

PRESIDENT'S REPORT FOR 2018

It gives me great pleasure to introduce and commend the Director's Report and Financial Report for the Year Ending 31st December 2018. During the year, the Club realised a loss of \$ 251,662 against the 2017 profit of \$ 147,584. There were several reasons for this loss. The majority was due to unexpected events such as the early depreciation of the gaming machine "ticket in ticket out (TITO)" system (around \$206,000) and replacement of expensive items of kitchen equipment due to unexpected failures. The depreciation write-down was a consequence of a series of takeovers of the TITO installation company, some by overseas companies, and a decreasing loss of interest by the parent companies in the technical and logistic support of our system. This lack of support severely affected our gaming income, the engine room of the Club, and we had no choice but to replace it. The original system had no intrinsic value because of the absence support and we had to write the system off. The third factor in the loss was the impact of the drought.

In clubs, when consumer confidence is low, club profits are low and in 2018 consumer confidence was low and our Club suffered. In addition, profitability of our Club is intimately linked with the local economy which, in turn, is intimately linked with the local agriculture productivity which is intimately linked with climatic conditions. In the drought conditions prevalent in 2018, agriculture was highly constrained and the snowball effect passed onto our Club restricting our profitability. Drought conditions are expected to continue into 2019 and, even when the drought breaks, the Parkes economy will remain depressed for several years. Nonetheless, the Club has full confidence in the future growth of Parkes as a centre for mining and as a major logistic transport hub and needs to position itself to meet the emerging challenges of the new revitalised Parkes and Districts.

However, the Club has put on hold several projects to update and remodel various sections of the Club to improve efficiency and provide a refreshed, modern interior. Because of roof leakages during rare wet weather, the sources of these leakages needs to be resolved and repaired before the renovation projects can proceed.

The Club has sought to constrain costs by a number of means such the assiduous management of finances, staffing levels and operational costs, the reduction of electricity consumption by light globe replacement, automatic lighting in certain areas of the Club, solar panels, etc. This could only have been achieved using the skills and experience of our General Manager Denis Lane supported by his Managerial Team of Cindi-Lee Murphy and Mike Phillips and with the support of our Financial Advisors, Cutcher & Neale. Our long-term strategic initiatives implemented in the 2014 Strategic Plan to minimise adverse impacts on the Club greatly aided us.

I would like to thank Denis Lane, our General Manager, and Assistant Manager, Cindi-Lee Murphy and the Management and Administration Team for managing the Club effectively and efficiently, Assistant Manager Mike Phillips and the Bar and Gaming Staff for their service and friendly attitude, Chef Pam Sinclair and the Kitchen and Catering Staff for their dedication and provision of high quality affordable meals to members and promotion of the Club as the premier venue for functions and the Maintenance and Cleaning Staff for maintaining the Club as a safe clean environment for the members. I would also like to thank my fellow Board Members for steering the Club in the right direction and their active participation roles in Club promotions and activities. This active participation is as unpaid volunteers amounts to an annual saving of around \$90,000 to the Club. Finally, but not least, I would like to thank the members for their ongoing support of the Club.

Our Club is managing its internal economics well and is able to lessen external economic pressures outside its control by offering a safe clean environment and excellent value for dollars spent. We continue to service our loans and payments as well as maintaining our cash reserves at responsible levels.

The Club was the core venue for several large events including the Country Music Festival, reunions, fundraising events, the Elvis Festival, art shows, to name but a few. The Starlight Lounge, with its balcony and bar, has become the place to hold a reunion, a wedding, a dinner or a function and is the most stylish venue in Parkes to hold prestigious functions.

During 2018, over \$420,000 was redeemed from Percy Points, paid out in cash from various promotions such as the Sunday cash draws and members' draws held during the year, meal and beverage discounts, birthday redemptions, entertainment, promotions, etc. These were all funded from cash flows. Not a bad return for a \$6 membership renewal fee or \$3 for pensioners and, remember, that not only do you get the members' discount for meals and drinks, you get an additional 1% off as Percy Points that can be redeemed for drinks and meals. The Club offered over \$150,000 worth of prizes in 2018 to support member entertainment of raffles and Bingo.

These outlays will continue into 2019 and beyond with membership loyalty payouts continuing, a gaming machine replacement/upgrade program at around \$300,000 annually, etc.

- ***The Club therefore gives back to its members.***

The Club is arguably the largest commercial organisation in Parkes, injecting some \$2,300,000 into the Parkes economy in 2018 through wages and payments to local services and local suppliers. It employs around 20 full and part time Staff and around 30 casual Staff.

- ***The Club therefore holds a key role in the economy of Parkes.***

The Club gave donations and allocated its ClubGrants contributions to local charities, schools, organisations and deserving individuals and also directly sponsored various local sports.

The Club, as part of the ClubGrants scheme, prepares freshly made and freshly cooked meals to Parkes Meals-On-Wheels every week day. This had a value of over \$42,000 in 2018.

The Club ensured that all of its Club Grants liability of over \$91,000 was directed to support local organisations and individuals. Additionally, over \$110,000 was handed out as donations and sponsorships and significant in-kind donations given to a large range of local not-for-profit organisations.

The Club also runs Club Bingo three mornings per week where our seniors can mix with their peer group in a friendly competitive environment. In many instances this is the only opportunity that they get to go out and mix socially. Club Bingo has socially redeeming aspects linked to a bit of fun. Club Bingo is a not-for-profit community activity. I would like to thank Directors Cheryl Cunningham, Sarah Hamlin, Helen Pearce, Vicki Archer and Volunteer Member June Edwards for volunteering to assist in running Bingo to keep costs down and the other Directors for filling in when they are able.

- ***The Club therefore has a key role in directly supporting the community of Parkes.***

In 2019 the current proactive maintenance and gaming machine replacement programs will continue. The Board has also adopted a policy to make additional loan repayments when affordable.

The Club is also committed to ongoing Staff general, professional and succession training that will also be financed from cash flows. Mandatory Training is now required for all Directors. Unless exempted, all current and future Directors must complete this training within the prescribed time frames.

A Strategic Plan, the third Strategic Plan, was generated in 2014 by Cutcher & Neale. Strategic Plans have a life of around 5 years and need to be reviewed annually to meet dynamic changes in the Club Industry, political scene and local environment. Strategic Plans are an essential element of good corporate governance. The 2014 Plan was reviewed by the Board and Senior Staff in 2018 and recommendations adopted. In 2019 a new plan will be generated by the Board and Senior Staff.

Our Club is in a good financial position and has been managed and run efficiently and effectively by our Staff with good member participation. Our ability to service our debts, sponsor teams, give donations, etc. and continue to operate effectively in these hard times. The management team, in association with our advisors Cutcher & Neale, will continue to monitor performance to micro manage operations in 2019.

In 2019 we will focus on food as the provision of good food is now the key to a successful Club. This has been demonstrated many times by other Clubs. We welcome our new Head Chef Pam who is currently embarking on a complete revision of our menu and food provisions.

Board Members and Senior Staff attended quarterly regional meetings of ClubsNSW and the RSL and Services Clubs Association where they learned of the status of the Club Industry in relation to both State and Federal Governments as well as industry marketing and trends. They also attended four yearly training courses to learn about the technical, legal and social aspects and responsibilities of running a club.

In 2019, I would invite all members to more regularly visit the Club and enjoy all the facilities, promotions and activities on offer in a safe, clean and friendly environment that also offers low cost beverages and meals. Continued and regular member participation is vital to the ongoing viability of your Club.

Terry Knowles
President
April 2018