



19 December 2017

Dear TTA members and friends

As many of you are aware, in recent months TTA has been working through a difficult period. However, significant progress has been made in terms of creating a clear plan forward and most importantly, implementing the plan. I want to take this opportunity to provide openness and transparency to ensure everyone is aware of the facts.

Upon completion of the 2017 Australian Open it was evident that TTA was in financial difficulty. This resulted from proposed levels of external funding and sponsorship not being attained for the event, coupled with high running costs. This provided the impetus to undertake a full review of TTA's operations, which uncovered that changes were required on multiple fronts. From here a plan was devised to rectify the situation, as summarised in the below paragraphs.

Financial Reform

Put simply, TTA was spending too much money. This has been counteracted by:

- Undertaking a staff restructure. TTA has reduced from 8 full-time, 1 part-time and 7 contractor staff to 4 full-time and 6 contractor staff. Unfortunately, this meant 5 loyal, hardworking and high performing staff members lost their jobs through redundancy, however without change TTA's future was limited.
- Closing the Seagulls venue at Tweed Heads. The venture to run a venue at Seagulls was sound in principle, however it was not able to generate the amount of revenue required to make it financially viable. Additionally, TTA is in the process of winding up Pelican Sport Development Pty. Ltd., which is the subsidiary company that was overseeing Seagulls.
- Taking a more prudent approach to all expenditure. TTA is currently working through renegotiating deals with suppliers, removing ourselves from contracts that are no longer needed and sourcing new suppliers where possible. Multiple small changes have added up to significant savings.

Combined, these changes result in savings of approximately \$250,000 per annum. These savings will be put towards paying off debts that have been taken on to clear current liabilities. The generous support of State and Territory Associations and Board Members needs to be acknowledged. By providing loans, prepayments and donations, TTA has been able to clear 90% of current liabilities. We are still negotiating with other parties to source the remaining 10%, however TTA's financial position is not in jeopardy as key suppliers have provided payment extensions. Cash flow forecasts demonstrate that all debts will be cleared within 3 years, sooner if revenue sources are expanded.

Additionally, more stringent financial controls have been put in place to ensure appropriate financial oversight, namely:

- TTA's long-term auditor has been replaced with a new auditor.
- Long-term financial planning has taken place, primarily through developing 5-year cash flow forecasts.
- From 1 January 2018 onwards, TTA will outsource its accounting services to an external, independent company.
- The budgeting process and financial reporting will provide more information in a clearer fashion. This includes clear differentiation between program and non-program revenue and expenditure, revenue and expenditure for each individual program will be clearly identified, and tracking against budget will be implemented.
- The TTA Finance, Audit and Risk Committee will be re-established in early 2018.

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Governance Reform

TTA acknowledge that governance reforms are required to repair the current situation and ensure it is not repeated. Significant steps have been taken in this area, namely:

- A new Constitution has been drafted and its implementation will be voted on at a Special General Meeting in January 2018. This new Constitution aligns with the Governance Principles recommended by the Australian Sports Commission, increases the independence of Directors, reduces the number of Directors, reduces Director terms of office and overall tenure, and reflects a level of contemporary governance expected of a National Sporting Organisation.
- A Nominations Committee will be formed. The Terms of Reference for this Committee have been accepted by the TTA Board and it will be formed in January 2018. The major roles of this Committee will be to ensure the TTA Board and all TTA Committees are filled with appropriately skilled people and to source appropriately skilled people based on current and future needs when positions become available.
- A Governance Reform Working Party will be formed in January 2018. This Working Party will be charged with reviewing TTA's governance procedures in their entirety and then making recommendations for improvements. Implementation will follow through 2018 until completion.

Ongoing Communication

TTA is committed to providing open, transparent and ongoing dialogue. In recent months a host of communication has taken place either in person or via teleconference, formal letters, phone or email with all key stakeholders. This includes key funding partners such as the Australian Sports Commission, Australian Olympic Committee, Australian Paralympic Committee and Commonwealth Games Australia. Internal bodies have also been engaged including State and Territory Associations, all National Squad Members, ITTF and ITTF-Oceania.

Providing ongoing communication is important to ensure that all parties are kept abreast of the current situation, to acknowledge that improvements are needed and to provide confidence that TTA is rectifying the situation as quickly as possible.

In summary, undoubtedly the current situation has been challenging and demanding. However, it has provided the opportunity for TTA to closely examine ourselves and identify what is required to not only recover, but also go to the next level. As the saying goes, never waste a good crisis, and I wholeheartedly believe what TTA has encountered will be the making of the organisation.

TTA wishes the entire table tennis community a Merry Christmas and Happy New Year. Whether you're involved as a player, coach, official, volunteer or fan, TTA is thankful and appreciative of your ongoing commitment and contribution to our great game.

If you require any further information, please feel free to reach out at any time.

Yours sincerely,

Scott Houston
TTA Interim CEO



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