

SIRA MEMBERSHIP ACCOUNTING PRACTICE – MAY 2015

1. Description of the issue

The current membership practice in place at SIRA is that households join, pay a \$20 membership fee, but that all members of that household are members of SIRA with voting rights.

Membership of the association shall be open to any person aged 18 years or more who is either or both of the following:

- (a) a full or part time resident of Scotland Island;*
- (b) an owner of land on Scotland Island, either solely or jointly with any other person or persons or with a corporation, or who is a director of a corporation which owns land on Scotland Island solely or jointly.*

Any eligible person may become a member of the association upon their application to the association and payment by such person of the sum payable under these rules by a member as an annual subscription

2. Current Situation

Currently, SIRA membership consists of 313 households, of which 81 are individuals or households with only one member over 18, 227 households with two members and 5 households with 3 members.

	1 Member	2 Members	3 Members	4 Members	5 Members	Total
Households	58	189	25	17	3	292
Persons	58	378	75	68	15	594

The result of the current practice is:

- One fee of \$20 is charged per household, resulting in a revenue of \$5,840
- There are 594 persons who are considered 'members' of SIRA, translating into 594 votes

As discussed above, the following can be said:

- You could consider that of the 594 members, 302 are members for joined free of charge
- Or that 58 members paid \$20 and 536 members only paid a \$10 membership fee or less.

Either way can be considered unequitable but also unconstitutional.

3. Alternative

To remedy this, it is suggested that SIRA should change its membership practice to:

One member = one person = one fee

What would the impact be? The following factors can be considered:

- A large proportion of these households do not participate in SIRA activities, meetings and votes, so we could assume that they are members for other reasons such as:
 1. Feel it is their 'duty' to be a member to support the Island community and the association
 2. They want to be represented by SIRA but don't want to be 'involved'
 3. They are members in order to be able to buy water
- Following from the above it seems safe to assume that this large proportion of households would like to remain members, however would be happy to have one membership for their household.
- A smaller proportion would want to have two members of their household join to be able to fully participate and vote. A guess of how many persons this would be: If there are 100 people 'involved' at AGMs etc., 82 would be part of a 2 person household, so this would result in 41 extra members (assuming of course that active members consist of a similar split in household size as the total).
- The question is, would these 41 extra households have an issue with their SIRA membership cost being higher?

4. Scenarios

As said, you would expect to get a modest number of people in addition to the first member of a household with the willingness to join. Let's put this number at 41.

Refer to the table below.

- It is important to consider that the most 'active' households will be the ones facing a cost increase. If the fee remains \$20, these households will now pay \$40.
- If the fee was reduced to \$17 for instance, their cost increase would be \$14.
- If the fee was reduced to \$15, their cost would increase with \$10.

Impact on SIRA finances:

- If the assumptions I made are correct, SIRA revenue will increase by \$820 if the fee remains \$20
- If the fee is reduced to \$17, SIRA income will be roughly the same
- If the fee is reduced to \$15, SIRA revenue will reduce with about \$845
- If the fee is reduced to \$10, SIRA revenue will reduce with about \$2510

	1 Member	2 Members	3	4	5	Grand Total	
Households	58	189	25	17	3	292	
Current \$20	\$1160	\$3780	\$500	\$340	\$60	\$5840	
All are Members	58	378	75	68	15	594	Not a realistic scenario
\$20	\$1160	\$7560	\$1500	1360	300	\$11880	
Expected Members	58	230 (189 + 41)	25	17	3	354	best guess
\$20	\$1160	\$4600	\$500	\$340	\$60	\$6660	
\$17	\$986	\$3910	\$425	\$289	\$51	\$5661	
\$15	\$870	\$3450	\$375	\$255	\$45	\$4995	
\$12	696	\$2780	\$300	\$204	\$36	\$4016	
\$10	\$580	\$2300	\$250	\$170	\$30	\$3330	