

# RESOLUTION 17R-32

To request the RI Board to consider proposing legislation to a future Council to provide for variable dues by country

**Proposer(s):** Rotary Club of Parys, District 9370, Lesotho and South Africa

**Endorsed by:** District 9370 through a ballot-by-mail, June 2017

1 WHEREAS, the 2016 Council on Legislation approved a US\$4 increase in dues  
2 for three years to fund infrastructure development, such as development of  
3 rotary.org, and

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5 WHEREAS, many clubs are finding it difficult to recruit members because of the  
6 full cost of Rotary membership, and

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8 WHEREAS, many clubs are only charging membership dues (RI, district, and  
9 compulsory magazine subscription), reducing or eliminating meals, and using  
10 other sources of funding for club administration and Foundation giving, and

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12 WHEREAS, membership dues can represent a significant part of income in  
13 countries where average wages for occupations such as lawyers, teachers, and  
14 accountants are less than 50 percent of those of North America and Europe, and

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16 WHEREAS, an analysis of rural clubs in South Africa shows that many have  
17 closed and many have fewer than 10 members, and

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19 WHEREAS, other international organizations and charities determine pricing or  
20 donations by country using the Big Mac Index, a recognized international index,  
21 to compare economies, and

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23 WHEREAS, the RI Board approved a special exchange rate for Venezuela to  
24 reduce their RI dues following the collapse of the economy and depreciation of  
25 the Venezuelan bolivar against the US dollar

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27 IT IS RESOLVED by Rotary International that the Board of Directors of Rotary  
28 International consider proposing legislation to a future Council on Legislation  
29 providing for the implementation of variable dues by country based on the Big  
30 Mac Index.

(End of Text)

## PURPOSE AND EFFECT

31 The purpose of this resolution is to establish whether the implementation of  
32 variable dues by country is a feasible approach.

## FINANCIAL IMPACT

1 If implemented, this resolution would result in a significant decrease in per  
2 capita dues revenue and an increase in expenses for RI which cannot be  
3 determined at this time.

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5 In general, consumer price indices do not accurately reflect several aspects of  
6 Rotary's global expenses:

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- 8     ▪ The majority of Rotary expenses are staff compensation, travel and hotel  
9        expenses for volunteers
- 10    ▪ 10 percent of Rotary's expenses are incurred outside the US and are impacted  
11      to varying degrees by local inflation rates and the status of the employment  
12      market locally, which would also not be reflected in any single consumer price  
13      index
- 14

15 The Big Mac Index, published by *The Economist* magazine, compares the price of  
16 McDonald's fast food restaurant's Big Mac burger by country. It can be used as  
17 an informal measure of purchasing power parity, but may also reflect local  
18 marketing conditions and supply and demand for McDonald's products.

19  
20 Based on 56 countries with published prices in the August 2017 Big Mac Index,  
21 50 countries would have lower RI per capita dues, resulting in decreased revenue  
22 for RI. Additionally, there would be an increase in expenses to monitor and  
23 maintain the variable dues rate for each country as well as to update database  
24 and billing systems.

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26 The RI Bylaws require a balanced budget; therefore, a significant reduction in  
27 revenues would have an impact on RI's operations and services.