

FINANCE COMMITTEE OFFICERS' MEETING
26th April 2005, IHB

In accordance with Article 14 of the General Regulations, the Directing Committee met on 26th April at the IHB with the Chairman of the Finance Committee, Mr M. GAZIELLO from Monaco and Mr B. BUSSEY from the UKHO, Vice-Chairman, to discuss various issues of financial interest to the Organization. The external auditor, Miss P. TARMAZZO, also participated.

The following topics were discussed:

- a. The draft Finance Report for 2004 was examined in detail, together with the Auditor's report, and was approved by the Finance Committee Officers. The Directing Committee forwarded it to Member States with CL 46/ 2005 dated 29th April 2005;
- b. A letter received from the Auditor, related to the extension of her mission, recommended the compiling of an Administrative and Accounting Manual, mainly comprising the procedures used at the IHB. This task will be undertaken by the IHB.
- c. The status of Member States' contribution payments was examined for the year 2004 and also for the first quarter of 2005, and it was noted that overall the payment of contributions was satisfactory. Member States who are in two or more years' arrears (Colombia, Cuba, Iran and Uruguay) was a topic of particular discussion and the participants noted that the Directing Committee has agreed to a calendar of payments by instalments with Colombia and Uruguay in order to restore their situation;
- d. The status of the execution of the 2005 Budget was examined in detail and it was noted that there were no problems. Based on the "Monthly Financial Reporting Statement" various specific issues of interest were brought up for discussion and explanations were provided.
- e. The Directing Committee informed the Finance Committee Officers that, given the financial situation and the perspective of new Member States joining, the Directing Committee will consider preparing the 2006 Budget without an increase in the unit share value, notwithstanding that the IH Conference in 2002 had approved an increase of 2.90 % in the share value for 2006.
- f. Developments concerning the legal dispute that began in 1993 between one of the Bureau's staff members and the French Tax Authorities in Nice were discussed. Although the Administrative Court in Nice had ruled in favour of the staff member, the French Tax Authorities continued to pursue the case at the Court of Appeal in Marseilles as well as initiating identical tax claims for more recent periods (on 2002 IHO income). Due to the precedence this case could set, the Directing Committee continues to follow this affair very closely and is awaiting a reply from the Government of Monaco on these developments; it was mentioned that Monaco will take action only if the Court decides against the interest of the concerned staff member and the IHB.
- g. Based on the conclusions of an external independent consultant, certain aspects of the Personalized Pension Plans, which had been previously discussed by the Directing Committee with the investment company, were clarified. These conclusions indicate that the IHB may have a limited liability for these Personalized Pension Plans, in particular when early withdrawals before retirement age have been accepted by the IHB, as provided for in the contract. A meeting will be held with those staff members who contribute to these Pension plans, in order to suitably amend the contracts with the insurance company. Also, staff members will be informed that early withdrawals of money from their pension plan will no longer be accepted by the Directing Committee.
- h. The investments of the funds for the Internal Retirement Fund (IRF) were examined. The current level of investments at risk in the IRF was still considered acceptable for the time being and will be re-assessed at the November 2005 Meeting.

- i. The actuarial study that was conducted by the Bureau at the end of 2004 indicated that the existing deficit in the IRF assets had slightly improved and the Directing Committee proposes to cover this deficit by allocating the necessary funds from the 2004 expenditure surplus.
- j. The participants were briefed on the setting up of an IHO Capacity Building Fund, including the adoption of a new IHO Administrative Resolution. The Fund will be established, notably by allocating :
 - a. the approved amount for this activity in the Budget for 2005 of 50,000 €
 - b. an exceptional allocation for the same amount from the 2004 expenditure surplus.

It was decided that the next meeting will take place at the Bureau in November 2005 (date to be confirmed).