

2018 GENERAL ASSEMBLY

FINANCIAL ISSUES (INCLUDING 2017 ACCOUNTS, 2018-21 BUDGETS AND 2019 AND 2020 SUBSCRIPTIONS)

1. Introduction

This paper provides the General Assembly with an update on FIG's financial progress in 2017, the Council's amended proposed budgets for 2018-20 and an indicative budget for 2021, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2017 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 events reserve from €25,000 to €50,000 using part of the surplus from 2017.
- Endorse the budgets for 2018-21, at Annex C to the General Assembly agenda.
- Approve member association subscription levels for 2020, set out in section 5 of this paper.

2. A commentary on FIG income and expenditure for 2017

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.

2017 was the third year for the current Council. Council and FIG Office have continued to act prudent and with cost containment measures. There was a budgeted surplus of €3,250, however the final result shows a surplus of € 64,543 which is caused by several factors and will be explained in this paper.

Key measures 1 and 2 were held – however key measure 3 has for the later years been above the desired level. There was a surplus of regular income over regular expenditure of €64,313 (Key measure 1). This is a high surplus which is a result of:

- Income from the Working Week and other events higher than expected
- Large savings in administrative costs
- Currency difference adjustment
- Some planned publications for 2017 will instead be finalised in 2018
- Decreased provision for doubtful debt

As always, expenditure was monitored closely. Key measure 2 is 125% seen over the period 2016, 2017 (actual results) 2018 and 2019 (budgets). Key measure 3 was 145%. General reserve

as % of annual total expenditure was also 145%. This is high and will most likely be aligned over a 4-year term, especially with an upcoming Congress year. Savings will be less in the coming years.

The finances are solid, and it is a good sign that it is possible to increase the reserves, and be prepared for possible less healthy years.

Income

Income from membership subscriptions was almost €10,000 lower than budget however almost €15,000 higher than the 2016 result. Membership fees from Member Associations were €10,000 higher than in 2016. Membership fees from Affiliate members and Academic members were as budgeted whereas the membership fee from Corporate members were at the same level as 2016, although there was a budgeted expectation of an increase of €5,000. Write offs were again in 2017 high, in total €50,000 which was even higher than 2016 (32,000). This means that we have had several expulsions and members who have not paid their membership fee in full. The positive aspect is that there are less members in arrears, and with smaller amounts which also meant that the provision for doubtful debt had to be written down with €20,000. This is one of the reasons for the high final result, because it has added 20,000 to the final result.

Financial income was in 2017 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 2017 a capital gain on investments was noted. Today some of the FIG accounts give 0 % interest, and we have had to accept negative interest rates in 2017 on EUR accounts. This will remain for 2018 and will most likely also be applicable for the DKK and USD accounts.

In total the regular income for 2017 was almost €10,000 lower than budgeted, however a slight increase of €2,000 compared to 2016.

Arrears

Arrears at the end of 2017 have decreased significantly. The arrears are down to €51,000. This is still remarkably high but compared to previous years it is a decrease of more than €50,000 from 2016, and a decrease of 100,000 compared to 2014, and is a very positive development. Hopefully this is a positive trend, and that it will remain to decrease in the coming years. Arrears solely for 2017 was €36,000 which again is half of what the arrears were one year ago (€62,000). This also means that the older arrears (before 2017) have successfully been decreased significantly compared to previous years. Arrears from earlier than 2017 is now down to €15,000 compared to almost 50,000 last year. It is positive that the older arrears have decreased significantly, which will also result in less expulsions.

Council still requests all members to pay their membership subscription promptly. The current size of the arrears still mean that a significant portion of FIG's reserve holdings is being used to fund FIG cash flow.

Expenditure

Total regular expenditure was €346,658 which is €62,842 below budget, and €31,735 below the 2016 result (€378,393). This is quite low and is exceptional for 2017 due to a savings in administration costs, especially office costs. This is another reason for the high overall result.

Hereto there have been a carefully monitored and conservative handling of expenditure in general. The costs cannot continue to be kept as low as in 2017.

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 €10,000 below 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 €64,313 which is €54,063 over budget.

The final result 2017 which also includes projects and development costs and income shows a surplus of €64,543 which is €47,723 over budget. Developmental expenditure was lower than expected and further to this there was a not expected extra 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. The development could in 2017 be kept within budget. Last year the General Assembly agreed to increase the IT reserve which means that future larger investments can be covered with the budget and if needed part of the reserve.

FIG Council proposes to increase the events reserve from € 25,000 to € 50,000. The instability around the world makes it difficult to find conference destinations that are without risks; this can be natural disasters, instability, and other occurrences that are impossible to predict 4 years ahead when a Working Week or Congress destination is elected. It is to be noted that a larger part of the regular income is coming from the conference activities, and key measure 1 and the final result are therefore more vulnerable. With the increased reserve the risk for the annual result is reduced. With this change the final surplus is **€ 39,543**.

At the end of year, FIG's total reserve stood at € 601,664 and the general reserve (total reserved deducted IT and Events reserves) amounts to € 501,664 which is 145% of regular annual expenditure.

3. Budgets 2018-21

Annex C to this paper presents proposed revised budgets for 2018, 2019 and 2020 and a proposed budget for 2021. 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 risks around the level of income from subscriptions in the on-going economic situation. The levels of arrears has decreased which is a positive development, but the remaining amount shows 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 2017 General Assembly are:

- Subscriptions are held close to the 2017 final result in light of resignations and 2017 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 the General Assembly has accepted 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
- Financial income has been decreased since FIG will now have to pay negative interest rate not only on the EUR accounts but also DDK and USD accounts
- Administrative costs have been further reduced wherever possible but cannot be held as low as the 2017 result;
- Since 2018 is a congress year expected expenses for travel and costs for publications is higher
- 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 2019 will make it possible to meet key measure 3.

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 Support 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.
- Assisting FIG Events and Support Manager (Martine Eelderink, the Netherlands), has been in the office 1 October 2017 – 31 May 2018 replacing Claudia Stormoen during her maternity leave.

Claudia Stormoen went on maternity leave in August 2017 and returned on a full-time basis in April 2018. In the meantime Martine Eelderink has been in the office to assist. It has been a possibility for Martine to work with FIG events planning as a preparation for FIG Working Week 2020 in Amsterdam, the Netherlands.

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 was in the FIG office in the period January-July 2017. The third trainee should have been in the office January-July 2018, but due to the changed situation in office and Claudia Stormoen being on maternity leave it was decided to postpone the third trainee until autumn 2018/spring 2019 leading up to the FIG Working Week 2019 in Hanoi, Vietnam.

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, (local registration if in EUR or USD), the website, and international exhibitors; and
- The local organisers will handle the contact with the venue; hotels; the local exhibition; local registrations (if other currency from EUR and USD); 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.

Due to the larger uncertainty around the world it has been suggested to increase the events reserve with €25,000 to €50,000.

IT Development

Since 2015 several major IT projects have been carried through:

- 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 management related features and FIG Conference Web App continued to be enhanced
- 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.
- Introduction of a new mass mailing system.

In the budget 10,000 has been dedicated to IT development. In 2017 it was decided to transfer €20,000 of the surplus to the IT reserve to a total of €50,000 to be prepared if larger IT investments are needed.

4. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2017 was 145% of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly. The main reason for this large percentage is the exceptionally low expenditure for 2017. As a 4-year average the general reserve is 125% (the reserve percentage is calculated using an average of four years' regular annual expenditure, as agreed at the 2012 General Assembly).

Council proposes to increase the €25,000 events reserve with another €25,000, for the reasons described in this paper. In essence, this recognises the risk of organising events, particularly in the current economic climate. Council suggests that the reserve will be increased to €50,000.

Council suggests to maintain the IT reserve at 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 2020

The 2017 General Assembly approved membership fees as follows:

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)

In the light of the budget and the current development the General Assembly decided in 2017 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. The last time fees for member associations were increased was 2012. Council proposes to keep the 2019 rates in 2020.

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
2020	€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. It is positive to show a solid result, and part of the good result stems from

the decreased number of members in arrears which has given the opportunity to write down the provisionally doubtful debt. Another reason was a large savings in administration costs which however cannot be maintained at this low level, and a good event result from several events. 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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