

**3<sup>rd</sup> Meeting of the Finance and Administration Committee  
Valdivia, Chile, 25 to 29 January 2016**

**FAC-03-11**

Draft Budgets and Calculation of Member Contributions for 2016-17 and 2017-18

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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. Furthermore, the Financial Regulation 2.4 requires that the draft budget be accompanied by details of the appropriations and expenditures for the previous year.

The proposed budget for 2016-17 and the forecast budget for 2017-18 are included in Table 1. General descriptions for all items are provided in the table.

Table 2 shows the appropriations and expenditures as at 31 October 2015 for the current financial year 2015-16.

Table 3 contains the schedule of Member contributions based on the draft budget for 2016-17 respectively, using the current agreed formula.

Table 4 contains the schedule of Member contributions based on the forecast budget 2017-18. This schedule considers the current agreed formula as well.

### **Important NOTE**

The Secretariat has recently applied for GST status in New Zealand, in order to become eligible for goods and services tax (GST) reimbursement. On 2nd November 2015 this status was granted by the New Zealand Inland Revenue Department (see Appendix 1) and the Secretariat was advised that the official commencement would be the 15 April 2014, i.e. when SPRFMO was officially established in New Zealand (Diplomatic Privileges [SPRFMO] 2014).

The Secretariat therefore expects that SPRFMO will be able to recover a portion of the GST paid since 15 April 2014; the exact amount has not yet been determined. Also, in view of the new SPRFMO GST status, the Secretariat has reduced the proposed and forecast budgets by the estimated amounts of GST to be reimbursed.

**Table 1:** Proposed and forecast SPRFMO budgets for the years 2016-17 and 2017-18 (NZD)

Item (old)	2015 Forecast For 2016-17	2016 Proposal for 2016-17	2016 Forecast for 2017-18	Notes
<b>Personnel costs</b>	\$490 000	<b>\$540 000</b>	\$630 000	VMS-IT Manager in 2016; Finance-Office Manager in 2017
OLD: Plant and equipment	\$11 000			Computers, office equipment and furniture
OLD: Rent and utilities	\$52 000			Office rent + associated costs and services increase by 3.5% per year
<b>NEW: Premises and Equipment</b>		<b>\$70 000</b>	\$75 500	Combined "Plant and equipment", "Rent and utilities", also includes telephone and internet connection fees
<b>Meetings and Travel</b>	\$100 000	<b>\$100 000</b>	\$110 000	Secretariat travel to meetings and meeting support
OLD: Contracted Services	\$110 000			Database, IT, accounting and other professional services
<b>NEW: Administration and Operations</b>		<b>\$60 000</b>	\$13 000	Accounting, Auditing, Banking, Legal fees (to be incorporated under OTHER after hiring of Finance and Office Manager)
OLD: Telephone, internet, database and website hosting	\$32 000			Telephone and internet access, SPRFMO main + data websites
<b>NEW: Information and Communication</b>		<b>\$44 000</b>	\$45 000	IT, Database, Webpage etc.
<b>Other</b>	\$18 000	<b>\$16 000</b>	\$17 000	Other items (e.g. postal services, design services, hospitality, printing)
<b>Subtotal</b>	<b>\$813 000</b>	<b>\$830 000</b>	<b>\$892 000</b>	
<b>Scientific support</b>	\$20 000	<b>\$20 000</b>	\$20 000	Support for expert travel to SC meetings and other SC activities
<b>Developing States</b>	\$20 000	<b>\$20 000</b>	\$20 000	Travel costs for 2 developing States for 2 SPRFMO meetings
<b>Total</b>	<b>\$853 000</b>	<b>870 000</b>	<b>\$930 000</b>	

The SPRFMO financial year starts on the 1 July and ends on the 30 June of the following year. Table 1 contains the proposed budget for the financial year 2016 to 2017 (column 2) based on a revision of the forecasted budget for that year at the Annual Meeting 2015 (column 1). It is noted that the proposed 2016-17 budget includes a new local staff member (VMS and IT Manager) not foreseen when this budget had been forecasted in January 2015.

The table also presents the forecasted costs of the following financial year, 2017-2018 (column 3). These include the hiring of one additional local staff member (Finance and Office Manager).

The items in the proposed and forecasted budgets have been re-organised and several items were merged to enhance transparency and the meaningful grouping of expenses, as well as the flexibility within budget items. This does not affect the nature of the SPRFMO expenditures unless explicitly noted.

**Table 2:** 2015-2016 Budget and expenditure as at 31 October 2015.

Item	Budget 2015 – 16	Expenditure YTD as at 31 October 2015
Personnel Cost	\$480 000	\$143 552
Plant and equipment	\$10 000	\$2 837
Travel and Accommodation	\$88 000	\$26 462
Scientific experts	\$20 000	\$158
Developing States	\$18 000	\$0
Contracted Services	\$103 000	\$36 849
Telephone, internet and website hosting	\$31 000	\$5 701
Rent and associated services	\$50 000	\$16 144
Other	\$18 000	\$5 167
<b>Total</b>	<b>\$818 000</b>	<b>\$236 870</b>

**Table 3:** Schedule of contributions based on the draft budget for 2016-17, based on catches reported by 23 November 2015, using paragraph 4.7 (d) of the Financial Regulations. *NOTE: The part of the contribution formula related to pelagic catches is under review and might change.*

<b>2016/17 Financial year of the Organisation</b>						
	Base fee 10%	National Wealth	30%	Catches	60%	
		GNI	GNI per capita	Pelagic	45%	
		15%	15%	Demersal	15%	
Base catch years = 2012 to 2014		<i>Budgeted Amount</i>			\$ 870,000	
Members <sup>1</sup>	Base fee	Wealth component		Catches		Contribution
		GNI	GNI per capita	Pelagic	Demersal	
Australia	\$6,638	\$5,768	\$27,587	\$0	\$22,420	<b>\$62,413</b>
Chile	\$6,638	\$1,005	\$6,359	\$5,391	\$0	<b>\$19,393</b>
China	\$6,638	\$38,225	\$3,148	\$329,748	\$0	<b>\$377,758</b>
Cook Islands	\$4,661	\$1	\$6,825	\$0	\$0	<b>\$11,487</b>
Cuba	\$4,661	\$294	\$2,936	\$0	\$0	<b>\$7,891</b>
Ecuador	\$4,661	\$367	\$2,589	\$0	\$0	<b>\$7,616</b>
European Union	\$6,638	\$68,835	\$15,215	\$11,637	\$4,370	<b>\$106,695</b>
Faroe Islands	\$6,638	\$8	\$17,918	\$0	\$0	<b>\$24,564</b>
Korea	\$6,638	\$5,185	\$11,554	\$13,364	\$0	<b>\$36,741</b>
New Zealand	\$6,638	\$663	\$16,762	\$0	\$103,710	<b>\$127,773</b>
Peru	\$6,638	\$749	\$2,717	\$4,314	\$0	<b>\$14,418</b>
Russian Federation	\$6,638	\$7,328	\$5,634	\$0	\$0	<b>\$19,601</b>
Chinese Taipei	\$6,638	\$2,069	\$9,937	\$9,783	\$0	<b>\$28,427</b>
Vanuatu	\$6,638	\$3	\$1,318	\$17,264	\$0	<b>\$25,223</b>
<b>Total</b>	<b>\$87,000</b>	<b>\$130,500</b>	<b>\$130,500</b>	<b>\$391,500</b>	<b>\$130,500</b>	<b>\$870,000</b>

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<sup>1</sup> Belize will cease to be a Member from 8 April 2016. Peru most likely will be a Member before the 2016-17 financial year.

**Table 4:** Forecast of schedule of contributions based on the draft budget for 2017-18, based on catches reported by 23 November 2015, using paragraph 4.7 (c) of the Financial Regulations. NOTE: The part of the contribution formula related to pelagic catches is under review and might change.

### 2017/18 Financial year of the Organisation

Base fee 10%	National Wealth	30%	Catches	60%
	GNI	GNI per capita	Pelagic	45%
	15%	15%	Demersal	15%

Base catch years = 2012 to 2014

*Budgeted Amount*

\$ 930,000

Members	Base fee	Wealth component		Catches		Contribution
		GNI	GNI per capita	Pelagic	Demersal	
Australia	\$7,096	\$6,166	\$29,490	\$0	\$23,966	\$66,717
Chile	\$7,096	\$1,074	\$6,798	\$5,762	\$0	\$20,731
China	\$7,096	\$40,861	\$3,365	\$352,489	\$0	\$403,810
Cook Islands	\$4,982	\$1	\$7,296	\$0	\$0	\$12,279
Cuba	\$4,982	\$315	\$3,138	\$0	\$0	\$8,435
Ecuador	\$4,982	\$392	\$2,768	\$0	\$0	\$8,142
European Union	\$7,096	\$73,583	\$16,264	\$12,439	\$4,671	\$114,053
Faroe Islands	\$7,096	\$8	\$19,154	\$0	\$0	\$26,258
Korea	\$7,096	\$5,542	\$12,351	\$14,285	\$0	\$39,275
New Zealand	\$7,096	\$708	\$17,918	\$0	\$110,863	\$136,585
Peru	\$7,096	\$800	\$2,904	\$4,612	\$0	\$15,412
Russian Federation	\$7,096	\$7,834	\$6,023	\$0	\$0	\$20,952
Chinese Taipei	\$7,096	\$2,212	\$10,622	\$10,457	\$0	\$30,387
Vanuatu	\$7,096	\$3	\$1,409	\$18,455	\$0	\$26,963
<b>Total</b>	<b>\$93,000</b>	<b>\$139,500</b>	<b>\$139,500</b>	<b>\$418,500</b>	<b>\$139,500</b>	<b>\$930,000</b>

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