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## 10<sup>TH</sup> MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE (FAC)

*Manta, Ecuador, 9, 10 & 14 February 2023*

### FAC 10 – Doc 05.2 SPRFMO Contingency Fund (FR, Annex 2) *Secretariat*

#### 1. Background

In 2016, the Commission adopted a Contingency Fund (Annex 2 of Financial Regulations<sup>1</sup>). The Commission shall determine the level of the Contingency Fund (Annex 2, Paragraph 5) and “*the fund will accumulate over time to reach and maintain a level equivalent to three months of the approved budget*”. It was also determined (Annex 2, Paragraph 6) that “*the Commission shall review the amount available in the Contingency Fund annually.*”

The Commission’s Financial Regulation Annex 2 provides that the Purpose of the Contingency Fund is:

“*The Contingency Fund may be used for:*

- a) Emergency expenses such as in the case of a force majeure event or a natural disaster;*
- b) Unforeseen or unforeseeable extraordinary expenses that are necessary to meet a financial obligation;*
- c) Ensuring essential operations of the Secretariat in the absence of sufficient Member contributions over and above the amount available in the Accumulated Surplus Account.*
- d) Discharging obligations in the event the Convention terminates.”*

#### 2. FAC10 Consideration

The FAC is invited to consider:

- ***Noting*** that the level and resourcing for the Contingency Fund has accumulated to NZ\$ 159 327 (41% of the level determined in Annex 2 of the Financial Regulations);
- ***Recommending*** that the Commission approve the proposed budget amount of NZ\$30,000 for Budget Category 7.2 – Rebuilding the Contingency Fund for the Financial Year 2023-24 (as per FAC10-Doc06).
- ***Recommending*** that an appropriate portion of the Contingency Fund is used to support the unforeseen and extraordinary expenses associated with securing a new SPRFMO provider for data services (refer FAC10-Doc06.2).

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<sup>1</sup> <https://www.sprfmo.int/assets/Basic-Documents/Financial-Regulations-2022-7Mar22-v2.pdf>



### 3. Year-to-date developments of the Contingency Fund

Table 1: The Table below shows the movements in the Contingency Fund up to 31 December 2022:

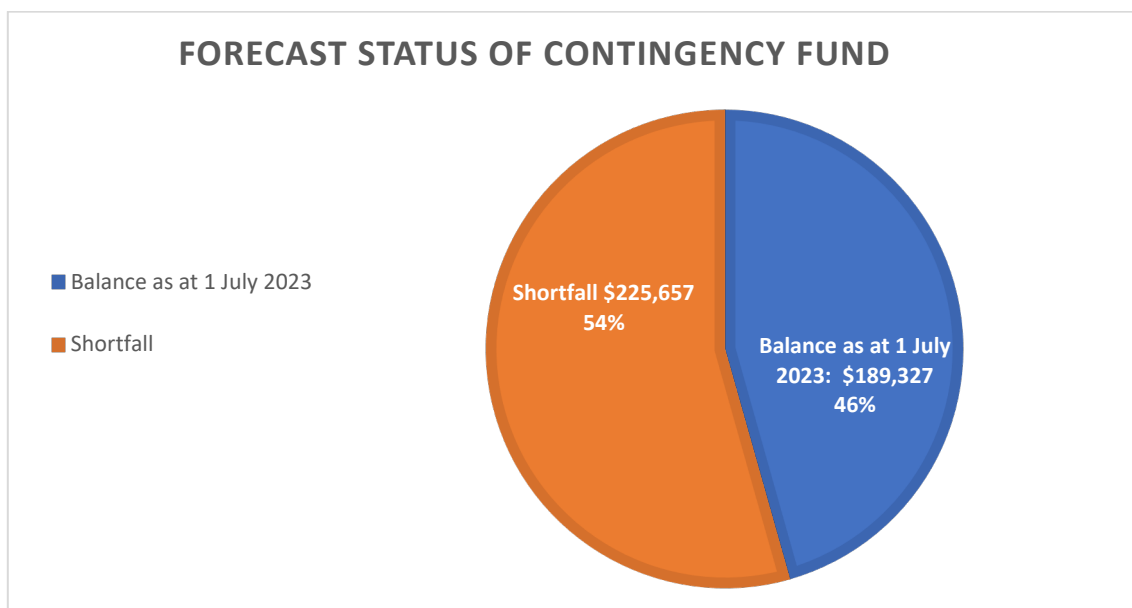
Financial Year	Meeting	Amount Allocated NZ\$	Balance NZ\$	% (Fund Balance/Three Months of Approved Budget)
2017-2018	5 <sup>th</sup> Commission Meeting	25 000	25 000	9%
2018-2019	6 <sup>th</sup> Commission Meeting	24 327	49 327	18%
2019-2020	7 <sup>th</sup> Commission Meeting	20 000	69 327	24%
2020-2021	8 <sup>th</sup> Commission Meeting	20 000	89 327	26%
2021-2022	9 <sup>th</sup> Commission Meeting	40 000 <sup>2</sup>	129 327	33%
2022-2023	10 <sup>th</sup> Commission Meeting	30 000	159 327	41%

### 4. Forecast Status of the Contingency Fund

“The Commission shall determine the level of the Contingency Fund. The Contingency Fund will accumulate over time to reach and maintain a level equivalent to three months of the approved budget.” (FR, Annex 2, Para 5).

If the proposed budget rebuild amount is accepted then Figure 1 shows that, without withdrawals, the Contingency Fund will reach approximately 46% of its recommended level<sup>3</sup> at the beginning of Financial Year 2023-24 (NZ\$ 189,327).

Figure 1. Forecast Status of the Contingency Fund on 1 July 2023



<sup>2</sup> At the COMM9 Meeting, the Commission accepted the [FAC8’s recommendation](#), that in addition to the annual budget allocation of NZ\$20,000, another NZ\$20,000 was to be transferred from the Accumulated Surplus Account to the Contingency Fund.

<sup>3</sup> Three months operational cost for 2023-24 ≈ NZ\$414,984.