

Future of the VBA – Questions and Answers

Q.1 Why does the VBA need to act now?

The VBA needs to act now because the consistent and substantial losses of the past decade are expected to continue – and to increase – unless action is taken. Further losses will reduce the VBA's cash reserves and place the organization in a precarious financial position.

Q.2 What is the VBA's financial position?

The total of the VBA's losses over the ten years to 31 August 2021 is expected to be \$190,258. These losses have occurred despite substantial profits from successfully running the VCC and, in 2019, the Australian National Championships.

The positive result recorded in 2020, when there was no face-to-face play during the COVID lockdowns, was a consequence of significant Federal Government Job Keeper support and State Government Grants.

Details of financial performance, member and table numbers are set out in the attached Key Data for the VBA for 2012 to 2021.

Q.3 Doesn't the VBA have considerable assets?

Yes. The VBA's net assets are currently valued in excess of \$5,000,000, with the dominant component being the value of the building that was last valued at \$4,800,000 in 2018.

In addition, the VBA has cash in bank accounts of approximately \$240,000. However, \$85,000 of these cash reserves is held in special-purpose trusts.

Q.4 What is causing the losses?

There are two related factors:

- The number of people playing at our club continues to decline, especially in daytime and evening duplicate and club sessions.

	2012	2019	% decrease
Members	353	337	5%
Duplicate table numbers	2755	1229	55%
Club table numbers	903	397	56%

- Our Poath Rd clubrooms, which are under-utilized because of reduced playing numbers, are expensive to maintain and operate.

Q.5 Won't the VBA's position improve once COVID is over?

No. The trend in player numbers has been steady and continuous. Even if player numbers were to return to pre-COVID levels like those of 2018 and 2019, the VBA would still run at a loss.

This is because of the heavy burden of overhead and operating costs that the VBA incurs from owning and operating the Poath Road clubrooms.

These overhead costs amounted to \$163,416 in the year to 31 August 2018. (This year was chosen for analysis because in 2018, unlike 2019, the VBA did not run the highly successful and profitable Australian National Championships in Melbourne.)

Key elements of the overhead and operating costs were:

- Building and Clubroom costs \$70,317
- Administration and Management costs \$79,283
- Café Services (since discontinued) \$10,945

Also, if we continue to own and operate the clubrooms at Poath Road the VBA would be faced with repair and maintenance expenses for the air conditioning system and roof repairs, estimated in the range of \$100,000 to \$150,000.

Q.6 What would be the financial impact of implementing the proposals under consideration?

The major impact would be to eliminate annual building overhead costs of around \$70,000 and avoid the need to fund repair and maintenance expenses of up to \$150,000.

Management and administration costs would also be significantly reduced, not only because the building would no longer need management but also because daytime playing and teaching sessions would cease.

These significant savings would be offset to some extent, not yet estimated, for the cost of

- running Monday and Wednesday sessions at other than Poath Road;
- funding a VBA office; and
- storage costs for equipment and furniture for use at congresses and the VCC.

Proceeds from the sale of the building would be invested to generate sustainable income.

These changes would dramatically improve the financial position of the VBA.

Q.7 What measures has the VBA taken since the 2018 AGM?

Since 2018 AGM the VBA:

- approached the Cities of Glen Eira, Stonnington and Boroondara and followed up several potential re-location options;
- commenced negotiations with the East Malvern RSL in 2019 but these were terminated by the RSL;
- continued to offer loss making café facilities until the COVID lockdown;
- kept expenses under control, including closing the duplicate sessions when there were insufficient players to cover the operating costs;
- tried, but was unsuccessful, in securing an exemption from land tax for the clubrooms; and
- explored, but was discouraged by, the City of Glen Eira, because of potential adverse outcomes, from approaching VCAT to change our planning permit:
 - to enable the VBA to rent out the premises for non-bridge purposes at times when it is not being used by members; or
 - to remove some of the parking restrictions that had been imposed.

Q.8 What about the proposed new site for the VBA in East Malvern?

This didn't eventuate because the RSL changed its mind and withdrew from negotiations.

Q.9 What else has Council considered?

Council explored in detail a wide variety of other options, including:

- cohabiting with a bowls club;
- renting rooms in local government buildings;
- merging operations with another bridge club; and
- having another bridge club take over the running of all teaching, supervised sessions and daytime duplicate, with the VBA responsible for Monday and Wednesday evening sessions, weekend championship and selection events.

Unfortunately, none of these options came to fruition. Your Council decided that neither the proposed cohabitation arrangement nor using local government premises were suitable to meet the needs of members. The proposals by a proprietor to merge VBA operations with another club or to take over the daytime operations at Poath Road, were withdrawn after exploratory discussions.

Q.10 Why is Council proposing to sell the clubrooms at Poath Rd and what will happen to the VBA club?

Your Council is unanimous that the current arrangements are no longer viable. The clubhouse is more than 20 years old, is far too large for the scope of our current activities, is expensive to run and requires expensive maintenance and upgrades that the VBA cannot afford. Once the loss-making daytime activities cease, there will no longer be a need for such a home base because night-time events can be comfortably and conveniently moved to nearby bridge clubs. Selling the clubhouse provides the VBA with long-term financial security and the capacity to be a dynamic governing body for bridge in Victoria.

Q.11 Will the VBA still be a full-service bridge club?

No. The VBA would remain a club registered with the Australian Bridge Federation but would focus on state bridge. All the other activities, such as lessons, supervised sessions and daytime duplicates, would cease.

Q.12 Will the VBA still have members?

Yes. Players would still be able to remain or become members of the VBA club.

Q.13 What would happen to existing daytime bridge players and learners?

The VBA is situated in an area surrounded by several highly successful bridge clubs, which run excellent duplicate and teaching programs. We would encourage our daytime participants to join one of these clubs in 2022. We are confident that our daytime players would be made most welcome.

Q.14 What would happen to Monday and Wednesday night competitions?

The VBA would seek to come to arrangements with suitable clubs to host Wednesday night State Events and Monday night VBA Club events. While State events will continue beyond

2022, the intention is to monitor the success of the VBA Club events in 2022 before deciding on the longer-term future for these events.

Q.15 What will happen to the proceeds when the clubrooms are sold?

Funds realized from the sale of the Poath Road building will be used to generate a stable long-term income stream for the support and development of bridge in Victoria.

They will be overseen according to corporate governance arrangements recommended by legal experts and managed under the advice of investment professionals.

Q.16 What will the funds be used for?

The funds will be used for advancing bridge in Victoria, as well as supporting the core responsibilities of the VBA with regard to state events and state teams, support for clubs, encouragement of teaching and support for directors.

There will be greater support for clubs, a program of development and promotion of the game (which is desperately required and which the VBA currently cannot afford) and far greater emphasis on bridge education in all its forms, including director development.

Q.17 Is Council seeking input from members before making any decision?

Yes. We are interested in comments and views from members. However, unless a viable alternative plan emerges, Council fully expects to ratify the proposals that have been outlined in order to secure the future of the VBA.