

FIG GENERAL ASSEMBLY 2010
FINANCIAL ISSUES (INCLUDING 2009 ACCOUNTS, 2010-12 BUDGETS AND 2012
SUBSCRIPTIONS)

1. Introduction

The 2009 General Assembly took decisions on a range of financial issues, including making changes to the financial reporting template, the creation of General and Specific Reserves for FIG, and that the General Reserve should be kept in the range 90-100% of regular annual expenditure, with this range being reviewed every two years.

The Council has implemented these decisions. In 2010, the General Assembly is asked to:

- Adopt the audited 2009 Accounts at Annex A, noting that the audited accounts are in the form of the template approved at the 2009 General Assembly (and provided again at Annex B)
- Endorse the revised budgets for 2010 and 2011, and the budget for 2012 at Annex C to the General Assembly agenda, noting that the General Reserve is retained in the 90-100% range at the end of each year
- Approve member association subscriptions for 2012, set out in section 6 of this paper.

2. A commentary on FIG income and costs 2009

FIG's income for 2009 was largely in line with the budget, with minor movements from budgets for each of the membership categories. Ongoing financial income decreased from 2008, due to the general decrease in interest rates. However, in addition, due to the likely failure in 2009 of a Danish bank in which FIG held some funds, these were (after approval by the President) removed without giving notice, meaning that an unexpected additional loss of €6,161 was recorded. All reserves are retained in cash-based, low-risk investments, in line with the decision of the 2009 General Assembly, and are protected by extended Danish Government guarantee until 30 September 2010. At that date, a revised guarantee scheme comes into place. The Council will make any necessary changes to the investment of the reserve prior to that date, to ensure that all of FIG's reserves continue to be protected.

The Council has established mechanisms to support poor member associations who have difficulty in paying their subscriptions, in line with the decision of the 2009 General Assembly. The arrangement requires partial payment of outstanding fees by the Member Association, with the balance being covered from Special Reserves. Support was offered to three Member Associations during 2009. Two of these took up the offer, and the other accepted the offer in principle with payment expected in early 2010. An offer was made to one Member Association in early 2010. The Special Reserves were also used to make a payment to the Young Surveyors Network, in line with a Council decision to support the Network in the same manner as a Commission.

The largest single area of expenditure in FIG's budget is the FIG Office. This is to be expected, given the staff employed there and the significant work that they undertake. The Office has become central in the work of FIG, and the activity undertaken by its staff enables

the Federation's Council members, Commission Officers, Task Force chairs and others to work more effectively, knowing that the staff are on hand to complete key work. The most significant variation from budget during 2009 was an increase in salary costs in the FIG Office. Staff changes required additional staffing support to be put in place for a transition period and also affected statutory payments. The situation has now returned to normal, with three staff employed by FIG (the General Manager and Personal Assistant in the Office in Copenhagen, and the Director in Helsinki). In discussion with the auditors, some of the additional staffing costs have been reported as an Exceptional Item. The costs of the transition emphasise the vulnerability to staff changes of any small team. It is to the credit of the staff employed by FIG that we came through this major transition as successfully as we did.

Other office costs were largely in line with budget, although a loss of approximately €5,400 on currency conversions was realised during the year. This was due to the reduction in value of the US\$ compared to the euro (to which the Danish Krone is closely tied), with income from UN Agencies and the World Bank received in US\$ and needing to fund expenditure incurred in euro/ Kroner.

Outsourced office costs were above budget. This was partly as a result of a change of IT supplier, which increased 2009 costs but will reduce costs in 2010 and subsequent years; and partly an increased expenditure on book keeping due to the staff changes in the office. Revised arrangements are being put in place for 2010 to reduce accounting costs.

Council and Executive Management Costs were largely in line with budget. Marketing and Publication costs were below budget. This was largely as a result of a limited number of FIG Publications being produced in 2009 (several are planned for 2010).

Only a small amount of specific grants for Commissions was requested during the year.

Overall, the deficit of regular income over regular expenditure was €64,130 compared with a budget figure of €36,292.

Events results were ahead of budget, with the Hanoi Regional Conference being particularly successful. The Conference with the World Bank in March 2009 also returned a small surplus. The project to review material to UN-HABITAT also brought income ahead of budget, as did the fees paid to FIG for organising the UN FAO event which ran in parallel with the Regional Conference. Late invoices in connection with the Stockholm Working Week and the Commission 9 event in Beijing in 2008 have been included in the 2009 accounts.

Overall, therefore, the overall surplus from normal activities in the year was €380, compared to a budget of €11,708. Exceptional items of €50,713 for additional salaries and loss of financial income appear below the result line. The additional salary costs indicate the vulnerability of any organisation employing a small number of staff. The financial income loss was due to the more general global economic situation. These events are a powerful reminder of the need for FIG to hold reserves. Budgeted projections for the reserves are covered in Section 5.

3. Subscription arrears

Arrears at the end of 2008 were €85,000. This figure increased to €143,000 at the end of 2009. This was despite persistent efforts by FIG staff and Council members to encourage payment of outstanding fees. The general economic situation is likely to have been a significant impact in the level of arrears, which is split between membership categories as follows:

- Member associations - €71,000.
- Corporate members - €55,000.
- Academic members owe a total of €9,000. There are small amounts owed by a large number of institutions.
- Affiliate members owe a total of €8,000. This also consists of generally small amounts owed by a range of institutions.

More encouragingly, only €5,000 of the arrears are for 2007 or earlier, and €12,000 of the €31,000 arrears for 2008 has been promised shortly. The Office and Council will continue to pursue unpaid membership fees, and is currently writing to all members who will not have a vote at the 2010 General Assembly unless they pay their arrears in the coming weeks. 2010 membership invoices were issued in January, significantly earlier than in recent years, and have resulted in earlier payment by many members.

4. Budgets 2010, 2011 and 2012

As reported in 2009, the Council has taken the view that FIG should use a 4-year budgeting cycle from 2011. This will allow the financial consequences of implementing the Council's work plan to be reported, including the varying income to FIG from smaller and larger Working Weeks and Congresses. Revised budgets for 2010 and 2011, and a budget for 2012, are being presented to this General Assembly. The Council is mindful that a new Council will be in place from 1 January 2011, but also that the Federation needs to plan ahead with regard to its finances.

The budgets for these years are shown at Annex C. A range of notes to the budgets explain particular figures. Two specific overriding issues should also be borne in mind by the General Assembly:

- As always, we can make predictions about surpluses from events, but factors may arise which affect these; and
- The potential risk around subscriptions in the current economic situation could reduce the subscription income.

The revised budgets for 2010 and 2011 show limited change from those approved by the 2009 General Assembly, but they have been generally updated in light of 2009 performance. The overall result budgeted for 2010 has been reduced by €16,000 with the main changes being in provision for write offs, increases in book keeping costs, and reduction of the budgeted income from Commission events. The 2012 budget shows a broadly continuing trend from 2011.

5. FIG Reserves

The budgets for 2010-12 maintain the general reserve in the 90-100% range approved by the 2009 General Assembly.

Some monies are held in Commission reserves (recognising that the surpluses on some commission events should be held separately, for discussion with the Commissions involved as to appropriate ways to use the surpluses to develop the Commissions' and Federation's work).

An Office Development Reserve has not at this stage been established, as a comprehensive review by the General Manager has not established any requirement for significant expenditure except on overhaul of the website. We are currently reviewing options and costs for this, to make the website more user friendly, and also introduce more robust systems to maintain the Office's databases, linked to the website, to support mailings and so on. Some costs for this work are included in the 2010 and 2011 budgets.

As mentioned in section 2 of this report, money has been spent from the specific reserves in 2009 on supporting poor Member Associations and the Young Surveyors Network. The Council anticipates this continuing in coming years, along with support for Task Forces, particularly the Africa Task Force. This money is accounted for in each year that it is spent, with the figures shown at the bottom of the financial statements.

The reserves are held in low risk investments, in line with the policy agreed by the General Assembly. Any transfer of the reserves requires approval by two people, one of these being a Council member. Following comments by Honorary President Foster at the 2008 and 2009 General Assemblies, the Council has reviewed controls over the reserves again, and is content that they are robust.

6. Subscriptions 2012

The 2009 General Assembly approved membership fees as follows, including changes to the minimum and maximum subscription arrangements:

Year	Per capita fee	Minimum fee	Maximum fee
2010	4.18 € per member up to a maximum of 5,500 members. Member associations from countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay 2.09 € per member up to a maximum of 5,500 members.	20 members or 50 EUR (whichever is greater)	5,500 members (22,290 EUR)
2011	4.30 € per member up to a maximum of 5,500 members. Member associations from countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay 2.15 € member up to a maximum of 5,500 members.	20 members or 50 EUR (whichever is greater)	5,500 members (23,560 EUR)

The Council proposes the following Member Association subscription levels for 2012, a rise of 4%:

2012	4.48 € per member up to a maximum of 5,500 members. Member associations from countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay 2.24 € member up to a maximum of 5,500 members.	20 members or 50 EUR (whichever is greater)	5,500 members (24,640 EUR)
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7. Conclusion

The finances of FIG remain in a healthy state, thanks to the work of many people over many years. There was a need to call on reserves due to unexpected events in 2009 concerning staff changes and the general financial situation; this experience reinforced the wisdom of previous Councils in building up an FIG reserve. The budgets and proposals for future years are designed to continue FIG's healthy financial position, and provide a solid financial basis for the new Council to plan its work programme.

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