

10TH MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE (FAC)

Manta, Ecuador, 9, 10 & 14 February 2023

FAC 10 – Doc 06 Draft Budget for Financial Year 2023-24 and 2024-25 *Secretariat*

1. Background

Article 15.4 of the Convention provides that “*the Executive Secretary shall submit a draft of the annual budget for the two succeeding financial years to each member of the Commission together with a schedule of contributions not less than 60 days before the meeting of the Finance and Administration Committee where the Committee will adopt its recommendations to the Commission*”.

2. Draft Annual Budget

This draft annual budget is prepared in accordance with Article 15 paragraph 4 of the Convention. The information contained in this document includes the:

- Adopted budget for Financial Year (FY) 2022-23 and the Forecasted budget for FY 2023-24 as agreed/presented during COMM10 (COMM10-Report Annex 5a).
- Budget proposal for FY 2023-24. The total proposed budget (at NZ\$ 2,067,934) is significantly greater than the forecasted budget – this is due to increased SC activities, supported by voluntary contributions, and an increase in staff associated costs.
 - However, the proposed FY 2022-23 Net Total (ie. NZ\$ 1,659,934 being the amount that is sought from Member contributions) is very close to the amount forecast during COMM10.
- Forecast budget for FY 2024-25. This forecasted budget assumes that the Budget for FY 2023-24 is fully adopted and that there will be an identified host for the 2025 (COMM13) Annual Commission meeting.
- Short commentary on the current financial year.



DRAFT ANNUAL BUDGET

South Pacific Regional Fisheries Management Organisation					
Proposed Budget for Financial Year 2023-24 and Forecast Budget for Financial Year 2024-25					
(New Zealand Dollars)					
Main Budget Categories	Budget Items	COMM10		COMM11	
		Adopted Budget 2022-2023	Forecasted 2023-2024	Budget Proposal 2023-24	Forecast Budget 2024-25
1. Personnel Cost					
1.1	Salaries				
	Professional Category (PC)				
	Executive Secretary (P5)	241 150	245 067	264 518	271 126
	Data Manager (P3)	184 989	188 868	208 502	214 407
	Compliance Manager (P3)	202 764	206 584	221 488	228 825
	Communication and Co-ordination Officer (P1)	150 646	151 199	161 997	162 864
	General Services Category (GSC)				
	Finance and Office Manager	87 059	92 429	113 229	121 117
	Total Staff Salary Cost	866 608	884 147	969 734	998 340
1.2	Insurance				
	Health Insurance (3 PC)	30 000	32 000	30 000	31 500
	Life Insurance	6 000	6 000	6 000	6 500
	ACC (1 PC and 1 GSC)	1 000	1 000	1 000	1 000
	Total Insurance Cost	37 000	39 000	37 000	39 000
1.3	Home Leave	10 000	20 000	10 000	22 000
1.4	Staff Training & Other Professional Development	20 000	20 000	20 000	20 000
	Subtotal Personnel Cost	933 608	963 147	1 036 734	1 079 340
2. Premises and Equipment					
2.1	Premises				
	Office Rent (includes common area charges)	62 000	64 000	64 000	66 000
	Insurances	3 000	3 300	3 300	3 500
	Power	5 000	5 400	5 400	5 600
	Cleaning	3 500	3 500	3 500	3 500
	Total Premises Cost	73 500	76 200	76 200	78 600
2.2	IT/Computer Hardware/Equipment	15 000	15 000	15 000	18 000
2.3	Office Equipment and Supplies	3 000	3 000	3 000	3 000
	Subtotal Premises and Equipment	91 500	94 200	94 200	99 600
3. Meetings and Travel					
3.1	CTC and Annual Commission Meeting	78 000	80 000	80 000	85 000
3.2	Scientific Committee Meeting	22 300	30 000	30 000	32 000
3.3	Other Meetings and Travel	34 700	25 000	35 000	39 000
3.4	Cost Associated with Hosting a Meeting	6 000	6 000	6 000	7 000
	Subtotal Meetings and Travel	141 000	141 000	151 000	163 000
4. Information and Communication					
4.1	Telephone and Internet	9 000	9 000	3 000	3 500
4.2	Computer Expenses and IT Support	53 529	56 245	35 000	40 000
4.3	Website Expenses	5 000	5 000	10 000	12 000
4.4	Database Regular Costs	26 000	26 000	26 000	30 000
4.5	Database Development	0 000	35 000	55 000	35 000
	Subtotal Information and Communication	93 529	131 245	129 000	120 500
5. Operational Expenses					
5.1	Auditors	9 000	10 000	10 000	12 000
5.2	Stationeries, Printing and Publications	4 000	4 000	4 000	4 000
5.3	Bank and Post Services	5 000	5 000	5 000	5 000
5.4	Hospitality	3 000	3 000	3 000	3 000
5.5	Other General Expenses	10 000	10 000	10 000	10 000
	Subtotal Operational Expenses	31 000	32 000	32 000	34 000
6. SPRFMO VMS					
6.1	Contingency for unanticipated service charges	10 000	8 000	8 000	10 700
6.2	Annual Fee for VMS contracted services	100 000	104 000	104 000	107 000
	Subtotal VMS	110 000	112 000	112 000	117 700
7. Non - Routine Expenses					
7.1	SPRFMO Observer Programme Accreditation Provider	80 000	40 000	52 000	52 000
7.2	Rebuilding the Contingency Fund	30 000	30 000	30 000	30 000
7.3	SPRFMO 10 year anniversary campaign	20 000	0	0	0
7.4	Performance Review	0	30 000	30 000	0
	Subtotal Non - Routine Expenses	130 000	100 000	112 000	82 000
Subtotal		1 530 637	1 573 592	1 666 934	1 696 140
8. Scientific Support	(see FR2 Para 4)	0	20 000	366 000	20 000
9. Developing States	(see FR2 Para 4)	35 000	35 000	35 000	35 000
Grand Total		1 565 637	1 628 592	2 067 934	1 751 140
Voluntary Contributions affecting the budget		80 000	0	408 000	39 000
Net Total		1 485 637	1 628 592	1 659 934	1 712 140



3. Forecasted Budget vs Proposed Budget

Category	Comparison		Explanation
1. Personnel Cost	Forecast Proposed Difference %	963 147 1 036 734 73 0587 7.6%	Expected personnel costs for professional staff have increased due to the UN adjusting its post adjustment rate and the current USD-NZ\$ exchange rate. As a reference, the September 2022 Consumer Price Index in New Zealand was 7.2%. The change in the general services staff salary reflects adjustments made to remove longstanding inequalities related to benefits and an inconsistent application of staff assessment within the Secretariat.
2. Premises and Equipment	Forecast Proposed Difference %	94 200 94 200 0 0.0%	No change from forecast
3. Meetings and Travel	Forecast Proposed Difference %	141 000 151 000 10 000 7.1%	This item will be supported by a travel plan. The increase reflects an increase in the cost of international travel globally and the rescheduling of the 2022 International Global Fisheries Enforcement Training Workshop This item also assumes that the 2024 Annual Meeting will require international travel.
4. Information and Communication	Forecast Proposed Difference %	131 245 129 000 (2 245) -1.7%	Cost efficiencies have been gained by moving from land lines to voice over internet The new IT figures are more reflective of actual costs for contracted IT services and the increase in website expenses reflects the loss of inhouse website support. At the beginning of December our current contracted Database provider announced that they are pulling out of non-core business this means SPRFMO will need to make new arrangements for this unforeseen and extraordinary expense. The figures used in the budget reflect an initial quote from a possible provider. Further information will be provided in a supporting FAC paper.
5. Operational Expenses	Forecast Proposed Difference %	32 000 32 000 0 0.0%	No change from forecast
6. SPRFMO VMS	Forecast Proposed Difference %	112 000 112 000 0 0.0%	No change from forecast The contingency recommended by the VMS WG for unanticipated service charges has never been needed.
7. Non-Routine Expenses	Forecast Proposed Difference %	100 000 112 000 12 000 12.0%	The new figure reflects the latest indication of how many Observer programmes intend to seek accreditation during 2023. All the programmes which are expected to seek accreditation during 2023 are eligible for EU funding.
8. Scientific Support	Forecast Proposed Difference %	20 000 366 000 346 000 >100%	This figure has been sourced from the SC multiannual workplan (SC10-Report Annex 6) and the majority are funded by voluntary contributions totalling NZ\$ 356 000. It does not include the per/year amounts for the jack mackerel connectivity/ageing WGs as the requested funding proposals have not yet been received. The status of the Scientific Support fund is reported in a standalone FAC paper.
9. Developing States	Forecast Proposed Difference %	35 000 35 000 0 0.0%	No change from forecast. The Status of the Developing States Fund is reported in a standalone FAC paper.



Category	Comparison		Explanation
Voluntary Contributions affecting the budget	Forecast	0	Received voluntary contributions are reported in the SPRFMO Report of Income. This year's budget considers contributions received from China, the EU and the USA. These contributions are intended to support the Observer accreditation programme and several items in the Scientific Committee multiannual work-plan.
	Proposed	408 000	
	Difference	408 000	
	%	>100%	
Net Total	Forecast	1 628 592	Considering all the differences above, the Net Total in the budget proposed for Financial Year 2023-24 is up approximately 2% from the forecasted budget presented last year.
	Proposed	1 659 934	
	Difference	31 342	However, this does represent an 11.7% increase in the Net Total as compared with the 2022-23 adopted budget.
	%	1.9%	

4. Current financial performance

The year-to-date (2022-23) financial performance currently predicts an overspend in Category 1 (Personnel costs). This situation is due to professional staff costs increasing due to the UN adjusting its post adjustment rate and the weakness of the New Zealand dollar vs the USD (which is the benchmark for UN based salaries).

All other categories are tracking well within budgetary limits. At the current time despite best efforts, the Executive Secretary expects the 2022-23 budget to be either fully utilised or slightly exceeded.