

Message from the CEO



Summary

It has now been 2 months since the members of both clubs approved the amalgamation and Catalina assumed the management of the bowling club. It has been very hectic time from a management perspective trying to progress the club and I would like to thank the staff and members for their acceptance of our management presence. I can assure you that we are working very hard to make the bowling club a viable organisation once again. Upon taking on the management, the club was in an extremely tenuous financial position and a number of decisions had to be made as soon as possible. I acknowledge that some of those decisions will not have pleased everyone but in each and every instance, they have been made in the best interests for the long term future of the club. I have been working very closely with your elected Board and sub-committees and I thank them for their patience and support as we work towards restoring the club to a viable organisation and valuable asset in our community.

Financial Position – Revenue for Dec-09 was down on Dec-08 and is in fact 8.1% (\$115,000) down for the 6 months to-date compared to last year. However, some significant improvements have been made in a number of key areas including bar gross profit for Dec-09 which is up 14 points for the same period last year. I am confident that revenue will increase back to and beyond previous trading records but it will take time. I have been concerned with the previous financial management reporting of the club and I have been busy trying to present meaningful data for Board and management analysis. I am happy to make this information available and operate in a transparent manner when I am confident that the information is correct for publication. Many of the one-off amalgamation and transitional management costs, and essential capital work (currently totalling approx. \$135,000) have been absorbed by Catalina as agreed between the clubs and would only become repayable should the amalgamation not proceed for any reason. If these and other amalgamation costs become payable (as per the agreement between the clubs), it would place the club as a business under even more financial stress but that is a scenario I am not even contemplating. The Catalina management team is working tirelessly on streamlining back office processes and efficiency generally. While we limited in terms of influencing income, we can control costs and we should soon see the benefit of reduced expenditure from an amalgamated entity – and this is where we can start to rebuild the club financially.

Bowls – I have attended a number of bowling committee meetings and with their support, I am slowly coming to terms with the management and administration of the game and I thank them for their patience. A number of positive changes have been made and judging from the general increase in playing numbers these changes have been well received by the bowling members. Both Boards have expressed their desire to consider the advertisement and appointment of a bowls co-ordinator in the future to grow and professionally manage the sport of bowls at the club. The role would be a positive step and consistent with most successful bowling clubs around the state. I am currently working closely with our greens contractor, Mark Lyons, to renew his employment/contractual relationship with the club. His contract expired at the end of January 2010 and I need to finalise an arrangement that will take us up to the point of formal amalgamation and beyond.

Gaming – We upgraded 15 poker machines prior to Xmas and two popular Wheel of Fortune machines will be the next change our members and guests will enjoy in February. I have received positive feedback from patrons regarding the new poker machine chairs and flat screens that we have installed to a number of machines. Further machine upgrades can be expected over the next few months. For security and compliance reasons, I have implemented a number of operational changes which has almost entirely eliminated the need for volunteers to help with processing the monetary side of this operation. I would like to sincerely thank those volunteer members for giving up their time to assist the club in this area. I would also like to thank Chris O'Brien for his services. His contract to maintain the poker machines was not renewed upon expiry in Jan-10. I am very pleased to report that the TAB at the bowling club has improved 296 places for Dec-09 period compared to Dec-08 and helps justify the attention we are putting into customer service in our key trading areas. I have also approved a second TAB channel that will allow the broadcast of local and international races not normally broadcast on the TAB main channel.

Catering – I am pleased with the many positive comments received for our new caterer (which is actually the same caterer as the Catalina). The menu now includes some great nightly specials such as the Friday lobster night and the Saturday surf and turf. (See inside the Dolphin Tales for more details.) I acknowledge the significance of hosting functions in our excellent auditorium facility and with the full support of our caterer, will be an area that we will be targeting with our future marketing of the club. We also plan to open up the outdoor dining area and the old restaurant entranceway. Other improvements are being planned in the restaurant to help make the dining experience even more enjoyable.

Member Promotions – We are currently putting approvals in place to hold a members badge draw every Thursday evening starting at \$5,000. I am also investigating the possibility of making a brand new motor vehicle available as a prize for members renewing their membership at the golf and bowling clubs.

Functions & Entertainment – I am advised that it may be the club's 60th birthday this year. If this is the case, plans will be put in place to celebrate this major milestone. We are receiving a number of enquiries for functions in the auditorium which will be scheduled around planned entertainment for members and their guests and functions already booked on the back of our caterer's reputation and the service offered by our frontline staff. Members who need to use this facility need to book through Reception. I have also agreed to trial a Jukebox Saturday Night Live commencing soon where 2EC would broadcast live from the club music from the 60's, 70's and 80's which proves very popular for young and old (and provide greater radio exposure during the live show and through the lead-up advertisements). I will arrange for a sponsor for this event to ensure we can offer many give away prizes to this free entry evening. Business planning for the combined entity will start in earnest when the amalgamation is formalised and it is likely that the appointment of a marketing, events and promotions manager may be necessary to fully manage, promote and optimise the facilities at both venues.

Bus Service – The management of the courtesy bus has settled down and I apologise for any inconvenience to regular patrons of this facility. A timetable was necessary to provide a routine service rather than the basically 'on-demand' service that was offered previously, but now difficult to manage efficiently. We have also encountered maintenance issues including a malfunctioning automatic door that are significant enough to take the bus off the road because of safety concerns. This is being remedied and we hope that we can continue to offer this important service to our members and guests.

Bingo – We have now successfully introduced double bingo session on Monday evenings at 7:30pm. Bingo on Tuesday and Thursday afternoons (2:30pm) has been cut back to a single session due to the significant expense and will resume to double sessions when we can achieve approx. 60 players to these sessions. I do recognise the value that our bingo players bring to the club but the gap between expense and income for this activity was far too wide for me to ignore.

Office Restructure – Unfortunately one of the consequences of an amalgamation is the inevitable restructure of areas of the operation where the duplication of services is provided. The two Boards have agreed to complete a restructure of the bowling club office from 16 February and our existing 2 permanent staff (Sam Appleby and Karen Moon) were offered alternative employment in the club outside the office from that date, or choose redundancy. Sam has decided to move on and payment in lieu of notice was provided to assist her endeavours to find alternative employment in which our support will be provided. I wish Sam all the very best and I thank her for her contribution during very difficult times.

Branding & Marketing – An electronic road sign is planned to be installed on the busy Princes Highway (on the location of the club's current sign) which will significantly help promote and market activities of the club.

Amalgamation Process Update – A constitution committee comprising 3 bowling club and 3 golf club representatives is being established to prepare the draft constitution for the amalgamated entity for approval at the AGM in October 2010. We are currently finalising the requirements of the government agency that approves club amalgamations in NSW and then we shall prepare and dispatch the notice of special general meeting for the members to voluntarily wind up the club. The assets and liabilities of the club would be combined with the Catalina Country Club when we begin a new era operating as a combined entity. The completion of this formal process would then signal the commencement of integrating the two organisations in areas such as membership benefits, financial and gaming systems etc.

I would welcome any feed-back or comment to any of the above matters or any other matter.

Richard Hogg (CEO)