



Agenda item 3 (b): Financial Update

Proposed Recommendations:

The Board is invited to:

- a) **note** the financial update provided by the Secretariat for the period 01 July 2021 to 30 October 2021;
- b) **note** the signing of another new 3-year funding agreement with New Zealand Ministry of Foreign Affairs effective 2021-2023;
- c) **acknowledge** the continued financial support provided by PIDC Members and major donors Australia, New Zealand, and Samoa as Host Country and Members;
- d) **acknowledge and thank Members** for making timely payment to the annual membership contributions;
- e) **note** the update of the Membership Contribution Fund; and
- f) **note** the expenditure breakdown provided as at 31 October 2021.

Purpose

The purpose of this paper is to brief the Board on the Financial performance of the Secretariat for the period of 01 July 2021 – 30 October 2021.

Background

2. The financial update is provided at Board Meetings as a normal standard agenda item to inform the Board of the current state of PIDC finances. All figures are represented in Samoan tala (WST) unless stated otherwise.

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 an 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:

Solvency ratio= (After Tax Net Profit + Depreciation)/Total Liabilities.

4. The solvency ratio for PIDC for the first quarter ending 30 October 2021 was 85%.

Ratio		Comments
Solvency Ratio	85%	Higher than 20% financially sound

Currency Ratio	3.3	Higher than 1% shows its able to meet its short term obligations.
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Overall Performance

5. For the period 1 July 2021 - 30 October 2021, the Secretariat received 87% less revenue than budgeted while expenditure remains 38% below budget. Revenue received was mainly from Members Contribution. The Secretariat maintained a healthy balance of WST 1,344,929 as at 31 October 2021.

REPORTING PERIOD: 1 JULY 2021 – 30 OCTOBER 2021				
	Notes	Budgeted	Actual	Variance
REVENUE	A	706,289	93,178	613,111 (87%)
EXPENDITURE	B	852,000	528,185	323,815 (38%)

A. Revenue

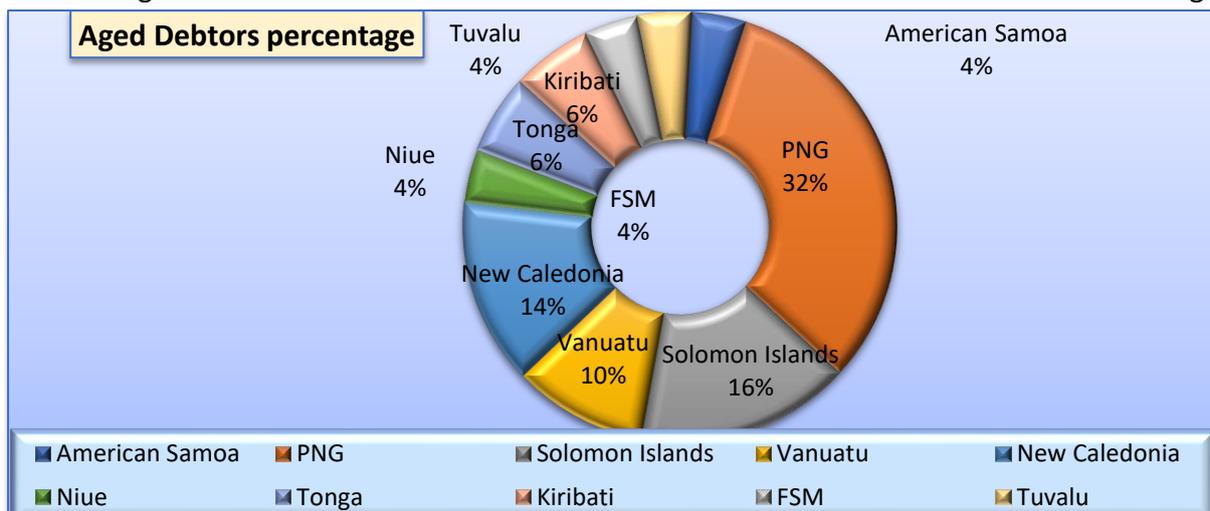
6. Donor Funding - The Secretariat signed a new 3-year funding agreement between New Zealand Foreign Affairs and Trade (MFAT) for the continuation of funding agreement effective 2021-30 June 2023. The funding levels remains at the existing levels of NZD\$400,000 per financial year. At the time of writing this report we have received the first payment of NZD\$400,000 for the current financial year earlier this month. (This sum will be reflected in the next Board report).

7. Currently the Secretariat is in the process of invoicing Australia for the quarter three & four funding allocation of AUD\$250, 000 and also NZ MBIE for the NZD\$180,000 for the current financial year 2021/2022.

Members Contributions Fund Update

8. Members have been engaged with the Secretariat regarding their current and outstanding contributions. So far the Secretariat has already received 51% 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 for the current financial year.

9. The Secretariat will continue to work with individual Members to follow up on their outstanding contribution. It should be noted that **ALL** Members with outstanding



contributions have each reached out and promised payment. Several have indicated that our invoice dates conflict with their financial year ending. One member has an internal technical issue that needed to be resolved internally before payments can be effected.

10. These Aged Debtors as at 31 October 2021 are shown in the table below.

	Members Contribution	NZD\$	Total		Total
			WST(current year)	WST (prior year)	
1	American Samoa	2,100.00	3,753.83		3,753.83
2	Federated States of Micronesia	2,100.00		3,564.76	3,564.76
3	Kiribati	3,150.00		5,597.82	5,597.82
4	Niue	2,100.00	3,753.83		3,753.83
5	New Caledonia	7,350.00	13,138.40		13,138.40
6	Papua New Guinea	5,250.00	9,384.57	18,769.13	28,153.70
7	Solomon Islands	4,200.00	7,507.66	7,507.66	15,015.32
8	Tonga	3,150.00	5,597.82		5,597.82
9	Tuvalu	2,100.00	3,753.83		3,753.83
10	Vanuatu	4,200.00	9,384.57		9,384.57
	Subtotal	\$35,700	56,274.51	35,439.37	91,713.88

B. Expenditure

11. Total actual expenditure incurred for the period 01 July – 31 October 2021 total to WST \$528,185 being 38% less than budgeted. Expenditure breakdown by project are attached as **Attachment One**. The table below shows the expenditure details by each activity compared to the approved budget.

Expenditure by Projects shown below

12. Breakdown of expenditure by projects for the reporting period 01 July – 31 October 2021 shown below:

	Activities	Budgeted	Actuals	Variance	% variance
1	Salaries & Operation costs	466,596	332,549	134,047	29%
2	COVID-19	173,404	50,817	122,587	71%
3	Consultancy	95,000	55,036	39,964	42%
4	USP Post Graduate Programme	37,000	26,889	10,111	27%
5	Foreign Currency Gains/Losses	50,000	40,947	10,947	22%
6	Staff Training	30,000	21,947	8,053	27%
	Totals	852,000	528,185	323,815	38%

Cash flow and Forecast

13. Closing bank balance as at 31 October 2021 is WST 1,344,929. Expenditure for the next four months is forecasted to be WST1,180,000. The Secretariat will have sufficient cash flow to meet its obligations for the next four months.

Forecasted Income & Expenditure for the next 4 months (November-February)

1	Income	1,516,000
2	Expenditure	
2(a)	Operation costs	460,000
2(b)	COVID-19	200,000
2(c)	Programme Activities	520,000
	Total forecasted Expenditure	\$1,180,000