

South Pacific Regional Fisheries Management Organisation

**2nd Meeting of the Finance & Administration Committee
Auckland, New Zealand: 2 - 6 February 2015**

FAC-02-04

Contingency Fund

Secretariat

The Accumulated Surplus Account is suited to cover financial deficits of the Organisation over a brief period of time, typically at the beginning of a financial year until the Member contributions arrive. In contrast, a contingency fund would provide more financial stability for the Secretariat in the long-term for cases of emergencies which the Accumulated Surplus Account might not be able to cover. Possible circumstances under which the Chairperson may authorize use of the Contingency Fund could be:

- a. Major damage to the premises of the Secretariat, as a result of an event of *force majeure* (e.g. fire, earthquake), resulting in the need to move the Secretariat's office to another location either temporarily or permanently, or incurring expensive repairs;
- b. The level of the SPRFMO's main bank account including the Accumulated Surplus Account is insufficient for the normal operation of the Organisation due to considerable outstanding contributions;
- c. The Organisation ceases to exist and the Secretariat requires additional funds to close down operations and finalize previously acquired financial commitments.

Resourcing the Contingency Fund

The Contingency Fund should be kept at a level that permits the essential operations of the Organisation for several months – to be decided by the FAC -, and it may be built up with moneys from the following (or other) sources:

- a. Not utilized funds from the Interim Secretariat;
- b. an amount deducted from the Accumulated Surplus Account as decided each year by the FAC;
- c. by appropriation in the budget;
- d. through voluntary contributions by the Members of the Commission.

Keeping of the moneys of the Contingency Fund

The monies available in the Contingency Fund may be kept in an interest savings account.