

## **CHIEF EXECUTIVE OFFICERS REPORT.**

Dear Member,

It gives me pleasure to present the latest Annual Report to the Members of Ettalong Diggers. Financially your Club has over the last 6 years had six successful trading years. This year's Statement of Comprehensive Income shows a Total income after Tax for the year of \$2,250,363 (2017: \$1,794,108). When we look at the Club's cash operations this year the Club operated with a Net Profit from Operations of \$2,250,363. After adding back depreciation (\$1,571,488) and Interest paid (\$860,758) along with Income Tax of \$44,713 our EBITDA comes in at a very healthy \$4,727,322 (21.02%). Poker Machine revenue and Membership have continued to increase during the last 12 months despite the state wide trend of holding or a downturn in these areas.

### **THE BANK:**

As at 30 June 2017 the Club's total debt was \$17,385,904 and as at the 30 June 2018 this debt has been reduced to a total debt of \$15,473,521.

The Clubs Bank Manager has recently given approval for the Club to re-invest into our business an amount of \$2,500,000.00 (From our funds) so that we can continue to grow our business and continue to reduce the Club's Debt. We needed to have Bank approval on this matter as we did not wish to breach any of the borrowing covenants that the bank has in place.

At a recent meeting of the Board of Directors a recommendation from the Clubs Management Team to move the Clubs financial requirements from the Suncorp Bank to the Commonwealth Bank of Australia was considered and after deliberation the Board resolved to move to the CBA. The reason for this decision was that in the first 12 months the Club would save approximately \$40,000 and then approximately \$90,000 in subsequent years.

### **YOUR CLUB AND RENOVATIONS:**

We have now completed the first stage of our renovations and are extremely proud of the results we have achieved so far with the \$'s we have had to spend. Sincere thanks to our Builders, Mansfield Corporation, in particular Bruce, Matthew, James and Kathleen, our Quantity Surveyor Steve Madden and staff from Madden and Associates, Architect David Heron from Axel Architects, Kitchen Consultant, Brian Lennox and staff from Universal Food Design, Toni Clarke from RT Hospitality Solutions and Denise Cropp from Interior ID as well as all the sub-contractors involved in giving us very nice completed project. Thanks, must also go to Col Murphy, the Club's Deputy CEO, who has worked hard on making this project work to maximum benefit of the Club.

### **YOUR CLUB AND THE COMMUNITY:**

We have continued to regain market share that had been lost in prior years due to not participating in the Community. This has meant that the Club has devoted a great deal of time to restabilising its commitment to the local community. This has been achieved through grants to local charities, sporting bodies and participation in fundraising events.

During the last year we have worked with other members of the Ettalong Community to establish a Peninsula Tourism Partners Inc. with your Club taking the Tourism one step further by setting up an Approved Visitor Information Centre in the Foyer with our Tourism Officer being Kim Cole. Kim has been doing a fantastic job for the Club and for Peninsula Tourism and her role has now become Tourism Co-Ordinator with the ability to utilise some volunteers to assist in getting the job completed.

Your Club is always very keen to support the local Peninsula organisations requiring funding and we are currently looking at funding various items around the area.

Ettalong Diggers total Club Grants for the 2017 – 2018 gaming year (1 September 2017 to 31 August 2018) amounted to \$283,170. An amount of \$117,355 was in the form of Category 1 Grants to local organisations. Another \$165,815 was paid out in the form Category 2 Grants. Almost 95% of this amount was paid out to local Peninsula based organisations.

Over the last 12 months this involvement with the Community has expanded to being involvement beside the community with respect to the Passenger Ferry Services and access to Brisbane Water via Ettalong Channel and Little Box Head. Several Community Meetings have now been held and as part of our Community we are trying to understand or at least follow the politics that is involved in decision making at

all three levels of government. The loss of the passenger ferry service from 2 May 2018 has unfortunately resulted in the unnecessary closure of five businesses and a large downturn in revenue to a large number of businesses around the Peninsula.

### **YOUR CLUB AND CATERING:**

During the last twelve months Your Club has had an opportunity to diversify our operations and expand our revenue streams by operating our catering operations totally inhouse. After some small glitches when we first started we are moving forward very well. The Club's Head Chef, Mathew Fryers, commenced in this role October 2017 and has been integral to the success of this operation and leading us into the future. For the 12 months this operation contributed an amazing \$306,000 towards the total net profit and had just over \$3,900,000 in sales revenue.

### **THE BEST ENTERTAINMENT:**

As you can see in the October to December 2018 "Peninsula People" (Edition #11) our entertainment continues with great shows and Dinner shows for the Melbourne Cup, New Year's Eve as well as a whole host of items for Christmas.

Our Entertainment and Communications Manager, Anthea Johnson, is ensuring that you get the best entertainment available. We have been surprised of recent that we are now being approached to run major shows.

Our Magazine, "Peninsula People" has proven to be very popular with members and patrons particularly in getting the entertainment program into the market place. Anthea and Joy Allan, Marketing, work extremely hard every quarter to ensure that you receive the latest and best information about your Club.

This year your Club was again a Finalist 2018 ACE Award for Venue Excellence and Commitment to Entertainment (Small to Medium Club), we won this award last year. Thanks to the continued good work of the team here at the Club.

### **THE FUTURE:**

Five years down the track with a reasonable Operating Profit later I am so proud of the way your Clubs' team have worked so hard to ensure its success.

In February 2018 the Board of Directors and Senior Management met and refined our Strategic Plan. This Plan is constantly reviewed by the Board and Management at Regular Meetings. One thing that came out of the Strategic Plan was the Clubs Vision and Mission Statements which is just as relevant today as it was when first written:

## **Our Vision**

*"The destination of choice for hospitality, entertainment and lifestyles to benefit the community"*

## **Our Mission**

*To be a profitable and sustainable business, Grow through diversification and expansion opportunities, Be recognised as the employer of choice, Provide exceptional customer service, Engage and evolve with the community, Provide a safe environment for everyone and Achieve environmental sustainability*

As our circumstances change with time so too does our strategy moving forward. For this reason your Club is continuing to undertake a five year Strategic Planning Session that will incorporate the Clubs Master Plan for the Future that we are currently working on. At our Strategic Planning Meeting the Club will be committed to thoroughly examining all opportunities as they arise and after performing a due diligence to take advantage of those opportunities that represent a prospective advantage to your Club. This Strategic Plan incorporates a Capital Expenditure program in conjunction with our Bank which will include not only maintenance of the current facilities but further development of the Club providing enhanced first class amenities for members and guests.

### **PENINSULA ASSETS:**

Over the past 10 years the Peninsula community have lost Club Assets to large Sydney Clubs. These Assets are those that have been built up over many years by the members of these Clubs but are now controlled offsite.

This is unfortunate but also unnecessary as we see your Club as the potential protectors of assets and able to keep the control of these community assets on the Peninsula.

### **THE STARFISH KIDS CLUB:**

The popularity and growth of the Starfish Kids Club seems to have taken on its own identity with 755 members as at 30 June 2018. In an attempt to give these members some value we have teamed up with the Cinema Paradiso to make their largest theatre available to show the latest and greatest Kids Movies sometimes prior to their general release. To be a member the Child must have at least one parent or grandparent member. We are issuing the red Starfish Membership cards with just the child's name (no photo nor address) for obvious reasons. This has enabled the spin off Starfish Disco and the Starfish Section of 'Peninsula People'.

In addition to the Starfish Kids Club for 4 to 12-year old we have also introduced the Teen Beach Club (TBC) for teenage members under 18 years of age. As at today we have 320 members of Starfish Club and 32 members of Teen Beach Club.

### **THE BOARD OF DIRECTORS (THE TEAM):**

I must say that the Chairman, John Wood, and the Board of Directors at this Club (Judy Gribble, Joy Conroy, Tim Johnson and Michael Duffy) have combined to form a very progressive, positive and cohesive Board that it is a pleasure to work alongside. This attitude by the Board of Directors has resulted in any potential problems being converted to potential beneficial situations for your Club not least of all being the recent negotiations with Suncorp Bank. I would like to thank the Chairman and the Directors for their hard and continuous efforts over the last 12 months. My thanks must also go to the partners of the Directors for their patience and friendship. Thank you one and all.

### **THE STAFF (MORE OF THE TEAM):**

Each year this is my opportunity to thank the Team. This year the team is even larger now being approximately 125 people strong.

The results posted in the Annual Report are a direct result of the Team's efforts and customer service. Both of these areas have improved even more dramatically under the guidance of your Club's Deputy Chief Executive Officer, Mr Colin Murphy. Col has shown himself to be a very good operator and it has taken him a very short time to climb from Operations Manager to Deputy Chief Executive Officer. I would also like to publicly thank the management team, Vanessa Harvey, Joy Allan, Elaine Fleming, Joanne Campbell, Mardi Belle, June Brown, Anthea Johnson, Gemma Bancroft, Dion White, Nathan McColm, Kathy Ibbotson, Shaun Drury, Peter Hoare, Kyra Walker, Michelle Banks, Sam Pratt, Matthew Fayes and all of the fabulous staff that are the Ettalong Diggers team for their hard work and unending effort through all the changes that has seen the result being such a positive result for our Club.

### **THE CONTRACTORS (EVEN MORE OF THE TEAM):**

This result would not have been possible without the assistance of our cleaners who have continued to make their presence felt with a cleaner fresher smelling club to greet our patrons daily, thank you very much. Safety and Security has become a major matter in this industry and we thank Glad Security Pty Ltd., Site Supervisor Luke and his team for providing this over the last twelve months.

### **VALE:**

It is always very sad to hear of the passing of our members or members of their family. To the Members or Members families who may have lost someone over the past twelve months on behalf the Chairman, Board of Directors, Fellow Members, Management and Staff, I offer you our most heartfelt condolences.

### **YOU AND YOUR CLUB:**

Your Club is making every endeavour to renovate and renew the facilities so that you are proud to be a member. I wish to thank all our members for making 2018 such a successful year and sincerely look forward to your continued loyalty and support during 2019.

Finally, if we don't catch up over the festive season I wish you and yours all the very best for a Happy, Safe and Healthy Christmas and a most enjoyable & prosperous 2019.

With sincere thanks

Bill Jackson

Chief Executive Officer 27/9/2018