

15<sup>th</sup> December 2020

At a meeting on Tuesday, 15<sup>th</sup> December 2020, the CCBC Committee approved a motion to increase table fees and to explain to members the reasons for this decision.

In accordance with this Committee decision, we now provide the following information: -

### **REPORT ON CCBC FINANCIAL POSITION AND NEED TO INCREASE TABLE FEES BY \$2 FROM TO \$7**

Since the re-opening of the CCBC for bridge on the 14<sup>th</sup> September 2020, the Treasurer has been closely monitoring table numbers and income and has now completed a detailed review of the impact of Covid19 on trading operations as well as completed budget trading figures for 2020/2021 and 2021/2022.

The Treasurer makes the following observations in respect to the financial projections: -

#### **A. Negative Financial Impact of Covid-19 on CCBC Trading Performance and Financial Viability**

- **Cessation of Business Operations for 6 Months** - Bridge playing business closed from March to September 2020 with zero revenue whilst a large number of operating costs were still being incurred including affiliation fees, electricity, insurance, rates, telephone, subscriptions etc.
- **Impact on Future Revenue**

**Table Fee Income** - estimated to reduce from \$98,014 in 2019/2020 to \$80,000 in 2021/2022 or by 22% i.e. a reduction in table fee income due to a combination of reduced member numbers (from 285 to 240), Covid-19 negativity including "Health" concerns about returning to play Bridge at CCBC before a vaccine has been administered (average age of members at 72 represents a high risk demographic), the difficulty in attracting members new to Bridge as Beginners (rather than inter-club transfers) and the ill health and relocation of some long term and frequent playing members.

**Membership Fee Income** - estimated at \$8,100 compared to \$10,445 in 2019/2020 representing a decrease of \$2,345 or 22% due to the forecast net loss of 82 members during the last 2 years i.e. budget membership income of \$8,100 comprising 180 full members at \$40 = \$7,200 & 60 social members at \$15 = \$900

- **Increased Operating Costs** – cleaning costs to increase from around \$150 a week to around \$350 a week
- **Other Operating Costs** – to reduce in line with decreased member and table numbers
- **Substantial Reduction in Total Income** – estimated decrease in total income of \$29,075 or 24% during 2021/2022 when compared to the \$123,025 generated during 2019/2020
- **Continuation of Substantial Trading Losses** – estimated net operating loss of \$27,800 compared to a budget loss of \$17,981 for 2020/2021 compared to an actual loss of \$8,461 for 2019/2000 i.e. total accumulated trading losses of \$54,242 during the last 2 years and budget 2021/2022

## **B. Proposed Changes to Table Fees**

Table Fees – to increase from \$5 to \$7 effective 1<sup>st</sup> February 2021

Please note that the table fees were last increased in 2008 or 13 years ago and during this period operating costs have been increasing by an average of 6% to 7% per annum only offset by more regular player attendances. If the Sydney Consumer Price Index is applied to the table fee of \$5 from July 2007 to 2020, the table fee would have increased to around \$7.15.

Table fees for Red Point events to increase from \$5 to \$7

Table fees for Visitors to increase to \$10

Membership Fees to remain unchanged at \$40 for full members and \$15 for social members

## **C. Financial Impact of the Changes in Table Fees**

An analysis of the Pianola membership database during 2020 indicated that 200 members or 70% of our membership play less than once a week (member average of around 17 attendances each year or less than twice a month), a further 61 members or 21% of our membership play between 1 and 2 times a week and the balance 9% or 24 members playing more than twice a week.

The net increase in bridge playing costs will be:-

- Play less than once a week (200 members): an average increase of \$35 per annum or 67 cents a week
- Play 1 or 2 times a week (61 members): an average increase of \$136 per annum or \$2.62 a week
- Play over 2 times a week (24 members): an average increase of \$260 or \$5 a week – the 4<sup>th</sup> game free initiative will remain to subsidise the bridge playing cost of frequent players
- Total Membership (285 members): an average increase of \$75 per annum or \$1.46 a week

## **D. Building Sinking Fund Established in July 2007 to Upgrade or Replace Building**

On the 7<sup>th</sup> July 2007, the CCBC Committee increased table fees from \$4 to \$5 with the specific condition that the additional \$1 be paid into a Building Sinking Fund with the key objective of progressively accumulating sufficient cash funds to provide for the future upgrade or replacement of the CCBC Clubhouse i.e. with the key objective of transforming the existing 60 years old building into modern and contemporary bridge playing premises that meet the changing needs of existing and new members. During the last 12 years, monthly transfers to term deposit investment accounts have averaged \$1,500.

On the basis that the CCBC's current cash reserves of around \$200,000 have been accumulated during the last 13 years with the sole purpose of creating a Building Sinking Fund to upgrade or replace the existing CCBC Clubhouse building, these cash reserves are not available to contribute towards the current trading losses i.e. in order to preserve the Building Sinking Fund cash reserves, the only viable option to offset the current and projected trading losses is for the general membership to pay a higher table fee of \$7.