

COUNCIL
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Agenda item 14

C 120/14/1
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WORLD MARITIME UNIVERSITY

Budget

Note by the Secretary-General

SUMMARY

Executive summary: This document provides information on the budget of the World Maritime University for 2018 and 2019

*Strategic direction,
if applicable:* 1

Output: 1.6

Action to be taken: Paragraph 13

Related documents: C 118/12(a), C 118/12(b); C 120/14 and C 120/14/2

1 Article 31 of the Charter of the World Maritime University (WMU) stipulates that the budget of the University, as approved by the WMU Board of Governors (referred to below as "the Board of Governors" or "the Board"), shall be transmitted to the International Maritime Organization (IMO) Council. The Council, at its 118th session, was provided with information relating to the 2017 and 2018 budget estimates of the University. This document provides an update on the information regarding the revised budget for 2018 and information in relation to the initial budget for 2019.

Revised budget for 2018

2 At its thirty-fifth session, from 31 May to 1 June 2017, the Board of Governors adopted the initial budget for 2018 and authorized the Executive Board to review and approve the amendments to the budget and to make such adjustments, as it deemed necessary, to ensure the efficient functioning of the University. The adjustments and any required changes, since the last session of the Executive Board, were reported to this year's session of the Board of Governors, on 6 and 7 May 2018, and were adopted by the Board.

3 Annex 1 sets out the revised budget for 2018 adopted by the Board and reflects a total operational revenue of SKr^{*}132,365,000 which is 14% lower than the SKr154,778,000 which was initially projected; a total operational expenditure of SKr125,997,000, which is 2% lower than the SKr128,861,000 as reflected in the initial budget for 2018.

4 The operational surplus of SKr6,368,000 in the revised budget for 2018, which is 75% lower than the SKr25,917,000 as reflected in the initial budget for 2018 is due to:

- .1 changes in the assumed budgetary exchange rate of SKr8.30/\$1 compared with the rate used for the initial budget for 2018 of SKr 9/\$1, taking into account that the fees received by the University are published and remitted in United States dollars; and
- .2 a reduced actual student number of 120 in the class of 2018, compared with the projected figure of 132 students in the initial budget for 2018; and a reduction in the number of Ph.D. students from 28 to 20 due to the graduation of students in 2017.

5 Table 1 below shows the initial and revised budget for 2018 and the major components of revenue and expenditure.

Table 1
Comparison of initial and revised budget for 2018 with variance and percentage
(in thousand SKr)

	Initial Budget	Revised Budget	Difference	%
REVENUE				
Donor contributions	54,411	56,437	2,026	4%
Fellowships and fees	80,382	57,449	-22,933	-29%
Commercial and revenue-generating activities	16,014	14,272	-1,742	-11%
Other revenue	3,971	4,207	236	6%
TOTAL REVENUE	154,778	132,365	-22,413	-14%
EXPENDITURE				
Staff and other personnel costs	73,162	68,007	-5,155	-7%
Travel	5,226	7,688	2,462	47%
Supplies, consumables & other operating costs	13,071	13,928	857	7%
Cost of sales	100	100	0	0%
Outsourced services	3,604	4,272	668	19%
Direct student and training costs	27,021	26,512	-509	-2%
Depreciation	3,025	2,000	-1,025	-34%
Other expenses	3,652	3,490	-162	-4%
TOTAL EXPENDITURE	128,861	125,997	-2,864	-2%
OPERATIONAL SURPLUS	25,917	6,368	-19,549	-75%

6 The 2018 revised budget reflects the following: the projected intake of 138 new students, 120 continuing students and six accelerated students for the MSc. Programme for the year; and 20 students for the PhD. Programme, making a total student number of 284 in 2018 at the Malmö campus, and other changes in the work programme and planned activities in 2018.

7 The General Fund Reserve and the three other funds (the Working Capital Fund, the Exchange Rate Adjustment Fund and the Special Reserve Fund), after taking into account the projected surplus of SKr6,368,000, will have a total balance of SKr72,655,001, as of 31 December 2018. Table 2 below shows the fund balances and movements as at 31 December for the years 2015 to 2018.

* SKr=Swedish Crown.

Table 2
Reserve and Fund Balances (General Fund)
as of 31 December 2015 to 2018 (in SKr)
(the figures for 2018 are projected figures)

	2015	2016	2017	2018
General Fund Reserve as at 1 January	35,437,341	44,616,332	55,371,967	46,271,168
Surplus	9,178,991	12,804,919	6,460,686	6,368,000
Appropriation from the General Reserve Fund:				
Currency exchange difference	0	0	-12,632,260	0
Recruitment costs for the new President	0	0		
ERP costs	0	-1,721,007	-2,227,507	-600,000
Development costs for the WMU Endowment Fund	0	-328,277	-701,268	-1,369,500
Total appropriation	0	-2,049,284	-15,561,485	-1,969,500
General Fund Reserve as at 31 December	44,616,332	55,371,967	46,271,168	50,669,668
Working Capital Fund	8,481,600	8,481,600	8,481,600	8,481,600
Exchange Rate Adjustment Fund	0	0	0	0
Special Reserve Fund*	6,482,294	6,482,294	13,503,733	13,503,733
Total Reserve & other fund balances, 31 December	59,580,226	70,335,861	68,256,501	72,655,001

*IMO Contribution to the University's reserves

Initial budget for 2019

8 At its thirty-sixth session, on 6 and 7 May 2018, the Board of Governors adopted the initial budget for 2019 and authorized the Executive Board to review the amendments to the budget and to make such adjustments, as it deemed necessary, to ensure the efficient functioning of the University. The initial budget for 2019 is set out in annex 2.

9 The initial budget for 2019 projects a total operational revenue of SKr144,329,000 which is 9% higher than the SKr132,365,000 in the revised budget for 2018; a total operational expenditure of SKr129,689,000, which is 3% higher than the SKr125,997,000 in the revised budget for 2018; and an operational surplus of SKr14,640,000, which is 130% higher than the SKr6,368,000 in the revised budget for 2018. Table 3 below shows the 2019 initial budget revenue and expenditure by major components with comparative figures for the revised budget for 2018. Annex 2 shows the breakdown of the initial budget for 2019 by operational units.

Table 3
Comparison of Initial Budget 2019 with Revised Budget 2018
(in thousand SKr)

	2018 Revised Budget	2019 Initial Budget	Difference	%
REVENUE				
Donor contributions	56,437	58,277	1,840	3%
Fellowships and fees	57,449	68,286	10,837	19%
Commercial and revenue-generating activities	14,272	13,559	-713	-5%
Other revenue	4,207	4,207	0	0%
TOTAL REVENUE	132,365	144,329	11,964	9%
EXPENDITURE				
Staff and other personnel costs	68,007	70,104	2,097	3%
Travel	7,688	7,161	-527	-7%
Supplies, consumables and other running costs	13,928	14,420	492	4%
Cost of sales	100	100	0	0%
Outsourced services	4,272	4,304	32	1%
Student direct and training cost	26,512	28,121	1,609	6%
Depreciation expense	2,000	2,000	0	0%
Other expenses	3,490	3,479	-11	0%
TOTAL EXPENDITURE	125,997	129,689	3,692	3%
OPERATIONAL SURPLUS	6,368	14,640	8,272	130%

10 A higher estimated total revenue in the initial budget for 2019 than that in the revised budget for 2018 by SKr11,964,000 is due to:

- .1 the increase in the rate of the MSc. full fellowship fees from \$53,500 to \$57,700; tuition fee only from \$26,600 to \$27,300; and ESSP fees from \$10,200 to \$11,200;
- .2 the decrease in funding in relation to the completion of the ERP implementation project;
- .3 the increase in the funding for the Global Ocean Research Institute from \$1.2 million to \$1.5 million;
- .4 the decrease in future conference revenue from donors and a decrease in research projects funded by Transport Canada; and
- .5 the amount of SKr1,369,500 will also be appropriated from the Reserve of the General Fund to finance the fundraising campaign costs for the Endowment Fund.

11 The initial budget for 2019 total operational expenditure is projected to be higher than the revised budget for 2018 by SKr3,692,000 due to:

- .1 the increase in staff and other personnel costs based on the yearly salary increment of all staff; the full year staff costs in 2019 for personnel recruited in 2018; and the additional costs related to the affiliation of staff in the United Nations Joint Staff Pension Fund;
- .2 the reduction in travel costs due to the reduced number of future research projects undertaken for Transport Canada; and

- .3 the increase in supplies and consumables relating to the upgrade of wireless internet at the student hostel and the replacement of computer servers at the Malmö campus.

Student body

12 In 2019, the projected student population in the Malmö campus is expected to be 300 students. There will be 281 students in the MSc. programme and 19 students in the PhD. programme. This will be supplemented by 59 students from the Dalian and Shanghai Maritime Universities under the WMU Outreach Programme, making a total of 340 students in the MSc. programme. In addition, it is projected that 128 students are expected to enrol in the distance learning LL.M and Postgraduate Diploma Programmes. The total of students for all programmes for 2019 is expected to be 487. The table below shows the comparative figures for the actual student numbers for the years 2016 and 2017, the revised numbers for 2018, and the initial student numbers for 2019.

Table 4
Malmö campus and Outreach Programme Student figures

<u>Student intake</u>	<u>Actual</u> <u>2016</u>	<u>Actual</u> <u>2017</u>	<u>Revised</u> <u>2018</u>	<u>Initial</u> <u>2019</u>
MSc. Programme Malmö (annual intake of the year)	132	118	138	138
MSc. Programme Malmö (graduates of the year)	108	129	120	138
Accelerated (intake and graduates of the same year)	6	4	6	5
Ph.D. Programme Malmö (intake and continuing)	28	25	20	19
Total Malmö	274	276	284	300
MSc. Programme Shanghai (annual intake)	27	27	27	27
MSc. Programme Dalian (annual intake)	46	32	32	32
LL.M and Postgraduate Diploma Programme (annual intake)	150	133	128	128
Total Outreach	223	192	187	187
Grand Total	497	468	471	487

Action requested of the Council

13 The Council is invited to take note of the information contained in this document and to:

- .1 note the University's revised budget for 2018 and initial budget for 2019, as set out in annexes 1 and 2; and to comment as it deems necessary;
- .2 welcome the efforts by the University's management to attract additional revenue; and
- .3 reiterate its appreciation to those Governments and organizations that supported the University financially, and through the provision of fellowships, and, in particular, to the Government of Sweden and the City of Malmö.

ANNEX 1

REVISED BUDGET FOR 2018
(in thousand SKr)

	Central Unit	Academic Malmö	Outreach Programme	PDCs ¹ & conferences	Research, PhDs & consultancy	Commercial & RGA ²	Ocean Institute	Revised Budget for 2018	Initial Budget for 2018	Difference increase/-decrease	% of Difference
Donor contributions	34,735	10,386	0	996	0	0	10,320	56,437	54,411	2,026	4%
Fellowship and fees	0	48,634	0	0	742	8,073	0	57,449	80,382	-22,933	-29%
Commercial & revenue-generating activities	0	0	9,432	1,447	2,438	955	0	14,272	16,014	-1,742	-11%
Other revenue	4,103	104	0	0	0	0	0	4,207	3,971	236	6%
Revenue from operations	38,838	59,124	9,432	2,443	3,180	9,028	10,320	132,365	154,778	-22,413	-14%
Staff and other personnel costs	28,869	27,917	2,222	26	2,659	883	5,431	68,007	73,162	-5,155	-7%
Travel	2,070	2,126	742	568	937	0	1,245	7,688	5,226	2,462	47%
Supplies, consumables & other operating costs	7,378	1,268	1,186	709	94	1,007	2,286	13,928	13,071	857	7%
Cost of sales of inventory	0	0	0	0	0	100	0	100	100	0	0%
Outsourced services	2,382	45	0	5	0	1,840	0	4,272	3,604	668	19%
Direct student and training costs	262	18,068	20	3	159	8,000	0	26,512	27,021	-509	-2%
Depreciation	2,000	0	0	0	0	0	0	2,000	3,025	-1,025	-34%
Other expenses	3,213	20	38	136	83	0	0	3,490	3,652	-162	-4%
Expenditure from operations	46,174	49,444	4,208	1,447	3,932	11,830	8,962	125,997	128,861	-2,864	-2%
Surplus/-deficit from operations	-7,336	9,680	5,224	996	-752	-2,802	1,358	6,368	25,917	-19,549	-75%

¹ PDC = Professional Development Course.

² RGA = Revenue Generating Activities.

ANNEX 2

INITIAL BUDGET FOR 2019
(in thousand SKr)

	Central Unit	Academic Malmö	Outreach Program	PDC's & Conferences	Research, PhDs & Consultancy	Commercial & RGA	Oceans Institute	2019 Initial Budget	2018 Revised Budget	Difference Increase/Decrease	% of Difference
Donor contributions	34,445	10,386	0	996	0	0	12,450	58,277	56,437	1,840	3%
Fellowship and fees	0	57,967	0	0	1,031	9,288	0	68,286	57,449	10,837	19%
Commercial & revenue generating activities	0	0	9,432	1,325	1,847	955	0	13,559	14,272	-713	-5%
Other revenue	4,103	104	0	0	0	0	0	4,207	4,207	0	0%
Revenue from operation	38,548	68,457	9,432	2,321	2,878	10,243	12,450	144,329	132,365	11,964	9%
Staff and other personnel costs	29,336	29,527	2,236	26	1,211	902	6,866	70,104	68,007	2,097	3%
Travel	2,070	2,126	742	800	385	0	1,038	7,161	7,688	-527	-7%
Supplies, consumables & other running costs	8,159	1,268	1,186	568	115	1,007	2,117	14,420	13,928	492	4%
Cost of sales of inventory	0	0	0	0	0	100	0	100	100	0	0%
Outsourced services	2,414	45	0	5	0	1,840	0	4,304	4,272	32	1%
Student direct and training costs	262	19,680	20	0	159	8,000	0	28,121	26,512	1,609	6%
Depreciation expense	2,000	0	0	0	0	0	0	2,000	2,000	0	0%
Other expenses	3,163	20	38	160	98	0	0	3,479	3,490	-11	0%
Expenditure from operation	47,404	52,666	4,222	1,559	1,968	11,849	10,021	129,689	125,997	3,692	3%
Operational surplus/-deficit	-8,856	15,791	5,210	762	910	-1,606	2,429	14,640	6,368	8,272	130%