

INTERNATIONAL PACIFIC



HALIBUT COMMISSION

FY2025 Financial Budget - Update

Agenda item: 6
IPHC-2025-FAC101-06
(D. Wilson)



Purpose

To provide the FAC with an update on the approved FY2025 budget (financial period: 1 October 2024 to 30 September 2025) and suggested amendments to:

- 1) accommodate the final 2025 FISS design adopted via intersessional decision IPHC-2024-ID009 (IPHC-2024-CR031); and
- 2) revise other funds to accommodate changes implemented since the budget was adopted.



Background

IPHC-2024-ID008: Total contributions from Contracting Parties = **US\$5,850,867.53** to the General Fund

The Commission **ADOPTED** the FY2025 budget (1 October 2024 to 30 September 2025) as detailed in Appendix II [of IPHC-2024-ID008], including the contributions from the Contracting Parties to the General Fund for FY2025 as follows:

- Canada: Contribution to the General Fund: **US\$970,606.61** (Canada).
- U.S.A.: Contribution to the General Fund: **US\$4,421,652.32** (subject to appropriations).
- U.S.A.: Contribution to the headquarters building lease and maintenance costs: **US\$458,608.60**.



Background

FY2025 contributions to the General Fund (with dates) have been received from the Contracting Parties as follows:

Canada: **\$970,606.61** (received 16 August 2024)

U.S.A.: **US\$4,796,205.30** (received 20 December 2024)

Balance outstanding: **US\$84,055.62**



Discussion

FY2025 Budget (US\$) update (as of 13 December 2024)

INCOME AND EXPENSES: The IPHC approved budget for FY2025 and expenditures as of 13 December 2024 are provided in Appendix II. Current expenditure for the first quarter of FY2025 are in-line with the approved budget.



FY2025 Financial Budget (US\$) – Amended & Proposed for Adoption

Fund 40 – FISS: The final 2025 FISS design was adopted via intersessional decision IPHC-2024-ID009 (IPHC-2024-CR031).

IPHC-2024-ID009: The Commission RECOMMENDED the 2025 FISS design as shown in Figure 1 (of IPHC-Circular 2024-30, Appendix I), involving sampling 517 stations in four (4) biological regions, seven (7) IPHC Regulatory Areas, and ten (10) charter regions.

Key points: The design is recommended via IPHC-Circular 2024-030:

- 1) The design agreed to is estimated to result in a total:
 - a. Income: US\$1,741,803.00 (includes \$387,000 in USA supplementary funding).
 - b. Expense: US\$2,647,508.94.
 - c. Balance: -US\$905,705.94.



FY2025 Financial Budget (US\$) – Amended & Proposed for Adoption

Assumptions:

- a. no bid inflation for 2025 (compared to 2024);
- b. 5% decline in landings from observed 2024 rates;
- c. no change in average price.

2) Oceanographic monitoring (Maintenance and deployment of 8 water column profilers).

3) Placement of one (1) x SSS(F) on a NOAA Trawl survey.



FY2025 Financial Budget (US\$) – Amended & Proposed for Adoption

Adjustments to general operating: The FY2025 budget for all other Funds has been updated to better reflect known costs given we are approaching the end of the 1st quarter of the fiscal year, and the expected expense for Fund 35 – AK Costs recovery, which is the grant between the IPHC and NOAA Fisheries, that was approved at the start of the fiscal year.

The updated costs are primarily associated with IPHC Meetings (AM101 contracts), Travel, and Facility Rentals (HQ office lease and maintenance).



Ongoing discussions

The Commission via the two Contracting Parties, are currently seeking supplementary funding for both the general operations of the Commission, as well as to support the Fishery-Independent Setline Survey (FISS). The IPHC has identified the following needs on an ongoing basis that would be revisited on an annual basis:

- a) **US\$1,500,000** annually to subsidize the FISS to ensure robust sampling in all IPHC Regulatory Areas.
- b) **US\$100,000-500,000** annually for a contribution to the FISS Reserve Fund, which is meant to address contingencies and build the FISS reserve back to a prudent level. The reserve currently has a negative balance and the Commissioners have set a target of maintaining a US\$2,000,000 balance to ensure IPHC can cover cost fluctuations and the FISS does not need to be curtailed in years when costs are especially high and/or revenues are especially low. This amount would be increased or decreased based on Commission annual review and fund rebuilding.
- c) **US\$430,000** for an ~10% inflationary adjustment to the US\$4.3M annual USA contribution to the IPHC General Fund (for non-FISS costs of IPHC), reflecting that the USA made no inflationary adjustments to its contributions from 2020-2022.
- d) **US\$93,000** for an ~10% inflationary adjustment to the US\$927K annual Canadian contribution to the IPHC General Fund (for non-FISS costs of IPHC), reflecting that Canada made no inflationary adjustments to its contributions from 2020-2022.



Discussion

Fund 35 – AK Cost-Recovery expenses are budgeted at **US\$999,847** for FY2025, however, the amount that NOAA fisheries has since indicated that they will provide for in FY expenses (FY2025) to reimburse for our FY2025 expenses has been indicated at **US\$792,523**.

This represents the cost-recovered amount from our eligible expenses incurred in FY2023.

We are working to identify in-year cost savings to make up the shortfall in funding.



Recommendations

NOTE paper IPHC-2025-FAC101-06 that provided a 1st quarter update on the FY2025 budget (financial period: 1 October 2024 to 30 September 2025) as well as proposing a revised budget be adopted based on the final 2025 FISS design, and other amendments.

RECOMMEND that the Commission adopt the amended FY2025 budget (1 October 2024 to 30 September 2025), as detailed in Appendix III, noting that the amendments do not change the previously adopted Contracting Party contributions for FY2025:

- a. **Canada:** Contribution to the General Fund: **US\$970,606.61**
- b. **U.S.A.:** Contribution to the General Fund: **US\$4,421,652.32** (subject to appropriations)
- c. **U.S.A.:** Contribution to the headquarters building lease and maintenance costs: **US\$458,608.60**



Recommendations

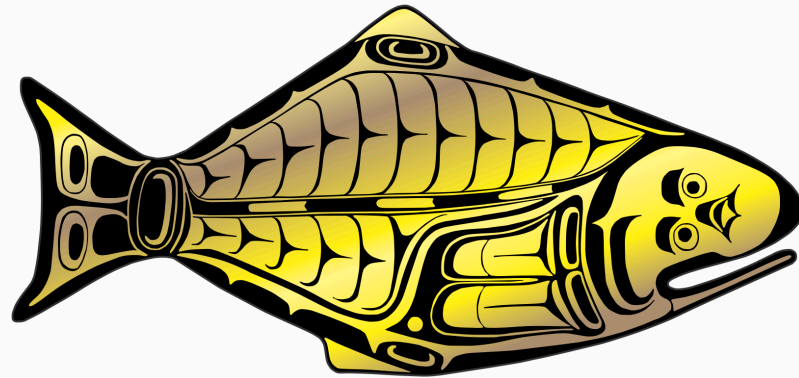
NOTE the optional extra-budgetary (IFCP Fund deficit) contributions from each Contracting Party for FY2024 as follows:

- a. **Canada:** 50% Contribution to the IFCP Fund deficit (former staff pension plan): US\$150.573
- b. **U.S.A.:** 50% Contribution to the IFCP Fund deficit (former staff pension plan): US\$150,573

NOTE that Fund 35 – AK Cost-Recovery expenses are budgeted at **US\$999,847** for FY2025, however, the amount that NOAA fisheries has since indicated that they will provide for in FY expenses (FY2025) to reimburse for our FY2025 expenses has been indicated at **US\$792,523**. This represents the cost-recovered amount from our eligible expenses incurred in FY2023. We are working to identify in-year cost savings to make up the shortfall in funding.



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