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United States Proposal to Amend the Financial Regulations

The United States is concerned about the difficulties which were encountered at the 1964 Annual Meeting concerning the budget and the expedient that was resorted to in temporarily surmounting them. While the immediate problem was solved, a long term problem remains, including repayment to the Working Capital Fund. In this connection, the United States proposes the following changes in the Financial Regulations:

1) Change the last sentence of Regulation 4. 3 to read: "The balance of the appropriations shall be placed in the Working Capital Fund".

2) Change the first sentence of Regulation 4. 4 to read: "At the end of the twelve-month period provided in Regulation 4. 3 above, the then remaining balance of any appropriations retained shall be added to the Working Capital Fund".

3) Amend Regulation 5. 2 (b) by adding after 'account' and before the semi-colon: ", except from sale of publications".

4) Delete Regulation 5. 2 (d).

5) Amend Regulation 6. 1 by adding after 'income,': "except from sale of publications,".

6) Amend Regulation 6. 2 by changing the period after 'budget' to a comma and adding "and the sale of publications."

7) Amend Regulation 7. 1 by adding: "(d) Funds derived from the sale of publications;"

8) Amend Section VI by adding a new Regulation 6. 6: "During the course of each annual meeting the Commission shall review the amount of funds available in the Working Capital Fund. Insofar as possible the Commission shall attempt to anticipate capital and special expenditures over the succeeding three years and shall attempt to provide for such expenditures from the Working Capital Fund rather than through annual assessments on Members. However, the Working Capital Fund shall be maintained at a level, determined by the Commission, sufficient to finance appropriations in accordance with Regulation 5. 1 and sufficient for use in an emergency".

The net effect of these changes would be slight but important. They would assure the Working Capital Fund a continuing source of revenue without resorting to annual assessments for the purpose. Any funds appropriated but surplus at the end of the fiscal year plus any funds derived from sale of publications would accrue to the Working Capital Fund rather than be used to reduce the amount of the annual assessments on Members. The amount of the budgetary surplus, if any, is generally small (in 1963-64 there was a deficit of \$2,669.24 Canadian, the surplus averaging about \$1,800 during the preceding ten years) and using it in this fashion would have little effect on the annual contributions of any Member. Until recently the funds derived from sale of publications have been slight, amounting to approximately \$3,600 for the five fiscal years 1958-63. Prior to that sales had totalled less than \$800. During 1963-64, however, sales jumped to \$4,116.62. While this amount is slight in comparison with the total ICNAF budget, and while not subtracting it from the annual budget to be assessed would have a slight effect on Members' contributions, it would have had a major effect on the Working

Capital Fund. For example, if maintained at approximately this rate, sale of publications could reimburse the Fund in about two years in lieu of assessing Members, if the Commission should so desire. Thereafter, it could provide for capital or special expenditures of about $10,000, such as for the Survey and Symposium which caused last year's difficulty, every two or three years without affecting the annual budget. Should a large surplus accumulate for any reason, the Commission could decide to use it to finance part of the annual budget and so reduce Members' contributions for the year. The provision for annual review and anticipation of future capital and special expenditures would assure that these funds were under constant control. If these provisions had been in effect in the past, it is estimated that the U.S. contribution would have been increased on the average by less than $200 and that this would have been partially or fully offset by not including capital or special projects in the annual budget. The effect on the contributions of other Members would have, similarly, been slight.

The major benefit of such a plan would be to substantially reduce or eliminate the impact of special or capital expenditures on the annual assessments, which would primarily be confined to financing expenses of a routine nature in operating the Commission on a day to day basis and which would be expected to remain fairly constant over the years. Special endeavours such as the Survey and Symposium would be anticipated, and, it is hoped, funds would be on hand in the Working Capital Fund to finance them. While the costs of such projects are small in absolute terms, the relatively large fluctuations they cause in assessments can cause considerable problems, as last year. The net effect of the proposals on Members' contributions would be nil.

Further, it is believed that these provisions would diminish the chances of a deficit such as occurred last year. If these funds went direct to the Working Capital Fund there would be less temptation on the part of the Secretariat to overspend since a specific authorization would be required to transfer funds from the Working Capital Fund to the General Fund.