

Presidents Letter 2012

In many respects 2012 was quite possibly the most successful year from a financial and artistic viewpoint in the 50 year history of the Association. Our aim continues to be to provide a fun, safe and enjoyable experience to our members while generating sufficient income to sustain and grow the organization.

In 2012 we had more teams in our weekday competitions than ever. We had more participants in our development programs than ever. We had better outcomes from our junior and senior rep programs than ever. We ended the year in a stronger financial position than ever.

While we believe we have met our goal over the past year there remain many avenues for improvement. We continue to have the longer term goal of being the best regarded sporting association on the northern beaches. We have not yet reached that goal but the tangible evidence of improvement is increasing rapidly.

Perhaps the greatest measure of improvement is that the above three paragraphs are virtually unchanged on a year ago. We are performing well and we are doing so with consistency.

Financial Results

As can be seen from the accompanying accounts, profits and cash generation in 2012 were much better than in previous years. We nearly doubled our profit and ended the year with a stronger balance sheet than at any time in the history of our association. A summary can be seen below.

MWBA Summary Financials

YE 31/12	2006	2007	2008	2009	2010	2011	2012
Sales	790.6	819.6	819.1	864.7	905.9	993.6	1051.9
Profit	-2.1	19.7	17.2	24.4	15.6	24.9	49.1
Cash generated	21.9	7.7	67.2	33.1	14.9	41.1	59.4
Cash at year end	132.9	140.6	207.9	241.0	255.2	296.3	355.7
Capital employed	103.7	115.8	65.6	56.8	58.2	42.0	25.9

I would like to make the following points regarding these results.

First, our **staff** performs, in my view, at a very high level and has done so for many years. Without them the Association would probably cease to exist as we know it. In 2012 our office manager, Janet Bilton, was given the BBNSW award for best administrator, a recognition of our administrative capabilities that in my view was long overdue.

Our staff have long been strongly committed to the Association, putting in numerous unpaid hours in addition to their paid hours. In 2008 and 2009 due to concerns regarding the economy we made an effort not to increase expenditure. By 2010 staff were grossly

overworked and underpaid. In 2010 adjustments were made which I described as making our staff just overworked and underpaid.

We have been developing a performance based remuneration system that will enable the association to keep fixed costs low while leaving our staff just overworked. This seems to be working well to date.

The private for profit sector will always be capable of paying more for staff than an organization such as ourselves. In order to attract and retain good people we have to be attractive for reasons other than pecuniary. This means we have to offer a level of interest, flexibility and autonomy that is greater than can be found in the private sector.

From my observations of similar associations I believe our staff has an exceptional degree of autonomy which has been earned by their performance. We do, however, have to ensure that we offer support as required.

In 2010 we upgraded the web site. In 2011 we replaced all computing equipment in the organization. This year we have added a dedicated referees training person to our staff. We will continue to make investments to support staff as required.

Second, we **have to manage our finances tightly**. It is impossible to convince people to make financial sacrifices in an organization that does not take financial discipline seriously. In regard to this the remuneration of the board remained unchanged at \$0 for the year. One could argue that the board is not always terribly effective, but we believe it impossible to argue that the board is over compensated.

Third, **NBISC** is, for all practical purposes, full. This impacts our capacity to grow the number of teams in our local competitions. In 2010 we reached the point where we were forced to decline nearly 10% of team applications for some competitions. This continued in 2011 and 2012.

We have attempted to increase access to satellite courts with good success and the 10pm game is now a fixture of our local competition. We may have to migrate to running time for all games. We are also trying to expand the NBISC facility by 50%.

Artistic Outcomes

The financial results are specific and easy to understand. The basketball outcomes are much more subjective. It does, however, appear to me that we continued to have some exceptional outcomes.

In our **local competition** over the years referees have always been a major concern, both in number and quality. Considerable effort and money has been expended in improving the situation. Our spending on referees has more than doubled over seven years. It is, after court hire, our second largest expense.

We believe we have improved qualitatively over the past few years although empirical data is difficult to identify. We believe that nearly 90% of games have two referees compared with less than 60% six or seven years ago.

We have determined to split referee management into two streams. Day to day procurement of refs will remain unchanged. Training and on court support of referees has been separated with Duane Jordan appointed to manage that particular task. For a number of years Alphin Anwar and Nick Legrecco did an excellent job as volunteers in this role. We believe it requires a near full time staff member.

In **Junior Reps** we had four players chosen for state teams, the same as a year ago. For the second consecutive year we had two players chosen for the national team. This had previously occurred in 1979. We had three teams make grand finals (U12 men and women and U18 men) and our U12 women's team were metro champions. This is an excellent outcome and suggests our junior development program continues to perform well.

In **Senior Reps** four teams made finals and three made the grand finals. Over the past five years our senior rep program has been on any empirical basis the best performing in the State.

The credit for this belongs to the coaches, players, staff and volunteers. The board has been a delighted bystander.

Our **development** efforts are covered separately, but it is worth noting that full courts, successful rep programs and profitable development programs are not an accident. The board has insisted on funding development programs in both good and bad times and the excellent work done by Brad Dalton in this role can be felt throughout the association.

In the past we have said that we will support innovative programs at the expense of near term earnings because the track record of these endeavors has been excellent. This year we have split holiday camps by age group, as participant numbers have nearly doubled over five years.

This will add appreciably to near term costs with limited incremental revenue. We expect, however, that over the next few years these camps will become increasingly important to the association.

Our Saturday learn to play program attracted over 1700 children last year, an increase of 23%. We have raised prices for the first time in five years and expect further growth this year.

The growth in our women's program has lagged for the past few years. We have started a Pink Ball development program as a consequence. The first cohort has 48 players, which is well beyond our expectations. We will continue to try and develop targeted areas in future.

Volunteers

Volunteers are a major part of the association, particularly in the rep programs. We have a long standing policy that rep programs must be self funding. This requires considerable fund raising and volunteer effort across a broad variety of tasks. Typically the 80/20 rule applies in volunteering and we continue to try to create an atmosphere conducive to more volunteers, particularly for regularly scheduled events. This appears to be working reasonably well but is an area where further progress is required.

Midnight Basketball

As you may be aware, the Sisters of Charity (St Vinnies) with funding from Pittwater Council began a Friday night basketball program at NBISC 18 months ago aimed at children determined to be at risk. This is managed by Steve Shortland, our Youth League Div 2 men's coach.

While not directly involved we are providing opportunities for children in the program who wish to play in a local competition but do not have that opportunity through their schools.

Bev Boyd Fund

Bev Boyd was a life member of the Association, and the Boyd family has been long time members and benefactors. Tim Boyd, in whose honor court 1 is named, was an MWBA junior who played in the NBL in the early 1980's. Bev Boyd was a major contributor to fund raising efforts prior to the construction of NBISC.

Bev Boyd left a bequest of \$25,000 to the Association in her will in 2005. The Association has from time to time added modestly to the fund. The money is to be used to help defray incremental expenses incurred by MWBA rep players while participating at a higher level (eg, State or National teams).

Mrs Boyd left no specific instructions as to how the fund was to be administered. What the board has done is use the income from the fund to defray expenses for those who make state or national teams.

With the success of our junior reps and the halving of deposit rates expenditures in the fund are up and revenues are down hence expenditure from the fund has exceeded income for the first time. Due to prudent management there remains more money in the fund than Mrs Boyd bequeathed us eight years ago. We expect that the fund will have a life of more than 25 years.

NBISC Expansion

We have been working on this process for nearly five years. Details of recent progress made, which has been significant, are covered separately.

Growth

Over the past five years the NSW economy has generally performed sluggishly. Our little corner of it has been exceptionally strong, as the following indicate:

- Over the past five years the **number of registered players has increased by 34%** to 2532. The 1770 learn to play participants are in addition to this;
- Over the past two years our **court hire hours have increased by 14%**. Our court hire hours **outside NBISC have increased by 69%**. Our office staff and development officer regularly perform feats of magic in finding facilities for us;
- Our **revenue has increased by 28%** over five years. This is a function of a deliberate attempt to try to hold (and in some cases reduce) prices. Revenue has been growing at a slower pace than player numbers;
- Our **margins**, as befits a not for profit with a high level of fixed costs, have **increased by 42%** but remain below 6%. We aim to make about 50c per game; and,
- Our profits have more than doubled and our cash on hand has increased by 2.5x.

To cope with this growth we have regularly added new positions or new staff and tried to give staff better procedural and technological tools with which to operate. This will continue to be an ongoing effort.

New Faces

In any organization such as ours there will be changes in the people who do the work and the quantum of work being done. We have recently hired Duane Jordan, the long time captain of our ABA team, to develop and train referees.

We want to thank all our volunteers and staff. In particular we want to thank the court controllers, who perform a very difficult task quite well. Without our staff and volunteers I have no doubt the Association would be less cheerful, less fun and less successful.

Conclusion

2012 was another excellent year for the association. We presently expect that 2013 will also be a strong year financially. In the longer term the continued success of the association depends upon the strength of our staff and volunteer efforts. The board must, however, make every effort to access long term increases in court capacity or the association will eventually atrophy.