**Is the village development the only option to 'save' Federal Golf Club?**

Absolutely not. One of the great myths purported by the Club is that developing a retirement village is necessary to the viability of the Golf Club and for the Club to remain custodian of the land.

The fact is the Club has been crying poor for 20 years and yet still has continued to survive. Small changes to its financial management could turn it around – it is the intransigence of the Board and mismanagement that is holding the Club back from improving its financial fortunes.

Put simply, the Club's golfing operations are highly profitable – they have earnt the Club a total of $3 million profit in the past seven years. Over the same period, the Club has lost a total of $4.5 million on its poorly-managed hospitality operations.

Financial analysis done by former economics professor and Federal Golf Club Member Ross McLeod outlines this clearly.

**Federal Golf Club Profitability Analysis**

**Profit/loss $000**

| | Course usage | Proshop/ carts & coaching | Bar and food | Meet's & recep's | Totals | Profit excl M&R | Profit excl B&F, M&R | Profit: Revenue (%) |
|---|---|---|---|---|---|---|---|---|
| 2016-17 | 56 | | 48 | -153 | -50 | 104 | 56 | -1.3 |
| 2017-18 | 17 | | -11 | -101 | -94 | 7 | 17 | -2.5 |
| 2018-19 | -61 | -193 | -50 | -66 | -369 | -303 | -253 | -8.4 |
| 2019-20 | -51 | 25 | 32 | -165 | -159 | 6 | -26 | -3.3 |
| 2020-21 | 349 | -46 | 77 | -335 | 45 | 380 | 304 | 0.9 |
| 2021-22 | 282 | -20 | 4 | -362 | -96 | 266 | 262 | -1.6 |
| 2022-23 | 132 | 84 | -53 | -493 | -330 | 163 | 216 | -5.3 |

Note: Prior to 2018-19 the pro shop was operated by the club professional as an independent business, to whom the Club paid an annual retainer in return for the provision of various services. It was then brought in-house, to be operated by employees of the Club.

Anyone running a business or a household budget, knows incomings must cover outgoings to stay in the black. Successive Club Boards have failed to take the necessary steps to address this situation or look at alternatives to the retirement village. Other options do exist and a sensible, responsible approach could turn the Club's fortunes around quite quickly. For example:

- Avoid building expensive new ponds because the cost benefit analysis doesn't stack up (on average water only accounts for 3% of annual outgoings) and instead create a water reserve fund to manage variability in rainfall;
- Stagger the replacement of the irrigation system ($2 million) over two years to manage cash flow and explore financing options such as advance member subscriptions and supplier finance to spread the cost over several years;

- Postpone the plans to spend almost $5 million on significant Clubhouse upgrades until the financial situation improves and allocate a nominal budget for essential repairs;
- Close hospitality functions or outsource them to expert contractors to eliminate losses from these activities;
- Prioritise the replacement of the maintenance facility for safety and productivity reasons and schedule the project to spread payments over two financial years;
- Use borrowed funds to invest in essential assets rather than repaying debt early, aligning with standard business practices;
- Focus on maintaining and enhancing the golf course to keep membership strong.