



Agenda Item 3.2
For information

Council

CNL(97)8

Budget Commentary

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Budget Commentary

1. In accordance with Article 16 of the Convention and Financial Rule 3.5, the 1998 Draft and 1999 Forecast Budgets have been submitted to the Parties. The Finance and Administration Committee will consider the budgets in detail at its meeting and will submit its recommendations to the Council, which will be asked to adopt the budget. This is a brief general commentary on the budgetary situation.
2. Last year the Finance and Administration Committee reviewed the Organization's financial obligations. Because of financial pressures following the establishment of the Organization, including the purchase of the Headquarters Property, no sum had been set aside to meet other obligations to staff or in relation to the tenants of the Organization. The Committee agreed that sensible financial planning would take these obligations into account and that the Stabilisation Fund should be built so that there is some confidence that the Organization can meet these obligations without any sudden change in budget. The draft 1998 budget includes a payment of £17,250 to the Stabilisation Fund. Even with the inclusion of this payment it represents a reduction in real terms of 0.5%. If the payment to the Stabilisation Fund is excluded, the budget represents a reduction of about 6% in real terms. The draft 1998 budget therefore continues the trend since 1990 of reductions in real terms but includes a significant contribution towards meeting the Organization's obligations.
3. NASCO continues to be in a satisfactory financial situation. The Organization should be able to continue to benefit from reductions in budgets in real terms while building a Stabilisation Fund to ensure that it can meet its future obligations. In addition the Parties own the Headquarters Property, a considerable capital asset which is worth about three times its purchase price and which generates income amounting to approximately 15% of the budget.

Secretary
Edinburgh
8 April 1997