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**FINANCE COMMITTEE
CIRCULAR LETTER 03/2016
14 November 2016**

FINANCE COMMITTEE OFFICERS' MEETING

3 November 2016, IHB

Dear Hydrographer,

1. The six-monthly meeting of the Finance Committee Officers (FCO) took place at the Secretariat of the IHO in Monaco on 3 November in accordance with Article 14 of the General Regulations. The meeting comprised the Chair of the Finance Committee, Ms Muriel Natali-Laure (Monaco); the Vice-Chair, Mr Andrew Millard (United Kingdom); and the IHB Directing Committee represented by President Ward and Director Bessero. Director Iptes was absent on mission. The Auditor, Ms Pascale Taramazzo, of Frank Morel Chartered Accountants and the IHB Manager Finance and Administration (MFA) also attended the meeting. The following topics were presented and discussed at the meeting.

Provisional statement of accounts (September 2016)

2. The FCO reviewed the current financial situation, based on the monthly summary finance report for September. The President and MFA presented the current financial statements and indicated that all aspects of the execution of the budget for 2016 were progressing satisfactorily.

The President reported that a significant part of an expected surplus in personnel costs is due to the new TSSO position not being filled until October rather than in January as originally planned.

Status of Member States' contribution payments

3. The status of Member States' contribution payments was examined. It was noted that the rate of receiving payments from the Member States was similar to previous years.

4. In the case of Cameroon, which runs the risk of being suspended, direct communication with the service in charge has been re-established, and it is hoped that the payment of arrears will be achieved before the end of the year.

Status of the Internal Retirement Fund and other IHO pension liabilities

5. The FCO examined the status of the capital and investments and noted that an independent actuarial valuation for the Internal Retirement Fund (IRF) has been commissioned in preparation for the Assembly, in accordance with the recommendation of the independent Auditor in 2002 and subsequently confirmed in Finance Committee Circular letter 2/2003 and undertaken prior to each Conference thereafter.

6. The FCO noted the additional liability of the IHO to ensure that all locally recruited members of staff can access a pension at least equivalent to the one provided to employees in Monaco under the scheme of the *Caisse autonome des retraites* (CAR) when the new edition of the Staff Regulations enters into force on 1 January 2017.

Implementation of the Protocol of Amendments to the IHO Convention and associated Basic Documents

7. The President outlined the principal finance-related impacts on the Organization of the amendments to the IHO Convention, which were described in CL 41/2016. The main changes being:

- A three year planning cycle instead of a five year planning cycle
- The principal responsibilities for the administration of the Organizations being assigned to the Secretary General, rather than the Directing Committee
- Once established, the Council will approve the annual work program and the budget, taking advice from the Finance Committee.
- The Finance Committee will report formally to the Assembly. In between Assemblies, the Finance Committee appears to have an advisory role to the Council – but this is not particularly clear in the new basic documents of the Organization.

8. The President reported that as the first Secretary-General to take up the position under the new arrangements, he will issue a Secretariat staff memo that will delegate certain financial and administrative responsibilities to the Directors. The effect of this will be to preserve the individual authorities previously provided to the Directors when they were part of the Directing Committee and at the same time foster a continuation of the collective decision-making principles that operated previously under the Directing Committee, noting that unlike similar intergovernmental organizations, the Directors, as well as the Secretary-General, are elected by the Member States.

Key considerations in developing the proposed budget for 2018-2020

9. In developing the proposed budget for 2018-2020, the President reported that a conservative approach will be taken in estimating the number of shares and therefore the income for the three-year period. This will be balanced against the necessary expenses of the Organization.

10. Taking the 2016 IMO declared tonnage list as a guide, an additional 26 shares may be expected compared to the IHO 2017 budget estimate. In addition, it is very likely that new Member States will join the IHO during the period, however, it is difficult to plan a budget on this assumption, as the date of joining and the number of additional shares for each new Member State can vary from 2 to 27 depending on the declared tonnage figure.

11. The proposed budget for 2018-2020 will therefore comprise a baseline budget based on existing Member States that covers essential spending. Should additional income arise from new Member States joining the Organization during the period, such additional income could be distributed, on a priority needs basis, to the relevant funds (CBF, Special Projects, GEBCO) to meet arising, or additional currently unfunded activities.

Letter from a Member State regarding difficulties in remitting its contributions

12. At the request of a Member State, the Directing Committee drew the attention of the FCO to difficulties that the Member State had reported regarding the remittance of monies to settle its outstanding payment of the annual financial contribution due to certain banking restrictions being placed on that country. The FCO noted the situation and also took note that the Directing Committee had satisfactorily received payments from the Member State in January this year and was unaware of any additional banking sanctions being imposed on the country that would alter the situation. As such, the Secretariat had sought additional information from the Member State in order to overcome any new or changed circumstances.

Request from a Member State for exemption from interest on the late payment of its financial contributions

13. Following on from considerations at its previous meeting, the FCO considered further the request to the Chair from a Member State for an exemption from paying interest on the outstanding financial contributions which were settled recently. The FCO decided that, in this instance, where only one Member State is at issue with the Regulation concerning the levying of interest set out in Article 13(c) of the Finance Regulations, it would be more appropriate for that State to consider taking the matter directly to the 1st Session of the IHO Assembly. In the meantime, the Secretariat should follow the current regulations on interest to be paid on outstanding debts.

Arrangements for the Finance Committee meeting on the 23rd April 2017

14. The President outlined the arrangements for the next meeting of the Finance Committee that will take place immediately prior to the 1st Session of the IHO Assembly. The meeting will take place in the Auditorium Rainer III in Monaco on Sunday afternoon 23 April 2017 where it will review the finance documents to be presented to the Assembly.

15. It was noted that under the new Rules of Procedure for the Finance Committee that will be in force at the time of the meeting, the election of the Chair and Vice Chair of the Committee takes place at the beginning of the meeting. The FCO noted that in the event that a new Chair was elected this arrangement may cause difficulties for the elected Chair to prepare for the meeting. Accordingly, the Chair invited the Secretariat to propose adjustments to the Rules of Procedure, for the consideration of the Assembly. The adjustments would place the election of the Finance Committee Officers at the end of the meeting and provide for the term of their office to commence upon completion of the Assembly. This arrangement would then be very similar to the procedure that was in place prior to the introduction of the revised Convention and the new Rules of Procedure for the Finance Committee.

Next Meeting

16. It was agreed that the next meeting of the Finance Committee Officers will take place at the IHO Headquarters in Monaco, on 6 April 2017.

On behalf of the Directing Committee
Yours sincerely,



Robert WARD
Secretary-General