



SURF LIFE SAVING
NEW ZEALAND

Date: 11 April 2013

To: Club Chairs and Life Members

From: Michael Bassett- Foss – Chairman, Surf Life Saving NZ
Paul Dalton – CEO, Surf Life Saving NZ

Subject: SLSNZ Sustainability Update

Background

On 18th March a set of proposed structural changes to the SLSNZ was circulated for information and feedback. Consultation closed on 28th March and over the Easter weekend all the feedback was reviewed by the SLSNZ Board. There were over 40 separate submissions with a wide range of opinions on the proposed structure and alternative options.

Outcomes of the Board review

As a result of the feedback, the Board has now made the following decisions on the original proposals:

Role	Decision
Media and Communications Manager	Role currently vacant and to be dis-established.
Fundraising Assistant	Role currently vacant and to be dis-established.
Finance Assistant	Role currently vacant and to be dis-established.
GM Programmes & Services	Role to be dis-established.
Sport Development Manager	Role to be dis-established.
Events Manager	Role to be dis-established.
Learning & Development Manager	Role to be dis-established.
CDO Gisborne (Part time)	Role to be dis-established.
CDO Hawkes Bay	Role to be dis-established.
Regional Admin Officer – Central Region (Part time)	This role will remain, and not be dis-established.
Regional Admin Officer – Eastern Region (Part time)	This role will remain, and not be dis-established.



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Rescue Assets Manager	This role will remain on a full-time basis and not move to being part -time.
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The decision to retain the two Regional Admin roles was based on the strength of club feedback on the importance of these roles, particularly with the reduction in CDO roles in those Regions. Maintaining the Rescue Assets Manager as a full time role was based on feedback on the workload, particularly over the summer season supporting clubs and events.

However, these decisions were made in conjunction with one other change, the creation of a new **Sport Manager** role.

The feedback from the majority of respondents was on the need to create a role for Sport alongside that of Lifesaving. The Board has decided to introduce a new role into the structure. This role will have responsibilities for:

- SLSNZ sports events.
- High performance sport & pathways.
- Sport Development.
- Coach and official development.
- Being the primary link with the National Sport Committee and Sport NZ.

While funds had been allowed under the original proposal for contracted resources to cover most of these responsibilities, this had created the perception that sport was being downgraded in SLSNZ priorities and the Board wanted to demonstrate this is not the case.

All of the above changes have been incorporated into the attached organisation chart.

The Board is now moving to implement these changes.

Recruitment for the Sport Manager role will start later this week, with applications initially open only to existing staff. Only if there are no suitable applicants will it be opened up to the wider market.

Feedback on the Feedback

There a number of comments and answers to questions that came in via the feedback process that are worth mentioning:

(a) What will happen in Hawkes Bay and Gisborne?

It is important to be clear that clubs in Hawkes Bay and Gisborne will still be supported by CDO's – they just won't be locally based. They will also continue to be supported by Regional Admin staff, a Regional Programmes & Services Manager and a Regional Manager.



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However conversations will have to take place on specific club and local area needs where gaps might be created by not having a resident SLSNZ person. Already the clubs in Gisborne are thinking creatively on that and coming up with solutions that SLSNZ and the clubs can work on jointly.

There was a lot of useful feedback in the submissions on the wider topic of what SLSNZ could do to support clubs more, and this has been noted by the Board to be acted on.

In all Regions we need to evolve how SLSNZ supports clubs – as mentioned in the previous communication it will involve Regional Managers more in the ‘account management’ aspect of the club relationships, using an updated club-pulse type tool to identify the top priority tasks for each club and then using all the human and other resources available (from within the Region and outside if necessary) to deliver what is required.

(b) Is a \$1m surplus a too aggressive a target?

A common view was expressed that having a \$1m surplus in 2013/14 was too aggressive, and that a lower target should be set to allow more time to build up reserves. However, the reality is that a \$1m surplus does not equate to having \$1m sitting idly in a bank account. This surplus is needed to fund capital expenditure (which does not show up in the Profit and Loss expenses) and provide working capital to pay the day to day bills. For a \$10 million/ year business having working capital of \$1 million is only equivalent to 5 weeks expenses – a bare minimum, and even that will still require borrowing some funds to cover the May-July period when income is seasonally very low.

It will actually take several years of operating surpluses of \$1m to rebuild the reserves of the organisation to the \$2-3 million level they used to be at.

Reserves of \$2-3 million are also at the bottom end of an ‘acceptable’ range, where best practise for Not for Profit organisations is 12 months expenditure (i.e. \$10 million in the case of SLSNZ). They will not provide much protection in the case of a significant income shock, such as one of our major funders like NZ Lotteries Grants Board with over \$2m in funding decides to pull back on its investment.

(c) External advice

The Board has made Sport NZ aware of the financial challenges SLSNZ is facing, and Sport NZ will be providing financial advice. However this is not leading towards a ‘bailout’, as organisations first need to take full responsibility for and every available step to fixing their own problems. SLSNZ is also working closely with its commercial and funding partners and its bank to assist with solutions.



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(d) What is being done about revenue?

As noted in earlier communications, revenue retention and growth very much remain a priority for SLSNZ. Maintaining an aggressive approach to increasing revenue via sponsorship, grants, merchandising, new-generation fundraising, commercial partnerships and other initiatives is a 'given'. These include options for long term direct Government funding and the possibility of a 'Foundation' creating a capital fund which would appeal to family trusts and bequests. The Board has set up a Commercial sub-committee to monitor and assist with revenue growth and will continue to review the level of resource allocated to this area. For the time being having two staff focussed on National Grants & Fundraising and Sponsorship & other Commercial revenue supported by a Grants Officer, Regional Managers and the CEO is seen as being an appropriate level of resource.

There will need to be a stronger focus on income at a Regional level, as this has reduced with centralisation, at a time when there is more funding being allocated locally to areas where it is being generated from (and in some cases taking it away from National bodies). This will be led by the Regional Managers, but will still need to be centrally co-ordinated as there are also more funders not wanting to deal with multiple applications from the different levels of the same organisation or movement.

However revenue growth is only part of the solution, ***as the organisation has to turn around a history of overspending that goes back over five years.*** Even if grant income had been on budget this year, we would still need to be 'de-risking' the business by taking all of the less certain grant income out of the budget and cutting our costs accordingly – as it is critical we move more towards a model of 'until we receive we don't spend'.

What is also very important to recognise is the objective here is to recapitalise the business, which requires untagged cash that can go into the bank to be used for a variety of purposes. Grant income is not available for this kind of objective – it has to be spent on some activity, and sponsorship revenues are the same. As such additional income from these streams actually adds work (and cost) to the organisation, so while they are good in the sense of creating the capability for SLSNZ to do more, they do not necessarily help with recapitalisation.

And for the 2013/14 budget it is too risky to be assuming short term income growth – so in the short term we do have to cost-cut our way to success!

(e) How exactly will it all work?

Some of the respondents want to know exactly how every piece of work will be done under the new organisation structure, and quite simply this level of detail cannot be provided right now. The first priority is to ensure that SLSNZ is financially in a sustainable position and then we will have to deal with any 'gaps' created by the new structure – and some flexibility will be needed to do this. This may see things like some activity 'contracted out' to clubs to deliver in their areas.



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Rather than focus on the negative - on the roles that will no longer exist, it is important to recognise that we have retained the majority of the organisation and capability. Some things will need to be done differently, and not all of those can be pre-determined given the nature of the consultation process. Retaining the status quo was never an option, as the organisation will simply not survive.

And another key point is that the world is not staying still, and there will need to be an ongoing dialogue with clubs on how to keep the delivery model & structure evolving to best meet everyone's needs in a dynamic environment. There will also always be times where vacancies arise that allow windows of opportunity to reflect on how well structures are working – whether at a local, Regional or National level.

We also will need to keep the pressure on all the levers to reduce cost and increase income – this will have to become the 'new normal' of challenging what we do and how we do things.

(f) **What is the SLSNZ strategy?**

A number of respondents expressed a desire to see a three year strategy document, and an update from the 2012/13 strategy currently on the SLSNZ website.

The Board reviewed the 2013/14 SLSNZ strategic plan in February – (which is a three year plan) at the same time as the budgets were reviewed. This will shortly be available on the SLSNZ website and circulated directly to clubs. Please note this is still a strategy document for SLSNZ itself, not one for the wider movement, and is not a radical departure from the current strategy.

(g) **Will volunteers step up?**

There was a big disparity of views expressed in feedback on the willingness of club volunteers to take on any additional work from SLSNZ professional staff, particularly in the areas of local and regional sports events. Some said it had already happened, others said it would not be an issue but others expressed real concerns that volunteers would not do any more work. There were differences between larger clubs with more in-house capability and the smaller remote clubs and those with a much larger focus on sport. What this highlights is that there will need to be tailored local solutions developed, and at a broader strategic level as a movement we need to discuss (possibly at the Club Chairs conference at the AGM) how to secure the future of the volunteer based model, so that it doesn't collapse or get so expensive that a fully professional model that we see in some parts of Australia becomes the norm.

These are by no means the only questions – and in due course we will aim to respond to all of the common issues raised in the feedback. Once again the Board want to thank all those people who took the time to document their thoughts.



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Subsequent Reporting Line Changes

As noted earlier, implementing the changes above there will mean some reporting line changes are required. These have been indicated in the attached organisation chart, but may be refined further as part of the implementation process.

The main changes are:

- The Lifesaving Manager will report to the CEO.
- The Sport Manager will have the part time National Coach and seasonal Event Logistics contractor reporting to them.
- The Web/IT Manager will report Projects Manager.

Also for completeness, the Events Safety Co-ordinator (a seasonal contract role) has been shown on the organisation chart. This was inadvertently omitted from the previous version.

If there are any questions please feel free to get in touch. Contact numbers for the other Board members are listed below if you prefer to contact someone from your local area.

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