



## MEMBERS UPDATE

MAY 2019

As members of the club are now aware, the Federal Government closed ALL licensed Clubs, Hotels, Restaurants and Non-essential businesses effective as at 12 Noon on Monday 23<sup>rd</sup> March.

As earlier announced, the Club has re-opened the Eden Gardens Country Club serving take-away meals and alcohol and the take rate by our members and the general public has been extremely positive and encouraging.

### CURRENT SITUATION

Once again, as was the case during the bush fires, we see active parts of local residents using private social media web sites to promote speculative and openly unsubstantiated remarks about what is going on at the Club.

As was the case earlier, a number of followers on this site are not even members of our club yet happy to jump on the band wagon and cry "conspiracy theory".

In one recent post, they were demanding the Club call a Members General Meeting despite social distancing laws preventing gatherings of more than 2 persons in public, however such is the mentality of this group they will persist to champion the weak and oppressed in the name of community justice or whatever makes them feel good!

Maybe the subscribers to this site would be asking who would pay the \$ 1,300 fine per person and the \$ 55,000 fine for the company if the Club were to ask all its 3000 members to come in for an update as to what is going on.

Now to the actual facts:

Since the onset of the current lock down (if not already before post the bush fire crisis) management's central focus has been assessing the potential ramifications of the financial impacts upon both our limited cash position and level of debt and attempt to determine if and how best our business can continue to trade as a going concern.

This is both a complex and difficult exercise in its own right, made harder by the fact that attempting to make sound assessments about future conditions remains any ones guess - both as to when the club will be allowed to re-open, under what restrictions will apply, what level of consumer confidence exists and how that may impact further on member behaviour and spend levels etc.

Unfortunately, when trying to set financial budgets and cash flow forecasts where there exists so much unknown data makes this task near impossible, so as best we can we are modelling on a number of contingencies and then making both business and strategic allowances based on those core assumptions.

What we can disclose at this point, is that the Club has successfully extended temporary debt relief and a degree of funding with the assistance of our bank and hopefully a combination of Federal and State emergency assistance grants and loans which at this stage have given the club some short assurances that the business can continue well into the remainder of 2020.

Equally, like nearly all businesses, we will need to make significant restructure within our business to continue over the next immediate months and year ahead, as essentially we have simply deferred debt, not reduced it as year to date we have only made a fraction of the revenue normally associated with our recent years trading history.

To put this into better perspective, the attached graph will show that already in 2020, our core revenues by the end of April will be - \$500,000 less than the same period in 2019.



As alarming as these numbers sound, and the seriousness of the overall situation arising from bush fires and Corvid-19, both management and the Board are quietly confident that the club and the company will survive proving solid planning principles apply as opposed emotive random decisions based on nostalgia or fear of letting the past go.

This will however require significant restructuring in line with the limitations on financial position.

Fortuitously, the strategic planning implemented since 2017/2018 in particular has provided the club with significant future funding streams as the Eden Gardens Estate development now nears commencement of works.

As much as only a matter of 6 months or so ago, the Board had identified that those future development funds would designated largely to be reinvested in significant infrastructure upgrades, it is almost now certain that such funding streams will be directly applied to reduce overall debt incurred as a result of the events experienced this year.

#### **PLANNED CHANGES ARISING FROM COIVD-19**

Our present cash modelling (and indeed has so for the past decade or longer) overwhelming supports our assessment that once re-opening is permitted it will not be viable to operate two Registered Club sites as has been the traditional practise.

As such, the Board has made the decision that it plans to cease trading as a Registered Club from the present Eden Recreation Club site and transfer all Club trade exclusively to Eden Country Club location.

In 2019, the Club had extensively considered and investigated a series of options in an attempt to secure a major development interest for the Imlay Street site.

A number of formal meetings with major residential construction firms were conducted including several formal meetings with a number of large Sydney based Registered Clubs regarding an amalgamation opportunity.

After many months of effort, by November it became clear that the distance of Eden was a major limitation on these companies considering our business propositions so the decision was then made to list the site for commercial sale in 2020. It was the Board's intentions to put this proposal to the members at an Extraordinary meeting set down for February 2020, however these plans were abandoned in January this year when it became obvious that any commercial buyer interest in the site was extinguished arising from the both the physical and economic damage created by the bush fire crisis and now the impacts of the Coronavirus fall out.

In its place, the Board's business plan involves the Club retaining and operating the current building as an exclusive Functions and Entertainment Centre in place of a second Registered Club.

This business unit will operate as a separate entity servicing commercial "User Pay" events and catered for functions on a periodical or demand driven basis.

Large scale functions of between 30 -150 patrons would be accommodated subject to future restrictions on hospitality events and public gatherings as yet unknown.

Management is continuing to work on the detailed planning and logistics required to achieve this position working closely with both the Liquor & Gaming Authority, development partners - Lincoln Place and other trades and agencies to best accommodate and maintain our core Club services and activities.

This decision will clearly invoke significant community and member unrest to some quarters, however the Board stands behind its decision that to close the Country Club and remain trading from Imlay Street would have had far more serious reaching negative outcomes such as complete closure of the Golf and Bowling facilities and significant risk of the future lifestyle development from proceeding.

These changes are not anticipated to occur for some time we think until July at the earliest, however once again Government policy is highly fluid and uncertain.

Rest assured, further updates will issued once such matters and details can be confirmed, however I stress that what has been outlined here is an intended course of action and NOT an actual reality as there still at this point remains far too much uncertainty

Andrew Terry  
Chief Executive Officer  
On behalf Board of Directors.  
Eden Fishermen's Recreation Club

INFORMATION FOR MEMBERS ONLY