

## **Members update – first half 2019**

### **General**

In what is a relatively challenging trade environment Kiama Golf Club has delivered a much improved first half performance when compared to the same period last year. This has come on the back of some solid revenue growth, strong membership numbers and good cost control across all departments.

While this positive result puts us in a much better position than in previous years, there remains challenges to overcome if we are to deliver another positive year. Continued revenue and membership growth will be critical as will good strategic capital investment along with managing our ever increasing operational costs such as labour, utilities, 'Cost of Goods Sold' and our course maintenance expenses.

### **Revenue**

The club has enjoyed solid first half year revenue growth with a 12.3% increase (\$267,321) over the same period last year. This has been helped by strong contributions from all departments and includes;

- 31% increase from gaming,
- 13.3% increase from catering,
- 17.4% increase from Golf Shop sales
- 19% increase in Visitor/Social green fees.

Pleasingly we have been able to continue this trend through to our gross profit for the period (revenue less cost of goods sold) which has also seen a 13% (\$217,809) improvement year on year.

### **Costs**

As referenced earlier several of our big operating costs continue to present challenges for the club. Overall, excluding 'Cost of goods sold' we have seen a 4% (\$71,915) increase in expenses during the first half year. 'Cost of Goods Sold' has increased 10% Year on year, labour cost which is a day to day balancing act of maintaining service levels in the most cost effective way has increased at 1.5%.

### **Results**

These results have delivered an 85% (\$145,894) improvement in our net profit for the period. And although we are posting a small loss YTD we are positioned well for the busy summer period.

EBITDA is at 9.65% compared with 3.07% at the same time last year.

### **Team**

As a Leisure and Hospitality operation the club continues to face some stiff and growing competition from a wide range of sources all of whom offer a great range of products and services. Our team has tried hard to focus on making our clubs services and offerings relevant, effective and enjoyable.

Toby McGeachie and his team in our golf shop have introduced new levels of service and retail offerings. They have done a great job changing that face of the club into a friendly, informative and effective customer experience. Toby has worked hard to provide new and exciting products and services like our new online golf shop. This online shop gives our members and guests access to a much greater range of equipment than we can stock in house and still allows you to use or earn bonus points or your pro shop account for the purchase. You can access the shop via our website [www.kiamagolfclub.com.au/golf/](http://www.kiamagolfclub.com.au/golf/) or talk to our friendly shop staff for more information.

Toby has teamed up well with Mark Yates our **Superintendent** to form a formidable 'Golf Experience' team. We're all very lucky to have these two people working hard to deliver the best possible golf experience at our club

Isabell Jamieson and her kitchen brigade continue to meet the many and varied catering needs of the Club. They have done a great job catering to everything from coffees and sandwiches to golf day lunches, birthday parties and restaurant service every night. We have recently launched a new menu which has been received very well. My personal favourites are the Asian Glazed Salmon or the 400g Rump steak and both are great value.

The clubhouse team, led by Ernie Panozzo have also been delivering great results during this trying trade time with bar sales that are bucking the state-wide downturn in beer sales and an ever increasing events business which requires some significant adaptability to transform our club into the right venue for the event.

Thanks to all the staff for a great first half year.

We've also continued to benefit greatly from the continued contribution of our many volunteers. Whether on a committee or in a less formal capacity your significant contribution is very much appreciated.

### **Capital expenditure**

The recent purchase of a stump grinder, which was kindly subsidised by our Veteran Golfers, and two new gaming machines have been the major capital purchases for the year.

For the second half of the year we are assessing plans for a soft upgrade to the main lounge. While yet to be finalised, we are looking at some minor layout changes, updated colour scheme and to fix or replace some of the furniture that is no longer working.

Additionally we continue to work through our aging ICT network with an ongoing upgrade program that will see us address appliances like the clubs network server, workstations, member's lookup terminals and tills over the next 12-18 months.

Out on the course we have commenced a rejuvenation project of the 2<sup>nd</sup> green with the aim of restoring the green to its original size and shape and to improve the playing surface. The basic time line will be as follows;

1. **April 2019** – 8mm solid tyne aeration once a week for two weeks.
2. **April 2019** – Apply selective herbicide Tupersan (Couch suppressant)
3. **May 2019** – Repeat above.
4. **October 2019** (early) – Spray with 'non- selective herbicide' (Green will start to show signs of decline but will remain in play).
5. **October 2019** (late) – Repeat above.
6. **November 11<sup>th</sup> 2019** – Remove dead turf with turf cutter (temp green installed)
7. **November 2019** – Level, smooth and reshaping complete before seeding
8. **December 2019** (early) – Seeding completed aiming at 12 week grow in period.
9. **March 2020** (early) – green will be cut and in play.

Further into 2020 we will look to upgrade the club courtesy bus. This continues to provide a very useful service to our members and guests and to our representative golf teams.

## **Membership**

As of the end of August the club has 3,466 members. This breaks down to 2,755 social members and 711 golf members (across all categories). These are solid and stable numbers and I'm very grateful for the members who continue to support our club.

## **Golf**

During 2019 you will have noted a number of changes aimed at driving more rounds through the course. The most recent of these was the removal of the 'Chicken run' which was replaced with the 'Flying 9's'. This has been very well supported by our members. By way of comparison, during May which was the last month for the Chicken run we had 8 rounds played in that competition. For June and July the 'Flying 9s' had a combined 253 rounds and August looks like being over 100 rounds.

What has been interesting during this time (June/July) is that we have improved our traditional members 18 holes competition rounds by just over 4% (140 rounds). So a large 'thanks' to our members who continue to support competition golf at Kiama GC.

The 'Minnamurra Bowl' is coming up at the end of September. This is our very popular annual two day event which runs on the 28<sup>th</sup>/29<sup>th</sup> September. Entry forms are now available to don't miss out.

Although not as successful this year as in past, our Pennants teams represented the Club very well and our framed Pennants from previous wins are now on display in the lower foyer. Thanks to all the players and support people who took part in the Pennants competition this year.

### **Strategic planning.**

The board is about to embark on the development of our next 5 year strategic plan. As part of this plan we will be seeking member (and other stakeholder) feedback on various ideas that have been brought forward. One of the larger parts of this plan will involve the development of a Building Masterplan. At the August Board meeting it was resolved to engage Meridian Constructions to help develop the concept Masterplan for the considered and staged development of the clubhouse and surrounds over the coming years. This is a commitment to planning only and there have been no commitments made past this at this stage.

Part of the planning process will be some member's information nights where we will seek your feedback on various design ideas with the intention of having a unified plan that will enable the club to be developed in a consistent way while meeting the needs of our modern club members and community. Please keep an eye on club communication so you can have your say on the future design of the clubhouse and surrounds.

### **Outlook**

The Board and I maintain a cautious outlook for the second half of the year. We have a great team in place to address the significant challenges facing golf clubs and we are committed to consistent improvement of our products and services in order to meet these challenges now and into the future. Please keep an eye out for club communication to stay 'in the know' about activity at the club as we head into our busy summer season.