CHAIRMANS NEWS LETTER: No. 1: 13 JANUARY 2017

1. It has been one month since the members elected a committee to implement a turnaround plan. The plan was explained to the members at the AGM and workshopped beforehand. It was underpinned by an appreciation that things had to change. As I hope to demonstrate in what follows, after trading through December with minor changes to structures, management and controls, we have no option but to accept that a 'business as before model' will not work. Structural changes are required.

2. We, the committee, realized that a great deal of work would be required to implement the plan. We were willing to undertake this because we had the support of the membership and because the club is worth saving.

3. By design, the composition of the committee draws together persons with financial, legal, administrative and business experience. It includes, and will be expanded to include, younger members who will be able to assume the task of managing and directing the club going forward. Speaking for myself, and several members of the committee, I intend to step aside just as soon as the clubs affairs have been put on a proper footing and it has a reasonable prospect of financial viability.

4. This brings me to the fundamental of membership.

    4.1 On paper we have more than enough members. However, and while the inherited documentation is outdated and inaccurate, on best information 120 'members' have not paid their subscriptions. Accordingly they are not members but perhaps 'potential' members who we intend to track down and prevail upon to renew their membership.

    4.2 Subject to people joining and leaving in the normal course, there are more than 143 active members who have paid their subscriptions. This is more than sufficient to justify the effort that is required to implement the turnaround plan. Of the active members many are passionate about the club and are willing to assist. I have received numerous offers of donations and financial assistance. This is most encouraging. So too have active members offered to undertake repairs, perform maintenance and cleaning and even paint the club. Karel de Jager, as ever, continues to donate all payments he receives for boat inspections to the club. During December he paid R2550.00 into the Clubs' account.

    4.3 It was therefore somewhat disheartening to learn of discord between members who have grouped themselves into what has become known as the 'ski boat section' and the 'rock and surf section'. Whatever problems there might be they need to be resolved in the interests of the club.

4.3.1 I say that they 'have grouped themselves' advisedly since the constitution does not recognize anything other than a member of the club. It does constitute a general committee which is required to meet on a bi-monthly basis and consists of members of the club committee, the conveners of the 'rock and surf section, ski boat section and river section' and the appointed safety officer. There are no other provisions.

4.3.2 Nevertheless, the core function of the club is the conduct of the sport of angling and boating and related activities in all forms. On a practical level and in order to realize the core function it has, over the years, been found convenient and sensible for club members to constitute themselves into what has become known as the 'ski boat section' and 'rock and surf section' As I understand it they organize, promote and conduct their own activities even to the extent of being self-funding.

4.3.3 Each of the 'rock and surf section' and the 'ski boat section' have committees who operate without a reference to the club committee. This cannot be correct for any number of reasons.

4.3.4 That these committees exist and that they serve the useful purpose of organizing and conducting Ski Boating and Rock and surf fishing must be recognized. What needs to happen is that they be property constituted. I take the view that this can be easily achieved through settling upon amendments to the constitution to properly establish sub-committees for each of the rock and surf section and the ski boat section whose members will be elected in general meeting of the members of the club with defined and appropriate powers, functions and obligations. Their representatives must enjoy full and meaningful membership of the club committee and participate in all of its decisions in addition to articulating the specific interests of Ski Boating and Rock and Surf and surf fishing.

4.3.5 Hopefully existing supporters of the two sections will agree to subject themselves to such provisions. Should however individual members find this to be unpalatable, and I cannot imagine why they should, they will have to consider withdrawing from membership of the club.

4.3.6 One thing is certain, the club must promote and conduct the sport of angling and boating. It will continue to do so in all forms. It is the reason for the Clubs' existence.

5. I turn now to the business of reporting to membership on the implementation of the turnaround strategy. There have been numerous requests from members for a report. I am happy to oblige. I subscribe to the view that it is most important that members should be kept informed. The committee is engaged with important and fundamental issues.

5.1 Since 7 December 2016, the committee has had 5 formal meetings and countless informal meetings. E-mails and phone calls are never ending.

5.2 Mike Beaumont and Keith Reid are working long hours to put the club finances in order and to manage the daily trade: Mike Beaumont is battling to unravel the mysteries of what purport to be the financial accounts. This is not an easy task. It has been prioritised because it will inform the implementation of the turnaround strategy and the privatization of the kitchen and function facility.

6. Our relationship with PA Tax in respect of bookkeeping and tax services has been brought to an end. The professional fees of Pieter Pieterse of R10 000.00 have been paid. The committee itself has assumed these functions since the club is quite unable to afford to outsource or employ a bookkeeper.

7. Mike Beaumont and Keith Reed will be unable to sustain the effort they have had to put in since 7 December. They need help. If anyone is willing to help with data capturing, basic bookkeeping, filing and office administration (all under Mike Beaumont's direction) please step forward.

8. Bongani has assumed the position of manager of the bar, his responsibilities include opening and lock ups, cash ups , staff, stock taking and ordering. He has done remarkably well during the holiday season and has successfully negotiated numerous challenges.

9. Thandi continues, as always, to render stirling service as bar lady. Phinias has been retrenched with effect from 1 January 2017 for health reasons after assisting the club through the holiday season. Brendan has been employed as junior bar man. Tammi (Shorty) has been transferred from Kitchen staff to bar staff. The committee have no intention of employing additional bar staff. The 3 barman will now be rotated to allow for rest periods and leave following the exceptionally long hours which they worked during December. Members are going to have to show understanding and exercise patience.

10. Bar stocks continue to be sourced from local middleman suppliers who are prepared to deliver on a hand to mouth basis. Nothing could be done about this during December and we now intend to tackle this issue. To do so we need to pay South African Breweries an outstanding debt of +_ R7000.00 subject to reduction for returns which have to be agreed. When we have achieved this, we will have no other trade creditors and will have converted to COD for all procurement. Our policy is to minimize transactions through the bank.

11. This excludes the fact of the continued existence of an overdraft and the payment of interest and service charges. After trading through December, the overdraft has been slightly reduced from +- R50 000.00 to +- R32 000.00. This is most disappointing but mitigated by the fact that we are in the process of paying to Graham Kelbrick severance benefits. We have also paid to Kelbrick arrear salaries. On the other hand we paid to nine staff members a total of R33 000.00 in respect of salaries and wages. If you exclude cost of sales and include fixed overheads it becomes clear that the present model does not work.

12. The payment of VAT, PAYE, UIF and Provident Fund contributions have been resumed. We have paid R3000.00 to the Liquor Board in order to renew the licence.

13. A meeting with SARS to compromise our debt and agree a repayment plan remains a priority and will be attended to just as soon as the club accounts are placed in sufficient order to allow us to assess whether the club is able to service monthly repayments. Service charges owed to Mdlambe Municipality are being reduced at a snail's pace.

14. Graham Kelbrick was retrenched with effect from 30 November 2016 by reason of the clubs inability to pay his salary and profit share on non-existent profits. The retrenchment followed negotiations and is in terms of a written agreement. The date of 30 November 2016 was of Graham's choosing. His length of service and the exceptionally long hours that he worked as manager more than justified the payment of severance benefits.

15. Graham Kelbrick's retrenchment came at a difficult time. The kitchen could not be closed during the holiday season. Kitchen staff would have been entitled to be paid pending the conclusion of a legal retrenchment process. Alternatively Kelbrick could be employed on a limited basis to operate the kitchen for limited hours on a limited menu against increased prices so that the club could take advantage of Fish on Fridays. The committee chose the latter. Kelbrick's salary was halved, the kitchen (and bar staff) became employed on an hourly basis and hours of operation were reduced to a small extent. This has proved to be a correct decision. During December more plates of fish were sold than ever before bar 1 occasion.

16. Kelbrick presently operates the kitchen in terms of a written agreement on a month to month basis pending a decision to privatize / outsource or close the facility. We have conducted one interview with a person who offered to operate the kitchen and related facilities for his own account. We have compiled a short list of persons willing to do this and are in the process of conducting interviews. Graham Kelbrick has added his name to the list and we are presently engaged in negotiations. We remain willing to consider all proposals. Anyone who knows of a suitable person willing to operate the facilities for their own account should please communicate. A decision cannot be delayed.

17. We have undertaken two successful functions (the river clean up and the club clean up) hosted two poorly attended fishing competitions, one dance (poorly attended) and addressed issues of pressing maintenance. The club is in serious need of general maintenance, repair and painting. The roof is broken and leaking, facia boards are broken and gutters are damaged and in certain instances missing. The disposal of waste from the kitchen constitutes a health hazard. Without impacting club funds, and by way of donations and the involvement of members, we intend to address these problems and paint the club. In no way can this exercise impact club funds.

18. Against the unhappy event of having to close the kitchen, three retrenchment meetings have been held with kitchen staff. The staff are understanding and cooperative and have endorsed the need to limit trading hours and further reduce them.

No longer can the club afford to employ kitchen and bar staff when there is no trade. In addition to the closure of the kitchen on Saturday afternoons, Sundays and Mondays, until privatized, the kitchen will probably close on Tuesdays also. The bar will not remain open to accommodate late night visits from two or three members. In this regard Bongani has been invested with the authority to call for last rounds and close the facility.

19. The ski boat section is in disarray. Ski boating is a core function and such disputes as exist within the ski boat section must be resolved. I am happy to report that as at time of writing progress has been made.

20. The Rock and Surf section has over many years operated as a separate entity. The committee's plan is to embrace supporters of that section and more closely involve them in club activities.

21. Both the Ski Boat section and the Rock and Surf section are deserving of full representation on the club committee.

22. I have commenced the process of formulating amendments which will be workshopped and debated before they are placed before the members in general meeting. The constitution is an antiquated document, not fit for purpose which requires serious overhall.

23. I appeal to each and every one of you who have the interests of the club at heart to ensure that your subscriptions have been paid and that you have renewed your membership. Annual subscriptions are payable at the end of September by amendment to the constitution at a Special General Meeting. If you know of anyone who has not paid their subscriptions, please encourage them to do so. Six of our members paid their subscriptions during December.

24. Following unacceptable insults directed at the bar staff by a frequent user of the club, he has been advised that he is no longer welcome on the premises. We cannot, and must not, tolerate any behaviour involving racism. We owe it to our staff to protect them against this kind of behaviour and fully intend to do so. While on the topic, I need to appeal to members to moderate their language while in the club. It is not only offensive to woman but is generally unacceptable. Of this we are all guilty.

25. The tenants in the flat have been given notice and will vacate at the end of the month. Thereafter the flat will require attention to render it habitable. Bongani and his family will take up residence. Not only is this consistent with his managerial position, but it is most definitely in the interests of the club since Bongani will open and close the facilities at the end of trading hours.

26. We have a problem with ice. Our ice machine is broken and operates intermittently. We are forced to buy ice which during December translated to a cost of R2500.00 which we can ill afford. The obvious solution is a new ice machine for installation in a properly ventilated room. Current facilities will require renovation in order to achieve this.

I intend to institute a dedicated fund to replace and/or upgrade and repair the ice machine. Contributions will of course be more than welcome and should be made to me directly.

27. In addition to the cost of purchasing ice, we were obliged to acquire an additional chest freezer to store ice to get us through the holiday season. This came at a cost of R1500.00.

28. I need to thank members who contributed generously to a fund with which to acquire cleaning materials and kitchen equipment.

29. The club owes a debt of gratitude to Louis Marais who, without prompting, stepped forward to donate R20 000.00 plus a case of Scotch Whiskey, as prizes for a fishing competition. A competition was put together at short notice and was poorly supported by the Ski Boat section. Nevertheless the event can be counted a success and Peter Steyl and those assisting him are deserving of our thanks. Our undertaking to Louis Marais is that when he next comes to Port Alfred for a holiday, and whether or not he again gives us his money, he will be able to participate in a properly organized ski boat fishing competition.

30. I leave you with an anecdote which speaks volumes. A senior and devoted member of the club was having difficulty in being served at the bar. The bar was very busy at the time. He turned to me and complained about the service saying 'what are you going to do about <u>your</u> barman'. I replied, and do so again, 'they are not <u>my</u> barman they are <u>our</u> barman. It is <u>our</u> club'.

31. I intend to report to members on the implementation of the turnaround plan on a quarterly basis by way of newsletters. With your help and support the committee has reason to believe that month on month trading can generate sufficient funds with which to contribute towards the liquidation of historic debt. We have in mind strategies to raise the shortfall through donations, sponsorships and the sale of life membership. If we can pull together there is no reason why we should not succeed.

Kind regards,

RICHARD QUINN