



CCSBT-EC/0810/06

## Draft Budget 2009

### Purpose

To agree a budget for 2009.

### Discussion

A draft general budget is at **Attachment A**.

The draft general budget for 2009 provides for total expenditure of \$1,757,658 compared to the revised budget of \$1,615,844 in 2008 – an increase of \$141,814 or an 8.8% increase.

### General Comment

In preparing the draft budget the Secretariat has:

- adopted an exchange rate of \$AUS 1 = 70US cents and KW800
- planned for all meetings to be held in Korea, except an operating model workshop, which will be held in Seattle
- applied a range of small price increases to expenditure items
- assumed there will be a 4% increase in salary level arising from the UN salary scales and the Australian dollar conversion mechanism
- provided for the replacement of the Deputy Executive Secretary
- introduced an arrangement for the proper provision for accruing staff liabilities
- as recommended by the ESC, budgeted for one panel member to travel to Indonesia to explain the operating model

The main reasons for the increase in expenditure are:

- the provision for an ERS Working Group meeting in 2009
- a provision for a operating model workshop in Seattle
- meeting costs in Korea are more expensive than New Zealand
- establishment of the staff liability fund
- depreciation of the Australian dollar

The increases have been offset by:

- reduced tag recovery expenses
- lower office management expenses
- no provision having to be made to finance over expenditure in the special budget
- reduced costs for the SAG/SC arising from a shorter duration in 2009

## Member Contributions

The budget set out in **Attachment A**, provides for a reduction in Member contributions in total in 2009. This has been achieved by treating the surplus from 2008 as an ordinary carryover of unspent funds rather than the result of Indonesia joining the CCSBT in 2008. The result is reductions in contributions for all Members except Indonesia, which has a small increase.

This arrangement is not strictly in accordance with the Financial Regulations [Regulation 6.1 (d)], which provide for contributions from a new Member joining during the course of a year to be redistributed among the existing Members in some “appropriate” way and treated as an advance against the next budget.

Two options might be considered for determining an appropriate arrangement if this is the way the Extended Commission wants to proceed:-

- Option 1. Recalculate the Member contributions to the original 2008 budget using the standard formula for six members and subtract these amounts from the original contributions to produce an advance for 2009 – this is consistent with the methodology used to calculate Indonesia’s contribution for 2008.
- Option 2. Simply divide Indonesia’s contribution for 2008 among the other five Members according to the standard formula for five members.

The two options produce different results and lead to different reductions in contributions in 2009 compared to 2008. However, a common feature is that Indonesia’s contribution for 2009 is higher than the amount included in the draft budget in Attachment A.

A comparison of alternative Member contributions is shown in **Attachment B**.

## Special Account

At CCSBT14 an amount of \$40,000 was included in the 2008 budget for the accruing liability for Secretariat staff separation payments. This was done to begin building a provision for this liability, which leads to significant budget fluctuations when a staff member separates from the Secretariat. The \$40,000 has been placed in a special account maintained separately from the Secretariat’s general trading account.

The accrued liability at 1 January 2009 is estimated to be \$95,000 and the budget includes \$55,000 so that funding will match the liability at the start of 2009. This is the final payment required to offset the backlog of accrued liability.

The budget also includes \$19,200 for liabilities that will accrue during the course of 2009. It is proposed to include this line item in all future budgets to avoid the further development of unfunded liabilities.

Payments for separation payments will be made from the special account and will be audited by the Extended Commission’s auditors each year. A separate statement will be provided in the draft budgets prepared for the consideration of the Extended Commission. The statement for 2009 is at **Attachment C**.

## Member Contributions in 2008

At the time of compiling this paper (15 September 2008), two members were in arrears with their 2008 contributions:-

- Japan has made a partial payment but still owes \$332,364 for the general budget and \$18,085 for the special budget. Japan has advised that these amounts will be paid before CCSBT15 commences.
- Korea has not paid its 2008 contributions to the general and special budgets and owes the Extended Commission \$174,836. Early advice was that the contribution would be paid around 30 June 2008.

## Indicative Budget 2010

CCSBT Financial Regulations require the Executive Secretary to prepare an indicative budget for the following year after the budget year. An indicative budget is presented below and assumes:

- an ERS Working Group meeting is not convened
- one off expenditure in 2009 is not repeated – eg funding of accumulated staff separation liabilities
- no recruitment activity
- a 5% price rise
- no carryover funds from 2009

### **Indicative Budget 2010**

	<b>Income</b>	<b>Expenditure</b>
<b>Expenditure</b>		\$1,470,000
<b>Income</b>		
Member Contributions <sup>1</sup>	\$1,385,000	
- Japan	\$467,086	
- Australia	\$414,610	
- New Zealand	\$96,800	
- Korea	\$144,029	
- Taiwan	\$144,029	
- Indonesia	\$118,447	
Staff Assessment Levy	\$65,000	
Interest	420,000	
<b>Total</b>	<hr/> \$1,470,000	\$1,470,000

<sup>1</sup> The calculation of Members' contributions assumes the national allocations of the TAC applying in 2009. It does not reflect any other past decisions of the Extended Commission, which might impact on the relative allocations.

## **Recommendation**

The Extended Commission:

- consider the draft General Budget set out in Attachment A
- make a decision on the treatment of the surplus arising from Indonesia's payment of its first contribution in 2008
- note the development of a Special Account for staff separation liabilities
- note the indicative budget for 2010 and the assumptions underpinning it

**Prepared by the Secretariat**

## PROPOSED GENERAL BUDGET - 2009

<b>INCOME</b>	<b><u>2008 REVISED BUDGET</u></b>	<b><u>2009 PROPOSED</u></b>	<b><u>VARIATION</u></b>
<b>Contributions from members</b>	<b><u>\$1,569,677</u></b>	<b><u>\$1,513,654</u></b>	<b><u>-\$56,023</u></b>
Japan	\$524,327	\$510,474	-\$13,853
Australia	\$466,610	\$453,123	-\$13,487
New Zealand	\$117,062	\$105,792	-\$11,270
Korea	\$169,007	\$157,408	-\$11,599
Fishing Entity of Taiwan	\$169,007	\$157,408	-\$11,599
Indonesia	\$123,664	\$129,449	\$5,785
<b>Staff Assessment Levy</b>	<b><u>\$62,969</u></b>	<b><u>\$66,604</u></b>	<b><u>\$3,635</u></b>
<b>Carryover</b>	<b><u>\$61,457</u></b>	<b><u>\$152,400</u></b>	<b><u>\$90,943</u></b>
<b>Interest on investments</b>	<b><u>\$20,000</u></b>	<b><u>\$25,000</u></b>	<b><u>\$5,000</u></b>
<b>Transfer from 2008 Special Budget</b>	<b><u>\$54,140</u></b>	<b><u>\$0</u></b>	<b><u>-\$54,140</u></b>
<b>TOTAL GROSS INCOME</b>	<b><u>\$1,768,243</u></b>	<b><u>\$1,757,658</u></b>	<b><u>-\$10,585</u></b>

<b>EXPENDITURE</b>	<b><u>2008 REVISED</u></b> <b><u>BUDGET</u></b>	<b><u>2009 PROPOSED</u></b> <b><u>BUDGET</u></b>	<b><u>VARIATION</u></b>
<b><u>ANNUAL MEETING - ( CCSBT16)(CC4)</u></b>	<b><u>\$132,200</u></b>	<b><u>\$178,100</u></b>	<b><u>\$45,900</u></b>
Independent chairs	\$34,000	\$43,800	\$9,800
Interpretation costs	\$32,000	\$39,400	\$7,400
Hire of venue	\$11,900	\$8,800	-\$3,100
Hire of equipment	\$15,100	\$23,100	\$8,000
Catering	\$13,000	\$13,500	\$500
Translation/printing of meeting documents	\$15,000	\$14,300	-\$700
Secretariat expenses	\$11,200	\$35,200	\$24,000
<b><u>SAG/SC Meeting</u></b>	<b><u>\$312,100</u></b>	<b><u>\$273,700</u></b>	<b><u>-\$38,400</u></b>
Interpretation costs	\$48,900	\$43,300	-\$5,600
Hire of venue	\$15,400	\$20,200	\$4,800
Hire of equipment	\$24,500	\$17,400	-\$7,100
Hire of consultants - Chairs and Advisory Panel	\$189,000	\$129,100	-\$59,900
Catering	\$8,600	\$14,600	\$6,000
Translation/printing of meeting documents	\$14,200	\$15,800	\$1,600
Secretariat expenses	\$11,500	\$33,300	\$21,800
<b><u>SUB-COMMITTEE MEETINGS</u></b>	<b><u>\$6,900</u></b>	<b><u>\$172,454</u></b>	<b><u>\$165,554</u></b>
ERS Working Group Meeting	\$0	\$109,014	\$109,014
Performance Review	\$6,900	\$0	-\$6,900
Operating Model Meeting	\$0	\$63,440	\$63,440
<b><u>SPECIAL PROJECTS</u></b>	<b><u>\$128,200</u></b>	<b><u>\$123,300</u></b>	<b><u>-\$4,900</u></b>
Operating Model/Management Strategy Development	\$20,500	\$12,900	-\$7,600
Development of the CPUE series	\$0	\$8,600	\$8,600
Tagging program coordination	\$107,700	\$89,800	-\$17,900
Assistance to Indonesia on Operating Model	\$0	\$12,000	\$12,000
<b><u>SECRETARIAT COSTS</u></b>	<b><u>\$863,969</u></b>	<b><u>\$891,904</u></b>	<b><u>\$27,935</u></b>
Secretariat staff costs	\$465,600	\$476,200	\$10,600
Staff assessment levy	\$62,969	\$66,604	\$3,635
Employer social security	\$78,000	\$78,800	\$800
Insurance -worker's compensation/ travel/contents	\$22,000	\$23,100	\$1,100
Travel/transport	\$36,000	\$35,800	-\$200
Miscellaneous translation of documents	\$15,000	\$15,800	\$800
Training	\$4,000	\$3,000	-\$1,000
Home leave allowance	\$7,600	\$6,000	-\$1,600
Other employment expense	\$42,100	\$2,400	-\$39,700
Recruitment expenses (Deputy Executive Secretary)	\$90,700	\$110,000	\$19,300
Staff liability fund (for liabilities at 1 January 2009)	\$40,000	\$55,000	\$15,000
Staff liability fund (accumulating)	\$0	\$19,200	\$19,200
<b><u>OFFICE MANAGEMENT COSTS</u></b>	<b><u>\$122,600</u></b>	<b><u>\$118,200</u></b>	<b><u>-\$4,400</u></b>
Office lease	\$42,000	\$44,600	\$2,600
Office costs	\$55,300	\$50,800	-\$4,500
Provision for new/replacement assets	\$14,500	\$10,200	-\$4,300
Telephone/communications	\$10,800	\$12,600	\$1,800
<b><u>TRANSFER TO CASH SURPLUS A/C</u></b>	<b><u>\$49,875</u></b>	<b><u>\$0</u></b>	<b><u>-\$49,875</u></b>
<b>TOTAL GROSS EXPENDITURE</b>	<b><u>\$1,615,844</u></b>	<b><u>\$1,757,658</u></b>	<b><u>\$141,814</u></b>

**2009 Draft Budget**  
**Comparison of Methodologies for Calculating Member Contributions**

	Attachment A			Option 1.			Option 2.		
	Advance	Member	Variation	Advance	Member	Variation	Advance	Member	Variation
		Contribution	From 2008		Contribution	From 2008		Contribution	from 2008
Japan	n/a	\$510,474	-\$13,853	\$36,666	\$515,513	-\$8,814	\$44,841	\$507,338	-\$16,989
Australia	n/a	\$453,123	-\$13,487	\$33,740	\$456,403	-\$10,207	\$39,905	\$450,238	-\$16,372
New	n/a	\$105,792	-\$11,270	\$15,994	\$98,441	-\$18,621	\$10,011	\$104,424	-\$12,638
Korea	n/a	\$157,408	-\$11,599	\$18,633	\$151,635	-\$17,372	\$14,454	\$155,814	-\$13,193
Taiwan	n/a	\$157,408	-\$11,599	\$18,633	\$151,635	-\$17,372	\$14,454	\$155,814	-\$13,193
Indonesia	n/a	\$129,449	\$5,785	\$0	\$140,025	\$16,361	\$0	\$140,025	\$16,361

**Staff Separation Liabilities  
Special Account**

<b>2008</b>		
Cash at 31 July 2008	\$40,000	\$40,000
Income		
Interest	\$1,200	\$1,200
Expenditure	\$0	\$0
Balance at 31 December 2008	\$41,200	\$41,200
<b>2009</b>		
Cash at 1 January 2009	\$41,200	\$41,200
Income		
Interest	\$6,000	
Contribution for outstanding liability	\$55,000	
Contribution for accruing liability in 2009	\$19,200	
		\$121,400
Expenditure		
Deputy Executive Secretary		\$18,000
Balance at 31 December 2009		\$103,400