

3 November 2008

Mr Norman Fry
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Dear Norman

RE: Proposal for the future collection of Yachting Queensland membership fees

I refer to your email of 18 September 2008 inviting clubs to respond to the YQ paper entitled 'Proposal for the future collection of Yachting Queensland membership fees'.

On behalf of the Mooloolaba Yacht Club members I wish to express my deepest concerns over the content of this draft proposal and the club member's rejection of the proposal.

While we understand the role of YQ in the administration of sailing at a State level, we are concerned about the manner in which YQ wishes to deliver its responsibilities in the future. It is the opinion of our members that YQ should be aiming to work with a framework that delivers specific support to its members while operating within a budget which is reasonable. To consider increasing the cost of participation is to plan to push away from the sport many of our participants.

YQ expects clubs to attract and service participants. Most clubs would agree this is a struggle in an ever increasingly competitive environment where a plethora of social and sport options give potential and existing sailing participants too many other choices. Working in this competitive environment, clubs are constantly battling to justify the cost of club membership, let alone the cost of the contribution to the State and national administration of the sport.

Now YQ wants to add not only an additional charge to the cost of participation, it also wants to take away the direct management of club members – a responsibility which has and should always remain with the clubs.

The MYC still supports the administrative role of YQ. However, the organisation in our opinion needs to take a hard look at what base activities it should be delivering and then develop its staffing and budget accordingly. In an ideal world it would be reasonable to see any organisation continue to develop and/or fine-tune its services and grow its financial strength. But, clearly this is not going to be possible for YQ; certainly not in the short term.

YQ should be focusing on delivering its services within its existing and know income streams, at least until such time as funding opportunities through government agencies and corporate sponsorship allow the organisation to extend those basic services into add-on benefits for the clubs and their members.

YQ must confront the changes which YQ has identified as occurring in the clubs and determine strategies to leverage those changes to the benefit of the clubs, the sport and therefore itself. The survival of YQ is very much in the hands of its member clubs and this pathway should be fully considered.

The MYC supports the concept of 'user pays'. Our sailing program is specifically targeting this issue. We hope the outcomes will be more members and therefore more people spending more money on participating in sailing. This is the club's responsibility, supported by YQ.

Following are specific comments on the draft proposal prepared by Tracey Johnstone in conjunction with the other members of the MYC Sailing & Steering Team.

Direct individual membership of YQ

We are concerned that by establishing a direct individual membership YQ is potentially taking members away from clubs and we can't see how this will benefit either YQ or the clubs in the short and long term. Clubs are fighting constantly to attract people to our sport. The recognised process to participate in the sport is through club membership.

Part of the process of securing club membership is to offer prospective members membership of YQ in addition to the club's own add-on benefits. This is a key driver for people to join clubs.

How will YQ be able to protect their members (that is, clubs) ensuring that all YQ individual members are also current financial club members ? Won't YQ find sailors saying, "well I just paid YQ\$??, why do I now need to pay anything to a club ?"

YQ need to very carefully consider the implications on clubs of direct individual membership.

We are also concerned about the cost to YQ, and ultimately the clubs, for the implementation of this system of membership.

The YQ paper states (point 17) –
"Requirement to increase staff and/or technology"

The clubs already have the structure in place to administer and support individual sailors. Now YQ proposes to add another layer to this membership process; one that will require intensive resources. Surely YQ are looking to improve their operations and respond to changes in the club's membership and needs, not add more expense and responsibility in an operational area that can capably be dealt with by individual clubs.

Additionally, Yachting Australia has the MyClub facility in place. How will YQ utilise this technology to deliver its new membership system ?

We take YQ back to 2002 and the Yachting Australia Annual Report for that year. After introducing a direct individual membership scheme in 1999, the 'Gold Card' membership as it was called then, ceased to be offered from 2002. The reason ? It is interesting to note the words in the report –

"External factors resulted in changes that affected the ability of the AYF to continue to offer the Gold Card membership benefits, including cost increases and changes to the Personal Marine Third Party Liability Policy and issues over continued viability of Waterline, the AYF magazine. These changes, coupled with a need to streamline the administration of the scheme, led the AYF to withdraw the Gold membership, effective 30 June 2002."

We recommend YQ talk to Phil Jones at Yachting Australia to ascertain what were the limitations experienced by the national office in administrating the Gold Card Membership. We would not be surprised if YQ found the national office experienced a significant increase in operational costs as they appointed personnel to handle the membership process, service the individual member enquiries, market the scheme to sailors and, just as importantly, secure add-on benefits and then service the requirements of the those companies offering these add-on benefits.

In regards to marketing of the scheme – how is YQ intending to market the new scheme, and more importantly, the substantial increase in the cost of YQ participation fees ? We feel very confident in saying YQ are going to have a real fight on their hands by requiring sailors to pay \$175, some \$144. more than they are already paying (calculation based on YQ Banding 9 for 200-250 members, cost of \$5680 plus GST). Then the clubs will be asking the sailors for club membership fees to cover the club's operational expenses. Surely YQ can recognise the difficulties clubs will face over the perception that sailors are being 'hit' twice for participation fees ?

We are not convinced that add-on benefits will be a sufficient draw-card. We suspect most sailors will tell YQ to get rid of these benefits and just stick to charging what they are already charging.

Sustainability and improvement of YQ operations

While it would be good to know the YQ is in a position to plan ahead for new initiatives which will service its member clubs and grow the sport of sailing, there is clearly a financial limitation that firstly has to be addressed.

We would think YQ should be redefining their operations to work within its existing budget before trying to grow the operations based on a perceived income of \$600,000. This may seem short-sighted. But, before YQ can really plan to expand its activities, it needs to slowly work its way through a new membership scheme.

If the scheme does not deliver the dollars expected or simply costs a lot more than YQ planned, at least YQ is able to continue delivering on its basic operations. No club wants to see YQ falling into debt. We would much rather see YQ manage its debt issues carefully until such time as the new membership scheme is firmly and successfully in place.

Further -the paper states the YQ minimum budget required is \$600,000 (point 21), yet in point 29 where the paper shows a breakdown of the income across the various expense categories, it states a budget of \$700,000. What therefore is the true budget requirements for YQ going into 2009/2010 and beyond ?

YQ membership levels

We are very surprised that YQ would consider segregating out "*officials, coaches, volunteers operating at club and/or State events*". YQ, and all event managers and clubs, should be paying these volunteers, not targeting them for a specific level of membership.

Many of these volunteers are also participants. So, can I pay AB membership, which is cheaper than AA membership, since I am also a volunteer ?

YQ should stick to just one level of Adult membership and one level of Youth membership. This will make it easier, efficient and fairer when it comes to the administration of any membership scheme.

Why would YQ want to charge Cruising/recreational sailors ? What is YQ doing for them that they would be slightest bit interested in paying for YQ membership ? How is YQ going to find these people and then get them to pay ? Most cruiser/recreational sailors I know are not members of clubs as they don't see they need for the club services. Where they are club members, my experience is they tend to be social members only as they are not users of the competition services of their club.

Benefits to members

As stated previously, YQ needs to be very wary of the costs to YQ of attracting and servicing add-on membership benefits.

You talk of “*substantial tangible benefits*”. The list is long with many questions as to the ability of YQ to actually deliver on these benefits both from a financial and resource perspective.

Working through the suggested list, we offer the following observations, and probably far too many questions.

Voting Right – We assume this would require a re-writing of the YQ constitution. Our understanding is that YQ voting rights belong to affiliated clubs only. Is this really the way YQ wants to go? Isn't it the role of clubs to represent to YQ the interests/concerns/questions of club members? By going down this track is YQ going to erode the fundamental role of a club?

Personal Accident Insurance / Public Liability Insurance / Death Cover – what is the term of the OAMPS insurance cover arrangement? If OAMPS wish to increase the cost of this cover, or no longer offer it, what 'plan b' does YQ have in place to handle a potential change in the existing arrangement?

10% discount on boat insurance – this offer has to be competitive in the first place for the 10% to be of any value to a member. A member is not going to pay a higher price on their existing insurance cover if the 10% discount does not then make the insurance cover cost competitive with other companies in the market.

Business discounts – these are already available through a multitude of loyalty programs? What would be different in the YQ offer that would make these discounts particularly attractive to sailors?

50% off cost of YQ courses – does the 2009/2010 budget reflect this discount? Is this offer really sustainable going past 2010? Has YQ looked at the type of courses sailors need delivered and what has been the success of courses conducted to date? Do sailors support these course enough now that a 50% discount is an attractive offer?

One free recovery/rescue... - is this really achievable? Has YQ actually approached an appropriate organisation to establish if this is a realistic offer?

40% discount on sailing magazines – this is a benefit already on offer through Yachting Australia. We believe YQ needs to define which benefits are being offered by Yachting Australia and which benefits are being specifically offered by YQ. Making the distinction should assist YQ in marketing their new membership scheme as YQ show what it can do for the direct individual members.

Free entry to YQ seminars/workshops – with Queensland such a large State in terms of distance, has YQ considered how these seminars are going to be run – what subjects, when and where, and what the costs of the seminars will be? Does the 2009/2010 budget take into consideration the costs of this offer?

Free electronic YQ quarterly journal – does YQ have the qualified/professional resources to collect the news, then write and distribute such a journal? This can be a time consuming process and quite ineffective if the news is already readily available on club websites and through free sailing websites such as Sail-World and BoatingOZ.

Free training at State squad level – this is an offer that benefits only a few. What about those sailors who are not in a State squad or just aren't interested in the elite level of the sport ? Surely State and Federal high performance funding should be covering the costs of this training as it relates to the top (performance) end of the sport and not to general participation.

Free YQ coaching clinics – the way this benefit is being offered we assume that those sailors at club level will be able to participate in coaching clinics. How, when, where and for whom is this benefit going to be delivered ? What is the cost of such an offer ? Does YQ have enough accredited coaches to deliver ? Isn't this a benefit that relates to a very small portion of the much larger sailing participants.

Free YQ library services – has YQ built into its operational cost the budget for making this service possible. Presumably this service would be available electronically so that sailors in regional and remote locations have the same level of information access as those located in Brisbane.

Legislation changes electronic advice – We don't see this as a particular benefit. We assume this is a responsibility of YQ already in place advising member clubs so that the information can be actioned by the clubs and/or advised to the club members.

Free YQ administrative support / Free YQ annual report – this should be a given for clubs rather than a benefit. Offering direct individual members these services will require YQ to provide enough personnel to be able to respond to the requirements of individual members. Don't put the staff in place and YQ will find itself struggling to attract members, and to combat the criticisms which will come from members who are not being serviced effectively and promptly.

Free two nights YQ accommodation – what will be the loss of income cost to YQ for making this offer ? Isn't the YQ accommodation an important income earning activity for YQ ? What will it cost to make this accommodation available free of charge; that is, booking person and process, electricity and cleaning costs. And, how is YQ going to manage the requests across a large number of sailors who may wish to avail themselves of the offer when they visit Brisbane ? Is it going to be a 'first in, first served' type arrangement ?

Entry in Members Monthly Draw / Annual Fee Draw – where in the budget does this expense appear ? If YQ are to go forward with this activity would it be more valuable to members to offer them a free service specific to improving their sailing participation, such as coaching, rules training, or similar ?

Access to IRC certificate measurement – what is YQ's intention in this area ? Is YQ planning to offer free or discounted IRC measurement services ? If so, does the budget reflect the costs that will have to be carried by YQ in terms of paying the IRC measurer for their services ?

Value of membership – Individual members

We note in section 29, your paper says "*Table 2 reflects the minimum that YQ would need*". This statement makes us very nervous as it says to me YQ does can't guarantee at the time of the membership scheme introduction and/or soon after, the direct individual membership fee will not increase. As a person who will be called upon to join the scheme – just exactly what is the scheme going to cost us ?

Value of affiliation – Clubs

In the list of club benefits YQ should consider including access to MyClub and MyWebsite as two very valuable tools which can and do assist clubs to operate more efficiently.

We think the cost of \$2,000 for a club of between 100-200 members is too high. Clubs of this size, at least in the case of Mooloolaba Yacht Club, do not have the benefit of an income from trading activities. Therefore, where would such a club find another \$2,000. As the club is focused on delivering sailing activities only, membership is charged accordingly. It would be very difficult to justify to the club members increasing their membership cost further, above what is required to cover the current YQ membership fees and the basic club operational costs.

Where clubs will be required to pay an affiliation fee "*tied to the number of individual members who affiliate with YQ*" (point 32), what allowance has YQ made for those members who are a member of more than one club? Surely, in this situation, clubs should only be charged for members who have declared that club as their primary club membership.

Club support for individual membership

On this issue we come back to my earlier comments on the position of clubs within this new scheme. We don't believe YQ should be placing the responsibility back on the clubs "*to ensure that non-members of YQ did not participate in any sailing competition*" when YQ expects sailors to be direct members of the organisation.

There will have to be a strong incentive for clubs to agree to such responsibility. At least where clubs are collecting all fees they are better placed to monitor non-compliance by their participants. Asking clubs to monitor not only their own club membership payments but also the YQ payments is placing an additional burden on the clubs which few may wish to take on, and have the administrative capability for delivery. Again, there would have to be a very strong incentive offered by YQ to achieve compliance by clubs in this activity.

Some may say clubs should be doing this already. But, the reality is, certainly in smaller clubs, the focus is on membership numbers and delivering their sailing services, not increasing their administrative responsibilities to support an organisation few sailors really understand.

Conclusion

I hope YQ will fully consider all of the above comments and ultimately formulate a membership plan that does not further increase the cost of participation, that is attractive to existing and future participants and develops an operational plan that is within the boundaries of YQ's existing finances.

Yours sincerely,

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