



Agenda item 7(i): Financial Update

Proposed Recommendations

The PIDC Regular Annual Meeting is invited to:

- a) **note** the Secretariat's financial performance for the 2021/2022 financial year as at 30 June 2022;
 - b) **acknowledge** the continued financial support provided by Principal Donors, Host Country and Members;
 - c) **note** the end of the three-year funding agreement between Australia and the Secretariat which comes to an end on 30 June 2022 and the ongoing discussions for a new funding agreement;
 - d) **note with appreciation** the end of the two-year funding agreement between Australia and the Secretariat for COVID-19 Support Programme at the end of 30 June 2022 and the continuation of the utilisation of these funds for remaining COVID-19 and pandemic resilience related activities;
 - e) **note** the expenditure breakdown provided on Annex 1 as at 30 June 2022; and
 - f) **note** the Members Contribution Fund update.
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Purpose

The purpose of this paper is to brief Members on the financial performance of the PIDC Secretariat for the period 01 July 2021-30 June 2022.

Background

2. The financial update is provided at Board Meetings and Regular Annual Meetings as a standing agenda item to inform the Board and Members of the current state of PIDC finances. All figures are represented in Samoan tala (WST) unless specified otherwise. In the last Board Meeting the Board have agreed for the new Finance template (**Annex 1**) to be the new financial reporting format going forward as it provides a detail snapshot of the Secretariat's finances for the whole current financial year. This is to help the Board and Members in providing better informed decision making.

Overall Performance

Financial Activity

Solvency Analysis

3. As required under the financial regulation 10.7 in mitigating foreign currency risk exposure and to ensure that the Secretariat is able to meet its current and long-term obligations, a solvency analysis is undertaken in order to measure the ability of the

organisation to meet its long-term debts. A solvency ratio that is higher than 20% is considered to be financially sound. A solvency analysis is undertaken using the formula:

$$\text{Solvency ratio} = (\text{After Tax Net Profit} + \text{Depreciation}) / \text{Total Liabilities}$$

4. The solvency ratio for PIDC for the fourth quarter ending 30 June 2022 was:

Ratio		Comments
Solvency Ratio	59%	Higher than 20% financially sound
Currency Ratio	2.6	Higher than 1% shows its able to meet its short-term obligations.

Overall Performance

5. The Secretariat is currently in a sound financial position with the multi-year funding secured with its major donors New Zealand, Host Country Samoa with the exception of Australia's Department of Home Affairs. The multi-year funding agreement between the Secretariat and Australia concludes at the end of the current financial year and the Secretariat is currently working with Australia to finalise a new multi-year funding agreement at an existing level.

REPORTING PERIOD: 01 JULY 2021 – 30 JUNE 2022				
	Notes	Budgeted	Actual	Variance
REVENUE	A			
AUSTRALIA		950,000	949,263	737.00
NEW ZEALAND MFAT		660,000	692,119	32,119
NEW ZEALAND MBIE		305,000	325,514	20,514
HOST COUNTRY SAMOA		90,000	90,698	698
MEMBERS CONTRIBUTION		109,000	166,908	57,908
DEFERRED INCOME		1500,000	1500,000	
TOTALS		3,614,000	3,724,502	110,502.00
EXPENDITURE	B			
SECRETARIAL OPERATIONAL COSTS		980,000	967,446	12,554
COVID -19 SUPPORT		553,672	361,245	192,427
OVERSIGHT & REPORTING-BOARD MEETING& RAM		400,000	229,044	170,956
CAPITAL EXPENDITURE & STAFF DEVELOPMENT		60,000	48,828	11,172
CONSULTANCIES		150,000	142,095	7,905
USP POST GRADUATE PROGRAMME COHORT FUNDING		120,000	38,857	81,143

OTHER PROGRAMME ACTIVITIES		960,328	330,903	629,425
TOTALS		3,224,000	2,118,418	1,105,582

A. Revenue

6. For the period 01 July-30 June 2022, the Secretariat received a total of \$2,224,502 revenue which was 5% more than the budgeted. This is mainly due to the outstanding Members contributions received of \$57,908 and the donor contributions currency gains from the contributions received. The above revenue excludes the carry forward amount of \$1,500,00 which consists of \$553,672 of the COVID-19 Programme Support funds with the funding agreement coming to an end on 30 June 2022 but with remaining funds being utilised in the new financial year.

Members Contributions Fund Update

7. Members have been engaged with Secretariat regarding their current and outstanding contributions. So far, the Secretariat has already received 84% of the Members contribution that is due for the current financial year. The Secretariat is very grateful to all Members who have already paid for their Membership contribution in for the current financial year and also the previous outstanding years.

8. The Secretariat will continue to work with individual Members to follow up on their outstanding contribution. It should be noted that only one Member has a previous year outstanding contribution that is yet to be paid. Members have been active in ensuring that their contributions are paid.

9. These Aged Debtors as at 30 June 2022 are shown in the table below.

			Total		
	Outstanding Membership Contribution as at 30 June 2022	NZD\$	WST (current year)	WST (prior year)	Total
1	American Samoa	2,100.00	3,227.56		3,227.56
2	Federated States of Micronesia	2,100.00		3,564.76	3,564.76
3	Niue	2,100.00	3,498.78		3,498.78
4	Solomon Islands	4,200.00	6,931.55		6,931.55
5	Tonga	3,150.00	2,320.25		2,320.25
6	Tuvalu	2,100.00	3,498.78		3,498.78
	Subtotal	\$15,750.00	19,476.92	3,564.76	23,041.68

B. Expenditure

10. Total actual expenditure incurred for the period 01 July – 30 June 2022 total to WST \$2,118,418 being 34% less than the approved budget. This is mainly due to the planned programme activities not being implemented because of border closures which affected a lot of the face-to-face meetings and in country technical support.

Cash flow and Forecast

11. Closing bank balance as at 30 June 2022 WST 1,754,000. There are currently committed expenses of \$174,000 for the current Regular Annual Meeting which includes airfares and accommodations for Members that are yet to be reflected when this report was finalised. Expenditure for the next four months is forecasted to be WST600,000. The Secretariat will have sufficient cash flow to meet its obligations for the next three months.

12. Members will note that there are a number of planned activities that will impact the PIDC budget in the next financial year. Firstly, the Secretariat and Human Resource Committee are working towards the Stock take review for the Secretariat and at the same time working to recruit the New Head of Secretariat before the end of the year.

Forecasted Income & Expenditure for the next 3 months (July-Sept 2022)

1	Income	360,000
2	Expenditure	
2(a)	Operation costs	300,000
2(b)	COVID-19 Support	50,000
2(c)	Programme Activities	250,000
	Total forecasted Expenditure	\$600,000