

**2017 GENERAL ASSEMBLY
FINANCIAL ISSUES (INCLUDING 2016 ACCOUNTS, 2017-20 BUDGETS AND 2018
AND 2019 SUBSCRIPTIONS)**

1. Introduction

This paper provides the General Assembly with an update on FIG's financial progress in 2016, the Council's amended proposed budgets for 2017-19 and an indicative budget for 2020, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2016 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)
- Agree to increase IT reserve from €30,000 to €50,000 using part of the total surplus.
- Endorse the budgets for 2017-20, at Annex C to the General Assembly agenda.
- Approve member association subscription levels for 2019, set out in section 5 of this paper.

2. A commentary on FIG income and expenditure for 2016

FIG Finances follow three key measures:

- Key measure 1: there must be a surplus of regular income over regular expenditure each year;
- Key measure 2: there must be an overall surplus over the 4-year Council period;
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure.

2016 was the second year for the current Council. Although 2016 was yet another challenging year with an unstable global economic situation Council and FIG Office continued prudent and with cost containment measures. There was a budgeted deficit of €10,250, however the final result shows a surplus of € 37,473 which will be explained in this paper.

All key measures 1, 2 and 3 were held. There was a surplus of regular income over regular expenditure of €30,270 (Key measure 1) must be positive. A large part of the surplus comes from savings in salaries. As always, expenditure was monitored closely. Key measure 2 is 115% seen over the period 2015, 2016 (actual results) 2017 and 2018 (budgets). Key measure 3 was 122%. General reserve as % of annual total expenditure was 110%.

Income

Income from membership subscriptions was almost €20,000 lower than budget however close to the 2015 result. Membership fees from Member Associations were €6,000 higher than in 2015, and there was also an increase in the membership fee from Affiliate Members of €3,000. The membership fee for Corporate Members showed a decrease of €5,500. Write offs were again in 2016 fairly high, in total €32,000 which was even higher than 2015 (25,600). This means that we have had several expulsions and members who have not paid their membership fee in full.

It was decided to increase the provision for doubtful debt from subscriptions income that was introduced in 2012 with €5,000 due to the fact that some of the members in arrears there were some fairly high arrears. Still a quite high amount is owed to FIG from subscription fees not yet paid.

Financial income was in 2016 higher than expected in spite of the prevailing low interest rate regime, which is expected to persist. Interest earned was in line with last year, but at the end of 2016 a capital gain on investments was noted. Last year currency difference and alteration of course was separated in the accounting from miscellaneous administration costs to visualise the fluctuation, which can be quite high. In 2015 there was a deficit of €3,311 having a negative effect on the final result whereas 2016 had a surplus of €4,126 affecting the final result positively. Today most of the FIG accounts give 0 % interest, and negative interest rates are already announced for 2017.

In total the regular income for 2016 was EUR 12,000 lower than budgeted, however €13,500 higher than 2015.

Arrears

Arrears at the end of 2016 are still remarkably high, in total €110,734.09. The positive aspect, however, is that the amount has decreased significantly compared to the previous years 2015 (€124,139.41) 2014 (€153,819.05) and 2013 (€135,987.65). Arrears solely for 2016 were €62,037 which is a slight increase compared to 2015 (€58,689) however lower than previously. As comparison to this, the arrears for 2014 were €109,147 last year, and 2013 were €74,546.30. Previous arrears have successfully been decreased significantly compared to previous years. The size of the arrears for 2015, 14 and 13 amounts to €48,696. Council again requests all members to pay their membership subscription promptly. The size of the arrears again meant that a significant portion of FIG's reserve holdings is being used to fund FIG cash flow.

Expenditure

Total regular expenditure was €378,393 which is €30,600 below budget, and further to this €6,000 lower than 2015.

In general there have been savings within all areas, due to a careful handling of expenditure, however largest savings has been on office costs. One of the reasons for this has been the downscale of employees in the office. Hanne Elster went on pension in February 2016. Savings would cover the budgeted deficit.

On the other hand Marketing and publications are €2k above budget.

The grants to Commission chairs were paid in line with the levels agreed by the General Assembly. All requests from Task Force and Network chairs for support and from Commission chairs for specific support were carefully reviewed prior to any decision. There were no applications for support for poor Member Associations.

Council and executive management costs were close to budget. Again this year this has been obtained through continuing care and control of travel and meeting costs. Some of the travels

were partially covered by external sources. It is important also to note that, in many instances, travel by Council members were partially covered by Council members' employers, member associations or by the event hosts. FIG is very grateful for this support, which allows Council members to maintain close contact with its membership and partners during the year.

Final result

The result of regular income over regular expenditure (key measure 1) showed a positive result of €30,270 which is €18,500 over budget

The final result 2016 which also includes projects and development costs and income shows a surplus of €37,473 which is €47,723 over budget. Developmental expenditure was lower than expected and further to this there was a not expected income on conferences and other projects. In regard to FIG Working Week FIG office had less costs than expected which meant that a part of the income could be allocated to events in addition to the regular income. On other projects and events that FIG Office has been involved in, there has been a smaller income on services provided.

FIG Office continued the IT developmental work that was commenced in 2013. A large part of the costs were covered in 2015, and council decided to move €20,000 of the IT reserve to the 2015 IT expenditure, where after the reserve was down to €30,000. Since the 2016 finances show a positive result, FIG Council proposes to transfer €20,000 of the surplus back to the IT reserve to its original size of €50,000. There will be on-going IT development, and this reserve gives a flexibility in years where larger investments are needed.

At the end of year, FIG's total reserve stood at € 537,121 and the general reserve (total reserved deducted IT and Events reserves) amounts to € 462,121 which is 122% of regular annual expenditure. With the increase of the IT reserve, **the actual final result 2016 is €17,473.**

3. Budgets 2016-19

Annex C to this paper presents proposed revised budgets for 2017, 2018 and 2019 and a proposed budget for 2020. This is to adhere to the requirement for a 4-years ahead budget (decision at the 2009 General Assembly).

Key considerations in constructing the budget

Council's overriding consideration when preparing the budget was to be as realistic as it has to be, particularly with its forecast since it is a 4-year forward budgeting process. In this regard Council is very mindful of the two, ongoing risks to the budget:

- Council has (as described below) reviewed risks from events, and developed models to address these risks, however still there will be a risk to include a conference income in the regular income
- There is a potential risk around the level of income from subscriptions in the on-going economic situation. The levels of arrears show that it remains a significant area of concern

Budgets

Council seeks to ensure a sustainable, effective and efficient Federation. Budgets have therefore been revised to reflect the current realities. When income is forecasted to decline, this has to be balanced by corresponding efforts to reduce operating and developmental costs.

The key changes to the budgets approved at the 2016 General Assembly are:

- Subscriptions are held close to the 2015 final result in light of resignations and 2016 invoiced figures although membership development is an important focus of the FIG office especially;
- An expected increase in the number and income of Corporate Members is included in the budget as an outcome of the Task Force for Corporate member
- In the light of the development Council suggests an increase in subscription rate from 2019 for Member Associations
- Council has agreed on an increase in subscription fee for Affiliate Members for 2019 and onwards
- Administrative costs have been further reduced wherever possible;
- Council and executive management costs are reviewed in the light of activities anticipated for the year;

As in previous years, every effort has been made to base the budget on information available as well as to forecast income and expenditures realistically. This is particularly important given the overall economic situation.

Council remains cognizance of the three key financial measures when preparing the budget:

- Key measure 1: there must be a surplus of regular income over regular expenditure each year;
- Key measure 2: there must be an overall surplus over the 4-year Council period;
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure.

An increase in membership fees from 2018 will make it possible to meet key measure 3. The General Assembly agreed in 2016 that there should be no increase of membership fees in 2018, but Council has reconsidered, and recommend that an adjustment will be already be implemented in 2018 in stead of 2019.

Staffing

Current staffing of the FIG Office is:

- Director (Louise Friis-Hansen) responsible for general management, developmental/strategic tasks, oversight of administration, finances, events, membership matters (particularly in relation to corporate members), council/commission matters, IT, communication and Foundation secretariat duties
- FIG Events and Development Manager (Claudia Stormoen) (full time)
- Finances and Administration (Maria Bargholz, part time – 20 hours/week) responsible for financial administration as well as general FIG and events administration.
- FIG Support (Wu Qiong, China) internship in the FIG office for 6 months (see below)

Hanne Elster retired on 29 February 2016 after 5 years in FIG. Her position has not been replaced, but Maria Bargholz, Finances and Administration has increased working hours from 12 to 20/week.

In 2015 past Vice President Pengfei Cheng announced that the Chinese Society for Surveying, Mapping and Geoinformation (CSSMG) has offered to assist the office with an intern. CSSMG is a member association of FIG and has been actively supporting and participating in the activities of FIG including the support of past FIG Vice President Cheng Pengfei (2013-2016). CSSMG has a trainee exchange programme. As part of this programme, a Memorandum of Understanding has been signed between CSSMG (on behalf of NASG) and FIG for an Internship/Trainee Programme at FIG Office in Copenhagen. An NASG staff person will be appointed as trainee for the FIG Office in Copenhagen for ½ year. This Memorandum of Understanding is valid for three years. The first trainee, Tian Tian, was in the office from February-August 2016. The second trainee, Wu Qiong is in the FIG office in the period January-July 2017.

Organisation of events

The Council and FIG Office work closely together with a Local Organising Committee to organise the yearly FIG event ensuring that FIG's annual event remains not only the flagship event of FIG but a global forum for FIG's membership, partners and stakeholders. Over the past years, FIG has developed the following operating models for its annual events:

- FIG will handle the overall programme, the technical programme, keynote speakers, international registrations, the website, and international exhibitors; and
- The local organisers will handle the contact with the venue; hotels; the local exhibition; local registrations; social events; technical tours; and social tours.

FIG will be reimbursed a fixed sum for its handling, coordination and organization workload for each event. We believe that the models and arrangements provide a sound basis for future conferences, and provide an appropriate balance between FIG and local input and expertise.

FIG Office spends a considerable amount of time on the organisation and preparations of FIG events. FIG Office and Council have evaluated that it is a rewarding investment and gives a possibility to get closer to the individual persons that are related to FIG members.

IT Development

Throughout 2015 and 16 – continuing in 2017 several major IT projects have been started and some also finalised:

- The new web site was launched in May 2015 based on a modern technology. Continuous improvements are undertaken
- FIG Membership database phase I. A database for all members was established in 2016, incl. Commission officials and national delegates to commissions. Until then FIG has not had an actual database, and information has been stored in several different places.
- Possibility for members for on-line update of membership information. Earlier this was done manually.
- Peer review database and handling system that can handle most processes electronically
- Improvements and integration of abstract and registration databases for handling of FIG Conferences
- Automatisation of many of the processes in connection to FIG conferences that have previously been done manually
- Improvement of online payment system
- Conference App

- FIG Membership database phase II: a database for individuals who have a connection with FIG either through the newsletter, participant at FIG Conferences or in any other way related to FIG. The database will be connected with the registration and abstract database as well as the membership database

In the budget 10,000 has been dedicated to IT development. Since a large part of the IT development activities took place in 2015, the budget was exceeded, which was covered through a decrease of the IT reserve with €20,000 to 30,000. The 2016 result is positive, and therefore Council suggests restoring the original reserve by transferring €20,000 of the surplus to the IT reserve.

4. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2016 was 122% of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly. As a 4-year average the general reserve was 115% (the reserve percentage is calculated using an average of four years' regular annual expenditure, as agreed at the 2012 General Assembly).

Council has retained the €25,000 events reserve, for the reasons set out in detail in the Finance Paper to the 2012 General Assembly. In essence, this recognises the risk of organising events, particularly in the current economic climate. Council suggests that the reserve will be maintained at €25,000.

As mentioned earlier, in 2013 Council introduced a reserve for IT, recognizing that an effective IT Policy and Infrastructure is vital to FIG going forward and €25,000 was reserved in the 2013 accounting. IT can be large investments, and could be difficult to provision from normal yearly budget. In 2014 the reserve was increased with €25,000 to €50,000 since there was a surplus of the accounts and again decreased in 2016 with 20,000 to 30,00 due to larger investments and a deficit of the overall result. Since the final result 2016 shows a surplus Council suggests, according to their intentions last year, to increase the reserve again back to the €50,000 level.

The reserves are held in low risk investments and on bank accounts, in line with the policy agreed by the General Assembly. Any transfer of the reserves requires approval by two persons, one of whom being the Council member responsible for finance and administration.

5. Subscriptions 2019

The 2016 General Assembly approved membership fees as follows:

Year	Per capita fee	Minimum fee	Maximum fee
2018	€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 (whichever is greater)	5,500 members (€24,640)

In the light of the budget and the current development, Council has decided to increase the membership fee for 2019 and onwards. Council is conscious of the economic condition that members are operating under and in particular member's challenges with their national membership and budgets. Council wishes to respect this as well and both Council and FIG Office will continue to be prudent in its financial management. Fees for member associations have not increased since 2012. Council proposes to increase the fee to €4.80 per member (from 4.48) which is a 8% increase.

Council has agreed to increase the membership fees for Affiliate Members to € 790 EUR (from 760) which is a 6% increase.

Council has initiated a Task Force to work on how to attract corporate members and the hope is to increase the fees received by corporate members to limit the deficit or turn it into a positive result.

Year	Per capita fee	Minimum fee	Maximum fee
2019	€4.80 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 €2.40 member up to a maximum of 5,500 members.	25 members or €50 (whichever is greater)	5,500 members (€26,400)

6. Conclusion

Council continues to monitor and manage its finances prudently and believes that the budget proposed is realistic. Council is aware that it is not optimal to suggest an increase in fee, but that it is now necessary to be able to keep the current activity level and standard. Council will allow appropriate decisions to be made on levels of operational and developmental expenditure, to ensure the continuing sustainability, efficiency and effectiveness of FIG. Council thanks all members who have paid the annual membership fees promptly.

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