as 'abnormal', being attributable to one-off expenses and those we were unaware of – such as a charge for land tax levied by the State Government with 5 years in arrears. We have been fighting on that front and have recovered several thousand dollars through the determined efforts of our Treasurer.

We estimate there has been about \$353,000 passed on to members through Seahorse vouchers and price subsidisation of various kinds, which of course has depleted from our cash flow, but is part of the benefit of Club membership.

But we have our problems. The Clubhouse is aging, which is showing up in the number of repairs that have to be made to our refrigeration, air conditioning, plumbing and other equipment. The kitchen floor and some appliances have a problem and the outdoor smoking area was designed, but apparently not constructed to the appropriate OH&S standards. The Clubhouse roof has a number of deficiencies associated with drainage and electrical installations and was damaged in the heavy rains. The storage shed has been allowed to deteriorate and its roof is a problem.

Our overall trade has declined over the past three years. Poker machine revenue is significantly reduced this year but the new machines appear to be proving popular. We have plans to reinvigorate catering which has underperformed, but not as badly as in the previous year.

These are some of the challenges we face and we have to continue to make sensible prioritised commercial choices for improving all aspects of our business.

While we have not fully recovered from July 2009, between August 2009 and June 2010 membership has grown from 2113 to 2405, an increase of 474 (22.2%) which implies we are doing something right. As of June this year we had 414 (17.2%) full playing, 182 partial playing (7.6%), 29 juniors (1.2%), and 1780 (74%) social members.

Some members have commented to me that the Clubhouse is an unreasonable drain on Club revenues and diverts money away from supporting the course. Our accounts show that the vast bulk of golf revenue comes from visitors, and you will appreciate that this is subject to the vagaries of prevailing economic conditions and highly seasonal nature of trade in this location. The conclusion has to be drawn that income from the Clubhouse business is essential to underpin the long-term viability of the course.

The other issue that the Board has looked at in some detail is what appears to be the perennial question of whether we should amalgamate with the Narooma Sporting and Services, or some other Club. We have had informal meetings with members of the NSSC Board and we (the Board) have decided that amalgamation would not be in the best interests of this Club. Our reasons for this are varied; they range from the cultural issues of merging a predominantly bowling club with a golf club which is not guaranteed to be successful, how governance would play out from a single Board of Directors, the questions of how funding would be dealt with in an equitable manner such that the course etc. were not put at risk, and what would the future of the Club really become. While these

questions can be answered by going through a full amalgamation process, it needs a majority of members of both Clubs to agree to that action; and indeed it may be the case that a majority would have no objection to such an amalgamation occurring. The real question to ask however, is why we should amalgamate with any other Club at all if we feel our own Club has a viable future and can operate successfully in its own right. Our considered opinion is that we are on the way back, albeit with a lot of room to improve still, and are not at a point where such action needs to be taken.

Having said that, without revenue our Club will deteriorate, and so we are putting a lot of effort into marketing ourselves to other people outside of Narooma - have a look at our web site www.naroomagolf.com.au to see how we are presenting ourselves; we are planning to hire a marketing person to drive this aspect. Dominic has arranged much overdue training for all of our staff in customer relations and service; we are asking our members what they like and trying to give it to them, and trying as hard as we can to be the Club you want it to be. We are not running a pub so there are some limitations on what we can provide for what price, and the layout of the Club cannot be easily changed to make it more appealing.

It is absolutely right to expect high standards of service and good quality meals etc.; but if we are to keep prices at the level where people can afford to come to your Club, then some compromises have to be made in some places. What I am trying to say as tactfully as possible is that if you do not patronise your Club, nothing will improve. Money spent elsewhere is money not spent in the Club you own; your choices of patronage do make a difference.

At the upcoming AGM (22nd August) there are four positions to be considered for election to the Board. We have several sub committees that meet during each month, as well as the normal monthly Board meeting. As a Board member it is essential that you are committed to all members of the Club and make every effort to not show any bias toward any particular group. We all communicate frequently on email between ourselves and our Manager. We would welcome anyone who ideally has experience in business and especially knows how to comprehend financial statements and has the drive and time to commit to this voluntary role; it is as true today as it ever was - the Board must have the right chemistry, skills and vision. I guess it sounds serious, and it is; please choose your preferred candidate carefully – find out what they stand for. The future of your Club is in their hands.

A meeting to assist those members considering standing for the Board is planned for Sunday 25th July at 1130 at the Club – which will give those people a chance to ask any questions they wish about being a Board member. Nominations for the Board will close on 31st July. A further meeting is planned for Sunday 8th August at 1100 at the Club for those who do nominate to talk to other Club members about their aspirations and gain some visibility with those who will be voting later in the month. Our elections of course will be conducted in accordance with our Constitution and By-Laws.

Can I take this opportunity to thank all our members who have given of their time as a volunteer in the past year; you have really made a big difference.

And may I sincerely also thank all of our members for their continued patronage and support of our Club.

Last but by no means least, I or any other member of the Board of Directors is always available and willing to discuss any aspect of the Club's issues with our fellow members.

Yours Aye



David Shackleton
President