



2021 The Country Club President's Report

It is with considerable pride and a well-informed optimism that I provide this report of St Georges Basin Country Ltd for your personal consideration. The 2020-2021 financial year has most certainly thrown up its challenges, with the social and economic impact of that dreadful pandemic, COVID-19, being at the top of the list. Throughout an incredibly difficult period in our history one thing remained constant- the enthusiasm and support given by you, our members. For that, on behalf of the Board, the Management Team and the Staff, we say thank you. When we all work together for a common purpose (as we do), mountains can be moved and as a result, we can all progress 'to the other side', in both a bold and optimistic manner.

During the past twelve months many members have remarked to myself regarding the fabulous job that our security perform in unprecedented circumstances. Security is charged with the responsibility of keeping us all safe by very professionally implementing the mandatory health orders of the day, as well as the other important aspects of their duties that we all appreciate. A big thank you to Wayne Turner and his team for doing that bit extra in ensuring that our club is second to none.

Even though I have paid tribute to our late President, Garry Buckley and retired CEO, Peter Thorncroft previously, it is only fitting to once again acknowledge their immense contribution to the noteworthy success of our wonderful club. Garry will never be forgotten and will always be referred to as an exceptional leader who had that great capacity to get the best out of those around him.

Peter will always be remembered as a loyal servant of our club, a man with an unassuming approach to problem-solving and an obvious desire to succeed, even in difficult times.

One should never underestimate the role of our club when it comes to its social responsibility. In this regard I am very pleased to report that your Board approved donations to our local community totalling in excess of \$100,000. This can only occur when our club is operating effectively and profitably. Some of the benefiting causes include but are not limited to: Kidzfix Rally, Bay & Basin Amateur Swim Club, NSW Rural Fire Service, Bay & Basin Community Resources, Sanctuary Point Men's Shed, Clifton Community Gardens, Bay & Basin Women's AFL, Meals on Wheels, Koori Kids, Bay & Basin Cricket Club, Vincentia High School, Shoalhaven Superheroes, St Georges Basin Hockey Club, Bay & Basin AFL, PCYC Shoalhaven, Jervis Bay School, St Georges Basin Little Athletics, and more.

Over the past year your Board has continued to examine possible options, which could be used to realise key aspects of our strategic plan. These include, but are not limited to, a new sports' bar and a 50 to 60 room motel at Sanctuary Point AND a refurbishment of the clubhouse at Vincentia.

These potential visionary projects require considerable additional revenues, which may well be raised by some form of capitalising of assets. With this in mind, your Board continues to consider its financial possibilities.

Your Board has worked very closely with the Management Team and we are extremely pleased to achieve a net operating profit in the order of \$1.8 million (after deduction of depreciation). A special thanks to Peter, Ben, Luke and all staff in producing such a good result. In addition to this our bank loan has reduced by a considerable \$1.9 million, from \$9.1 million to \$7.2 million. These figures are significant and puts us in a strong position to cope with the fallout that extended shutdowns produces, as well as seeing our club through to 'the other side'.

Earlier in my report I mentioned how the wonderful support provided by you, our loyal members, was most gratifying and to this end, on behalf of the Board and Management, I take the opportunity to recognise the massive efforts produced by our sub-clubs and their committees. Our sub-clubs play a vital role in providing a diverse range of activities, as well as giving opportunities for our members to form long-lasting friendships. Everyone involved is to be congratulated and please never underestimate the value of the great work that you do.

(Verbal addition to the President's Report was offered as follows at the 2021 AGM):

For your information we now have just over 15,000 Members with 191 Bowls members, 855 golf members, 102 snooker, 40 tennis, 25 computer club and 17 fishing. This is an impressive list reflecting the diversification of interest in our members. Yes members, our club is a big deal and a real community hub.

As a community and as a club, we certainly have been through some interesting times to say the least. We have felt the impacts of floods, bushfires and the COVID19 pandemic. The pandemic had a major impact on our business as well as a significant disruption to the social fabric of our club. However, with an energetic management team working proactively with a harmonious Board of Directors, and especially with the return of you, our wonderful members, who make our club the friendly place that it is, we pushed through a time of considerable adversity. And speaking of friendly, just how good are our staff – it really is a credit to all concerned for making our club the warm and friendly place that it is recognised for being.

Now given a future period of far less disruption, extremely exciting times lie ahead. If nothing else, we learned a great deal from the pandemic., It is most certainly highlighted just how fragile the hospitality industry really is, and as a direct result your Board of Directors have adopted an even more cautious approach with finance, and particularly with the currently level of debt, as well as future borrowings. I can report to the meeting that as of last Friday our entire debt is 6.8m. I am informed by CEO Ben Clegg that if we increase our loan repayments by \$50k/month then we can reduce our payback period in half from 7 years to 3.5 year. We believe that this could be achievable.

The questions that many members ask on a regular basis is
What's happening with our Sports Bar?
When are you going to do something with the Paradise Beach Rd land?
What's going to happen up the hill at Vincentia?

Members, I can report that your Board of Directors with Management have reviewed our Strategic Plan, as well as engaging Edmiston Jones to produce a Master Plan, primarily at this stage, for the Sanctuary Point site. This is a work in progress.

Over the Past three years or so we have met with several proponents of Seniors Living Style Development. To date nothing has materialised, probably due to the uncertainty that COVID has impacted on the construction industry. However, the exercise was worthwhile, as it gave our club a neat snapshot of what the market was prepared to offer. At all times we were mindful of the expectations of our membership, which had to be balanced against our current and possible future level of debt, and the assertion from our bank that increasing our loan portfolio was some time off. We continue to talk to proponents, especially regarding the Paradise Beach Rd site, and are currently investigating joint venture options, which could give rise to the construction of a Sports type Bar, Motel and some unit development. Bu, this is very early days and no concept plans have been produced and nothing has been signed. We will bring any advanced proposal to you, our members, for your comment.

Specifically addressing the rumours and concerns regarding the Vincentia Site I can report the following:

Over the past two years or so we have had some information discussions, usually on site, with Seniors Living proponents and Club and unit construction representatives. Again, nothing has been signed or decided, but we are keen to ensure that the Vincentia site becomes a sustainable enterprise, which may include a new clubhouse and function centre supported by adjacent medium density unit style development. When the Board has decided to recommend that we proceed with a project at Vincentia, it will bring the proposal to a meeting with you, our membership, discuss and present the proposal and then put it to a vote. This process will be completely transparent, communicated effectively and totally democratic. All members of St Georges Basin Country Club will be invited to attend the meeting, participate in the discussion and exercise the right to vote.

I will now turn my mind to address the Members Resolution for the AGM dated 6/8/21. This resolution will not be specifically addressed as it conflicts with Rule 31 of the Club's Constitution which deals with the powers of the Board and members. Rule 31 does not provide members with the power to direct the Board regarding "partnership proposals" at an AGM. The Board if of the view that it had a "commercial in confidence" obligation regarding all informal discussions to date, and as outlined earlier, will bring any concrete proposal to the Country Club Membership for a vote. The Board's view is supported by written legal advice. And so once again, the situation at Vincentia is precisely as I stated earlier. There is nothing further to report and when there is, our membership will have the right to make the determination.

Also, touching briefly on the MOU at Vincentia. VGC Ltd was de-registered as a company on 20/8/20, and as such has no legal entity. Despite this, we continue to honour the spirit of the MOU and will continue to look for sustainable options. Remember that we took on a \$1.3m debt, have expended considerable monies on the clubhouse and golf course, and

struggle to set aside significant funds to do anything meaningful with the club to make it sustainable. However, we continue to look to the future with some optimism.

Finally members, I feel compelled to express my great disappointment at the way the Country Club Vincentia situation has been portrayed by some. Your Board of Directors have always acted with great honesty & integrity, and we will continue to do so. We have called meetings to explain that we need to put steps in place to ensure the future viability of the Vincentia site, and that in the final analysis it will be you, our members that will decide the appropriate way forward.

Members, that concludes my Presidents Report.