

Future Options for UTS Haberfield Club

Over the last few years, the UTS Haberfield Club Ltd has faced many challenges. The Board has been adjusting accordingly, with two recent major changes being the cessation of poker machines and the stronger positioning of the venue as a restaurant. These two changes reflect the reality that the major of the activity at the Club is as a dining venue, rather than a Licenced Club.

The Board, in collaboration with the Board of ActivateUTS, is continuing to look at further options for change, some of which would result in a fundamental change to the UTS Haberfield Club Ltd.

Context

ActivateUTS owns the building at Haberfield, plus hold leases on the site from the local Council and Maritime authority. A key focus for asset is to provide a high quality rowing venue for the UTS Rowing Club. A second focus is to provide a venue for the predecessor organisation, the UTS Haberfield Club. ActivateUTS subleases to the UTS Haberfield Club Ltd and the UTS Rowing Club.

UTS Haberfield Club Ltd is a controlled entity of ActivateUTS and operates the licenced venue and takeaway kiosk. A key objective of the club is to provide a commercial venue which covers the costs of the site, thereby supporting the rowing club, and also to returned profits back to ActivateUTS to further support the rowing program and other student activities and events.

Please Note: The current consideration of the future of the UTS Haberfield Club Ltd / nature of operations at the site, does not include the ActivateUTS commitment to the site, nor its long standing support for the UTS Rowing Club. The operation of the Kiosk is also not being questioned. All these will continue regardless of the decisions taken.

The Challenges and Options

The UTS Haberfield Club has incurred cumulative losses since re-opening in 2014 of \$212.4k (Profitable in 2016 and 2017, broke even in 2018, loss in 2019). The commercial uncertainty of the club operations does not fulfil the objective of supporting the venue for the UTS Rowing Club. Also, this variable financial performance has mean that the Club has been unable to repay the loan from ActivateUTS used for reopening the Club in 2014. ActivateUTS has had to provide a letter of financial guarantee to the Club to avoid corporate Going Concern failure during this period.

The Club operates essentially as a restaurant and bar. While there are approximately 6-8000 members in any year, most are not active, joining simply for ease of access to the licenced venue and to receive the members discount. There is limited community engagement (Only 212 members have been active members for last 4 years, Last 2 years only 2 visited more than once per week, and only 52 visited once a month). It experiences significant challenges as a restaurant and bar due to the limited parking, inconvenient access and essentially being a 'fair weather' venue. When the weather is good, over October to January it can achieve very good commercial results. Any significant spate of bad weather results in substantial reductions in yearly turnover.



The challenges and operating context pre-exist the COVID-19 impacts. These are not the cause of the consideration of further change, but they have accelerated its consideration.

After a range of reviews and workshops with staff, the Boards of ActivateUTS and the UTS Haberfield Club are considering the following options for further change:

1. Further repositioning of restaurant, with a stronger function option to help offset the inconsistent dining turnover (currently weekend functions limited to 1 per month).
2. Closure of the Licenced Club and repositioning of the facility as a Function Centre, with spare capacity used to provide space for ActivateUTS performance based student clubs (e.g., dance, music, acting, etc.)
3. Some form of hybrid model combining a dominant Function Centre supported by a more limited restaurant operation (e.g., weekend trading only, as per current COVID-19 approach).

Next Steps

With the COVID-19 impacts and uncertainty continuing, it is not opportune to significantly change the business model until after the first quarter of 2021. Also, any significant change would require discussions with the Club members and with the local Council and Maritime authority over the site leases. Finally, further information needs to be gathered about the success of the current repositioned restaurant operations, which have only been in place for a couple of months.

The two Boards will continue to monitor the situation and revisit the identified options in the first quarter of 2021. Once the options become clearer, the Board will provide an update to members.