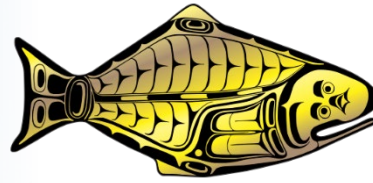


INTERNATIONAL PACIFIC



HALIBUT COMMISSION

# Budget Estimates: FY2024 (for approval), FY2025 and FY2026 (for information)

Agenda Item 7

IPHC-2023-FAC099-07  
(D. Wilson & A. Keikkala)



# PURPOSE & BACKGROUND

**Purpose:** To provide the FAC with the budget estimates for FY2024 (1 October 2023 to 30 September 2024) for recommendation to the Commission (for approval), and for FY2025 and FY2026 (for information) (1 October 2024 to 30 September 2025, & 1 October 2025 to 30 September 2026, respectively).

## Background:

In accordance with Regulation 5, para. 3, of the IPHC Financial Regulations (2021) (shown below), the next three (3) fiscal years consist of FY2023, FY2024, and FY2025, noting that we are at the end of the 1st quarter of FY2022.

(Para. 3) *“The Executive Director shall prepare and submit to the FAC, Contracting Parties, and Commissioners, no later than **30 days before the FAC meeting, budget estimates for the next three fiscal years.**”*



# FY2024

**FY2024 INCOME AND EXPENSES** – The IPHC financial budget for FY2024 is proposed at [Appendix I](#).

**Base Contributions:** The contributions include a 10% increase (US\$608,208.99) from FY2023/FY2022/FY2021 (frozen) for both Contracting Parties to **US\$1,019,947.68** (Canada) and **US\$4,646,428.31 (USA)**. (note: this includes the removal of one FTE currently vacant)

- FY2023/FY2022/FY2021 (frozen): **US\$5,058,167**
- FY2024 proposed: **US\$5,666,375.99**

Other general cost assumptions include increases in operation costs, salaries and wages (3.5%, based on cost of living and step increases) and health care costs (~12%) ([Appendix I](#)). The IPHC budget has been frozen for the last three (3) fiscal years in terms of Contracting Party contributions. Thus, this increase equates to an ~3.33% increase annually.

**Headquarters Lease and Maintenance:** The headquarters costs to the USA will increase to **\$513,712.50** in FY2024 in accordance with the building lease signed in 2020.



# FY2024

**FISS:** Income (and expenses) for the IPHC Fishery-Independent Setline Survey (FISS) are tentative as they are based on the design noted at the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM099) and will likely change substantially prior to the 2024 FISS season.

**Deficit payments to the IFC Pension Fund:** The extra-budgetary deficit payments to the IFC Pension Fund (closed in 2001 to new participants), remain at **\$127,848** for each Contracting Party and are 'optional payments' made by each Contracting Party directly to the IFCP Fund.

We have one remaining current staff member who is actively participating in the IFCPF.



# FY2024 BUDGET FOR APPROVAL

See APPENDIX I

Account Number	FY2024			TOTAL (10,20,30)		
	10 - General	20 - Research	30 - Statistics	FY2024	40 - FIS	TOTAL (All Funds)
<b>Income</b>						
<b>40000 Contracting Party Contributions</b>						
40000.01 - Canada	\$ -	\$ -	\$ -	\$ 1,019,947.68	\$ -	\$ 1,019,947.68
40000.02 - United States of America	\$ -	\$ -	\$ -	\$ 4,646,428.31	\$ -	\$ 4,646,428.31
<b>Total 40000 - Contracting Party Contributions</b>	<b>\$ 3,379,416.75</b>	<b>\$ 1,187,904.42</b>	<b>\$ 1,099,054.82</b>	<b>\$ 5,666,375.99</b>	<b>\$ -</b>	<b>\$ 5,666,375.99</b>
40055 - Headquarters (Lease and Maintenance)	\$ 513,712.50	\$ -	\$ -	\$ 513,712.50	\$ -	\$ 513,712.50
<b>Total 40055 - Headquarters (Lease &amp; Maintenance)</b>	<b>\$ 513,712.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 513,712.50</b>	<b>\$ -</b>	<b>\$ 513,712.50</b>
<b>40060 Other Income</b>						
40060.05 - Recoupment leave expenses	\$ 82,800.00	\$ 23,494.50	\$ 5,6304.00	\$ 162,598.50	\$ 7,762.50	\$ 170,361.00
40060.06 - Rent - Dutch Harbor	\$ -	\$ -	\$ 5,600.00	\$ 5,600.00	\$ -	\$ 5,600.00
<b>Total 40060 - Other Income</b>	<b>\$ 82,800.00</b>	<b>\$ 23,494.50</b>	<b>\$ 61,904.00</b>	<b>\$ 168,198.50</b>	<b>\$ 7,762.50</b>	<b>\$ 175,961.00</b>
<b>40100 Grants, Contracts &amp; Agreements</b>						
40100.01 - 802 - NOAA Port Sampling Grant	\$ -	\$ -	\$ 767,000.00	\$ 767,000.00	\$ -	\$ 767,000.00
40100.02 - MoU WDFW Rockfish sampling	\$ -	\$ -	\$ -	\$ -	\$ 36,003.00	\$ 36,003.00
<b>Total 40100 - Grants, Contracts &amp; Agreements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 767,000.00</b>	<b>\$ 767,000.00</b>	<b>\$ 36,003.00</b>	<b>\$ 803,003.00</b>
<b>40200 Interest Income</b>						
40200.01 - Bank Interest	\$ 772.50	\$ -	\$ -	\$ 772.50	\$ -	\$ 772.50
<b>Total 40200 - Interest Income</b>	<b>\$ 772.50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 772.50</b>	<b>\$ -</b>	<b>\$ 772.50</b>
<b>40350 Fish Sales</b>						
40350.01 - Fish Sales - Pacific Halibut	\$ -	\$ -	\$ -	\$ -	\$ 4,224,000.00	\$ 4,224,000.00
40350.02 - Fish Sales - Byproduct	\$ -	\$ -	\$ -	\$ -	\$ 111,000.00	\$ 111,000.00
<b>Total 40060 - Fish Sales</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,335,000.00</b>	<b>\$ 4,335,000.00</b>
<b>Total Income</b>	<b>\$ 3,976,701.75</b>	<b>\$ 1,211,398.92</b>	<b>\$ 1,927,958.82</b>	<b>\$ 7,116,059.49</b>	<b>\$ 4,378,765.50</b>	<b>\$ 11,494,824.99</b>
<b>Expense</b>						
<b>Personnel Expenses</b>						
50000 Salary & Wages	\$ 1,935,298.70	\$ 718,467.02	\$ 1,311,907.87	\$ 3,965,673.59	\$ 869,406.57	\$ 4,835,080.16
50100 Benefits	\$ 825,524.66	\$ 261,303.90	\$ 470,046.00	\$ 1,556,874.56	\$ 189,504.06	\$ 1,746,378.62
50200 Training & Education	\$ 43,000.00	\$ 18,477.00	\$ 16,200.87	\$ 77,677.87	\$ 42,000.00	\$ 119,677.87
50300 Personnel Related Expenses	\$ 5,665.00	\$ -	\$ 12,021.00	\$ 17,686.00	\$ 5,000.00	\$ 22,686.00
<b>Total Personnel Expenses</b>	<b>\$ 2,809,488.36</b>	<b>\$ 998,247.92</b>	<b>\$ 1,810,175.74</b>	<b>\$ 5,617,912.02</b>	<b>\$ 1,105,910.63</b>	<b>\$ 6,723,822.65</b>
<b>Operational Expenses</b>						
51000 Publications	\$ 4,000.00	\$ 7,500.00	\$ 2,000.00	\$ 13,500.00	\$ 400.00	\$ 13,900.00
51100 Mailing and Shipping	\$ 3,500.00	\$ 7,000.00	\$ 5,538.56	\$ 16,038.56	\$ 118,000.00	\$ 134,038.56
51200 Travel	\$ 153,700.00	\$ 14,825.00	\$ 32,400.00	\$ 200,925.00	\$ 113,000.00	\$ 313,925.00
51300 IPHC Meetings	\$ 138,500.00	\$ -	\$ -	\$ 138,500.00	\$ -	\$ 138,500.00
51400 Technology	\$ 144,050.00	\$ -	\$ 17,000.00	\$ 161,050.00	\$ 21,000.00	\$ 182,050.00
<b>Total Operational Expenses</b>	<b>\$ 443,750.00</b>	<b>\$ 29,325.00</b>	<b>\$ 56,938.56</b>	<b>\$ 530,013.56</b>	<b>\$ 252,400.00</b>	<b>\$ 782,413.56</b>
<b>Fees and Contract Expenses</b>						
52000 Professional Fees	\$ 227,300.00	\$ -	\$ 1,560.57	\$ 228,860.57	\$ 2,000.00	\$ 230,860.57
52100 Vessel Expenses	\$ -	\$ -	\$ -	\$ -	\$ 544,000.00	\$ 544,000.00
52200 Other Fees and Charges	\$ 53,842.86	\$ -	\$ 13,039.38	\$ 66,882.24	\$ 23,000.00	\$ 89,882.24
52300 Leases and Contracts	\$ 42,164.00	\$ 39,019.00	\$ 25,573.50	\$ 106,756.50	\$ 1,665,000.00	\$ 1,771,756.50
54000 Communications	\$ 35,500.00	\$ -	\$ 3,400.00	\$ 38,900.00	\$ 1,690.00	\$ 40,590.00
<b>Total Fees and Contract Expenses</b>	<b>\$ 358,806.86</b>	<b>\$ 39,019.00</b>	<b>\$ 43,573.45</b>	<b>\$ 441,399.31</b>	<b>\$ 2,235,690.00</b>	<b>\$ 2,677,089.31</b>
<b>Facilities and Equipment Expenses</b>						
53000 Equipment Expense	\$ 6,600.00	\$ -	\$ 4,408.40	\$ 11,008.40	\$ 33,000.00	\$ 44,008.40
53100 Supplies Expense	\$ 44,000.00	\$ 144,807.00	\$ 3,300.00	\$ 192,107.00	\$ 711,000.00	\$ 903,107.00
53200 Maintenance and Utilities	\$ 53,000.00	\$ -	\$ 6,062.67	\$ 59,062.67	\$ 77,385.00	\$ 136,447.67
53300 Facility Rentals	\$ 482,651.16	\$ -	\$ 3,500.00	\$ 486,151.16	\$ 16,507.00	\$ 502,658.16
<b>Total Facilities and Equipment Expenses</b>	<b>\$ 586,251.16</b>	<b>\$ 144,807.00</b>	<b>\$ 17,271.07</b>	<b>\$ 748,329.23</b>	<b>\$ 837,892.00</b>	<b>\$ 1,586,221.23</b>
<b>Other Expenses</b>						
55000 - Budget Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55200 - Fund Cost Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expense</b>	<b>\$ 4,198,296.38</b>	<b>\$ 1,211,398.92</b>	<b>\$ 1,927,958.82</b>	<b>\$ 7,337,654.13</b>	<b>\$ 4,431,892.63</b>	<b>\$ 11,769,546.76</b>
<b>Sub-Total: Net Income (Loss)</b>	<b>\$ (221,594.63)</b>	<b>\$ -</b>	<b>\$ (0.00)</b>	<b>\$ (221,594.64)</b>	<b>\$ (53,127.13)</b>	<b>\$ (274,721.77)</b>
FISS cost-recovery (% overhead)	\$ 221,594.63	\$ -	\$ -	\$ 221,594.63	\$ (221,594.63)	\$ -
<b>Net Income (Loss)</b>	<b>\$ (0.00)</b>	<b>\$ -</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (274,721.76)</b>	<b>\$ (274,721.77)</b>



# DISCUSSION

## FY2024

In FY2023, we were able to hold several positions vacant to compensate for the budget freeze for the third year running. In FY2024, we have assumed zero vacancy.

Should the 10% increase not be palatable for FY2024, the Commission will need to consider active cost reduction in the form of an additional FTE removal (Note: One FTE already removed – currently vacant).

General operating: Funds 10, 20, 30

Salaries and Wages, & Benefits: ~76.5% of the budget (US\$5,617,912.02)

Operating expenses: ~23.5% of the budget (US\$1,719,742.10)



# FY2025 and FY2026

**FY2025 AND FY2026 INCOME AND EXPENSES** – The IPHC provisional budgets for FY2025 and FY2026 ([Appendix II](#)) are based on a nominal increase in general contributions for Canada and U.S.A. to cover expected matching increases in operations expenses, cost in salaries (based on cost of living and step increases) and health care costs.



# HQ Building Lease and Maintenance costs

- The current HQ lease will expire on 30 September 2025.
- The Commission has expressed an interest in seeking more cost-effective accommodations for the Secretariat.
- In the final year of the current lease the total costs are estimated to be US\$531,692.44.
- Consisting of US\$387,296.16 for the base rent charges, plus the pro-rata share of building operating expenses (35%) and ad-hoc maintenance, which is estimated at ~US\$144,400.





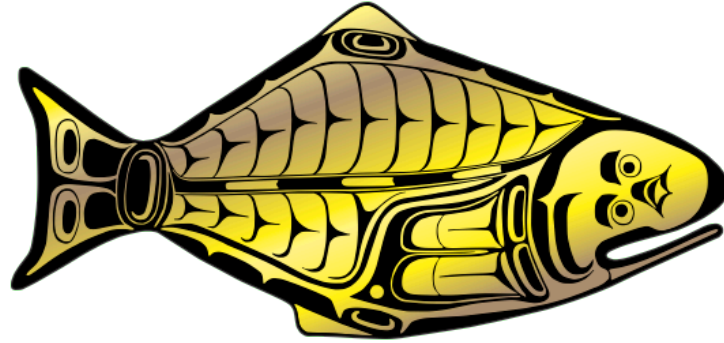
# RECOMMENDATION

That the FAC:

- 1) **NOTE** paper IPHC-2023-FAC099-07 which provided the budget estimates for FY2024 (1 October 2023 to 30 September 2024) for recommendation to the Commission (for approval), and for FY2025 and FY2026 (for information) (1 October 2024 to 30 September 2025, & 1 October 2025 to 30 September 2026, respectively).
- 2) **RECOMMEND** the Commission **ADOPT** the FY2024 budget (1 October 2023 to 30 September 2024) and **NOTE** the tentative budgets for FY2025 (1 October 2024 to 30 September 2025) and FY2026 (1 October 2025 to 30 September 2026), as detailed in [Appendix I](#) and [Appendix II](#), respectively.



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