

Plettenberg Bay

14 September 2020

Dear Members,

My last letter to members was at the end of June 2020 at which time the golf course had been open for 2 weeks, bowls was closed and tennis had just started to operate but on a limited basis. The club was effectively closed for 12 weeks and since the re-opening, we have been operating for 14 weeks.

All sections of the club, with the exception of bridge, are now operational under the new "normal". There have been a lot of changes to the way we used to operate and unfortunately it seems as though these changes will be with us for a while. Nevertheless, most of us are pretty adaptable and have accepted these changes.

Over the past 6 months since the start of the lockdown, the committee have faced a number of serious challenges and some of these will cause repercussions for all members for the foreseeable future. The committee have to perform a very delicate "balancing act" – balancing the desires/wishes of the members against the well-being of the club, which has taken a big knock as a result of this pandemic.

There have been a number of members who have raised issues concerning the new "normal" and thus I would like to offer some background and explanations concerning these issues.

Finances

In previous newsletters, we have explained that fortunately the Finance Committee had been reasonably prudent during the past 3 to 4 years and thus some cash reserves had accumulated. Additionally, the club enjoyed an excellent Festive season with visitors and Swallows so that we went into lockdown in a relatively healthy financial position.

The expected loss of income as a consequence of the pandemic is estimated to be almost R6 million, and after implementing cost and capital expenditure savings of R1.8 million, the members are being subsidised by R4 million out of our limited reserves. Not only are we losing members who can no longer afford the luxury of golf or travel, but we will not have the usual season's income to subsidise members. If there were no funds to subsidise the members, the golf membership subscription would be +/- R11.5k.

We continue to monitor our income and expenditure very carefully and this will continue for the next 12 to 18 months.

Refund of Composite Packages

In normal circumstances, if a member does not utilise his full golf rounds package by the financial year-end (30 June), he/she loses any unused rounds purchased.

The Corona Virus and its consequences are a 'force majeure' and beyond our control and although the club has no obligation to assist, given the lock-down situation, the committee listened to the comments and expectations of members and undertook to look into a gesture of goodwill to assist by providing some form of relief or compensation. Note that this consideration was to cover the possible compensation for loss of playing during the 12 weeks that the course was closed due to the Coronavirus. Compensation was not being considered for any other period or circumstance.

We realised that whatever we decided to do, it would not satisfy all but we also needed to take cognisance of the financial quagmire that we as a club are facing - the club had lost some R1.6 million rand in revenue over the 12 weeks of shut-down and is expected to lose in excess of R5 million in the year ahead. In order to arrive at a possible solution, several different scenarios were investigated.

Consequently, we have tried to find the balance between -

- members who have been prejudiced by the lock-down
- those that could have used their rounds but did not
- the average rounds actually played over time
- the effect of the lock-down on these trends and members who clearly did not use their package
- members who were not disadvantaged, as the rounds played at normal rates is equal to or less than the package purchased
- the final cost to the club and its effect on our reserves and cash flow

From a practical point of view, we could not look at each of the several hundred individual circumstances. The final recommendation was based on assisting those members who renew their package in 2020/21, and therefore any resignations, downgrades and the like would not be eligible.

It is important to note that any rounds carried forward have the advantage of being credited at the 2021 rates notwithstanding the fact that the member paid the 2020 rate. While it may seem unfair, the same formula was used across the board and has been applied consistently based on the 6 factors listed above.

Operations of Golf Course

Since the re-opening of the course, there has been a lot of pressure on available tee times on the busy days of Wednesday, Thursday and Saturday. As you are all aware, as part of the approval process for opening golf course, GolfRSA has laid down certain rules, regulations and protocols, and these previously included a one tee start and a 12 minute interval between each tee time. The rules and protocols have since been relaxed and in order to accommodate more players, the interval between tee times has been reduced to 10 minutes and two tee starts have been introduced in order to relieve some of the pressure during the popular times.

Discount on Members' Card

In mid-June 2020 prior to the re-opening, the club sent out a letter detailing the new rules, regulations and protocols covering the pandemic and the enforced changes in our modus operandi. In this letter, we mentioned that the bar was closed and that the half-way house would offer a limited "grab and go" selection. In view of this, we advised that in the interim, the member discount (15%) on food had been discontinued but that we were hoping to re-instate this discount when the situation gets back to some semblance of normality.

During the budgeting process, we have estimated that the bar and catering service would lose R550k over the year – not including the members' discount. The main reason for this projected loss is the bar and kitchen staff which will cost in excess of R1.0 million for the year. Due to the Covid-19 protocols and the member and staff safety, we have to operate numerous shifts which makes it difficult to reduce the number of staff.

In order to re-introduce the bar and catering discount, we would need to aggressively revisit our offerings, number of staff, etc. in order to reduce costs and pricing.

At the present time, we are hopeful that retrenchment of staff will not be necessary, however, this situation could change at any moment. We are hopeful that our members will understand the current situation of not reinstating the discount.

Annual General Meeting

The AGM of the club will take place at the clubhouse on Thursday 22 October 2020.

The current regulations only allow for a maximum of 50 people to be at the club at any one time – this includes members, staff, etc. Arrangements will be made to allow members to attend the AGM virtually via Zoom (or another similar App) – details will be sent to members in due course. Notices will be placed on the noticeboards and sent to all members – we would request your participation in the annual event. It is **YOUR** club and you must have a say on how it is managed for your benefit.

Regards

Howard Garmany

Chairman, PBCC

September 2020