

MYRTLEFORD SAVOY SPORTING CLUB INC.

ANNUAL REPORT – 2015

COMMITTEE OF MANAGEMENT - 1ST JULY 2014 TO THE 30TH JUNE 2015

Mr. Frank Bonacci (President), Mr. Sebastiano (Ciccio) Revrenna (Vice President), Mr. Nathan Mirt (Treasurer), Mr. Adrian Novak, Mr. Jim Richards, Mr. Geoff Scott, Ms. Mary Tomaino, Mr. Frank Ivone and Mr. Zac Mirt.

Note, Mr. Zac Mirt resigned at the 2014 AGM, and was replaced by Ms. Mary Tomaino. Sadly, Mr. Jim Richards passed away early in 2015, and Mr. Frank Ivone was appointed by the Committee of Management to fill the casual vacancy.

COMMITTEE MEETINGS - 1ST JULY 2014 TO THE 30TH JUNE 2015

The Committee of Management held 10 meetings during the Club's financial year.

NUMBER OF MEETINGS ATTENDED BY EACH DIRECTOR - 1ST JULY 2014 TO THE 30TH JUNE 2015

Frank Bonacci – 10, Frank Ivone 2, Nathan Mirt – 6, Zac Mirt – 1, Adrian Novak – 9, Jim Richards – 4, Ciccio Revrenna – 7, Mary Tomaino – 7.

SECRETARY/MANAGER/GAMING NOMINEE/LIQUOR NOMINEE

Rick Watt, DipRec, DipHosp, GradDipBusAdmin, CCM - Since January 21ST 2013.

MEMBERSHIP NUMBERS

Category	2011/12	2012/13	2013/14	2014/15
Life Members			7	9
Full Members			280	282
Concession Members			475	490
Sporting Life Members			14	14
Social Members			1,213	1,407
Total	606	715	1,989	2,202

PARTNER CLUBS AND ORGANIZATIONS (WHERE THE MEMBERS OF THESE CLUBS/ORGANIZATIONS ARE MEMBERS OF MYRTLEFORD SAVOY SPORTING CLUB INC.)

Traditional Groups:-

Alpini Gruppo Di Myrtleford Inc.	Circolo Calabrese of Myrtleford and Districts Inc.
Circolo Pensionati Di Myrtleford Inc.	Circolo Trentino of Myrtleford & District Club Inc.
Circolo Vicentini Di Myrtleford Inc.	Myrtleford Savoy Bocce Club Inc.
Myrtleford Savoy Ladies Group Inc.	Trevisani Nel Mondo Myrtleford & District Inc.

New Clubs/Organizations:-

La Fiera Festival Organizing Committee	Myrtleford Festival Organizing Committee Inc.
Myrtleford Bowls Club Inc.	Myrtleford Football Netball Club Inc.
Myrtleford Golf Club Inc.	Myrtleford Lawn Tennis Club Inc.
Myrtleford RSL Sub-Branch Inc.	Myrtleford Savoy Soccer Club Inc.
Myrtleford Table Tennis Assoc. Inc.	Rotary Club of Myrtleford Inc.

COMMUNITY BENEFITS FUND – 1ST JULY 2014 TO 30TH JUNE 2015

In the financial year 2014/15 the Committee of Management distributed \$29,450 in cash donations to its partner clubs/organizations and also contributed another \$43,100 “in kind” to the community via discounted goods and services to its members and partner clubs/organizations, plus a large number of other non-profit clubs/organizations who were afforded discounted product/services or free hire of the Club’s facilities.

Note, the traditional groups kindly donated \$7,200 to the Myrtleford Savoy Sporting Club Inc. during the financial year 2014/15 towards the future purchase of a Courtesy Bus. The Committee of Management is very grateful for this kind gesture and is aiming to purchase a 12 seat bus towards the end of 2015 or the early part of 2016.

PRESIDENT’S REPORT

Note, the President of the Club, Mr. Frank Bonacci will deliver his report at the AGM on the 18th October 2015.

TREASURER’S REPORT

Note, the Treasurer of the Club, Mr. Nathan Mirt will deliver his report at the AGM on the 18th October 2015.

GENERAL MANAGER’S REPORT

The profit for the financial year 2014/15 was \$21,612 (\$89,496 last year) after Depreciation & Amortization of \$209,259 (\$205,182 last year). This result is down on 2013/14 by \$67,884, however, the cash surplus from trading (before Depreciation and Amortization) of \$230,871 was sufficient to meet all capital commitments and provide a surplus of \$28,324, as per Table # 1 below;

Table 1.

Detail	\$
2014/15 EBITDA (i.e. profit from trading prior to depreciation)	\$230,871
Capital Equipment	-29,939
Loan Principal Repayment	-30,192
EGM Entitlement Payments	-142,416
Surplus – 2014/15	28,324
Re-draw from ANZ Loan – March 2015	25,000
Surplus Funds – 2014/15	53,324

Note, the Committee of Management re-drew \$25,000 from its ANZ Loan in March 2015 in order to bolster working capital reserves to counter the February, March and April periods when the Gaming Machine “net machine revenue” results were significantly and disappointingly less than average.

The capital equipment purchases during the year were Membership Software \$1,394, new Baine Marie \$7,320, POS equipment \$964, Building upgrade \$1,700, coffee machine \$1,818, policies & procedure documentation \$5,001, new glycol system \$4,510, and new security CCTV system \$7,232 for a total of \$29,939.

The three contributing factors that lead to a lesser profit result in 2014/15 were, an increase in State Gaming Tax of \$28,112, a reduction in gaming net machine revenue compared to last year of \$10,196, and the fact that I took on an Apprentice Chef for most of 2014/15 through “The Apprentice Factory” at a total cost of \$31,619. These three factors more than account for the entire difference between the excellent result in 2013/14 and the mediocre bottom line of 2014/15.

Obviously, we can do nothing about the level of State Gaming Tax, but we can influence our gaming result by bringing more people into the Club, and we can influence our salary/wages costs to some degree at least, by restructuring our staff rosters.

The employment of an Apprentice was a discretionary decision that I believed was necessary at the time, and still believe will be necessary going forward.

One full time Chef and one permanent part time Chef/Cook means that holidays are difficult to fit in, and rostered days off and sick days are nearly impossible to cover in a normal roster, which all means that the accrual of rostered days off and the accumulation of holidays tends to get out of hand. Especially if we continue to promote and grow our catering operation as we have been doing for the past 2 years. As a consequence, I can see little respite from increasing kitchen wages this coming year 2015/16.

The best answer is of course, to increase sales at a fast enough rate so that these extra wages are well and truly covered. Unfortunately, overall sales for the year 2014/15 were below budget but slightly better than the previous year, however the growth in sales was well short of the growth rate we achieved last year, and the year before that (when we were able to cover wages increases comprehensively). A sales comparison analysis is set out in Table 2, below;

Table 2

Detail	2013/14 Actual	2014/15 Actual	Variance
Bar Sales	\$248,285	\$252,667	\$4,382 +1.76%
Catering Sales	\$388,143	\$408,014	\$19,871 +5.11%
Gaming NMR	\$1,107,483	\$1,097,287	-\$10,196 -0.92%
Other	\$20,109	\$20,254	\$145 +0.72%
Total Sales	\$1,764,020	\$1,778,222	\$14,202 +0.81%

Functions:- In the 12 months of the financial year 2014/15 the Club hosted 155 small, medium and large events. Function sales accounted for 46.2% of total food sales for the financial year for a total of \$188,442. It is estimated that 45% of this figure came from visitors (\$84,799) to the Club and 55% from members (\$103,643). That's an average of 56 people per function by 155 functions at an average sale per head of \$21.78. Therefore, the number of visitors attending functions during the year is estimated at 3,893 and the number of members attending functions was 4,759 for a total of 8,652.

Bistro:- Bistro sales accounted for 53.8% of total food sales at \$219,572 at just under \$13.29 on average per head, by an average of 318 patrons per week or 16,512 patrons for the year. An analysis of Cash Register information shows that 43% (7,100) attended lunch sittings with 61% (4,331) of those being members of the Club and 39% (2,769) being visitors. Of the 57% (9,412) who attended dinner sittings just on 59% (5,553) were members and 41% (3,859) were visitors. The number of Members attending the Bistro during 2014/15 was 9,884 (59.9%) and the number of visitors was 6,628 (40.1%).

Gaming Room:- Based on a survey conducted in March 2015 and a count of the number of visitors to the Club in that same month, it is estimated that some 15,750 visitors to the Club attended the gaming room in the 2014/15 financial year. Similarly, it is estimated that 30,550 members visited the gaming room in that same period, for a total gaming room visitation of 46,300.

The net machine revenue for the financial year amounted to \$1,207,014 (including GST) which means that each patron, on each visit to the Gaming Room expended (lost) \$26.07 (46,300 visits x \$26.07 = \$1,207,041).

It should be noted also, that each one of the 26 gaming machines at the Club averaged \$46,424 (including GST) net machine revenue for the year. This compares to an average of \$40,806 per machine for the Alpine Region's 63 active entitlements at Mt Beauty Country Club (19), Bright Star Hotel (18) and Club Savoy (26), and \$65,506 per machine per annum across the State of Victoria.

Clearly, we need to raise our sights as far as our poker machine revenue is concerned to ensure that we can match the average gaming net machine revenue per machine across the State. The Star Hotel as an example, had an average net machine revenue per machine of \$69,188, which is well in front of our \$46,424 per machine. Obviously, there is a potential upside for the Club if we can develop this aspect of our operation even more.

The total number of visitations by members and visitors to the Club in 2014/15 is set out in Table 3, below;

Table 3

Detail	Members	Visitors	Total
Bistro	9,884	6,628	16,512
Functions	4,759	3,893	8,652
Gaming	30,550	15,750	46,300
Total	45,193	26,221	71,464

As you can see from all of this information, we have continued to record and analyse a great deal of data that previously was not being retained or analysed. This information has now given us a greater insight into how the business of this Club runs, and the numbers we require to achieve our targets and budgets. As a consequence, we are able to better direct our efforts and limited dollars to where they will do the most good.

The Committee of Management and I have taken a reasonably positive view (given the economic forecasts generally) of the likely financial result for 2015/16 and adopted a budget that would deliver a profit of around \$65,000. Essentially, this result would require a 4% growth in beverage sales (we achieved only 1.8% in 2014/15), a 4% growth in food sales (we achieved 5.1% in 2014/15) and a 2% growth in net machine revenue (where we lost ground by 0.92%). It also would require a reduction in salary/wages over that achieved in 2014/15 of 3.25%, (some \$24,000) which will not be easy to achieve.

Having said that, the Apprentice Chef left our employ of her own free will in April 2015 and has not been replaced, and I have recently re-organized the office rosters saving around 18-20 hours per week, and the waiting function set up arrangement by redesigning the Function Supervisor's position, again saving some 8 or more hours per week on average.

We will be concentrating on attracting many more visitors to the Club and to this end we are currently working on enticing all caravan parks in Myrtleford, Porepunkah and even some in Bright to recommend Club Savoy to their guests. If we can get a Courtesy Bus prior to Christmas this will be a significant inducement and service that will bring many more visitors to us that we do not get at the moment.

As you are probably aware, our Head Chef, Sonia Ellero recently left us after some 12 years of excellent service as second chef and then head chef to open up her own café in Albury. We wish her every success in this new and exciting endeavour. As a consequence of this key resignation, I have appointed a very well credentialed and experienced Chef who is already in Australia on a 457 Visa.

We have been able to arrange a transfer from his current host employer that has him and his family stationed in Karratha in far north Western Australia. He was not happy living in this “dust bowl” mining town, as he originally expected to come to the eastern states.

This Chef has the ability to raise our standards where we clearly will be the premier place to eat in our region. He will commence his duties in early October 2015.

The last point I would like to make is that the Committee had applied for a planning permit to the Shire Council to increase the number of gaming machines from the current 26 to the original number of 40 that the Club had in 1994, and, I have just heard that this application has been approved. We will now submit an application to the Victorian Commission for Gambling and Liquor Registration for 14 additional gaming ‘entitlements’. Given that the Alpine Council will not oppose us when we go to the VCGLR, I feel confident that we will succeed in this very important initiative.

The major benefit to the Club if we can regain 14 entitlements is that the State Gaming Tax that we pay every month will be reduced by approximately \$14,000 per month on average (i.e. around \$170,000pa). And, this is without any new net machine revenue coming through the extra machines. This would be a major achievement for the Club and would improve its bottom line by whatever the tax saved turns out to be.

Note, the current budget for 2015/16 does not include any consideration for this eventuality, however should it be achieved around January or February 2016, it will certainly improve the result for the year and every year after that. This would open up the prospect of significant and much needed renovations and upgrading of the clubhouse to occur in the next year or two.

I wish to thank **all staff** for their efforts during the year, especially our senior people in Alana (Admin/Operations Assist), Jodie (Functions Supervisor), Mim (Chef), and Paul (Admin Assist) who have all given great service and enthusiasm to their positions.

To all Directors, my thanks once again for the well-considered and planned approach to the Club’s strategy for the future.

To all members of the Club, I hope that you all have a great year in 2015/16.

Rick Watt
DipRec, DipHosp, GradDipBusAdmin, CCM
GENERAL MANAGER