



TAREE AQUATIC CLUB Ltd

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SECRETARY MANAGER'S REPORT

Dear Members,

The year produced major challenges from a cost of living crisis with members and visitors having less funds at their disposal. We saw consecutive interest rate rises, grocery prices, electricity bills, fuel and travel costs all increase substantially during the year. As a result of the external factors that posed problems with revenue for the club, we faced the flow on effect internally with increased costs passed on for food, beverage, supplier and maintenance contract costs. We were also faced with wage increases bought upon by the Labor Government of 6% for both super and direct wage costs.

As a result of these factors we regrettably report a loss for the year of (\$365,601) compared to the 2023 loss of (\$214,612). Unfortunately for our local area, other clubs have reported similar losses, so we are not alone.

This year was the first full year of running the catering department internally. This resulted in a significant increase of associated costs in the day to day running of the business. During the year the staff turnover in the kitchen remained excessive with many local establishments all trying to source chefs, cooks and support staff. This has been an ongoing issue seen in most restaurants and hospitality since COVID-19. This indeed, made life difficult to have a consistent product and resulted in ongoing trading losses.

We were also faced with catering staff shortages leading into our busiest weekend of the year "The Easter Powerboat Classic" where we had to engage a company called "Chef's on the Run" to get us through, which was a significant cost to have food available for the event.

Total income for the year was \$3,003,806 compared to \$2,181,107 the previous year. The main areas of our income are broken down as follows:

Income:	2024	2023
Bar Sales	\$719,711	\$717,944
Gaming	\$1,038,397	\$1,091,689
Catering	\$1,177,400	\$308,801 (3 Months)

Bar sales remained consistent for the year with an increase of \$1,767 or 0.2% which can be attributed to two annual CPI rises throughout the year.

Gaming was down by \$53,292 or 4.9% which is due to reduced play during the year, which did not help the result this year.

Catering increased by \$868,599 or 73.8% for the year, however this year was the first full year of trading. Last year was only reflective of three months trading. Unfortunately the expenses exceeded the revenue.

The best views on the Manning River

Incorporating Taree Aquatic Sailing Club

Other income remained consistent throughout the year.

Total expenditure for the year was \$3,369,407 compared to \$2,408,481 the previous year.

The main increases in expenditure were attributable to:

Catering Cost of Goods = Increase of \$428,002 (due to increased sales of \$868,599)

Catering Expenses (including wages) = Increase of \$551,590 on the previous year.

Overall, from a departmental exercise the increased result of the loss this year was due to a trading loss from catering operations of (\$135,668) which therefore cemented the decision to revert to a contract catering agreement. As a result we went through a restructuring and retrenchment process.

Overall wage costs for the club increased by around 5% in all other areas which is acceptable when factoring the CPI increase for the year on wages and superannuation. Due to the significant loss sustained for the year, the club prioritized its funds spent on capital projects. For the year a total of \$66,685 was spent mainly on the upgrading of gaming machine facilities, and the club repaid \$74,820 in both poker machine and POS agreements. The club operated at a cash flow loss from operations of \$126,883. The total reduction in cash was \$268,388 when taking on board the three factors just mentioned. During the year the term deposit was redeemed and not reinvested due to the trading conditions.

In March, the Board and I reviewed our budget and have made some tough decisions in order to turn around the club's misfortunes. We decided to outsource the catering operations, cleaning operations, and perform a restructure of the administration of the club. A changeover to a new rostering and payroll system allowed us to track wages on a daily basis, reduce workloads and make refinements as we needed to.

We are pleased to be able to welcome "The Local Spoon" to the club as our new caterers which began on 1st July 2024. The company is run by Rajesh, Abin and Sajana. Rajesh and Abin look after the day to day running of the kitchen together, whilst Sajana looks after the administrative functions of the business. You will find the food outstanding with exceptional presentation, quality and value for money in Taree. We hope to have a long and successful association together.

The cleaning was outsourced to "Bella Group" who contract to a number of pubs and clubs not only on the Mid-North Coast, but the Central Coast and Sydney Metropolitan areas.

In the coming year, we have introduced a number of new incentives for our members. The Friday Mega Raffle once a month, Daily Members Happy Hours from 4pm till 6pm, Local Friday Night Entertainment once a month and Specials Nights in the restaurant with our new caterers.

It is pleasing to report with the raft of changes, since the very beginning of the new financial year, we are turning the corner. We have reinvested \$600,000 in a new term deposit facility, with around \$190,000 in our day to day trading accounts with Greater Bank. The club continues to remain debt free with no mortgage or securities over the club's asset base.

The best views on the Manning River

Incorporating Taree Aquatic Sailing Club

For the first quarter end 30 September 2024, we are pleased to report a turnaround in the club's trading. We are operating at a small loss after depreciation of (\$8,177) compared to a loss the same period last year of (\$45,407). We feel that we have made the necessary changes to continue through these tough economic times that we face. I don't think any business is truly out of the woods just yet.

My thanks must go to the club's Board of Directors led by Gary Gates for your support and leadership through these tough times. I am grateful to have such a board that have run their own successful businesses over the years for their guidance and wisdom. Many clubs aren't so fortunate.

Thanks to all staff who make "Sailos" the great place that it is and look after the needs of our patrons day in day out to make their experiences memorable. Your work does not go unnoticed.

Members, thanks for your support and we look forward to a much brighter year ahead.

Peter Hemingway
Secretary Manager