

# FUNDING OF SPECIAL INTEREST GROUPS

June 2010

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## Policy

Water New Zealand's income, along with that of its Special Interest Groups, is pooled for common use. Expenditure incurred by Water New Zealand and its Special Interest Groups is drawn from this pool.

Water New Zealand members are not charged subscriptions for joining Special Interest Groups (SIGs).

The management committees of Special Interest Groups in conjunction with Water New Zealand shall prepare annual programmes of activities which include areas of income and expenditure. In order to budget and manage potential financial risk, such programmes shall be reviewed by the Water New Zealand Board annually prior to the start of each new financial year.

## Explanation

Various models are used for the funding and financial management of unincorporated entities over which incorporated societies have substantial control. Substantial control and associated legal reporting obligations are defined in the New Zealand Institute of Chartered Accountants Financial Reporting Standard 37.

Water New Zealand uses four models in working with related unincorporated groups.

### 1. *Special Interest Group (SIG) Model*

Special Interest Groups do not charge members subscription fees. Water New Zealand provides SIGs with administrative services, including running their events. Profits from SIG-run events are pooled for the common good. SIGs do not have separate bank accounts. Financial risk, particularly associated with events, is underwritten by Water New Zealand. To be a member of a SIG, a person must be a member of Water New Zealand. Non-members can attend events.

### 2. *Water Services Managers' Group (WSMG) Model*

The Water Services Managers' Group services territorial authorities. The latter must belong to Water New Zealand and also pay subscriptions to the WSMG. A separate bank account is maintained. Water New Zealand charges a fixed amount annually for running the Group, which is self funding. Members are additionally levied from time to time on a population pro rata basis for funds which are held for projects which have collective benefit.

### 3. *Senior Executive Forum (SEF) Model*

Members of the SEF pay levies annually into a common pool to participate in the Forum. Expenses incurred in running the Forum are derived from the common pool.

Irrespective of the financial arrangements put round such relationships, membership organisations remain reliant on volunteers. Paid staff relieve volunteers on management committees from administrative duties but do not generally have sufficient knowledge to deal with professional or technical matters.

#### *4. Handling of Legacy Funds*

Some previously independent entities became SIGs of Water New Zealand and brought funds with them. These funds are held as liabilities on Water New Zealand's balance sheet and used by the relevant SIGs.