

Where do my IRHACE membership fees go?

This article intends to provide IRHACE members with an overview of the income, and costs that are associated with the Institute. This is in response to member queries on how individual membership fees are spent.

IRHACE gets its income from a number of sources. This includes:

- Journal Advertising
- Conference Income
- On-charged Income
- Membership Subscription
- Other Income
- Interest Income

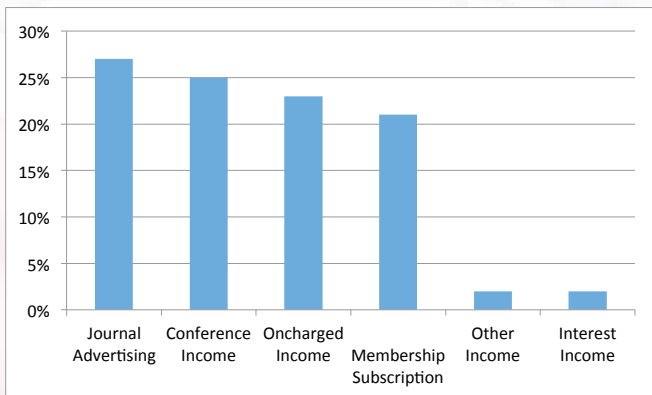


Figure 1

Figure 1 shows IRHACE's income based on percentage of total income. These figures are based on year to date totals as at 31 July 2014. These percentages are approximate.

Journal Advertising earns IRHACE 27% of the total income of the Institute. The journal is produced every two months, in hardcopy, and is posted out to members as a member benefit.

Conference Income earns IRHACE 25% of its income. Most of this income is derived from the Trade Exhibition.

On-charged Income makes up 23% of the Institute's income. This is derived from support services that IRHACE charges client entities. This includes a range of services such as general administration, membership, and governance/secretariat support.

Membership Subscriptions make up 21% of the Institute's income. Other income consists of areas such as sponsorship income, edirectory listings, and Wallie Askew income. This makes up 2% of the Institute's income.

Interest Income makes up 2% of total income. This is from interest earned from the Institute's bank accounts, and term investments.

Note: Percentages relating to Conference Income and Membership Subscriptions will be expected to reduce a little over the course of a full year relative to the other income streams. This is because these two income streams are earned in

the first quarter of the year, while other income streams continue to be earned throughout the year.

Costs that IRHACE incurs are:

- Staff Costs
- Other Operating Expenses
- General Operating Expenses
- Journal Production Costs

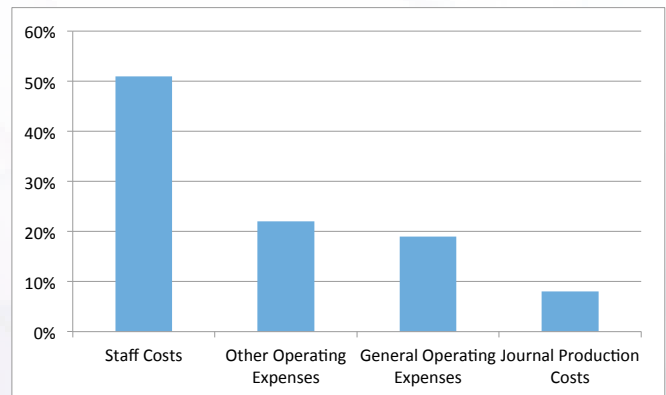


Figure 2

Figure 2 shows IRHACE's costs based on percentage of total costs. These figures are based on year to date totals as at 31 July 2014. These percentages are approximate.

Staff costs relate to payroll, ACC, and other employment expenses. This is 51% of the Institute's costs.

Other operating expenses relate to labour and professional fees (accountants, bookkeeping), occupancy costs (associated with rent, electricity, security), board expenses, IT and equipment leasing, industry newsletter costs, and industry subscriptions (for example membership of EMA). This is 22% of the Institute's costs.

General operating expenses include costs such as bank fees, website administration, equipment repairs, travel and insurance. This is 19% of costs.

Journal expenses include design, distribution and printing costs. This is 8% of the Institute's costs.

This leads to a number of questions that have been asked by members, and need to be answered. These are:

How much do my fees subsidise the journal and conference?

Membership fees do not subsidise the journal or conference. Both these provide a return for the Institute which gets invested back into initiatives for members.

Why is conference not free to members?

Because it can't afford to be free. Conference has been marketed to the wider industry for the last few years, and also includes involvement from other associations such as

CCCA and IIR. It earns revenue for the Institute from trade exhibitors, sponsors, and conference attendees. If members were offered free attendance at conference, this would result in a reduction in income for IRHACE. This would directly affect the level of funds that could be invested for future initiatives. Conference also has the benefit of introducing prospective members to the Institute.

➤ Could IRHACE reduce costs and keep going?

The other income streams mentioned above pay the vast majority of costs for IRHACE. Any reduction in costs (whether staff, or operating costs) would mean:

- A reduction in activities that generate revenue and support members, or eventual insolvency if current costs are maintained and insufficient income is generated.
- The benefits of having paid staff and a support office is that services can be delivered to members without being totally reliant on volunteer efforts, as well as earning income for the ongoing viability of the Institute.

➤ Could we increase membership?

Absolutely, however any significant increase in membership numbers will not pay for current activities, and services, offset other costs, or replace other revenue streams at current fee levels. Any campaigns to increase membership also result in more activity, so more cost is incurred.

➤ IRHACE never had these costs before, what has changed?

Prior to September 2013 membership services were provided for IRHACE by its subsidiary NZ HEVAC. This included getting all the revenue from the Journal and Conference, and from On-Charged Income. However it also bore the costs of these ventures as well. This meant that IRHACE's main income was from membership fees. A review of business operations in 2013 resulted in operations being transferred from NZ HEVAC to IRHACE. This review included a process of reviewing staffing structures, and suppliers to the organisation. The result has been a more effective business model.

IRHACE has a number of income streams that ensure the sustainability of the organisation. 75% of income comes from sources other than membership fees. These are critical for the organisation's long term survival and to be able to reinvest in member initiatives for the future.

You are invited to join IRHACE Auckland, Waikato and the Bay of Plenty for a Golf Tournament

Sunday 9 November – 10am Shotgun start
Hauraki Golf Club, Corner SH2 & SH27, Ngatea
www.haurakigolf.co.nz



Cost: Member - \$20 | Non Member \$50
For more information, registration and sponsorship opportunities please contact;
Ken Beer on 07 889 5412 or 022 699 4729
Email: ken.beer@hotmail.com

What has your association been up to?

IRHACE has been involved in the following activities during the last two months:

Product Stewardship: Submissions have been made to the Ministry for the Environment (MfE) to get more controls for refrigerants via product stewardship mechanisms. More information is available in the article in this journal issue.

Conference Preparations: Preparations are underway for the Annual HVAC&R Trade Exhibition and Industry Conference for 2015 in Christchurch, and the International Conference being held in conjunction with the International Institute of Refrigeration (IIR) 2016 in Auckland.

New Member rate for students: There is a new member rate for students. The cost is \$60 per annum. Benefits include attendance at member events at member discounts as well as access to publications via the members section of the website.

Technical Handbook: We are in the process of developing the Technical Handbook for members. More information to follow.

Re-recognition of Competenz as the ITO for the HVAC&R Industry: The IRHACE Council, along with the CCCA board has been involved in the re-recognition process of Competenz as the Industry Training Organisation for the HVAC&R industry for the next five years.

Paul Town - Executive Officer IRHACE

You are invited to join IRHACE Wellington Branch for a Trade Night

Wednesday 22 October at:

Wellington Institute of Technology (WelTec)
11 Kensington Avenue, Petone, Lower Hutt
4:30 – 7:30pm

For more information, speaker, registration and trade stands, please contact;

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