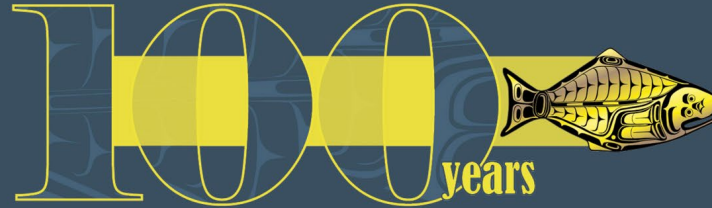


INTERNATIONAL PACIFIC



HALIBUT COMMISSION

# FY2024 Financial Budget - Update

Agenda item: 6

IPHC-2024-FAC100-06

(D. Wilson & A. Keikkala)



# Purpose

To provide the FAC with an update on the approved FY2024 budget (financial period: 1 October 2023 to 30 September 2024) and suggested amendments to:

- 1) accommodate the final 2024 FISS design tentatively adopted at IM099; and
- 2) revise other funds to accommodate changes implemented since the budget was adopted.

# Background

**IPHC-2023-ID008 (11 August 2023):** Total contributions from Contracting Parties = **US\$5,209,912.01** to the General Fund.

The Commission **ADOPTED** [a revised/updated] the FY2024 budget (1 October 2023 to 30 September 2024)....., including the contributions from the Contracting Parties to the General Fund for FY2024 as follows:

- Canada: Contribution to the General Fund: **US\$927,419.21 (~17.8%)**  
**RECEIVED:** 13 October 2023
- U.S.A.: Contribution to the General Fund: **US\$4,282,492.80 (~82.2%)**
- U.S.A.: Contribution to the headquarters building lease and maintenance costs:  
**US\$513,712.50**

**Partially RECEIVED** – 29 November 2023 (**-US\$796,205.30**)

# Discussion

## **FY2024 BUDGET (US\$) UPDATE (AS OF 20 DECEMBER 2023)**

**INCOME AND EXPENSES:** The IPHC approved budget for FY2024 and expenditures as of 20 December 2023 are provided in Appendix II. Current expenditure for the first quarter of FY2024 are in-line with the approved budget (IPHC-2023-CR-019).

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

- 1) **Fund 40 – FISS:** At the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM099), the Commission agreed to an optimized 2023 FISS design with caveats, as follows:
  - IPHC-2023-IM099-R (para. 51) *The Commission AGREED on an optimized design for the 2024 FISS as provided at Appendix IV, that balances the Commission’s primary and secondary objectives for the FISS. Specifically, the 2024 design shall include Options 1, 2, and 3 from Table 2. In addition, Option 4 shall be included in the RFT process but is not yet endorsed. Once bids are received and evaluated in February 2024, the Commission will make a final decision on whether to proceed or not with Option 4, based on bids and logistical constraints at that time and potentially a new option for IPHC Regulatory Area 4CDE.*

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

1) **Fund 40 – FISS:** At the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM099), the Commission agreed to an optimized 2023 FISS design with caveats, as follows:

- IPHC-2023-IM099-R (para. 54) *The Commission AGREED to consider whether to maintain the oceanographic sampling program to provide a continuous source of data on environmental conditions experienced by Pacific halibut, and whether to staff the NOAA trawl surveys, in January 2024.*

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

- 1) Fund 40 – FISS: At the 99<sup>th</sup> Session of the IPHC Interim Meeting (IM099), the Commission agreed to an optimized 2023 FISS design with caveats, as follows:
  - IPHC-2023-IM099-R (para. 58). *The Commission AGREED that supplementary funding is likely needed to sustain the FISS moving forward and AGREED to explore options for funding, e.g. from Contracting Parties or external partners.*

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

Key points: The design is described in paper [IPHC-2023-AM100-13](#).

The design agreed to is estimated to result in a total:

- a. Income of **US\$2,429,762.50**.
- b. Expense: **US\$2,824,348.36**.
- c. Balance: **-US\$394,585.86**.



# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

## Assumptions:

- a. Catch rates = **5%** decline from 2023.
- b. Fish price = **0%** change from 2023.

No oceanographic monitoring (water profilers).

No deployment of Secretariat staff on the NOAA trawl surveys in Alaska.

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

## 2) Adjustments to general operating:

The FY2024 budget for all other Funds has been updated to better reflect known costs given we are approaching the end of the 1<sup>st</sup> 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, which was approved at the start of the fiscal year.

The following are noteworthy amendments:

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

- a) **Fund 35 – AK Cost-Recovery:** This Fund was created for the first time in FY2023, noting the ongoing funding by NOAA for our port related activities in Alaska. The Grant, titled “*International Pacific Halibut Commission Directed Commercial Catch Sampling of Pacific halibut in Alaska*” is for a five-year period covering our activities in FY2022, FY2023, FY2024, FY2025, and FY2026 (Grant Number: NOAA-NMFS-AK-2023-2007663).

This means we are not reimbursed (cost-recovered) for activities conducted until 2 fiscal years later. i.e. our current IPHC FY2024 (1 Oct 2023 to 30 Sept 2024) expenses won't be reimbursed until 1 October 2025 (FY2026).

# FY2024 FINANCIAL BUDGET (US\$) – PROPOSED AS AMENDED FOR ADOPTION

*b) **Fund 30 – Statistics:** In prior years, this Fund included the income and expenses from Fund 35, however, to provide a more transparent means of accounting of the grant income and expenses, noting the delay in reimbursement, Fund 30 now only includes income and expenses from activities not covered by the grant (e.g. in-port activities on the USA-west coast, Canada, and non-IFQ expenses in Alaska).*

*The reallocation has not resulted in any change to the Contracting Party contributions for FY2024.*

# Ongoing discussions

3) **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 for immediate supplementary funding in FY2024, and 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.

# Recommendations

That the FAC:

- 1) **NOTE** paper IPHC-2024-FAC100-06 which provided a 1<sup>st</sup> quarter update on the FY2024 budget (financial period: 1 October 2023 to 30 September 2024) as well as proposing a revised budget be adopted based on the final 2024 FISS design, and other amendments.

# Recommendations

- 1) **RECOMMEND** that the Commission adopt the amended FY2024 budget (1 October 2023 to 30 September 2024), as detailed in Appendix III, noting that the amendments do not change the previously adopted Contracting Party contributions for FY2024:
  - a. Canada: Contribution to the General Fund: **US\$927,419.21**
  - b. U.S.A.: Contribution to the General Fund: **US\$4,282,492.80** (subject to appropriations)
  - c. U.S.A.: Contribution to the headquarters building lease and maintenance costs: **US\$513,712.50**
  
- 2) **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\$127,848**
  - b. U.S.A.: 50% Contribution to the IFCP Fund deficit (former staff pension plan): **US\$127,848**

# Recommendations

- 1) NOTE** that Fund 35 – AK Cost-Recovery expenses are budgeted at **US\$947,210** for FY2024, however, the amount that NOAA fisheries will agree to reimburse for our FY2024 expenses will not be known until March/April 2025, and the IPHC will not be reimbursed until 1 October 2025 (FY2026), two fiscal years after the expenses were incurred. Thus, as a precautionary measure, the heads of delegation have directed the Secretariat to include an estimated **US\$875,000** to be reimbursed through the cost-recovery program and a further **US\$72,210** to be provided in supplementary income from NOAA fisheries.
- 2) RECOMMEND** that the NOAA Grant, *“International Pacific Halibut Commission Directed Commercial Catch Sampling of Pacific halibut in Alaska”* be renewed prior to IPHC fiscal year FY2027 that commences on 1 October 2026, noting that the current five-year grant period covering IPHC activities is for IPHC FY2022, FY2023, FY2024, FY2025, and FY2026. The IPHC Secretariat and NOAA shall work together to provide a draft grant agreement to the Commission for review at the AM101 (January 2026).



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