

CLUB BASED AFFILIATION (CBA) FEES MODEL

Commentary

To assist Clubs and Club Members with a better understanding of the CBA Fees Model, this Commentary and the Bowls Victoria – Club Based Affiliation Fee Model Summary and Recap have been included in this Annual Report. The latter document was provided, by way of explanation to a series of diverse questions, from a small number of Clubs who queried their invoice or sought further explanation.

This CBA Fee Model was discussed at the 2016-2017 Region meetings, but with only ~40% of Clubs attending these meetings, without the opportunity to hear the presentation, there appears to still be a need for explanation and clarification. The most important concept to accept and understand is that: -

Bowls Victoria has NOT reverted to a per capita model. It remains a Club Based Affiliation Fee Model!

The Bowls Victoria Board spent many hours with many different scenarios to determine a “fair and equitable” basis. In fact, more than 35+ scenarios with differing permutations and combinations times 515 Clubs were calculated (72K+), analysed and compared for the past three years and the 2017-2018 year on an individual Club by Club basis.

Illustrative Examples

Actual real clubs (names changed for privacy)

Club	# at					% Change M'ship 2013-14 v 10/03/17	Actual \$ FY2014-2015	Actual \$ FY2015-2016	Actual \$ FY2016-2017	Actual \$ FY2017-2018	Club Members	Club Based Affiliation Fee
	2013-14	2014-15	2015-16	2016-17	10/03/17							
AAA	26	25	22	26	20	-23.1%	\$1,168	\$1,227	\$1,261	\$1,057		
BBB	26	25	25	25	26		\$1,168	\$1,227	\$1,261	\$1,374		
CCC	26	22	22	32	30	15.4%	\$1,168	\$1,227	\$1,261	\$1,586		
DDD	40	41	42	52	55	37.5%	\$1,798	\$1,887	\$1,939	\$2,907		
EEE	41	37	37	36	27	-34.1%	\$1,843	\$1,935	\$1,988	\$1,427		
FFF	41	39	39	43	42	2.4%	\$1,843	\$1,935	\$1,988	\$2,220		
MEDIAN	45	45	45	45	45		\$2,022	\$2,123	\$2,182	\$2,378		
GGG	59	62	55	58	60	1.7%	\$2,651	\$2,784	\$2,861	\$3,171		
HHH	60	55	54	53	43	-28.3%	\$2,696	\$2,831	\$2,909	\$2,273		
JJJ	63	70	74	82	79	25.4%	\$2,831	\$2,973	\$3,055	\$4,175		
KKK	110	104	103	97	92	-16.4%	\$4,943	\$5,191	\$5,333	\$4,862		
LLL	123	116	118	116	123		\$5,528	\$5,804	\$5,964	\$6,501		
MMM	124	123	127	130	152	22.6%	\$5,573	\$5,851	\$6,012	\$8,033		
ALL CLUBS	47,041	45,511	46,000	45,909	42,480	-9.7%	\$2,086,760	\$2,191,098	\$2,248,390	\$2,245,068	<<<< includes GST	
							% Increase	5.00%	2.61%	-0.15%		

All Clubs were stratified by Club membership size in increments of 10 Club members. The table illustrates actual movements in the Clubs' memberships, the percentage change in membership over the four years and the actual CBA Fee invoiced for each of the 12 Clubs over those years. These Clubs were selected as they demonstrate growth, maintenance and decline in Club membership at differing levels of membership.

The MEDIAN is the strata group of 40-50 Club members with 45 being the AVERAGE Club membership for 78 Clubs. The total average for all Clubs (515) is 82 Club members which is heavily skewed by the very large Clubs. If the analysis is restricted to where there are 10 or more Clubs within a stratification group, then the average Club membership for these 447 Clubs is 67.

By example, Club DDD above with 40 Club members in 2013-14 when the CBA fee model was introduced has benefited significantly in growing to 55 Club members by 10 March 2017, with no additional fee for those new members over this period. Bowls Victoria CBA fees have grown from \$42.00 across the state to \$52.85 today on a declining number of Clubs and Club members. Yes, for ~\$1.00 a week an affiliated Club's financial member is able to bowl anywhere in the world.

CLUB BASED AFFILIATION (CBA) FEES MODEL (continued)

The Club Members' graphs show the increase/movement/decrease in the individual Club members.

The CBA Fee graphs show that the fee increases are consistent for all Clubs with increases of 7%, 5% and 2.75% respectively over the three-year trial and then they reflect a clear increase / decrease based on a reset of the CBA fee model based on Clubs' memberships at 10 March 2017.

With diminishing membership within the State year(s)-on-year(s), the change in mix of the relative size of individual Clubs to one another within the total membership, in sharing the overall cost of administering the sport, the Clubs that have grown or maintained their membership incur proportionally more of the associated cost on a reset in 2017-18. It is the same size pie shared at the end of the day.

In 2017-18 Bowls Victoria's CBA fee revenue of \$2.245 million, including GST, is marginally less than the 2016-17's CBA fee revenue.

So, the question becomes "How do we lift the profile of and the participation in the Sport of Bowls to command a willingness and set an expectation to pay higher participation fees?" when several Clubs believes ~\$1.00 a week is too much? Comparative to other sports, bowls is extremely undervalued by its membership base.

Club Budgets – Not-for-Profit

Bowls Victoria endeavours each year, as part of its own budgeting process, to set the annual increase in CBA fees in time to communicate this to the Region meetings held in May/June. With over 500 Clubs with different year-ends (28 February, 31 March, 30 April and 30 June) and Bowls Victoria's own year-end at 30 June, it is impractical to advise CBA fee increases any earlier.

Furthermore, it is a concern that late paying of fees by members to a Club delays payment to Bowls Victoria. Clubs need to budget as a business and their non-financial members should not be permitted to play at their own or any other Club. Clubs are required by law to be able to meet their debts and obligations as and when they fall due. It is a personal liability of each of the Club Executive Committee.

Comments that "at present 85% of its \$100 club membership fee goes to administration outside the club" suggest that the Club is poorly resourced and its longevity is questionable. Again, anecdotal evidence would suggest that CBA fees should be less than 10% of a Club's revenue.

It is up to a Club to decide the level of Club Membership fees that is charged by individual category of Club member. As the CBA fee is Club based it is irrelevant that a Club does not charge a Life Member any annual Club membership fee. If the Life Member bowls they are required to be affiliated by the Club.

Being a Not-for-Profit does not mean that a Club should not nor is not permitted to make a profit. Unless a Club does make a profit, how does it maintain its greens and other facilities? Government and Councils today have an expectation that Not-for-Profits are more financially self-sufficient.

GST

Bowls Victoria and Clubs are obliged to collect GST on CBA Fees and Club membership fees. With Bowls Victoria and our Member Clubs being Not-for-Profit associations we and our Member Clubs are not excluded from this obligation.

The ATO's website, at Question 7, makes it clear that membership fees are subject to GST.

<https://www.ato.gov.au/Business/GST/In-detail/GST-issues-registers/Charities-consultative-committee-resolved-issues-document/?page=21> **Bowls Connect Database**

Clubs are responsible for properly maintaining the Bowls Connect Database for their own membership. It is extremely important that the data base is maintained correctly. When a Club adds a financial active member, that member/bowler is able to play socially or competitively including Pennant. Prior to the CBA

CLUB BASED AFFILIATION (CBA) FEES MODEL (continued)

Fee Model being introduced and applied there was always a rush to put through individual affiliation paperwork in the lead up to playing. This process is now averted.

Two Clubs have verbally advised that had they known that 10 March 2017 was the effective date, they would have inappropriately adjusted their Club membership numbers, another has written to their membership attributing their significant increase in Club membership fees to Bowls Victoria when the Club in fact enjoyed the significant benefit of no additional CBA fees for new members over the three year trial period and another such growth Club expected to add new Club members ad infinitum with no additional cost, in perpetuity, with no reset applicable to them relative to other Clubs.

Clubs are reminded of their obligation to affiliate their relevant members.

<http://www.bowlsvic.org.au/Get-Involved/Playing/Affiliation-requirements>

Since the CBA fee invoices have been issued a reasonable number of Clubs have updated their data.

Yes, this is artful planning.

To quote the then President of Bowls WA in their 2016 Annual Report

“Sadly, our capitation system allows Clubs to be dishonest and not capitate members they should, substantially reducing the amount paid to Bowls WA, requiring capitation to be increased each year. Therefore, those Club members paying capitation are subsidising those that do not. This is a sad indictment on all Clubs that allow this to occur and a compelling reason for Bowls WA to propose a change to the Club fixed fee model.”

Clubs should anticipate that on the next review of the CBA fee model at 30 June 2019, there will be a fixed component and a variable component to the CBA fee, not dissimilar to an electricity, gas and/or mobile telephone invoice.

Billing in Arrears

Bowls Victoria continue to bill in arrears. The CBA Fee model was introduced in 2014-2015 based on the 2013-2014 Club membership at that time. Likewise, 2017/2018 is based on 2016-2017 data.

Financial Relief

If a Club's circumstances change significantly between 10 March 2017 and 30 September 2017 and meets the Bowls Victoria eligibility criteria, they may apply for consideration for Financial Relief.. Prior to requesting Financial Relief assistance, the Invoice must be paid in full. Full payment permits your members to participate in our sport whilst consideration for Financial Relief occurs, provided a suitable application has been lodged.

The 15% variation in a Club's membership is a safety net. We anticipated possible Club membership variances between 10 March and 1 July. That is why we set the relief requirement at 15%. However, adjusting a Club's membership currently does not change the historic record. Unless there was a major data entry error which can be established.

To ensure equitable treatment between Clubs, Bowls Victoria has set a policy, process and procedures in place to evaluate all applications for Financial Relief at the one time. It is the one pie that is being shared.

Club Committee Executives and Club Members

It is important that there is some level of Club executive continuity from year-to-year.

Clubs are encouraged to share this information with both their Executive Committees and their members.

CLUB BASED AFFILIATION (CBA) FEES MODEL (continued)

Most Club members only know their own Club membership subscription and when bowling often compare it to another Club's membership fees. While Club memberships range from \$100 to in excess of \$300 comparisons need to be on an "apples with apples" basis. Some include a uniform for first time members, green fees for the pennant season, discounts for long serving members, no fees for Club lifetime members, etc. are subsidised by other Club revenue sources. The wide variety of Clubs not only have different cultures, but also revenue generating activities ranging from gaming machines, barefoot bowlers, bistro and the like, employee based versus volunteer, metropolitan versus rural etc.

Individual bowlers need to be informed, know and understand that it is more their Club membership that provides resources to their Club, their Club to Bowls Victoria and Bowls Victoria to Bowls Australia and Bowls Australia to World Bowls.

In December 2016 Bowls Victoria surveyed all Clubs and received 100+ replies with the consistent response that the CBA Fee Model had to be fair and equitable to all. Bowls Victoria has been totally transparent on how the fee was calculated.

In all aspects of life, the cost of living has increased. Bowls is no different. We all must accept the challenge of change and move forward for Bowls to prosper.