



For IEC use only

CAB/957/DV

2011-04-07

INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

SUBJECT

Budget of the IECEx for 2012, for CAB approval

BACKGROUND

Attached is the 2012 budget for IECEx as approved by the Management Committee ExMC, via correspondence.

ACTION

The members of the CAB are invited to approve the IECEx Budget for 2012, by using the automatic voting system on the IEC Technical Server **by 2011-04-28**.



**INTERNATIONAL ELECTROTECHNICAL COMMISSION SCHEME
FOR CERTIFICATION TO STANDARDS RELATING TO EQUIPMENT FOR
USE IN EXPLOSIVE ATMOSPHERES (IECEX SYSTEM)**

Title: Updated Draft 2012 IECEx Budget, for submission to CAB

Circulated to: IECEx Management Committee, ExMC

INTRODUCTION

During the Berlin 2010 meeting of the IECEx Management Committee, ExMC, document ExMC/628/CD (Draft Forecasted 2012 and 2013 Budgets) was considered and endorsed for 2012 subject to the results of the 2010 end of year accounts, refer ExMC confirmed minutes ExMC/642B/RM.

Following receipt of the 2010 IECEx end of year financial results, in February 2011, the IECEx Treasurer and Secretary are pleased to inform Members of an excellent end of year result with a surplus of CHF 123'520.91 being achieved to result in a total end of year contribution to the IECEx General Reserves of CHF 178'220.91. The IECEx General reserves, as at the end of 2010 sits at CHF 692'399.

In receipt of the 2010 end of year results, a review of the 2012 Draft forecast budget detailed in ExMC/628/CD was undertaken by the Treasurer and Secretary.

Given the 2010 end of year results and taking into account the approved 2011 Budget, the review has resulted in very minimal alteration to the draft 2012 budget presented at the 2010 ExMC Berlin meeting.

With this review now completed an updated draft budget 2012 is now submitted for final approval by ExMC, (Column D of Annex A).

This draft budget includes both summary and specific explanations along with Annex A with the budget amounts and Annex B the annual fees calculations, as at February 2011.

As also reported during the Berlin ExMC 2010 meeting, IEC procedures for the approval of budgets for all activities of the Commission require the finalizing of next years IEC System's budgets by end of March for submission to CAB. This requirement is outlined in CAB document CAB/768/Inf.

While the External auditors have successfully completed their audit of the 2010 IECEx accounts the auditor's report is not yet available. Therefore to assist IECEx Members, Column A to the Table in Annex A has been provided to show the end of year figures for 2010, as confirmed by the auditors.

Address:

**SAI Global Building
286 Sussex Street
Sydney NSW 2000
Australia**

Contact Details:

**Tel: +61 2 8206 6940
Fax: +61 2 8206 6272
e-mail: chris.agius@iecex.com
<http://www.iecex.com>**

As demonstrated by the 2010 results, IECEx maintains prudent financial management which includes constant review of income versus expenditure, during the operational year, to ensure that income levels are maintained and any downward adjustments in expenditure are made should income levels fall below budget predictions.

Following a final review of the 2010 Berlin ExMC endorsed 2012 draft budget, the Treasurer and Secretariat provide this document for a final approval by ExMC Members.

We would therefore appreciate you returning the completed voting form to the IECEx Secretariat by the closing date of **28 March 2010**.

Should you have any questions concerning this final updated version (e.g. items in Column D to Annex A) please feel to contact me.

We thank you in respecting the closing date for voting to enable us to have a final budget ready for forwarding to the IEC Conformity Assessment Board, CAB by the due date.

Chris Agius

IECEx Secretariat

E-mail: chris.agius@iecex.com

Fax: +61 2 82066272

Tel: +61 2 82066940



Voting Form

Vote for the acceptance of **Updated Draft 2012 Budget**

Yes. I agree with the updated Draft budget as presented in Colum D to ExMC/661/DV, in light of changes made to the 2012 Forecasted budget document ExMC/628/CD as considered during the 2010 ExMC Berlin meeting

No. I do not agree with the updated Draft budget as presented in Colum D to ExMC/661/DV, in light of changes made to the 2012 Forecasted budget document ExMC/628/CD as considered during the 2010 ExMC Berlin meeting, for the following reasons.

Signature: _____

Name: _____

Member Body: _____

Date: _____

Please complete and return by **Monday 28 March 2011** to:

Mr Chris Agius
IECEX Secretariat

Contact Details:

E-mail: chris.agius@iecex.com

Tel: +61 2 8206 6940

Fax: +61 2 8206 6272

Overview:

This draft budget is presented with explanations to budget items and the following two Annexes:

- Annex A – 2012 Draft Budget details (and includes 2010 end of year audited results)
- Annex B – Details of annual dues calculations, as at February 2011

Annex A is presented with the following columns

A = The end of year 2010 accounts as confirmed by the IEC external auditors, during February 2011.

B = The approved 2011 Budget, as previously approved by both ExMC and CAB and in current use for 2011.

C = The 2012 budget figures as considered during the 2010 ExMC Berlin meeting (ExMC/628/CD extract)

D = The 2012 reviewed amounts as the proposed final budget for 2012, taking into account the 2010 end of year results.

Values in Column D of Annex A are now submitted for final approval.

In accordance with the IEC Finance Department, this budget is presented as a balanced budget.

While ExMC have considered a preliminary Draft 2012 budget during the Berlin 2010 ExMC meeting, (Values from ExMC/628/CD and listed in Column C of Annex A) the Treasurer and Secretary have reviewed these values for a final draft 2012 budget Column D in light of

- The 2010 final end of year figures, as finalized by the IEC external auditors
- Concerns surrounding the current world economic environment
- Introduction of the revised Certificate Fee Charge of CHF 350 for new certificates, as agreed during the 2008 Paris ExMC meeting but agreed to implement from 2010,

Items in Column D identified in **red text** show those items for which the Treasurer and Secretary have revised following end of year 2010 results, resulting in very minimal change to the draft 2012 budget detailed in ExMC/628/CD.

Prudent financial management of the IECEX has resulted in IECEX achieving and maintaining a solid and sound financial position, including the end of year results for the past 6 years resulting in an average annual surplus of **22%** of the annual Income generated with the IECEX General Reserve at end of 2010 now at **CHF 692'399**

The management and control over IECEX operational expenditure has resulted in IECEX continuing to keep operating expenditure below 2010 budget. A copy of the auditor's report of the 2010 IECEX Accounts will be circulated to Members, once available from the auditors. In the absence of an auditors report, amounts listed in Column A of Annex A contained the values approved by the Auditors.

The previous IECEX decision to move more towards a user pay system via certificate fees have resulted in **zero** increase to annual fees for the past **10 years** with a small **decrease** approved by the IECEX Management Committee applied from 2010.

While there is general industry acceptance for a "user pay system" via certificate fees, there is also an industry expectation that the IECEX Schemes continue to be supported by prompt and professional service with a solid technical base.

While the IECEX Equipment Scheme is now entering its 8th year of operation, the issuing of Certificates maintains healthy and sustained annual growth rates with figures at end of January 2011 continuing this trend. While this trend continues, even into January and February 2011, a flattening out of this growth rate during late 2011 early 2012, is factored into the Draft 2012 budget in recognition of the world economic situation, even though there are no indications of this at present.

Therefore in summary the updated 2012 Draft Budget, (Column D of Annex A), provides:

- A Total income of CHF 945'500
- A Total Operating costs of CHF 842'500
- A planned contribution to the IECEX General reserve of CHF 102'500.
- Any surplus to be added to the General Reserves

As discussed during the ExMC Berlin 2010 meeting, the increase in expenditure is in order to cater for increased workload and promotional activities arising from the new IECEX Schemes, e.g. Certified Service Facilities and Certified Persons Scheme plus growth in the existing Certified Equipment Scheme, with inclusion of ISO Standards applicable to the Ex field and the introduction of IEC Standards covering non electrical Ex equipment, re new IEC SC 31M Technical Committee.

The recent formal endorsement of IECEX by the United Nations, via the UNECE is seen as adding further growth to existing as well as new IECEX Schemes.

The notes below provide details to the individual budget items.

General Note

Drafting of the initial 2012 Draft budget, detailed in ExMC/628/CD for the 2010 ExMC Berlin meeting and included as Colum C to Annex A of this Budget, was done so using a conservative approach taking into account the world economic environment. In finalizing the proposed 2012 Budget (Colum D), the Treasurer and Secretary propose to maintain this approach.

As the 2012 Draft Budget is being prepared at the beginning of 2011, the actual end of year figures for 2010 are used as a guide to develop this Draft 2012 budget along with the Approved 2011 Budget.

A complete report with audited 2010 accounts, once available from the IEC external auditors, will be circulated to ExMC and presented to the IEC ExMC meeting in September and then at the 2011 IEC GM, CAB meeting.

1. INCOME

1.1 Item 6000 (National dues)

No significant change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEX 2010 Berlin meeting other than to use the income from annual dues at the level as at February 2011.

Annex B provides an explanation of calculation of the annual dues as at February 2011.

The draft 2012 budget represents an **11th consecutive** year of no increase in annual fees.

1.2 Item 6020 (Application Fees)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEX 2010 Berlin meeting, noting that application fees are a one-off fee for new countries and ExCBs and ExTLs and considered as a contribution in recognition of other IECEX Members that have been paying annual fees and their participation to develop the IECEX Scheme to its current position.

1.3 Item 6110 (Sales of publications)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEX 2010 Berlin meeting, noting that a new edition of the IECEX Bulletin is currently being prepared and planed for publication during the 1st quarter 2011.

1.4 Item 6200 (Interest)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting,

1.4 6400 + 6410 + 6420 (Certificate fees)

A small upward adjustment to CHF 550'000 is proposed only for item 6400 (Certificate Fees Equipment Scheme) given that the 2010 annual accounts resulted in CHF 494'000 income from Certificates for the Equipment Scheme alone.

An upward adjustment has also been included for Item 6410 (Certified Service Facility Scheme) given that the 2010 annual accounts resulted in CHF 32'250 income with continued growth in issued certificates as noted from the On-line Certificate system.

No change proposed for income from the Certified Persons Scheme as provided for in ExMC/628/CD, and discussed during the IECEEx 2010 Berlin meeting,.

1.6 Item 6900 (Other Income)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting, Other income may include income from the IECEEx Secretariat involvement in ExCB/ExTL assessments.

1.7 Item 6950 (Assessment fees Administration)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting. This amount covers the administration fee for the processing of invoicing of IECEEx Assessments and re-assessments of ExCBs and ExTLs. There is a CHF 50 Invoice fee charged for processing invoices from assessments.

2. EXPENDITURE SUMMARY

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting, other than a proposed increase to the portion allocated to build the IECEEx General Reserve, due to the expected increase in income from certificate fees,

In line with prudent financial management, the budget is subjected to constant on-going review during the operational year, noting that provision is made for downward adjustment of certain items should income levels fall below budget predictions.

2.1 Item 40000 Personnel costs

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting and is in line with the approved 2011 budget, allowing for some minor increase in personal cost,

2.2 Item 47100 (Office Equipment)

While the 2010 annual year saw a total of equipment costs reach CHF 24'197.83, this was the result of one off costs associated with the Secretariat acquisition of

- Special ID Card printer required for the new IECEEx Certificate of Personal Competency Scheme
- Upgrading of computers for all IECEEx Secretariat staff

There are no significant expenditure planned during 2012

2.3 Items 47200 (Rent of the IECEEx Secretariat Office)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting, This covers the leasing of the IEC Sydney office of the IECEEx Secretariat and is a single charge covering the provision of a serviced office. This single fee covers rent, cleaning, telecommunications, lighting and power, use of meeting facilities etc. .

2.4 Item 47900 (Misc Legal and audit)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting, This is fairly static no significant increase is expected and includes auditing of IECEEx financial accounts and records

2.5 Item 47920 (Website maintenance)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting,

2.6 Items 48000 (Publicity and Promotion)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting,.

2.7 Item 49000 (Travel and Meeting expenses)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting,

Travel and meeting costs are associated with travel and accommodation of the Secretariat staff and also meeting costs where applicable.

Where possible, travel of the Secretariat is coordinated with that of IECQ to share in travel costs in line with the direction of Central Office, e.g. attendance at CAB meetings (2 per year) plus CAB WG meetings etc.

2.8 Item 48500 (Resources for Special Projects)

No change is proposed to that provided for in ExMC/628/CD, as discussed during the IECEEx 2010 Berlin meeting,.

2.9 Item 50000 (Contribution to the IECEEx General Reserve)

A total of CHF 102'500 is provided to be more realistic of the likely difference between Operational expenses and income ,

Annex A: Proposed updated 2012 budget for the IECEEx (Column D)

Annex B: Breakdown of annual dues

- Figures for Country, ExCBs and ExTLs are based on On-Line Document OD 001 (version Feb 2011). ExCBs + ExTLs include both accepted and candidate Bodies, as per established practice.
- A member country pays the dues for at least 1 ExCB and 1 ExTL this applies even when they are not yet defined or even when there are no applicant or accepted ExCB or ExTL in that country.
- Dues apply to Applicant ExTLs and ExCBs, even if not yet assessed or accepted by ExMC
- The Total dues per country (last column) will be invoiced to the national Member Body, unless the Member Body informs the Secretariat of alternative arrangements. .

Table 1

Annex A – Draft 2012 IECEX Budget (Column D)					
		A	B	C	D
	INCOME	2010 End of Year Accounts	2011 Approved Budget	2012 Draft ExMC/628/CD Considered in Berlin 2010	2012 Final Proposed Draft Budget
		CHF	CHF	CHF	CHF
6000	National Dues	231,250.00	250,000	275,000	234,500
6020	Application Fees	8,000.00	26,000	20,000	20,000
6110	Publications (Include IECEX Bulletin)	3,764.00	13,000	7,000	7,000
6200	Interest, Miscellaneous	2,869.05	5,000	6,500	6,500
6400	Certificate Fee Equipment Program	494,000.00	450,000	500,000	550,000
6010	Certificate Fee Surcharges	15,000.00	included in 6400	included in 6400	included in 6400
6900	Other Income	8,500.00	4,000	5,000	5,000
6410	Certificate Fee Services Program	32,250.00	25,000	50,000	70,000
6420	Certificate Fee Certified Persons Scheme	1,250.00	30,000	50,000	50,000
6950	Assessment Fees Administration	865.59	1,500	2,000	2,000
6960	IECEX Mark Fees	-	0	0	0
Total		797,748.64	804,500	915,500	945,000

	EXPENDITURE	CHF	CHF	CHF	CHF
40000	Personnel Costs (Salaries, Insurance + Pensions) – Total	400,000.00	520,000	550,000	550,000
47100	Office Equipment + Stationery	24,197.83	5,000	10,000	10,000
47200	Serviced Office facilities Rent Equip etc	28,600.00	32,500	70,000	70,000
47900	Miscellaneous, legal audit	4,112.25	10,000	10,000	10,000
47920	Website Maintenance and Development	6,821.00	5,000	7,500	7,500
48000	Publicity + Promotion	12,008.65	40,000	40,000	40,000
49000	Travel + Meeting Expenses	103,198.00	105,000	115,000	115,000
48500	Resources for special projects	40,212.00	25,000	40,000	40,000
49500	Extraordinary Expenses	378.00	0	0	0
Total Operating Costs		619,527.73	742,500	842,500	842,500
50000	Portion allocated to build IECEX Reserves	54700	62000	73,000	102,500
Total Year Budget Expenditure		674,227.73	804,500	915,500	945,000
End of year surplus		123,520.91			
Total end of year contribution to General Reserves		178,220.91			

IECEX General Reserve as At 31 December 2010 = **CHF 692'399**

*Items in Column C, shown in red text, are those that while endorsed during the 2010 ExMC Berlin meeting, have now been adjusted by the Treasurer and Secretary following review during Feb 2011, Refer to **Overview** and Notes for further explanation .

Annex B: Annual Dues Split – Calculator (as at Feb 2011)

Country	Number	Number	Number	Number	Dues Split			
	ExCBs	ExTLs	ExCBs*	ExCBs				
	IECEX 02 Equipment	IECEX 02	IECEX 03 Services	IECEX 05 Persons	National share	Each ExCB	Each ExTL	due per Country

Amount in CHF		3,000	1,250	1,000	--
------------------	--	--------------	--------------	--------------	----

1	AU	3	4	3		3,000	7500	4000	14,500
2	BR	2	1	1		3,000	3750	1000	7,750
3	CA	2	3			3,000	2500	3000	8,500
4	CN	1	4			3,000	1250	4000	8,250
5	CZ	1	1			3,000	1250	1000	5,250
6	DK	1	1			3,000	1250	1000	5,250
7	FI	1	1			3,000	1250	1000	5,250
8	FR	2	2		1	3,000	3750	2000	8,750
9	DE	8	7	2		3,000	12500	7000	22,500
10	GB	6	5	2	2	3,000	12500	5000	20,500
11	HR	1	1			3,000	1250	1000	5,250
12	HU	1	1			3,000	1250	1000	5,250
13	IN	1	3			3,000	1250	3000	7,250
14	IT	2	2			3,000	2500	2000	7,500
15	JP	1	1			3,000	1250	1000	5,250
16	KR	3	3			3,000	3750	3000	9,750
17	MY	0	1	1		3,000	1,250	1,000	5,250
18	NL	1	1	1	1	3,000	3750	1000	7,750
19	NO	1	1	1	1	3,000	3750	1000	7,750
20	NZ	1	1			3,000	1250	1000	5,250
21	PL	2	1			3,000	2,500	1,000	6,500
22	RO	1	1			3,000	1250	1000	5,250
23	RU	1	1			3,000	1250	1000	5,250
24	SI	1	1			3,000	1250	1000	5,250
25	SG	1	1			3,000	1250	1000	5,250
26	ZA	1	1			3,000	1250	1000	5,250
27	SE	1	1			3,000	1250	1000	5,250
28	TR	1	1			3,000	1250	1000	5,250
29	CH	1	1			3,000	1250	1000	5,250
30	US	4	4	1		3,000	6250	4000	13,250

Total		53	57	12	5	90,000	87,500	57,000	234,500
-------	--	----	----	----	---	---------------	---------------	---------------	----------------