

MINUTES OF THE BALLARAT GOLF CLUB INC
125th ANNUAL GENERAL MEETING HELD AT THE CLUBHOUSE
ON MONDAY 20th JULY 2020

Present:

President Wayne Hines (President and Chairman) and 33 members as per the register of attendance.

The meeting opened at 7:01PM with the President welcoming all members, acknowledging our traditional land owners and attending life members Phil Trevenen, Heather Brauman and Alan Burns.

Gary Fry - General Manager – then read the notice of resumption of the meeting.

Apologies:

Gill Fryatt, Carolyn Sertori, Sandra Burns, Phil Chamberlain, Trent Chamberlain.

The President made note that under current restrictions and guidelines the aim is to keep the meeting short, adding the rule change motion has been removed, restricting the meeting to ordinary general business.

Moved: S Byrne **Seconded:** S Howie that apologies be accepted. **Carried.**

The President asked for the confirmation of the minutes of The Annual General Meeting held 25th of March, 2019.

Moved: S Byrne **Seconded:** S Howie. **Carried.**

The President asked that all questions will be addressed after all reports are completed.

The Presidents Report:

The President spoke briefly on the dramatic changes that were occurring over the weeks in writing the report due to COVID-19. He acknowledged the hard decisions that were made over this period. He emphasised that the Board and management will endeavour to create a safe environment for all. The President thanked Michael Dunne for his assistance with legal advice and guidance. He thanked Gary Fry, highlighting his efforts of going above and beyond in the past few months during COVID. He thanked all members and wished them to stay safe.

The President then asked Captain Michael Erbacher to present his report.

The Captains Report:

The Captain thanked Jeff and his greens staff with their effort during these tough times, adding the fantastic work that Dad's Army put in every week to support them. He thanked Dave and his staff, along with Gary for taking over at a difficult time. He applauded Gary on his management of the past few months. The Captain noted that changes to the Club Championships and Pennant proved difficult.

The President then asked the Finance Director Greg Bennett to present his report.

The Finance Report:

The Finance Director highlighted the performance of each department and its comparative position to the previous year. He thanked the help from Paul Foley over his first term as Finance Director. The President asked Gary Fry to read submitted questions for AGM, along with their responses. These questions were submitted through feedback@ballaratgolfclub.com.au.

From Phillip Chamberlain

1. During the shutdown period has the Golf Club been issued any invoices from TGS in relation to Gaming equipment or servicing of poker machines at the Golf Club?

RESPONSE:

No. TGS fees were frozen at the point of lockdown and this continues.

2. What is the Golf Clubs position on fees paid or partially paid (monthly drawdowns from member's bank accounts) with regards to the golf course closedown. Is it the intention or not of the Golf Club to provide members with any compensation in any manner for the lost fees due to being unable to use both the course and clubhouse facilities.

RESPONSE:

This has been discussed at Board level and continues to be, however the current position is as was emailed to members from the Board on 6/5/20 which stated in part:

"Financial Position / Golf Subscriptions

The Club's average monthly revenue projection for 2020 of some \$500,000 has been reduced to almost \$0 and while many of the corresponding expenses have been reduced costs are still being incurred by the Club while it is in stand down mode.

Once we are again open and able to trade the return to our predicted trading / revenue levels may take many months to achieve and will incur increased expenses to do so. We are working on revised projections and negotiating revised trading arrangements with our major suppliers however the many uncertainties that confront us will make the actual financial position of the Club unclear for many months.

A small number of members have enquired as to subscriptions and the possibility of any relief or reduction given the course closure.

Given the current financial position the Club is at this point not in a position to contemplate any form of refund to members and believes it would be prudent to give possible consideration to any such options only when the financial position of the Club becomes more apparent and this is unlikely to occur for some months.

The vast majority of our members have paid their subscriptions in full. It is therefore considered "fair" for all members that the direct debit process will continue as normal for those members who have chosen this payment option."

From John Noone:

1. Solar Power installation

Quotes from last 2 annual reports

In 2018, the Club made significant investment in capital purchases, not only the course machinery replacement mentioned above plus most notably the installation of the Solar System on the Clubhouse roof costing \$243,500 (plus interest costs of at least \$43k) which was commissioned and operational in October 2018. I advise that the 'payback period' of 5 years is seen to be short when compared to the expected useful life of the system. I am pleased to report that it is functioning as

we have budgeted with it providing up to 50% of the Club's power usage and is effectively cash flow 'neutral' for the Club until the system is repaid within 5 years.

Last year's Treasurers Report made mention of the Clubs Capital Investment in the Clubhouse Solar System in October 2018. Heat, Light and Power in 2019 was \$35,709 less than last year, indicating that the system is working well and on target to meet our energy and financial targets.

My query

Heat, Light and Power went down from \$139k to 103k. A good thing. However it does not appear that we will be cash flow neutral in 5 years (\$210k savings against \$286k outlay) thus more like seven years.

To demonstrate how we may meet our financial targets would you please provide a brief summary of power usage and unit costs to show that we are saving more than is inferred by the straight financial figures.

*I assume **Total** power usage stayed at similar levels I will say 1,100,000 kwh (this figure may well have increased, a different factor to account for).*

Example in 2018 our purchased usage may have been 1,000,000 kwh (Solar was operational in October 2018) @14cents thus \$140K, 2019 year our purchased usage went down to 600,000 kwh but price rose to 17 cents, thus \$102k.

*Our saving is actually higher than the net dollar figure in financials shows due to higher electricity prices per unit i.e. saving is \$68k being 400,000kwh @ 17 cents (or \$85k if 500,000 kwh @17 cents if **total** usage is 1,100,000 kwh)*

This would then lead to the payback period of 5 years being met.

Would you please be able to provide a brief summary of the actual Logistical outcome described above, so that we are able to be confident of meeting the 5 year payback period?

RESPONSE

We receive 3 different power bills every month. Clubhouse – for which the solar is the offset, Maintenance building, and the Pump Shed for course irrigation and on course water management. Course irrigation costs have increased due to lower rainfall over the last few years and approximately 25% of our electricity power costs are non-clubhouse.

Without pulling usage figures etc. – which I have asked our provider for rather than strip from each account – a summary of straight \$ costs for the clubhouse shows the following:

Our average costs per month for the 14 months prior to solar conversion was \$12,316 per month.

Our average from November 18 to March 20 to was \$7365 – a difference on average of \$4950.

Our total investment in solar including all interest is \$301,000 – and this amount divided by \$4950 is 60.8 months V the 60 months that was originally envisaged as the payback period.

There are of course fluctuations dependent upon weather, prices, sell back to grid values, LGC rebates etc. and when considering these there is a potential fluctuation of between 55 and 69 months.

Overall we are well on track for the projected payback period and given the projected 20 year minimum lifespan of the system a very good investment overall.

2. Reporting on 6 new Gaming entitlements

Quotes from last 2 annual reports

The Board made application and has been successful in obtaining an additional 6 Gaming Entitlements costing \$141,590. These additional EGM's have been installed and are currently operational. The anticipated revenue gains from increasing our EGM numbers based on maintaining our current **Net Machine Revenue** is expected to be approximately \$200,000 p.a.

Last year's Treasurers Report also noted that the Revenue Gains from the 6 additional gaming machines was expected to be approximately \$200,000 p.a. The 6 EGM's were installed on March 5th, with 2019 Revenue Gains exceeding expectations by returning increased Revenue of \$304,848.

An upgrade to the Gaming Room and being regularly “first to market” with new games and technology also contributed to this result.

*Please review and advise, as I think the 2019 Finance report should state **Net Machine Revenue increase** was around \$220k, as there was an additional \$83 k of **Gaming tax paid** which I assume is associated with the increased revenue.*

Still a great outcome in 10 months, 10% above expectations.

RESPONSE:

The 2018 report noted “..Gaming Commission increased by \$291,447 in 2018 whilst associated Gaming Tax increased commensurately..” your comments are an accurate comparison against the previous year’s notes. We will make note of these in the minutes of the AGM rather than the change the published report.

From Robert Dixon

I have a question for the Annual Meeting regarding the huge increase in the Cleaning Costs over the past twelve months.

In 2018 the costs for cleaning and laundry were \$36,667, however this blew out to \$84,663 in 2019.

This was prior to the COVID-19, so I expect costs will increase again this year with increases in cleaning due to the restrictions. Have you got any reason why the sudden increase last year and what strategies have we got in place to ensure this kind of increase does not continue? Increases like this are unsustainable in the long term.

Thanks for you anticipated reply.

RESPONSE

For the majority of 2018 cleaning was undertaken by employed staff. A review of cleaning costs resulted in a move to a contracted cleaning service late in the year.

In 2018 you will also find wage and associated wage costs for cleaning that add to a little over \$63,500 and when added to the \$36,667 the total for 2018 was just over \$100,000

It is this total 2018 figure of \$100,000 that should be compared to the 2019 figure of \$84,600.

From Steven Day

1. *The muddy practice range landing area detracts from the overall appearance of the club. Is there any intention to improve drainage?*

RESPONSE

This has not been examined in detail – but rough costing has been done with materials \$35K and a full month of labour – the driving range was not constructed as the rest of the course and is believed to have considerable rock under the surface given knowledge of it prior to its grassing.

As per the Strategic Plan Item 6, the key areas identified for development of the driving range are currently based on “improving financial returns and include consideration of options for; Automated ball dispensing, lighting, roof coverage, practice fairway bunker, practice pitching and chipping”. Obviously a number of these have now been completed but further investment in the range is at this point planned to further enhance our prospects of increasing sponsorship through additional facilities within the cover.

2. *Can you please advise which membership categories those members in the Young Adult Categories have transitioned to once their age has taken them out of their current category, and have any from category Young Adult 3 transitioned into the Full Member Category?*

RESPONSE

The Strategic Plan (Pillar 3) drove the review of membership. These categories were introduced as a result in late 2017 to provide a transition from the junior category into adult categories as the transition from the junior into senior categories had seen very large loss of numbers prior to this (up

to 50% - due largely to fee increases and lifestyle changes) and holding onto this age range was seen as important to the long term membership numbers at our club.

At the end of 2018 there were 114 members in the young adult categories. Currently there are 120. Of the 2018 count 80 remain as members – while they are transitioning through the various levels of the young adult categories 3 have transitioned into 7 day members, 11 into lifestyle.

The Board believe that these categories continue play an important role in our membership structure.

3. *Why are our green fees so low? I pay at least \$60 green fees when I play at courses comparable to Ballarat Golf Club – and often more, and also pay comp fees on top of that. We are cheapening our club and course.*

Response

The Board has just approved the change to our green fees – the first that has occurred in a number of years. While on some days where the fee does include the comp fee, the overall change is an increase. The Club has also removed some of the additional benefits that visitors enjoyed.

Whilst it is acknowledged that our fees may be low given our outstanding facility the reality is that we compete in our local market – the only course charging more than us on a green fee basis is Creswick – and we constantly measure our “place” in this market through golf enquiries, visitor feedback and local comparative rate – the aim being to gain maximum revenue and exposure while balancing against course availability, use and wear.

From Gill Fryatt

My question is about the clubs ‘ability’ to maintain the high quality playing surfaces of the golf course considering the massive drop in ‘normal’ income of the club.

*What are the **new** ‘Strategic’ and ‘Operational’ requirements that are now in place to endeavour to have the golf course maintained in an acceptable standard?*

For example what big ticket expenses will be reduced or avoided?

Like Plant replacement?

Staff numbers to be maintained?

Will the roofline of the driving range be straightened (packed up) on the front edge?

RESPONSE

The Board is continually reviewing the impact of COVID –19 on the operational position of the Club as a whole and the longer term strategy will be examined in more detail by the incoming Board. I am sure that you will appreciate that this is a moving target as the requirements and directives placed on the Club and the community as a whole is very fluid and in the longer term really unknown.

The emphasis is to ensure that the course is maintained to the highest quality possible given the funding restrictions placed on the Club and that its condition will ensure that it can once again continue to grow in both condition and presentation as circumstances improve.

The current operational directive is to maintain the condition of the course – with the emphasis on the playing surfaces – as best as possible given the very limited funding available.

With this in mind:

- All expenditure is being undertaken at the minimal levels viewed as necessary to achieve this and is focus on the playing surfaces (and its necessary infrastructure) as much as possible.
- No capital works expenditure is being undertaken at this point.
- The majority of course (and clubhouse) staff continue to work under the hourly restrictions in place as their salaries are at JobKeeper levels only.

This said the ability to operate and maintain the course has always been dependent upon revenue streams other than from golf.

At the moment JobKeeper is critical to the ability of the club to operate as it is given its current revenue streams. The impact on the operation of the Club as a whole will be very significant should the JobKeeper arrangements alter dramatically and the revenue streams remain at current levels and such a scenario is being monitored by the Club.

The President asked for any questions from the floor.

Phil Trevenen questioned the income of \$125,000 for the driving range, he asked if it had all been spent or overspent. Gary answered total expenditure from the driving range was \$24k cash more than we were funded. He added labour and sundries added another \$14k, however as part of that bid we would contribute up to \$50k in cash and kind. Gary added the total expenditure was \$163k. Phil asked why the expenses don't show in the financials, Gary responded that most expenses were incurred this financial year.

Phil Trevenen asked for an update on PGA Futures Championship. Gary answered we are awaiting a response from the PGA. Adding we are still contracted to hold the event if it can't be moved, however we will not be contributing any money towards it due to our current circumstances.

Phil Trevenen asked what the financial position of the Club was in from first 6 months of this year with the impact of COVID-19. Greg responded it was hard to give a definitive answer. He explained at the beginning of the year we started with 2.1m cash balance, whereas now we have just over 2m. Greg added at the end of June, 2020 we had a net profit of \$50k, major cash injections from the government of \$50k have come in already, with another 4 x 12.5k still to come in over the next 4 months and we have received \$309k from the government so far for JobKeeper. Gary added our trade is currently at 40% of our 'normal'.

There being no more questions the President thanked members for their questions and Greg and Gary for their comments.

The President asked that members receive and adopt the Annual Report, Revenue Statement and Balance Sheet for 2019. **Moved:** K Erbacher. **Seconded:** R Jones. Carried.

The President congratulated Mr. Phil Roberts, Mr. Garry Owen, Mr. Tom Dowling, Mr. Alan Burns and Mr. Kevin Walsh who had reached 30 years membership and Mr. Gary Fry and Mr. Daryl Fraser on reaching 50 years membership.

The President called for any general business. No further business raised. The President closed general business.

The President thanked Greg Anders for his great contribution to the Club, including his 2 years as President. He added the work Greg did for the Strategic Plan and gender equality, which has given members a better appreciation of the Club and broader community.

The President then spoke on the election of directors. He noted there were 4 vacant positions with 4 nominations, Jason Sims, Greg Bennett, Kym Erbacher and Cameron Bryce. The President added since nominations the Board received the resignation of Jason Sims. He then announced that Greg Bennett, Kym Erbacher and Cameron Bryce will fill the 3 year terms, congratulating them on their appointment.

Being no further business the President thanked all present for their attendance and participation, closing the meeting at 7:45pm.

MINUTES OF THE BALLARAT GOLF CLUB INC
MINUTES OF SPECIAL MEETING FOR BOARD ELECTION
ON MONDAY 20th JULY 2020

Present: Wayne Hines, Lesa Gray, Greg Bennett, Michael Erbacher, Paul Foley, John King, Kym Erbacher, Cameron Bryce,

The President, Wayne Hines declared the meeting open at 8:00pm

The President advised the Board that he would be stepping down as President, and that he was resigning from the Board with immediate effect. He then left the meeting.

The General Manager took the Chair declaring all positions vacant and called for nominations for President.

Michael Erbacher nominated Lesa Gray for President, Greg Bennett seconded. Carried.

There were no further nominations and Lesa was announced as elected.

The General Manager then passed the Chair to Lesa.

The President called for nominations for Vice President.

No nominations were forthcoming.

John King then asked Michael Erbacher (Captain) and Greg Bennett (Finance Director) if they wished to continue in their current positions, both answering yes.

Following further discussion John King then nominated Paul Foley for Vice President, seconded Cameron Bryce. There were no further nominations and Paul was elected to the position.

John King nominated Michael Erbacher for Captain, seconded Paul Foley. There were no further nominations and Michael was elected to the position.

Kym Erbacher nominated Greg Bennett for Finance Director, seconded Cameron Bryce.

There were no further nominations and Greg was elected to the position.

Some interest has been made to fill the 2 vacant positions with Board members to continue conversations with interested members and put forward their names at the next Board meeting, to be held on Wednesday 29th July, 2020.

ACTION: Gary Fry to make contact with Paul Clarke prior to meeting.

The President closed the meeting at 8:40pm.