

Tennis Auckland Region Incorp.

Annual General Meeting

Proposal for Club Affiliation Fee Model for 2021-2022 Season & Financial Year (1 July 2021 – 30 June 2022)

At the May 2021 Tennis Auckland Delegates Meeting, Tennis Auckland indicated to clubs it would be looking at changing from the current per head affiliation fee to a fixed fee model. Tennis Auckland has deployed a per head affiliation fee model for member clubs throughout most of its history. However, Tennis Auckland considers that the per head model has become antiquated, does not reflect the growing demand for casual play, is inflexible, and overly complicated. The traditional per head model deters clubs from offering more flexible memberships due to concerns about who should be counted for affiliation purposes.

After extensive analysis of potential affiliation fee models, and discussions with a number of affiliated clubs, for the 2021-2022 season, and for the next three seasons, **Tennis Auckland is proposing** a move to a fixed affiliation fee that will be unique for each individual club. The fee and model covers the 2021-2022 season and financial year, i.e. 1 July 2021 – 30 June 2022.

The fee is calculated on a smoothed average of each club's specific submitted membership return from 2, 3 and 5 years ago, multiplied by average Tennis Auckland fee price by averaging the TA fee over the last five years (after removing the highest and lowest price), which is \$23.10 (excl. GST) per member. The model is detailed in Appendix 1. The model will result in approximately 85% of clubs paying less to Tennis Auckland than last season.

This unique, individual fee will act as a floor fee for the 2021-2022 season and a CPI uplift will be applied cumulatively every new season, specifically the official national CPI figure announced by the government for the four quarters up to 30th June of each year – [Consumers price index \(CPI\) | Stats NZ](#)

Tennis Auckland sees the move to a fixed affiliation fee as having the following benefits:

Decoupling Affiliation Fee from Ongoing Club Membership

The model will break the link between changes in actual membership and the amount of a fee payable to Tennis Auckland. This will allow clubs to offer innovative membership options, while knowing they will not have to worry about how those options may impact their payable affiliation fee. It will not act as a disincentive for membership drives, so any successful methods to increase membership throughout a season will not impact a club's payable affiliation fee. Remember, registered member numbers in Tennis Auckland clubs rose 3.9% in the 2020-2021 season, replicating a post-COVID lockdown bounce in participation that was seen in other "individual" sports in New Zealand and worldwide. This proposed fee model will ensure clubs will keep more membership revenue if that post lockdown bounce happens again in the 2021-2022 season.

Reduced Administration Time, Energy & Resources to Manage

The model will provide simplicity of management for both clubs and Tennis Auckland, with clubs not needing to ensure their membership database is 100% up-to-date at the time of payment and seek clarifications from Tennis Auckland on their membership types. Tennis Auckland can spend less time administrating affiliation fees, and more time supporting its clubs.

Annual Certainty of Fee to Assist Budgeting

The proposed fixed fee model would remain in place without change for the next three years (see Review of Model section below) and will only have an annual CPI uplift applied to it. As a result, clubs will be able to accurately budget for the Tennis Auckland affiliation fee, and in a timely manner, well in advance to the start of every new season.

Hardship Facility

We understand that membership levels and other revenue streams are not static and can be prone to significant, and at times, unforeseen reductions. If any club finds itself in hardship, due to significant reductions in membership levels (25%+ drop in one season from the initial baseline membership amount, being the smoothed 5 year average), they will be able to apply to Tennis Auckland for hardship relief on the affiliation fee. The process is outlined in Appendix 2.

COVID Lockdown Discount

The 2021 COVID Lockdown will result in short to medium-term impacts on bar takings, other food and beverage income, casual court bookings, and Class 4 Gaming Trust grants. Tennis Auckland acknowledges the impact the lockdown will have on clubs' finances, and as such will apply a one-off 5% discount to the fixed affiliation fee for the 2021-2022 season. For the 2022-2023 season, the fee will revert to the appropriate fixed fee, with a CPI uplift.

Examples of Fixed Fee – All Dollar Figures are Exclusive of GST

Average Tennis Auckland per member fee for past 5 years = \$23.10

Club A – Smoothed, average membership number for the past 2, 3 and 5 years = 298

2021-2022 Affiliation Fee – $298 \times \$23.10 = \6883.80 less 5% COVID Lockdown discount = **\$6539.61**

Annual CPI to the end of the June Quarter 2022 (estimate only for the purposes of this example) – 2.6%

2022-2023 Affiliation Fee – $\$6883.80 \times 1.026 = \7062.78

Club B – Smoothed, average membership number for the past 2, 3 and 5 years = 114

2021-2022 Affiliation Fee – $114 \times \$23.10 = \2633.40 less 5% COVID Lockdown discount = **\$2501.73**

Annual CPI to the end of the June Quarter 2022 (estimate only for the purposes of this example) – 2.6%

2022-2023 Affiliation Fee – $\$2633.40 \times 1.026 = \2701.87

Review of Model

Tennis Auckland wants to provide stability and certainty to clubs; hence the fixed fee model will remain in place without modification to the core model for the next 3 seasons (the CPI uplift is part of the core model and will be applied annually).

Tennis Auckland will review the model and fees after 3 seasons to ensure there is equity and fairness and in this period, any new Tennis New Zealand Affiliation Fee model will have been rolled out, which could impact Tennis Auckland's review. Clubs will be engaged for their input into this review.

Tennis New Zealand Fee

The Tennis New Zealand fee for clubs in our Region is currently a fixed fee of \$124,600 billed to Tennis Auckland. This will be applied to each club on a pro-rata basis, in proportion to the Tennis Auckland fee that the club pays, and also taking into account the different age brackets of the old per head Tennis NZ fee.

Appendix 1

Affiliation Fee Model Calculations

The following process has been employed to set a fair baseline fee for individual clubs.

- Step One: Calculate the average membership number for each club for the last 2, 3 and 5 years.
- Step Two: Calculate the average of the average membership numbers for the last 2, 3 and 5 years to arrive at a balanced membership figure for each club over the last 5 years. The total figure works out at 8372 across all Tennis Auckland affiliated clubs (2020-21 total is 8515).
- Step Three: Calculate an average Tennis Auckland fee price by averaging the TA fee over the last five years after removing the highest and lowest price. This figure is \$23.10.
- Step Four: Calculate the base fee per club by multiplying average membership number by \$23.10.
- Step Five: Identify outlier clubs that are negatively impacted and manually calculate a fair base fee.

Appendix 2

Affiliation Fee Hardship Facility

Tennis Auckland acknowledges that in any single season, a clubs paid up membership base can significantly decrease, due to unforeseen circumstances.

Should a club experience a drop in membership of at least 25% in one season from the initial baseline membership amount, being the smoothed 5 year average, they can request affiliation fee relief from Tennis Auckland, by sending an email to Mark Lewis, Club and Schools Manager at Tennis Auckland (mark@tennisauckland.co.nz). The email will need to outline the following:

- The specific drop in membership (numbers, percentage and income)
- The known and/or suspected reasons for the drop
- Actions undertaken by the club to address and mitigate the drop
- Plans to stabilize and increase membership for the rest of the season and the upcoming season

Clubs will need to provide a copy of their annual accounts that have either been audited or prepared and signed off by a member of the Chartered Accountants of Australia & New Zealand, including certification that the club's membership return is true and correct.

Tennis Auckland will convene a working group to review the applications. The working group will be made up of at least 2 office staff, 1 Board member and 1 member of the Club Advisory and Support Committee.

Tennis Auckland will then work with the club to firstly review its situation and its actions and plans, then to develop a unique, one-off affiliation fee for the season in question. This one-off affiliation fee is not intended to be permanent, and Tennis Auckland will work with the club to attempt to recover its historical membership income levels, and accordingly, to reinstate the fixed affiliation fee in the coming seasons.