



Meeting of the Finance Committee Monaco, 1 May 2023

REPORT OF THE FINANCE COMMITTEE to the 3rd Session of the IHO ASSEMBLY

References:

- a. A3_2023_F_01_EN – Finance Report 2020-2022
- b. A3_2023_F_02_EN – Annual Finance Report 2022
- c. A3_2023_F_02_Add1_EN – Audit Report 2022
- d. PRO-1.4 3-Year Work Programme and Budget 2024 -2026
- e. C6-05.1A IHO Budget for 2023 (Approved by C6 / Decision C6/47)

Introduction

The Finance Committee met on Monday 1 May 2023 from 14:00 to 15:00 under the chairmanship of Mr Andrew Millard (United Kingdom of Great Britain and Northern Ireland), Vice-Chair Finance Committee to determine its recommendations on the financial statements, budget estimates and reports on administrative matters that had been prepared by the Secretary-General for presentation to the Assembly.

Member States in attendance: Australia, Brazil, Bulgaria, Cameroon, Canada, Denmark, Fiji, Finland, France, Greece, Jamaica, Japan, Lebanon, Mauritius, Morocco, Mozambique, Netherlands, Republic of Korea, Suriname, Sweden, United Kingdom, United States of America, Uruguay.

1. Opening of the meeting

Mr Andrew Millard (Vice-Chair) opened and chaired the meeting in the unavoidable absence of the Chair, Ms Isabelle Rosabrunetto (Chair).

2. Adoption of the agenda

The agenda was adopted.

3. Finance Report 2020–2022

The SECRETARY-GENERAL drew attention to the IHO Finance Report 2020–2022 (document A3_2023_F_01_EN/Rev3). The number of shares increased to 854 following the accession of new Member States and increases to some Member State's tonnage figures; for that reason,

and because of better investment returns, the total income received in the period 2020 – 2022 was slightly higher than estimated, at €10,850,852, representing 91% of the assessed contributions due from Member States.

Expenditure increased over the period, mainly owing to salary increases in line with the Monaco cost-of-living index, a sharp increase in medical costs from 2018 onwards amounting to approximately 11.6% over the three years, and the increased costs associated with the new pension scheme. The new insurer stipulated that the capital required to finance a staff member's pension must be accounted to the insurance company immediately, on the date of retirement of the staff member. The total expenditure on personnel costs over the three-year period was €7.7 million, representing 80.3% of total operational costs. The inflation rate in Monaco increased sharply from 2020 onwards, rising to 6.7% in 2022 alone.

4. Audit results for the Annual Finance Report 2022

The SECRETARY-GENERAL said that the new independent auditor, Ms Pascale Taramazzo, has declared herself satisfied that the IHO financial statements presented fairly the balance sheet of the Organization as at 31 December 2022 and the profit and loss statement for the associated year. The audit did not cover the provisions made under the new pensions insurer, but the latter had no financial implications.

Recommendation of the Secretary-General: A3 to approve the appointment of Cabinet Taramazzo to audit the 2022 IHO accounts (approval ex post facto) and to audit the accounts for the fiscal years 2023– 2025.

5. Recommendation of the Secretary-General for the 2022 surplus

Recommendation of the Secretary-General: the effective budget surplus from 2022 of €101,000 to be allocated in its entirety to the Assembly Fund to cover the extra costs of holding A3 at Grimaldi Forum.

6. Three-year budget 2024–2026

The SECRETARY-GENERAL said that, in the period January– March 2023, contributions received by IHO amounted to €1,537,186.45, or 42% of the budget estimates approved by the Council at its sixth session (Decision C6/48). The potential for reducing expenditure was limited and lay mainly in reducing travel costs, activities under the Special Project Fund and the Capacity Building Fund; and freezing recruitment for vacant posts. The recommendation of the Council to the Assembly is to approve an increase of up to 3% in Member State contributions between 2024 and 2026 (Council Decision C6/49). In view of the recent sharp increases in personnel costs and inflation, the SECRETARY-GENERAL alternately proposed that the Assembly approve the full additional contribution of 3% in one instalment in 2024.

The UNITED STATES OF AMERICA expressed approval of the proposed three-year budget and commended the Secretariat and the officers of the Finance Committee on the sound financial management of the Organization.

SURINAME likewise approved the budget proposals but asked whether any savings could be made in personnel costs. An appropriate clause should be added to the final agreement to be concluded with the new health insurers to cover the orderly termination of the agreement, should that prove necessary.

Replying to a point raised by MAURITIUS, the SECRETARY-GENERAL said that, as in most organizations, personnel costs accounted for a high proportion of overall operating costs and was in line with IHO Convention and IHO Staff Regulations in force. The Secretariat already had good experiences of working with the new health insurers, CIGNA, which provided health insurance for many intergovernmental organizations including all special UN Organizations.

AUSTRALIA expressed support for the proposal to request the 3% increase in Member State contributions in a single instalment in 2024.

7. Revision of IHO Publication M7 – Staff Regulations

The SECRETARY-GENERAL said that the proposed changes to the Staff Regulations (Assembly Proposal 1.5) did not affect the Organization's obligations towards its staff or incur any new changes to the budget beyond those already reported.

8. *(any item the inclusion of which has been requested by the Finance Committee)*

None.

9. Election of the Chair and the Vice-Chair for the term 2023-2026

The CHAIR proposed that Ms Rosabrunetto (Monaco) should be re-elected Chair of the Finance Committee and that Ms Sonia Chanell (United Kingdom of Great Britain and Northern Ireland) should be elected Vice-Chair.

10. Report to the Assembly

The Finance Committee recommends the Assembly to

- a) to approve the Finance Report 2020 – 2022;
- b) to approve the Annual Finance Report 2022;
- c) to approve the Secretary-General recommendations for the use of the effective budget surplus 2022.
- d) to appoint Cabinet Taramazzo
 - a. to audit the 2022 IHO's accounts ex post facto
 - b. to audit the fiscal years 2023 – 2025.
- e) to approve the 3 years' budget 2024 – 2026;
- f) to approve the increase of the value of the Member States contribution share by 3% to 4,145.05 Euro (~120 Euro increase per share) in one step taking effect in 2024;
- g) take note that the revision of the IHO M-7 Staff Regulations has no financial implications other than those already reported in the annual reports and budget plans.;
- h) take note of the re-election of the Ms Isabelle Rosabrunetto (Monaco) as Finance Committee Chair and the election of Ms Sonia Chanell (United Kingdom of Great Britain and Northern Ireland) as Finance Committee Vice-Chair for the term 2024 – 2026.