



ExMC/1086/DV
February 2016

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

Title: Final Draft 2017 IECEx Budget, for submission to CAB

Circulated to: IECEx Management Committee, ExMC

INTRODUCTION

During the 2015 Christchurch meeting of the IECEx Management Committee, ExMC, document ExMC/1024/CD (Draft Forecasted 2017 and 2018 Budgets) was considered and endorsed for 2017 subject to the results of the 2015 end of year accounts, refer ExMC confirmed Decisions List ExMC/1072/DL.

Following receipt of the 2015 IECEx end of year financial results, in February 2016, the IECEx Treasurer and Secretary are pleased to inform Members of another solid end of year result which achieved an end of year contribution to the IECEx General Reserves of **CHF 261'952**.

The IECEx General reserves, as at the end of 2015 now sits at **CHF 1'728'741**, which equates to 1.5 x Annual Operating Costs

In receipt of the 2015 end of year results, a review of the 2017 Draft forecast budget detailed in ExMC/1024/CD was undertaken by the Treasurer and Secretary.

Following this review, the Treasurer and Secretary conclude that the 2017 Forecasted Budget presented in ExMC/1024/CD as agreed (Decision 2015/77) during the 2015 ExMC meeting should proceed as the final budget with no adjustment.

With this review now completed the draft budget 2017 is now submitted for final approval by ExMC, (Column D of Annex A), prior to being submitted for CAB Approval.

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 2016. New Annex C, dues breakdown, has been introduced into this year's budget in line with Decision 2015/78 from the Christchurch ExMC 2015 meeting.

We would therefore appreciate you returning the completed voting form to the IECEx Secretariat by the closing date of **24 March 2016**.

Should you have any questions concerning this final updated version (e.g. items in Column D to Annex A) please feel to contact the Secretary and or Treasurer via chris.agius@iecex.com

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.

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Notes to the Draft Budget:

Overview:

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

- Annex A – 2017 Draft Budget details (and includes 2015 end of year audited results)
- Annex B – Details of annual dues calculations, as at February 2016
- Annex C – Breakdown of annual dues split showing ExCBs and ExTLs according to each Country (first time included and due to requests from Members as discussed in Christchurch 2015)

Annex A is presented with the following columns

A = The end of year 2015 accounts as presented to the IEC external auditors, during February 2016.

B = The approved 2016 Budget, as previously approved by both ExMC and CAB and in current use for 2016.

C = The 2017 initial budget figures as agreed during the 2015 ExMC meeting in Christchurch (ExMC/1024/CD extract)

D = The 2017 final Budget amounts as the proposed final budget for 2017, taking into account the 2015 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.

The preliminary Draft 2017 budget agreed during the ExMC 2015 meeting is now presented for final approval taking into account the 2015 final end of year figures, as finalized by the IEC external auditors

Items in Column D are identical to the items in Column C showing that there are no changes proposed to the final draft budget as presented during the 2015 ExMC Christchurch meeting.

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 to achieve a solid IECEX General Reserve at end of 2015 now at **CHF 1'728'741** being **1.5** times the annual Operating costs, noting the target for 3 times annual operating costs as set by CAB.

The management and control over IECEX operational expenditure has resulted in IECEX yet again continuing to keep operating expenditure below 2015 budget. A copy of the auditor's report of the 2015 IECEX Accounts will be circulated to Members, once available from the auditors. In the absence of an auditor's report, amounts listed in Column A of Annex A contain the values as presented to 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 **15 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 13th year of operation, the issuing of Certificates maintains healthy and sustained annual growth rates with figures at end of January 2016 continuing this trend. While this trend continues, even into January and February 2016, it is expected to continue and even increase as we see new IEC SC31M Non Electrical Standards being integrated into the IECEX System.

Therefore in summary the 2017 Draft Budget, (Column D of Annex A), provides:

- A Total income of CHF 1'536'000
- A Total Operating costs of CHF 1'428'325
- A budgeted contribution to the IECEX General reserve of CHF 107'675.

- Any surplus (if achieved) to be added to the General Reserves

As noted during the ExMC Christchurch 2015 meeting, the expense item “Contribution to IEC Geneva Office Costs” covers use by IECEX of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Finance Department
- Others

Of course, as with all expenditure, the monthly accounts are kept under close scrutiny and any downward movement in income results in reviews of expenditure.

The 2010/2011 formal endorsement of IECEX by the United Nations, via the UNECE continues to assist in demand for IECEX Services along with other factors.

The notes below provide details to the individual budget items.

General Note

This final draft budget takes the initial 2017 Draft budget, detailed in ExMC/1024/CD and agreed during the 2015 ExMC Christchurch meeting and following receipt of the end of 2015 accounts, NO changes to the preliminary budget considered in Christchurch is recommended. Hence Column C and D are identical.

This final version adopts a conservative approach of the IECEX Executive taking into account the world economic environment, while recognizing the success and growth of the IECEX Schemes especially in the new areas of Service Facilities and Certified Persons. To assist Members Column C to Annex A of this Budget contains an extract of the initial draft 2017 budget approved during the ExMC Christchurch meeting (ExMC/1024/CD).

A complete report with audited 2015 accounts, once available from the IEC external auditors, will be circulated to ExMC and presented to the IEC ExMC meeting in September 2016 and then at the 2016 IEC GM, CAB meeting.

1. INCOME

1.1 Item 6000 (National dues)

No change to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

Annex B provides an explanation of calculation of the annual dues as at February 2016.

Newly introduced Annex C provides a breakdown of the ExCBs and ExTLs for each country as used to determine the annual dues calculation for each country. This was introduced in response to Decision 2015/78 (ExMC/1072/DL)

The draft 2017 budget represents a **15th consecutive** year of no increase in annual fees.

As per previous practice the calculation of Annual dues is also based on the following:

- Figures for Country, ExCBs and ExTLs are based on On-Line Document OD 001 (version Feb 2016). ExCBs + ExTLs include both accepted and candidate Bodies, as per established practice (reflected in Annex C).
- 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 Annex B) will be invoiced to the national Member Body, unless the Member Body informs the Secretariat of alternative arrangements.

The budget allocates CHF 300'00 for annual dues taking into account new countries and CBs planning to join, eg Belgium.

1.2 Item 6020 (Application Fees)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch 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)

This includes sale of IECEx publications such as Blank ExTRs and the IECEx Bulletin and despite the planned publication of the next edition of the IECEx Bulletin during 2016, no Change is proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

1.4 Item 6200 (Interest)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting, taking account of the current Global economic situation.

1.5 Items 6400 + 6010 (Certificate fees Equipment Scheme)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting, noting surcharges apply only to the IECEx Certified Equipment Scheme.

1.6 Item 6410 (Certificate fees Services Scheme)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting regarding Certificate Fees for the Certified Services Scheme.

1.7 Item 6420 (Certificate fee Personnel Scheme)

Despite the excellent results achieved at end of 2015 there are no changes proposed to that provided in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

1.8 Item 6900 (Other Income)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting. This item includes income from other areas including sponsorship monies associated with IECEx conducting annual Conferences etc.

1.9 Item 6950 (Assessment fees Administration)

An CHF 50 per invoice as an Administration fee applied to the processing of IECEx peer assessment invoices. No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2. EXPENDITURE SUMMARY

In general no Change is proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

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

There is no significant increase planned for 2017 when compared to the 2016 Approved Budget therefore no Changes are proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.2 Item 47100 (Office Equipment)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.3 Item 47200 (IECEX Secretariat Office)

Covers the Sydney based Secretariat Office and includes Rent, Power, Telephone, IT, etc. with no Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.4 Item 47900 (Misc Legal and audit)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting and covers financial auditor's costs for the auditing of the IECEX accounts.

2.5 Item 47920 (Website maintenance)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.6 ITEM 47300 (Contribution to IEC Geneva Office costs)

Contribution to IEC Geneva Office Costs, covers use by IECEX of IEC Central Office Services including:

- IT Department
- Communications and Promotions Department
- Publishing Department
- Printing Department
- Finance Department
- Others

No Change proposed to this item as provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.7 Item 48000 (Publicity and Promotion)

No Change proposed to this item as provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting and covers promotional activities and items associated with overall promotion of the IECEX System.

2.8 Item 48200 (Special Events)

Covers the costs associated with an 2016 IECEX Conference being planned for India during 2016 with No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

2.9 Item 49000 (Travel and Meeting expenses)

No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch 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 other IEC activities, eg 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.

2.10 Item 48500 (Special Projects)

Provision for special projects that may arise during the year with No Change proposed to that provided for in the preliminary 2017 Budget ExMC/1024/CD, agreed during the 2015 ExMC Christchurch meeting.

3.0 Item 50000 (Contribution to the IECEX General Reserve)

A total of CHF 107'675 is provided for the year 2017 any additional surplus (if achieved) will be included as part of the overall contribution to the General Reserve.

It is noted that as part of risk management, that the IEC Management and CAB have determined that all IEC Conformity Assessment Systems maintain a level of General reserve to equate to 3 years operating costs.

Annex A: Proposed updated 2017 budget for the IECEEx (Column D) with no changes from that considered during the 2015 ExMC meeting.

		A	B	C	D
	INCOME	2015 End of Year Accounts	2016 Approved Budget	2017 Preliminary Budget ExMC/1024/CD agreed in Christchurch 2015	2017 Final Proposed Draft Budget (no changes to ExMC/1024/CD)
		CHF	CHF	CHF	CHF
6000	National Dues	278,000	283,250	300,000	300,000
6020	Other Participation Fees (Application Fees)	41,000	20,000	20,000	20,000
6110	Publications (Include IECEEx Bulletin)	3,374	7,000	7,000	7,000
6200	Interest, Miscellaneous	2,968	2,000	2,000	2,000
6400	Certificate Fee Equipment Program	869,150	880,000	900,000	900,000
6010	Certificate Fee Surcharges	53,250	60,000	60,000	60,000
6410	Certificate Fee Services Program	50,000	80,000	85,000	85,000
6420	Certificate Fee Certified Persons Scheme	71,800	90,000	100,000	100,000
6900	Other Income	40,089	50,000	60,000	60,000
6950	Assessment Fees Administration	2,347	2,000	2,000	2,000
	Total	1,411,978	1,474,250	1,536,000	1,536,000

	EXPENDITURE	CHF	CHF	CHF	CHF
40000	Personnel Costs (Salaries, Insurance + Pensions) – Total	785,000	825,000	870,000	870,000
47100	Office Equipment + Stationery	5,724	10,000	10,000	10,000
47200	Serviced Office facilities Rent Equip etc	73,379	100,000	110,000	110,000
47900	Miscellaneous, legal audit	4,366	10,000	10,000	10,000
47920	Website Maintenance and Development	2,204	10,000	10,000	10,000
47300	IEC CO General & Administrative Levy	75,624	85,263	98,325	98,325
48000	Publicity + Promotion	48,007	80,000	80,000	80,000
48200	Special Event	16,344	50,000	50,000	50,000
49000	Travel + Meeting Expenses	121,690	150,000	150,000	150,000
48500	Special projects	17,688	40,000	40,000	40,000
49500	Extraordinary Expenses	0	0	0	0
	Total Operating Costs	1,150,026	1,360,263	1,428,325	1,428,325
50000	Portion allocated to build IECEEx Reserves	49,627	113,987	107,675	107,675
	Total Year Budget: Expenses	1,199,653	1,474,250	1,536,000	1,536,000
	End of year surplus	212,325			
	Total end of year contribution to General Reserves	261,952	113,987	107,675	107,675

GENERAL RESERVE (CHF 1'728'741 at end 2015)	1,728,741	1,842,728	1950,403	
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Annex B – Summary Annual Dues Split

	Data as per IECEx OD 001 – see also Annex C					Country Contribution	Additional ExCBs	Additional ExTLs	Total Dues (CHF)
	Country ID	Number ExCBs (incl. Applicants)	Number ExTLs (incl. Applicants)	Number ExCBs (incl. Applicants)	Number ExCBs (incl. Applicants)				
		IECEx 02	IECEx 02	IECEx 03	IECEx 05				
		Equipment	Equipment	Services	Persons				
1	AU	4	4	3	2	5,250	10000	3000	18,250
2	BR	4	1	1	2	5,250	7500	0	12,750
3	CA	3	6	0	1	5,250	3750	5000	14,000
4	CN	1	6	0	0	5,250	0	5000	10,250
5	CZ	1	1	0	0	5,250	0	0	5,250
6	DK	1	1	0	0	5,250	0	0	5,250
7	FI	1	1	0	0	5,250	0	0	5,250
8	FR	2	2	1	2	5,250	5000	1000	11,250
9	DE	8	7	2	1	5,250	12500	6000	23,750
10	GB	7	11	2	3	5,250	13750	10000	29,000
11	HR	1	1	0	0	5,250	0	0	5,250
12	HU	1	1	0	0	5,250	0	0	5,250
13	IN	1	2	0	0	5,250	0	1000	6,250
14	IT	4	4	0	0	5,250	3750	3000	12,000
15	JP	1	1	0	0	5,250	0	0	5,250
16	KR	3	3	1	0	5,250	3750	2000	11,000
17	MY	0	0	1	1	5,250	1250	0	6,500
18	NL	3	2	1	1	5,250	5000	1000	11,250
19	NO	1	1	1	1	5,250	2500	0	7,750
20	NZ	0	0	0	0	5,250	0	0	5,250
21	PL	2	2	0	0	5,250	1250	1000	7,500
22	RO	1	1	0	0	5,250	0	0	5,250
23	RU	1	1	0	0	5,250	0	0	5,250
24	SI	1	1	1	0	5,250	1250	0	6,500
25	SG	0	0	0	0	5,250	0	0	5,250
26	ZA	1	1	0	0	5,250	0	0	5,250
27	SE	1	1	0	0	5,250	0	0	5,250
28	TR	1	1	0	0	5,250	0	0	5,250
29	CH	1	1	0	0	5,250	0	0	5,250
30	US	3	4	1	1	5,250	5000	3000	13,250
31	ESP	1	1	0	0	5,250	0	0	5,250
32	UAE	0	0	0	0	5,250	0	0	5,250
33	ISRAEL	1	1	0	0	5,250	0	0	5,250
TOTALS		61	70	15	15	173,250	76,250	41,000	290,500

Annex C – Break down of ExCB and ExTL Dues Split

The following Table is a breakdown of the dues split according to the ExCBs and ExTLs as summarized in Annex B using the information detailed in IECEX OD 001 at <http://www.iecex.com/directory/bodies/od001.asp>

Country	Organisation	IECEX 02		IECEX 03	IECEX 05
		ExCB	ExTL	ExCB	ExCB
AU	SIMTARS	1	1	1	1
	TestSafe	1	1	1	0
	TUVR AU	1	1	1	1
	MSTC	1	1	0	0
BR	NCC	1	1	1	0
	UL do (Applicant)	1	0	0	1
	Abendi (Applicant)	1	0	0	1
	Iex (Applicant)	1	0	0	0
CA	CSA	1	3	0	0
	QPS	1	1	0	1
	Labtest	1	1	0	0
	Intertek Edmonton (Applicant)	0	1	0	0
CN	CQM	1	0	0	0
	CMExC	0	1	0	0
	CQST	0	1	0	0
	NEPSI	0	1	0	0
	PCEC	0	1	0	0
	CHEM	0	1	0	0
	EETI (Applicant)	0	1	0	0
CZ	FTZU	1	1	0	0
DK	UL DEMKO	1	1	0	0
FI	VTT	1	1	0	0
FR	LCIE	1	1	1	1
	INERIS	1	1	0	1
DE	Bureau Veritas	1	1	0	0
	DEKRA EXAM	1	1	1	0
	IEBExU	1	1	0	0
	PTB	1	1	1	0
	TUV Nord	1	1	0	0
	TUV Rheinland	1	1	0	1
	TUV SUD	1	0	0	0
	ZELM	1	1	0	0
GB	SGS BASEEFA	1	2	1	1
	FM UK	1	0	0	0
	Intertek UK	1	2	0	0
	SIRA	1	1	1	1
	GPTS	0	1	0	0
	Elements (TRaC)	1	3	0	0
	CML	1	1	0	0
	ExVeritas	1	1	0	1
HR	Ex-Agencija	1	1	0	0
HU	BKI	1	1	0	0

Country	Organisation	IECEX 02		IECEX 03	IECEX 05
		ExCB	ExTL	ExCB	ExCB
IN	BIS (Applicant)	1	0	0	0
	ERTL (Applicant)	0	1	0	0
	CIMFR (Applicant)	0	1	0	0
IT	CESI	1	1	0	0
	IMQ	1	1	0	0
	EuT	1	1	0	0
	Albarubens (Applicant)	1	1	0	0
JP	TIIS	1	1	0	0
KR	KGS	1	1	1	0
	KOSHA	1	1	0	0
	KTL	1	1	0	0
MY	SIRIM	0	0	1	1
NL	DEKRA	1	1	1	1
	KIWA	1	1	0	0
	CNEx Global	1	0	0	0
NO	Presafe	1	1	1	1
NZ	N/A	0	0	0	0
PL	Barbara GIG	1	1	0	0
	OBAC	1	1	0	0
RO	INSEMEX	1	1	0	0
RU	NANIO-CCVE	1	1	0	0
SI	SIQ	1	1	1	0
SG	N/A	0	0	0	0
ZA	MASC	1	1	0	0
SE	SP	1	1	0	0
TR	TSE	1	1	0	0
CH	Electrosuisse	1	1	0	0
US	UL LLC	1	1	1	1
	FMG	1	1	0	0
	Intertek	1	2	0	0
ESP	LOM	1	1	0	0
UAE	N/A	0	0	0	0
ISRAEL	ITL	1	1	0	0
	TOTAL	61	70	15	15