



January 2023

## Background Paper regarding proposed level of 23/24 Membership Fees

Under BYS Rules, members need to approve the level of membership fees proposed by the EC to apply for the following financial year.

For the financial year ending April 2024, the EC is recommending an increase in fees of 13%, which would see the full member annual fee set at \$977 inclusive of a \$50 house account voucher for those paying before 31 May 2023.

By way of background, the last time that there was a "CPI" increase in fees was in 2019 when fees increased 2.2%.

- In 2020 the fees were reduced by 25% as a Covid response.
- In 2021 half of that reduction was re-instated.
- In 2022 the fees were returned back to 2019 levels.

The factors that have been considered in making the recommendation:

### 1.CPI changes between 2020 to 2023/24

The current financial year 22/23 has coincided with a significant jump in inflation in Australia which has had its origins in the logistics / workforce impacts of the global Covid crisis. More recently it accelerated with the impact of the Ukraine war which has seen major increases in energy costs and the flow-thru impacts of these. The CPI is currently running at an annualized rate of 8% pa in Australia.

The fees level for the 23/24 year will therefore need to address the following:

- the increase in BYS's cost base during the three year period when BYS didn't increase its fees in real terms; and
- the inflation of the current year plus an allowance for future cost base increases between now and the end of the 23/24 financial year.

The movement in the CPI from the period December 2019 to June 2022 has been 7.3% and a forecast for the period from June 22 to April 2024 is 8% which would bring the total CPI movement since BYS fees were last changed to 15.3%.

### 2.Ongoing Investment in member services

Over the review period there has been a strong focus on the 'membership proposition' that is available to our members – which includes:



- Significant increase in adult / she-sails training opportunities (including three club J70's)
- Keeping in step with new safety and regulatory requirements for both on and off the water
- Expanded patrol boat fleet numbers (Patrols 6 and 15)
- Patrol boat engine replenishment program given previous engines had experienced extended operating lives
- Increasing staffing and experience in our kitchen and sailing office
- Enhanced focus on the operational side of the clubhouse – reliability of key systems like freezer and chillers; improved cleaning, new carpets, replacement of access system.
- Ongoing IT investment in new hardware and systems
- Extra resources in the main office to better serve members

### 3. Cost base changes 2020 to 2023

Collectively, our Admin / Operations and Sailing expenses are projected to have increased by circa \$309k per annum over the four years to April 2024.

The principal drivers of this increase are:

- Our investment in skilled personnel in sailing and admin areas
- Investment in replacing patrol boat engines and also increase in the fleet of patrol boats
- materially higher costs in insurance, energy, building maintenance, safety compliance and technology.

Based on the latest figures, some 52% of our Admin / Operations/ Sailing operating cost base is covered by our annual membership fees – the rest being covered by other revenue sources – predominantly berth rentals.

Of that 52% of the \$309k cost increase (\$160k) – a portion would be covered by the increased membership fees that we have received from the 10% growth in our membership levels from 2019 to the current level of 2440 members. This is estimated at \$48k, which leaves an amount of \$112k to be funded from an increase in the membership fee level. \$112k represents 13% of our 22/23 budgeted annual member fees of circa \$850k.

### Conclusion

In conclusion, the impact of both significant cost increases over the 4 year period combined with the cost of the improved member services that we are offering has led to our need to make a significant re-set in the level of our membership fees for the coming year.