

Item 14.1: Report of Working Party on National Subscriptions

The Working Party met in Zürich on 26 February 2002 after extensive preparations by e-mail. The recommendations made for consideration by the Bureau and Executive Committee were as follows:

1. National Subscriptions should be calculated using a five year average of Chemical Turnover, rather than two as is now done.
2. Each NAO to have the expenses, transportation and subsistence, of one delegate paid to the General Assembly. This payment to be limited both absolutely (maximum of USD 2000) and as a percentage of total National Subscription for the current biennium (70 %), whichever is smaller.

The original version of recommendation 3 was considered to involve too much financial risk and the proposal was revised by the Bureau and Executive Committee as given below.

3. National Subscriptions should be invoiced in national currencies using the average exchange rate for the first quarter of the year of the General Assembly. Payment to be made in USD using the exchange rate current at the time of payment.

The Working Party urged that all the recommendations that do not require Council approval be implemented by Bureau action before Ottawa.

Recommendations 1 and 2 have been implemented after approval by the Bureau at Paris.

Recommendation 3 will be discussed under Item 15 of the Agenda.

Item 14.2: Review of Budget-2004-5

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Budget Proposal and National Subscription 2004-2005

As you have seen in the Treasurer's Review and the Report of the Finance Committee, the financial situation of IUPAC is still strong. However there are serious potential problems. Publication income continues to be under pressure from the long-term decline in institutional subscriptions while some NAOs continue to have difficulty in paying their National Subscriptions. The following pages contain the proposed budget, the proposed Division and Standing Committee allocations, and the calculated National Subscriptions based on the proposed budget.

The format of the budget is the same as that used at Brisbane. This format emphasizes the sources of the Union's funds and the uses of those funds. The categories used should be self-explanatory. Please note that the estimated actuals shown for 2002-3 do not include gains or losses (realized or unrealized) from investments. The category Division Operations is 25 % of the total Division allocations, while the category Projects (Commitments) is the 75 % of the Division allocations, plus the Division Reserve, and the Project Reserve. The Project Reserve is used by the Project Committee to fund projects that are too large for a Division to fund while the Division Reserve is used by the Treasurer and Secretary General to fund projects when the Division has committed its Project Budget. The category Other Income for 2002-3 includes ~USD 100 000 for the Workshop on the Chemical Weapons Convention from outside funding agencies.

Due to the moderate OECD inflation of <3% we are proposing an increase of only 1 % per annum for the National Subscriptions. The subscriptions of individual NAOs will depend on changes in the chemical turnover since the last Council. As in the past, the chemical turnover values have been taken from latest CEFIC and UNIDO figures.

We think that with the new way of operation IUPAC shows positive attitude to change. For sustainability of our operations, we are asking for your support, commitment and enthusiasm. IUPAC has the intention to give to all its members a great value for money. It is therefore important that we can count on your financial support and help.

Significant changes from the 2002-3 budget or estimated actuals are described below.

1. *National Subscriptions*: Total National Subscription has been increased by 1 % each year.
2. *Division Budgets*: These have been held constant. The increase of USD 8 600 vs. the 2002-3 Budget for Division Operations is due to the incorporation of the Joint Commission on Biochemical Nomenclature budget in the budget of Division VIII (see Council Item 18). The budgets for Divisions III and VII have been corrected for an error made in the 2002-3 budgets.
3. *Standing Committees*: COCI has been given a budget of USD 20 000 in line with previous agreements. CCE has been given a project budget of USD 20 000 as approved by the Executive Committee at Bergen. The budget for JCBN has been moved to Division VIII as noted above.
4. *General Assembly*: The budget has been increased to include USD 80 000 to fund the support for Council delegates approved by the Bureau. The estimated actual for 2002-3 includes this cost.

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5. *Administrative:* An allowance for Foreign Exchange differences of USD 60 000 has been included to take into account the proposal to bill National Subscriptions in national currencies. The Secretariat component in the Administrative category is unchanged from the 2002-3 budget. The Secretariat is projected to operate under budget in 2002-3 mainly due to below budget staffing for part of the biennium. The Secretariat will be at its authorized staffing level for the coming biennium.
6. *General:* The General category includes Governance expense, the *IUPAC Handbook*, the cost of *CI* for Fellows and Members, as well the cost of the IUPAC Prize and cost of IUPAC representatives to other organizations. The budgets for Governance Expense, *CI* for Fellows and Members, and the *Handbook* have all been increased in light of experience. The actual expenses for IUPAC representatives to other organizations were below budget in 2002-3, but are expected to return to historic levels in 2004-5. The USD 25 000 for the New Directions Conferences was previously taken from Contingencies and is now included in Sponsored Conferences while contingencies is unchanged.
7. *Publications:* Revenue from *PAC* is expected to increase due to an increase in the subscription rate for institutional subscriptions. Costs for Printing & Editing are expected to increase due to increased costs from the printer plus changes in the format of *CI*. The net result is a slight reduction in budgeted income for Publications.
8. *Projects:* The Project Reserve has been set at USD 110 000; the Divisional Reserve is USD 116 300
9. *Other Income:* As noted above, Other Income for 2002-3 includes the grants from outside organizations for the Chemical Weapons Workshop. Aside from this item, the category is reduced mainly due to the loss of our tenant at RTP. We do not plan to lease the space and instead plan to use some of it for our internal needs.

Item 14.2: Proposed Budget for 2004-5

Sources and Uses Analysis of 2004-5 Budget (Proposed)

	Budget 2004-5	Budget 2002-3	Est. Actual 2002-3	Change vs. Budget	Change vs. Est. Actual
National Subscriptions	1,420.3	1,387.6	1,340.0	32.8	80.3
Dividends & Interest	260.0	240.0	270.0	20.0	(10.0)
Other Income	28.9	163.6	147.1	(134.7)	(118.2)
Publications	873.5	869.6	881.8	3.9	(8.3)
Total Income	<u>2,582.8</u>	<u>2,660.7</u>	<u>2,638.9</u>	<u>(78.0)</u>	<u>(56.1)</u>
AMP and CI	41.5	(12.0)	38.0	53.5	3.5
Administrative	930.0	870.0	819.9	60.0	110.1
General	364.5	305.0	263.9	59.5	100.6
General Assembly	320.0	240.5	320.5	79.5	(0.5)
Advisory Standing Committees	121.6	130.6	116.1	(9.0)	5.5
Ad Hoc Committees	-	-	20.5	-	(20.5)
Operating Standing Committees	87.6	47.6	40.0	40.0	47.6
Division Operations	122.8	114.2	124.8	8.6	(2.0)
Projects (Commitments)	594.8	964.9	548.4	(370.1)	46.4
Total Expense	<u>2,582.8</u>	<u>2,660.7</u>	<u>2,292.0</u>	<u>(78.0)</u>	<u>290.8</u>
			-		
Net Income/(Expense)	<u>-</u>	<u>0.0</u>	<u>346.9</u>	<u>(0.0)</u>	<u>(346.9)</u>

Amounts in thousands of USD

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Division Allocations

	<u>Total Budget</u>	<u>Operations</u>	<u>Projects</u>
I Physical & Biphasical	65.3	16.3	49.0
II Inorganic	51.2	12.8	38.4
III Organic & Biomolecular	60.4	15.1	45.3
IV Macromolecular	47.5	11.9	35.6
V Analytical	56.6	14.2	42.5
VI Chemistry & the Environment	68.0	17.0	51.0
VII Chemistry & Human Health	62.3	15.6	46.7
VIII Chemical Nomenclature and Structure Representatio	80.0	20.0	60.0
Total Divisions	<u>491.3</u>	<u>122.8</u>	<u>368.5</u>
Division Reserve			116.3
Project Reserve			110.0
Total			594.8

Standing Committee Allocations

	<u>Total Budget</u>
Advisory Standing Committees	
Executive	35.3
Bureau	40.5
CPEP	16.4
FC	13.3
Evaluation Committee	8.0
Project Committee	-
ICTNS	8.0
Total	<u>121.6</u>

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Operating Standing Committees	Total Budget	Operations	Projects
CHEMRAWN	29.3	29.3	-
CCE	38.3	18.3	20.0
COCI	20.0	20.0	-
Total	<u>87.6</u>	<u>67.6</u>	<u>20.0</u>
Total Standing Committees	<u><u>209.2</u></u>	<u><u>189.2</u></u>	<u><u>20.0</u></u>

Amounts in thousands of USD

National Subscriptions 2004-5

NAO	2004	2005
Argentina	4.0	4.0
Australia	10.4	10.5
Austria	5.8	5.9
Belgium	20.6	20.8
Brazil	24.3	24.6
Bulgaria	1.6	1.6
Canada	15.8	15.9
Chile	3.7	3.8
China/Beijing	40.1	40.5
China/Taipei	15.1	15.3
Croatia	1.0	1.0
Czech Republic	4.1	4.2
Denmark	6.5	6.5
Egypt	4.3	4.4
Finland	5.7	5.8
France	37.3	37.7
Germany	52.9	53.4
Greece	3.7	3.8
Hungary	3.7	3.8
India	19.6	19.8
Ireland	13.2	13.4
Israel	5.0	5.0
Italy	32.0	32.3
Japan	71.2	71.9
Korea, Republic of	23.1	23.3
Kuwait	1.0	1.0
Netherlands	19.2	19.4
New Zealand	4.3	4.3
Norway	4.9	5.0
Pakistan	3.1	3.1
Poland	6.7	6.8
Portugal	5.0	5.1
Puerto Rico	16.2	16.4
Russia	10.2	10.3
Serbia & Montenegro	1.0	1.0
Slovakia	2.9	2.9
Slovenia	3.4	3.4
South Africa	7.9	8.0
Spain	21.6	21.9
Sweden	9.3	9.4
Switzerland	17.0	17.2
Turkey	8.8	8.9
UK	28.0	28.3
USA	111.2	112.3
Total	706.4	713.9