



Pacific Immigration Development Community

2021 Regular Annual Meeting & Special General Meeting

29/30 June 2021 – Samoa Time (Videoconference)

Agenda item 4 (b) (i): Financial Update

Proposed Recommendations:

The PIDC Regular Annual Meeting is invited to:

- a) **note** the financial performance of the Secretariat;
- b) **welcome** the continued financial support provided by Principal Donors, Host Country and Members;
- c) **note** the conclusion on 30 June 2021 of the New Zealand's Ministry of Foreign Affairs and Trade funding agreement originally signed in 2019 and the current progress made in negotiating a second multi-year funding agreement;
- d) **thank** and **acknowledge** Samoa's commitment under the Headquarters agreement to continue to fund PIDC Secretariat's monthly utilities and rental obligations;
- e) **note** the aged debtors;
- f) **note** the expenditure breakdown provided;
- g) **note** the successful completion of the external audit for the financial year ended 30 June 2020 under the leadership and guidance of the Chair and Board; and
- h) **note** the unqualified opinion expressed by the External Auditor.

Purpose

The purpose of this paper is to brief Members on the financial state of the PIDC Secretariat for the period 01 July 2020- 31 May 2021.

Background

2. The financial update is provided at Board Meetings and Regular Annual Meeting 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.

Overall Performance

3. The PIDC is currently in a sound financial position with multi-year funding secured with its major donors Australia, New Zealand and host country Samoa with the exception of New Zealand's Ministry of Foreign Affairs and Trade (MFAT). The multi -year New Zealand MFAT funding agreement with PIDC concludes at the end of the current financial year and the Secretariat is currently working with New Zealand MFAT to finalise a bid for a new multi-year funding agreement at existing levels. Significant support for this work has been received from New Zealand MFAT Staff.

Solvency Analysis

4. As required under financial regulation 10.7 to ensure that the Secretariat is able to meet its current and future obligations, a solvency analysis is undertaken in order measure the ability of an organisation to meet its long term debts. As a general rule of thumb, a solvency ratio that is higher than 20% is considered to be financially sound. Generally, a lower solvency ratio reflects a higher probability of the company being on default with its debt obligations. PIDC Secretariat undertook a solvency analysis using the formula: **Solvency ratio= (After Tax Net Profit + Depreciation)/Total Liabilities**. The solvency ratio for PIDC for

the last quarter ending 31 May 2021 was 564% indicating that the organisation is in a financially sound position.

A. Revenue

	NOTES	BUDGETED	ACTUAL	VARIANCE
REVENUE	A			
AUSTRALIA		938,560	929,664	8,896
NEW ZEALAND MBIE		304,000	302,312	1,688
NEW ZEALAND MFAT		660,000	620,320	39,680
HOST COUNTRY -SAMOA		90,627	82,500	8127*
MEMBERS CONTRIBUTION		108,729	58,821	49,908
DEFFERRED INCOME		1,288,560	1,288,560	-
TOTAL		3,390,476	3,282,177	108,299
EXPENDITURE	B			
SECRETARIAT OPERATIONAL COSTS,		1,210,000	906,654	303,346
COVID-19 SUPPORT		440,000	379,517	60,483
OVERSIGHT & REPORTING- BOARD MEETINGS & RAM		380,000	14,237	365,763
CAPITAL EXPENDITURE		35,000	25,300	9,700
CONSULTANCIES AND ONLINE SUPPORT PROGRAMMES		200,000	196,140	3,860
USP POST GRADUATE PROGRAMME-COHORT FUNDING		115,000	101,183	13,817
TOTALS		2,380,000	1,623,031	756,969 (32%)

5. For the period 1 July 2020-31 May 2021, the Secretariat received a total of \$1,993,617 revenue which was 3% less than budgeted. The variance of \$108,299 is made up of (a) foreign exchange difference from donor contributions (\$50,264); and (b) unpaid members contributions (\$49,908) with the balance of *\$8127 that is outstanding contribution from Host Country for the office rent and utilities for the end of the financial year. The above revenue includes a carry-forward amount of WST 1,288,560 which comprised of WST 432,560 operational surplus and Australian Government funding of AUD 500,000 (WST 856,000) which was paid in June 2020 and booked as deferred income. This funding is to be used over a 24-month period to support PIDC and its membership to adapt to the new operational environment due to COVID-19.

6. During the financial year the New Zealand Ministry of Business Innovation and Employment (NZ MBIE) signed a three-year funding agreement concluding 30 June 2023. Members will note that this is the first time a multi-year funding has been signed with NZ MBIE. The Secretariat thanks the continued support provided by NZ MBIE to the PIDC membership.

7. New Zealand's Ministry of Foreign Affairs and Trade² (NZ MFAT) three year funding agreement will conclude on 30 June 2021. The Secretariat is currently working with NZ MFAT to secure another multi-year funding package to support the organisation.

8. The Secretariat acknowledges the continued support from Samoa in fulfilling its role as Host Country under the Headquarters agreement which includes funding of the rental of the Secretariat's office space and utilities of \$82,500 in addition to the payment of its annual Members contribution.

9. Membership contributions received during the current financial year as at 31 May 2021 are as follows:

		Membership contributions received		
	Tier	current financial year	Currency (NZD)	WST
1	1	French Polynesia	5,250	8,912
2	1	Samoa	5,250	8,912
3	2	Fiji	4,200	7,130
4	2	Cook Islands	4,200	7,130
5	3	Tonga	3,150	5,347
6	4	Nauru	2,100	3,565
7	4	Niue	2,100	3,565
8	4	FSM	2,100	3,565
9	4	Tuvalu	2,100	3,565
10	4	American Samoa	2,100	3,565
11	4	Tokelau	2,100	3,565
		Totals	34,650	58,821

		Outstanding Membership Contributions as at 31 May 2021			
Nos	Tier		NZD (current year)	WST	WST (prior years)
1	1	New Caledonia	5,250	8,912	
2	1	Papua New Guinea (PNG)	5,250	8,912	9,196
3	2	Solomon Islands	4,200	7,130	7,130
4	2	Vanuatu	4,200	7,130	
5	3	Kiribati	3,150	5,347	5,347
6	3	Republic of Marshall Islands (RMI) ¹	3,150	5,347	10,359
7	4	Federated States of Micronesia (FSM)			3,565
8	4	Palau	2,100	3,565	
9	4	Wallis & Futuna	2,100	3,565	
		Subtotals	29,400	49,908	35,597
		Totals WST	\$85,505.00		

10. Total outstanding for Members' Contribution stands at WST 85,505 of which, WST 35,597 relates to prior years outstanding. At the time of writing this report five of the Member countries have already sent through their confirmation to the Secretariat reconfirming their commitment to organising the payment of their outstanding contributions before the end of the current financial year. The Secretariat will continue to work with individual members in trying to follow up on the outstanding membership fees.

B. Expenditure

11. Actual expenditure incurred for the period 01 March – 31 May 2021 totalled to \$492,337 being 22% less than budgeted. The overall expenditure for 01 July 2020 – 31 May 2021 shows a variance of 32% compared to the allocated budget. Border closures have affected normal programs including face to face workshops, Board meetings RAM and other face to face meetings. Expenditure breakdown by project is attached as part of ANNEX ONE. The table below shows the expenditure details by each activity compared to the approved budget.

Cash flow and Forecast

12. Closing bank balance as at 31 May 2021 is 1,678,880. The Secretariat will have sufficient cash flow to meet its obligations before the closing of the current financial year. Members will note that from the closing cash balance above there are \$470,000 of COVID funding that carry over to the second year as per the funding agreement, \$380,000 is the Secretariat's two months expenses for the new financial year and the balance of \$649,000 are the underspend programme activities that will continue into the new financial year. This underspend includes activities that are currently being implemented but will only be

¹ The Secretariat is working to resolve a banking error made when RMI Treasury forwarded their contribution to the PIDC's old bank account in Fiji.

completed in the new financial year. The balance of \$179,880 refers to expenditure that is committed for June before the closing of the financial year. The breakdown of the carryover surplus is detailed below.

Date	Description	Amount
31 May 2021	Closing cash balance	1,678,880
	COVID- funding 2 nd year	470,000
	Secretariat's 2 months carryover	380,000
	Underspend programme activities (includes current projects being implemented but to be completed in the next financial year)	\$649,000
	Forecast June Expenditure	\$179,880
	Total	1,678,880



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ANNEX ONE

A. Expenditure by Projects shown below:

1. Breakdown of expenditure for the reporting period 01 March 2021 – 31 May 2021 shown below as follows including the year to date for the current financial year from 01 July 2020- 31 March 2021:

	Activities	Budgeted March-31 May 21	Actuals March-31 May 2021	Variance	%	Year to date (YTD) 01 July 2020- 31 May 2021	Compared to approved budget (YTD)	% Variance
1	Secretariat Operational cost	325,000	312,534	12,466	10%	906,654	1,210,000	25%
3	COVID-19 Support	110,000	106,501	3,499	3%	379,517	440,000	14%
4	Oversight & reporting- Board Meetings & RAM	95,000	3,306	91,694	96%	14,237	380,000	96%
5	Capital Expenditure	15,000	13,380	1,620	11%	25,300	35,000	28%
6	Consultancies and technical support	50,000	35,551	14,449	29%	196,140	200,000	2%
7	USP Post Graduate Programme- Cohort funding	39,000	21,065	17,935	46%	101,183	115,000	12%
	Total WST	634,000	492,337	141,663	22%	1,623,031	2,380,000	32%

1) Negative percentage means budget project activity is overspend and the positive means budget underspend.



Agenda item 4 (b) (ii): Financial Update- External Audit report

Purpose

The purpose of this paper is to brief Members on the successful completion of the audit and present the audited Financial Statements for the financial year ended 30 June 2020.

Background

2. As required under the Financial Regulation 12, an annual audit is required to be undertaken by a reputable External Auditor every year with the Boards approval. Currently BDO is the External Auditor for PIDC in which their contracts ended on 30 June 2021.
3. PIDC achieved another milestone with the External Auditor with an outcome being an unqualified opinion with no issues or errors to report.

External Audit Outcomes

4. The external audit for the financial year ended 30 June 2020 successfully concluded on 10th December 2020 with the signed completion letter (Attachment one), Report to Management (Attachment two) and the Audited Financial Statements (Attachment three) received from Auditors.
5. The 2020 Audit Report to Management provided a summary of the key findings from the External Auditor BDO, for the year ended 30 Jun 2020. Members should note that the External Auditors did not report on any key issues as they have noted a markedⁱ improvement in the financial procedures compared to previous years.

ⁱ External Audit Report to Management 30 June 2020 page 8