
International Team Committee

Fund: Policy changes

Background:

The ITC fund has been in place since approximately 1977 and until 2007 the fund existed as a separate investment account.

In 2007 the ITC investment fund was closed and the balance of funds was transferred into GFA general revenue. At that time the value of the ITC fund was \$392,649. During the 2008/09 GFA financial year it was agreed to implement a rolling budget, whereby the GFA would contribute a set amount for the next five years (up to 2014).

As a result of considerable concern in amongst the membership it was agreed to re-instate the ITC fund separating it from GFA general revenue. This took effect from the beginning of the GFA 2011 financial year - 1st May. It was agreed that the value of the ITC fund would be the 2007 value \$392,649 plus the rolling budget balance \$25,146.20 = \$417,795.

The fund has not been growing as expected and under the current policy is unlikely to grow and meet the future expenditure. This can be attributed to extra financial stress on the fund as a result of the increasing number of World Competitions supported by an income stream that cannot support this increased expenditure.

As a result of the unhealthy projected position of the ITC fund a complete financial analysis of the fund has been carried out to determine if the fund will be able to achieve increased growth as well as adequately funding the international teams.

The analysis determined that the fund would not grow under the current policy of income and expenditure and if action was not taken immediately then the fund would gradually reduce in value to the extent that meaningful funding of our future international teams would not be possible.

A detailed submission was made by the ITC Chairman via the Sports Committee to the GFA Executive and the Board making several recommendations to establish a revised income stream in addition to changing general funding policies. These recommendations have been accepted by the GFA Board and will take effect from May 1st 2016.

Current Status:

It is apparent that the ITC fund will not be able to support the current funding policy for our International Teams without an adjustment of the current funding and team member numbers.

The effect of reduced interest rates, upper range CPI values and increased funding requirements indicate that by 2020 the fund is projected to be approximately 61% of the 2008 expected growth fund value. This is taking into account projected increases in interest rates and CPI increases of the current income policy.

The fund under the current policy is not showing average growth for the next 5 yrs., the fund is projected to go backwards in relation to inflation. The consequential effect is that with each year a reduced fund value results in reduced interest income. The fund is susceptible to increased expenditure at the CPI rate.

Current ITC team funding:

The current policy funds two pilots from each class. One pilot is funded for the 20m class and a contribution is made to the NZ pilot competing in the Tasman Trophy. The Junior Team for the Narromine World Championships will comprise of six funded Junior pilots.

Each team with two pilots or more is also provided with a team captain. This equates to a total of 17 pilots and 4 team captains in the current normal two year cycle competition cycle.

Current ITC Fund Income

The current ITC Fund income is apportioned as follows:

1. ITC Levy of \$60 collected from each pilot entered in a National Championship -Sports Class, Club Class, 20m, Multi-classes and Club Class;
2. GFA allocated contribution currently approximately \$18,000 per year; and
3. Interest earned by the accumulated value of the ITC fund.

Item 1 and 2 are budgeted to increase in accordance with CPI and Item 3 in accordance with the interest rates for the year of the accumulated fund value.

ITC funding

In order to address the current status of the ITC fund and provide a solution to the longer term viability several changes to the scope and quantity of team funding is required.

The current level of funding will continue for the current 2015/16 competition period in accordance with funding agreed at the Sports Committee meeting in 2014.

At the Benalla World Championships each pilot will be funded \$2000 and at the Narromine Junior World Championships each pilot will be funded \$2500.

The new ITC Funding policy will commence from May 1st 2016 with the aim for the fund to grow in accordance with the fund growth requirements. It is expected that the new ITC fund policy changes will provide meaningful pilot funding with projected future growth of team funding and potentially team member numbers. Funding policy will change for each Team pilot along with a reduction of the number of pilots/Team Captains funded.

In order to return the ITC fund to guaranteed growth there needs to be adjustments to expenditure and income. Expenditure is an easy element to address however income is more problematic as current income policy is extremely sensitive to interest rate changes. The current main income component is interest earned on the fund balance and the GFA component. Fund growth and income is less sensitive to ITC levy collections.

ITC Fund policy changes effective May 1st 2016:

A specific Fund Management Policy has been developed that shares the responsibilities of the fund management between the two Chairmen's of the ITC and Sports Committee. The GFA treasurer will be responsible for general oversight, maintenance of the ITC Fund account, payment of the funding and deposit of the ITC fund interest allocation.

Funding adjustments:

- a. ITC levy at all National competitions will increase to \$65.00 per pilot
- b. GFA contribution will be fixed at \$10.00 per GFA full member, paid from GFA revenue.
- c. Pilot funding -\$4500/pilot and Team Captain reduced to 75% of the pilot funding -\$3375.
- d. Overseas competitions after 1st May 2016 – Lithuania: \$4500, and Team Captain \$3375
- e. Tasman Trophy contribution for the NZ pilot will no longer be funded by the ITC fund.

Team pilot and Captain reductions:

- a. One pilot for Open Class
- b. No funding for 20m class pilot,
- c. One women pilot with no Team Captain and
- d. Two junior pilots.

ITC Fund projections:

The effect of the new funding policy is projected to return the fund to growth within two years with an extra amount of funding projected to be available in 2017/18 equal to \$1500 per pilot i.e. $4500 + 1500 = \$6000$ per pilot for that competition period only.

In the year 2019/20 it is expected that there will be sufficient extra funds available to either fund two extra pilots or provide an extra \$2500 for each pilot i.e. \$7300 per pilot for that competition period.

In the year 2020/21 it is projected that the fund will have grown sufficiently to increase planned funding for each pilot to \$6000 whilst maintaining the required growth.

From 2020/21 it is projected that further funding policy changes could be made to increase actual funding or alternatively increase the number of funded pilots/Team Captains. These calculations assume that the ITC policy changes are adopted and the fund is managed in accordance with the ITC Fund Management policy.

Miles Gore-Brown

Chairman ITC

1st October 2015