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

Title: Draft Budget Forecast for 2010 + 2011

INTRODUCTION

This Revised version of ExMC/471/CD, Draft Budget Forecast has been prepared to provide additional explanation and presentation, following initial responses from some members.

There have been NO CHANGES to the amounts for income or expenditure to those previously detailed in ExMC/471/CD.

A marginal bar indicates text changes included in the body of this updated version and relate to explanatory notes.

Other minor changes include the relocation of end of year surplus figures to follow expenditure and the previous title of Colum "Income" on page 3 changed to "Expenditure"

The intent of this document is to assist in discussions at the ExMC 2008 Paris meeting, noting the new CAB system for approval of Scheme finances via correspondence.

In noting the difficulty in determining a budget so far in advance while the IECEx Scheme is still experiencing growth and development, this Budget Forecast does taken into account the approved budgets of 2008 + 2009 along with Trends and requests from some ExMC Members for a reduction in the National Member portion of the Annual Fees (see notes to the budget forecast). The information contained in the 2008 IECEx Report Card, ExMC/461/R, has also been used to assist in preparing these forecasts.

ExMC Members are also reminded of the ExMC WG13 Recommendations contained in ExMC/469/CD, namely Recommendations 9 + 10 concerning Certificate Fees.

To assist ExMC Members the Colum "2008 Forecast" has been included to provide an indication of how the 2008 year is currently progressing regarding Scheme finances.

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Draft Budget Forecast for 2010 + 2011

	INCOME	2008 Approved Budget CHF	2008 Forecast @ Jul 08 CHF	2009 Approved Budget CHF	2010 Forecasted Budget CHF	2011 Forecasted Budget CHF
6000	National Dues	206,750	211,250	221,000	216,000	220,000
6020	Application Fees	10,000	23,000	20,000	26,000	26,000
6110	Publications (Include IECEx Bulletin)	9,250	9,000	7,500	10,000	13,000
6200	Interest, Miscellaneous	750	1,500	2,000	5,000	6,500
6400	Certificate Fee Equipment Program	205,000	250,000	266,500	350,000	450,000
	Certificate Fee Surcharges	included in Certificate Fee	Included in Certificate Fee	included in Certificate Fee	included in Certificate Fee	included in Certificate Fee
6900	Other Income (e.g. refund of special travel)	10,000	10,000	10,000	13,000	15,000
XXXX	Certificate Fee Services Program	10,000	10,000	20,000	26,000	34,000
YYYY	Assessment Fees Administration		1,000	1,000	1,500	2,000
ZZZZ	IECEx Mark Fees	0	0	15,000	20,000	26,000
						0
	Total	**451,750**	**515,750**	**563,000**	**667,500**	792,500

	EXPENDITURE	2008 Approved Budget CHF CHF	2008 Forecast @ Jul 08 CHF	2009 Approved Budget CHF	2010 Forecasted Budget CHF	2011 Forecasted Budget CHF
40000	Personnel Costs (Salaries, Insurance + Pensions) – Total	280,000.00	280,000.00	308,000	400,400	460,000
47100	Office Equipment + Stationery	5,000.00	5,000.00	5,500	7,150	10,000
47200	Serviced Office facilities providing: Rent, Heating, Cleaning, Computer equipment with IT support, fax and general communication	13,000.00	13,000.00	25,000	25,000	32,500
47900	Miscellaneous, legal audit	6,000.00	4,000.00	6,000	7,800	10,000
47920	Website Maintenance and Development	5,000.00	5,000.00	5,500	7,150	9,000

	EXPENDITURE	2008 Approved Budget CHF CHF	2008 Forecast @ Jul 08 CHF	2009 Approved Budget CHF	2010 Forecasted Budget CHF	2011 Forecasted Budget CHF
48000	Publicity + Promotion	15,000.00	10,000.00	25,000	32,500	40,000
49000	Travel + Meeting Expenses	60,000.00	60,000.00	70,000	91,000	115,000
48500	Resources for special projects	30,000.00	25,000.00	36,000	40,000	40,000
50000	Portion allocated to build IECEx Reserves	37,750.00	37,750.00	82,000	56,500	76,000
	Total	**451,750**	**439,750**	**563,000**	**667,500**	**792,500**

	Surplus/(Deficit**)** end of year TOTAL General Reserve (CHF 276,260 at end 2007)	**37,750**	**76,000** +any additional end of year surplus	**82,000** + any additional end of year surplus	**56,500** + any additional end of year surplus	**76,000** + any additional end of year surplus

NOTES

General:

1. The figures for 2010 and 2011 allow for a conservative 18% increase in growth of the scheme, noting that at mid 2008 the Scheme is enjoying a healthy 42% growth rate when compared to 2007.

2. The IECEx Scheme is still undergoing a development and growth phase with the introduction of new programs, now operating
   a. IECEx 02 – Equipment Certification
   b. IECEx 03 – Certified Service Facilities
   c. IECEx 04 – IECEx Conformity Mark

   Noting also work and consideration of the new Certified Persons Program

3. These long range forecasts are only to assist discussions at the 2008 Paris ExMC meeting for long range planning purposes and may be adjusted accordingly on the basis of knowledge at that time and ExMC decisions

4. The forecasts do not take into account the possible income from new programs such as Ex Personnel Certification

5. The Budget forecasts take account of the need for IECEx General Reserve to cover up to 3 years operating expenditure as soon as the income from IECEx services allows, in case of major world event and the request from CAB to have suitable reserves to ensure the on-going sustainability of IECEx should such a major world event occur.

6. The purpose of these forecasted budgets are to assist ExMC in planning for future annual budgets and as such are to be revised and updated accordingly.

Income:

7. Annual fees have not been increased for the past 8 years and while in 2000 annual fees represented 91.6% of total income, for 2007 this dropped to 44%, despite the significant increase in Scheme activity and membership during this time. The budget forecasts for 2010 and 2011 continue with this trend of reducing the reliance on annual fees. The success of generating income from a user pay system has enabled the forecasted budget to propose a reduction in annual dues (see 8. below), which also aligns with comments from some ExMC Members.

8. For 2010 it is proposed that the annual fee for National Member share be reduced from the current CHF 3'500 to CHF 3'000 in line with ExMC policy to reduce reliance on national fees and requests from some ExMC Members, thereby applying the following annual amounts:-

   a) National Share, now reduced to CHF 3,000
   b) ExCB – amount unchanged CHF 1,250
   c) ExTL – amount unchanged CHF 1'000

   Minimum annual fee per country to allow for 1 ExCB and 1 ExTL, even if not active.

9. IECEx Conformity Mark Fees - ExMC are to decide on the course for dealing with Fees associated with use of the IECEx Conformity Mark at the Paris meeting. FOR DISCUSSION AT ExMC MEETING.

10. Item 6400 Certificate Fees: In noting that for 2007 the Certificate Fee from surcharges was CHF 12'500 (6% of the total Certificate Fee received). It is also expected that similar % levels or even less for Surcharges will exist for 2008 (CHF 10'000 @ August 2008) and hence the forecasted budget does not rely on income from surcharges.

    Any adjustment in Certificate fees may enable a revision to the annual fee.

Expenditure:

11. Personnel costs - allows for additional resources to deal with increased workload. It is expected that an additional resource of the Secretariat (at this stage part-time is envisaged) would be required in 2010 and then move to full time in 2011, to deal with the maturity of the new IECEx 03 Certified Service facilities Program as well as the new IECEx Conformity Mark License System IECEx 04. The possible introduction of the new IECEx 05 Certified Persons Program is an additional program that will also require support. In determining the estimate for resources, statistics and Secretariat workload included in the 2008 IECEx Report Card, ExMC/261/R were used for this projection.

12. Office + Equipment costs - to allow for additional resources, if needed

13. Travel costs - Increase to cater for increasing costs of travel and the need for IECEx to be represented at various events + meetings

14. Most other expenditure according to current levels.