

## Presidents Letter 2018

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.

While we believe we have met our goal there remain many avenues for improvement. We have the long term goal of being the best regarded sporting association on the northern beaches. While we are not there yet we see clear signs of longer term sustainable improvements across our operations.

### Financial Results

The accompanying accounts are impacted by three issues, one of which we have discussed before. To fund the 2016 expansion we gave NBISC \$350k as an equity contribution. This is being amortized over 10 years. Thus when analyzing our profits there is a **non cash \$38k charge taken** every year from 2017 through 2026.

Second, during 2017 we made the decision to make major changes to our **Senior local competition**. This had the effect of reducing revenue by around \$45k in 2017 without changing costs. At the time we expected to recover that revenue in February 2018, which has happened, without impacting costs. Going forward this issue will not impact us.

Third, **BNSW collects registration revenue** on a trailing basis. This significantly benefits growing organizations. Roughly speaking we are under charged \$40-50k pa for registrations. From 2020 BNSW will collect registrations immediately, significantly impacting our costs.

There were a number of other less significant changes that impacted the year. The extraordinary success of our development and representative programs results in more (and often more expensive) court hire requirements.

Our local competition has grown remarkably over the past few years. Team numbers rose by 11.2% in 2016, 11.7% in 2017 and 12% in 2018. For the first half of 2019 they have grown by 7.3%. Since the expansion of NBISC in July 2016 team numbers have grown by more than 50%.

During the year we used more than 7500 hours of court hire at a cost of nearly \$400,000. Roughly 25% of this was outside NBISC. We expect an increase of nearly double digits this year. We will continue to work with NBISC and other suppliers to increase capacity but we clearly require new capacity, either at NBISC or elsewhere.

A summary of our financials can be seen below.

## MWBA Summary Financials

YE 31/12	2011	2012	2013	2014	2015	2016	2017	2018
Sales	993.6	1051.9	1114.2	1220.7	1222.1	1229.3	1405.5	1635.8
EBITDA	27.3	47.0	40.3	89.0	57.7	118.0	53.7	187.3
Profit	24.9	49.1	40.5	90.5	60.3	80.2	13.7	146.4
Cash from Operations	48.4	59.5	43.7	106.2	69.4	121.8	42.5	187.1
Prepayments	0.0	0.0	0.0	0.0	0.0	-227.2	12.6	37.3
Capex	-7.3	-0.2	0.0	0.0	0.0	-374.2	-9.9	0.0
Cash generated	41.1	59.4	43.7	106.2	69.4	-479.6	45.1	224.4
Cash at year end	296.3	355.7	398.8	505.0	574.4	94.8	139.9	364.3
Equity	338.3	381.6	422.2	512.7	573.0	653.2	666.9	813.3
Capital employed	42.0	25.9	23.4	7.7	-1.4	558.4	527.0	449.0

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

First, our **staff** performs at a very high level and has done so for many years. We have to continue offering them a flexible, safe and interesting working environment.

Second, we **have to manage our finances tightly**. The remuneration of the board remained unchanged at \$0 for the year. We take some pride in the fact that all our transactions involve no payments to directors, director entities or family members.

Third, **NBISC** is at capacity. This year we expect to have 900 teams competing in local competitions. We expect to reject 50 teams due to lack of space.

## Artistic Outcomes

We continued to have some exceptional outcomes. The **performance of our Rep teams and players** is covered separately. I would summarize by noting that we continue to bat above our weight in both individual and team success.

By way of example, in senior reps over the past decade we have been by far the best performing association in the state. Over 10 years we have fielded 38 division 1 teams. We have made semi finals 31 times, finals 28 times and grand finals 13 times. We have had 5 grand final wins. Only one other association has had more than 20 semi finals or more than 10 finals appearances.

For an association that accounts for 12% of Metro registrations and 8% of State registrations these are remarkable outcomes.

Our **development** efforts are covered separately, but 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 and associates in this role can be felt throughout the association.

Our Saturday learn to play program, run by Jerome Lee and John Peet, again attracted over 2000 children last year. We expect further growth this year.

Our Potter League competition, which is run by Brad and Eileen Thompson, has more than doubled team numbers over the past five years and continues to be an important feeder for local competition.

Our camps have performed well. We have decided to experiment with the types of specialist camps we offer (Reps, Girls, a shooting camp, etc) and are progressively offering a broader scope of services at the camps and expect to see strong growth over the next few years.

Our schools related programs continue to perform well. During the year we conducted programs at schools representing 30% of all enrolments in the Northern Beaches. We expect to benefit from the Active Kids program and are looking at ways to tailor products to the program.

## **Referees**

No association can grow player or team numbers without having a large number of trained referees. We have been very fortunate to have benefitted from the services of Kirsten DeForest in procuring and training referees. We have added more than 35% to the numbers of games being officiated over two years, an achievement of some merit.

We now have a core of very good referees who are continually being recognized at metro and state level for their excellence. In 2018 we had 15 referees for Junior Rep semis and finals, up from 11 in 2017. We had 4 refs at State Championships, twice previous levels. We had 2 refs at Nationals.

## **Life Members**

Two life members were recognized during the year by external bodies for their work at MWBA and in basketball generally. Brad Dalton, our long time development manager, was elected to membership of the Basketball Australia Hall of Fame, in recognition of his long career as a player, coach and supporter of the game.

Eileen Thompson, OAM, who has worked and volunteered for MWBA for decades was made a Member of the Order of Australia in the Australia Day honors this year for services to basketball.

Both these awards were well earned over decades of contributions to the sport generally and MWBA in particular and they deserve our congratulations.

## **Board**

The board consists of one person with nearly 20 years' service, four with more than 10 years' service and one with more than five years service. We added four new directors over the past four years to upgrade and refresh the board. At present the balance is about where it should be.

## **Community**

MWBA is a community organization and we take our obligations to the broader community seriously. We helped NBISC procure the recycling machine in the eastern carpark. This has collected more than 3m bottles in its first year, making it the largest in the Pittwater electorate and contributing more than \$300,000 to local groups.

We have worked with NBISC to install a 60kw solar system on the roof that generates roughly a third of NBISC's power requirements, saving nearly \$20k pa.

We have raised over \$200k of grant funding for NBISC over the past few years to help fund capital projects. We expect to help raise further funds for NBISC over the next few years.

This past year we helped Galstaun College raise \$30k in grant funding to upgrade toilet facilities. This upgrade will benefit us a user of the courts at the College and students who use the facilities daily. We also helped Balgowlah North Public School P&C fund an outdoor court. We would hope in future to assist more of the smaller local schools with similar types of projects.

## **NBISC Expansion**

We continue to expect that over the next five years we will need an incremental 1500-2000 hours of court availability. This is equal to 1.5-2.0 courts at NBISC. We are presently working with NBISC and the Department of Education on plans to expand the facility. The exact outcome and timing of this is presently unknowable.

## **Bev Boyd Fund**

In 2005 Mrs Boyd left MWBA \$25,000 to assist parents of children selected to State teams with the costs associated with training and travel obligations. In the intervening years the fund has given around \$20,000 to support this aim.

The fund still has nearly \$25,000 in it. The board has decided to add \$25,000 to the fund which ought to ensure that it can continue to operate for at least another 20 years.

## **Outlook**

The year has started well. We presently expect to end the year in a stronger financial position with a record number of players, particularly in Junior competitions. There are many challenges for us and for grass roots sports generally but we believe we are well placed to cope.