

CEO'S REPORT 2019

diggers 2019 budget highlighted that the year ahead was going to be a very tough year economically, and it certainly proved to be the case. 2019 was a year of the perfect storm, interest rates collapsed to their lowest ever we had two (2) Elections State & Federal, a retail armageddon with many big name brands buckling under the online pressures, which clubs are now feeling the pressure with online gaming, huge growth in the cashless society with Tap & Go purchases and patrons carrying less and less cash in their wallets, a state wide down turn in gaming with most clubs statewide recording a \$400-\$600k net gaming downturn and the start of the Coronavirus, and to top it all off **diggers** underwent a major renovation to its full operational floor, that whilst its now produced a state of the art facility, has had an enormous effect on our financial outcome in 2019 in both gaming and food as we had to operate for long periods with temporary facilities and no real alfresco area plus low budget priced meals such as \$5.50 roasts and woks to continue to drive foot traffic into what was primarily a construction zone.

Given all 2019 produced on the economic front the financial result for **diggers** was still disappointing in the extreme and overall worse than budgeted, however as a result of the recently completed subdivision the need to reevaluate the clubs land became a necessity hence using the continued use numbers method the figure of asset revaluation amount of \$6,105,577 has been shown in the clubs profit and loss as other comprehensive income. The total clean-up of all club accounts has also occurred including major write offs in depreciation and a full asset clean up and the accounts have worn many costs in the year that could normally be apportioned over time, hence the figure shown in the profit & loss is ambiguous in context. This figure is arrived at after \$1,745,018 in depreciation and interest. Post the add back of depreciation / interest the figure is a net profit of \$539,690 That being said, in spite of this, **diggers** continues to maintain a strong balance sheet, the highlight of which is the enormous reduction in debt from \$7,707,596 to \$1,490,838, plus a fully refurbished and consolidated trading floor, which at the time of writing, is showing great growth with substantial labour savings and a strong cashflow. As always, the full financials are available on the clubs website www.diggersattheentrance.com.au or by writing to the CEO and requesting same, any questions are to be in a written form at least 14 days prior to the AGM.

Even with all of these impacts on our 2019 trading performance, **diggers** continued to fulfil its role within the community, sponsoring a myriad of local sporting groups from all types of sport and committing \$278,041 in funding to the Club Grants Program and beyond **diggers** is fully committed to continuing this support in 2020 and beyond.

That being said the road ahead is a tough one and as shown recently with Jeans West after 46 years trade entering receivership, not many businesses make it to 100 years old as times / demographics change, **diggers** is plus 70 years and aims to be here at the marking of 100+years, however with the CC Region and the State seeing many difficulties for clubs, the task confronting local clubs is not an easy one and the club you know today won't be the same in 5 years as businesses developed in the 1960's won't survive in the 2020's, and changes to lazy assets in Clubland are a certainty.

I have great passion for my role as CEO of our great club, and the unity which we exhibit as a Board and long term Management Team, I am particularly proud of the time and effort each Board Member puts in and I commend them for their efforts.

diggers is also blessed with an extremely experience Management group that others would be the envy of our competitors and they are working diligently to ensure the new look **diggers@the entrance** and the Outside In Kitchen | Café produces the desired result, as are all members of staff both back of house and at the operational front and I certainly thank them also for their ongoing contributions.

Finally to you, our loyal members, thank you for your support during the 2019 year in particular the last 6 months of the year following the closure of Feast Buffet and the construction phase of our brand new facility, I trust the outcome was worth the pain and I look forward to catching up as you continue your support throughout 2020.

Cheers

Stephen Byfield
Chief Executive Officer

