

Source: Funding and Finance Group Chairman

Title: Funding and Finance Group Report

Agenda item: 6.1

Document for:

Decision	X
Discussion	
Information	

1 Introduction

The 3GPP Funding and Finance Group (FFG) met in Stockholm, Sweden, on 19 June and in Beijing, China on 19 September 2001, in both cases meeting conjointly with the TSGs. The following representatives took part in the meetings:

Stockholm, 19 June:

Phil Davidson	ETSI	Chairman
Quent Cassen	T1	Reporting
Adrian Scrase	MCC	
Keiji Yoshino	TTC	
Yutaka Maeda	ARIB	
Yukio Yoshimura	ARIB	
MG Jang	TTA	

Beijing 19 September

Yukio Yoshimura	ARIB	Chairman
Asok Chatterjee	T1	Reporting
Adrian Scrase	MCC	
Yutaka Maeda	ARIB	
Kaiqiang Sun	CWTS	
Lixin Sun	CWTS	
XueMin Wang	CWTS	
Zhibin Zheng	CWTS	

2 Year 2001 expenditure and year end predictions

2.1 Staff and Contractors

FFG considered the expenditure reports for year 2001 to date, focussing on the major budget lines; MCC Officers and Assistants, Contractors and Travel/Subsistence. The latest charts, which show expenditure to August, are annexed to this report (**Annexes A, B, and C**).

It was noted that there may be a very slight overspend on ETSI staff expenditure due to contractual seniority payments, which would result in a year end expenditure for staff of approximately 955kEUR against a budget of 940 kEUR.

The expenditure for Contractors is predicted to be as budgeted by the year end.

2.2 Travel

The expenditure related to travel and subsistence remains very close to budget and some corrective actions have been taken to ensure that the year is completed as near to budget as possible. Due to the growing number of meetings being held it is possible that there is a slight overspend on this budget line by the year end.

2.3 TTCN development

Additional resources have been made available by the Partners for the continuation of TTCN development for Release '99 terminals. This activity now has a budget allocation of 494 kEUR and with expenditure as expected the resources will be fully consumed.

2.4 Overhead expenses

The overhead charges for 3GPP are as calculated at the beginning of the year and FFG examined the definitive ETSI General Assembly documentation which contains detailed information on the breakdown of these charges.

It was noted that the basis on which the overhead charges were derived for 2001 was from the prediction developed during late 2000. History had shown that these predictions were reliable but that there was the chance that some variation occurred during the year which could lead to minor changes in the overhead expenses and that this would not emerge until the audited accounts for ETSI are available in Spring 2002. FFG agreed to base the 3GPP accounts on the predicted information and to check whether any variation had taken place and to taking corrective action if the variation was intolerable.

2.5 TSG GERAN funding

The resources for supporting the new TSG GERAN have been carefully monitored during this year, since the finance for this TSG is currently derived by ETSI and T1 only. It had been predicted at the beginning of the year that TSG GERAN would require 20% of the overall resources available but tracking of the expenditure has shown that this is in fact nearer to 15%. Since the size of the support team is fixed, this means that more resources have been used in supporting TSGs RAN, CN, T and SA than first predicted. An adjustment will need to be made at the year end when calculating the surplus to be returned to the Partners.

2.6 GSM A5/3 Algorithm

SA3 (via TSG SA) have requested that resources be made available for the development of a new Ciphering Algorithm for GSM given the notation A5/3. Approximately 100 kEUR are required for this task. Voluntary funding had been offered by the GSM Association on condition that they could be the joint owner of the Algorithm and this proposal has been considered by correspondence amongst the Organizational Partners. The debate concerning joint ownership continues but, considering the delay already incurred and urgency for the technical work to begin, resources have been allocated from the contingency as an interim measure. The debate concerning joint ownership may be considered by the next PCG/OP meeting after which any changes in the funding source may be corrected.

2.7 Year 2001 surplus

It is expected that on current projection there will be a year end surplus of the 3GPP budget. It is proposed by FFG that, as last year, this surplus be returned to the Partners in the form of a credit note towards the contributions expected for 2002. The Organizational Partners are requested to approve this recommendation.

Recommendation 1: The budget surplus for year 2001 should be returned to the Partners in the form of a credit note towards the contributions expected in year 2002.

3 Partner commitments and payments received for year 2001

FFG noted with pleasure that payment had now been received from all Partners for year 2001. A table showing the payments received can be found at **Annex D**.

4 3GPP Asset Register

MCC maintains an Asset register that includes the IT equipment being used within the team and the lists of those items of equipment voluntarily provided by Individual members. The list is regularly provided to FFG for their perusal. A copy of the Asset register is available on request.

5 Financing and Funding for year 2002

FFG has considered the resource requirements for 2002 noting that it is not expected that the volume of work will reduce. However, taking into account the current economic climate, it was not considered appropriate to look for an increase in resources. This led to the development of a budget proposal for 2002 that is very similar to that of 2001.

The following proposed budget is recommended by FFG to the Organizational Partners. **Annex E** provides a rationale for each budget entry.

Proposed 2001 Support Budget	Proposed allocation (kEUR)
MCC Staff	955
MCC Contractors	1963
Travel and subsistence	781
Overheads	1884
Contingency	558
Total	6 141

Recommendation 2: The proposed support budget for 2002 be approved by the Organizational Partners.

6 Proposed budget for specific tasks for 3GPP

FFG is only aware of one task that requires specific funding during 2002 which is the continuation of the TTCN development for 3G terminals, a task spread over a 3 year period. Information from TSG implies that the demand for 2002 will require 58 man months of effort. This will require funding of 754 kEUR. Since this is a sizeable demand, the TSG T Chairman has been advised to prepare suitable supporting documentation for the PCG/OP meeting to justify the request.

No other specific tasks have been identified at this stage.

Task description	Budget Allocation (kEUR)
TTCN for MS interoperability	754
Total	754

Recommendation 3: The proposed specific task budget for 2002 to be approved.

In addition, TSG-T have requested approximately three man months of assistance in order to create a database and maintain the relevant data for the TTCN verification process. Due to the nature of this work, and the confidentiality that is required, MCC have been requested to undertake the task. It is hoped that this work can be accomplished by the existing staff complement.

7 Partner contributions for year 2002

It is expected that invoices for year 2002 should be made available to the Organizational Partners during January 2002. The payments to be made will be calculated according to the agreed formula and taking into account the number of Individual Members registered on 1 January for each Partner.

Based on the agreed formula, and assuming that:

- Only ETSI and T1 support GERAN;
- GERAN consumes 15% of the resources and T, RAN, SA, and T consume 85% of the resources
- The number of Individual Members for each OP is as currently, ie;

TSGs, T, RAN, CN, SA

ARIB	= 36 Individual Members
CWTS	= 10 Individual Members
ETSI	= 361 Individual Members
T1	= 34 Individual members
TTA	= 17 Individual members
TTC	= 17 Individual Members

TSG GERAN

ETSI = 55 Individual Members
T1 = 13 Individual members

estimated contributions for each Organization Partner have been calculated as given in Annex F.

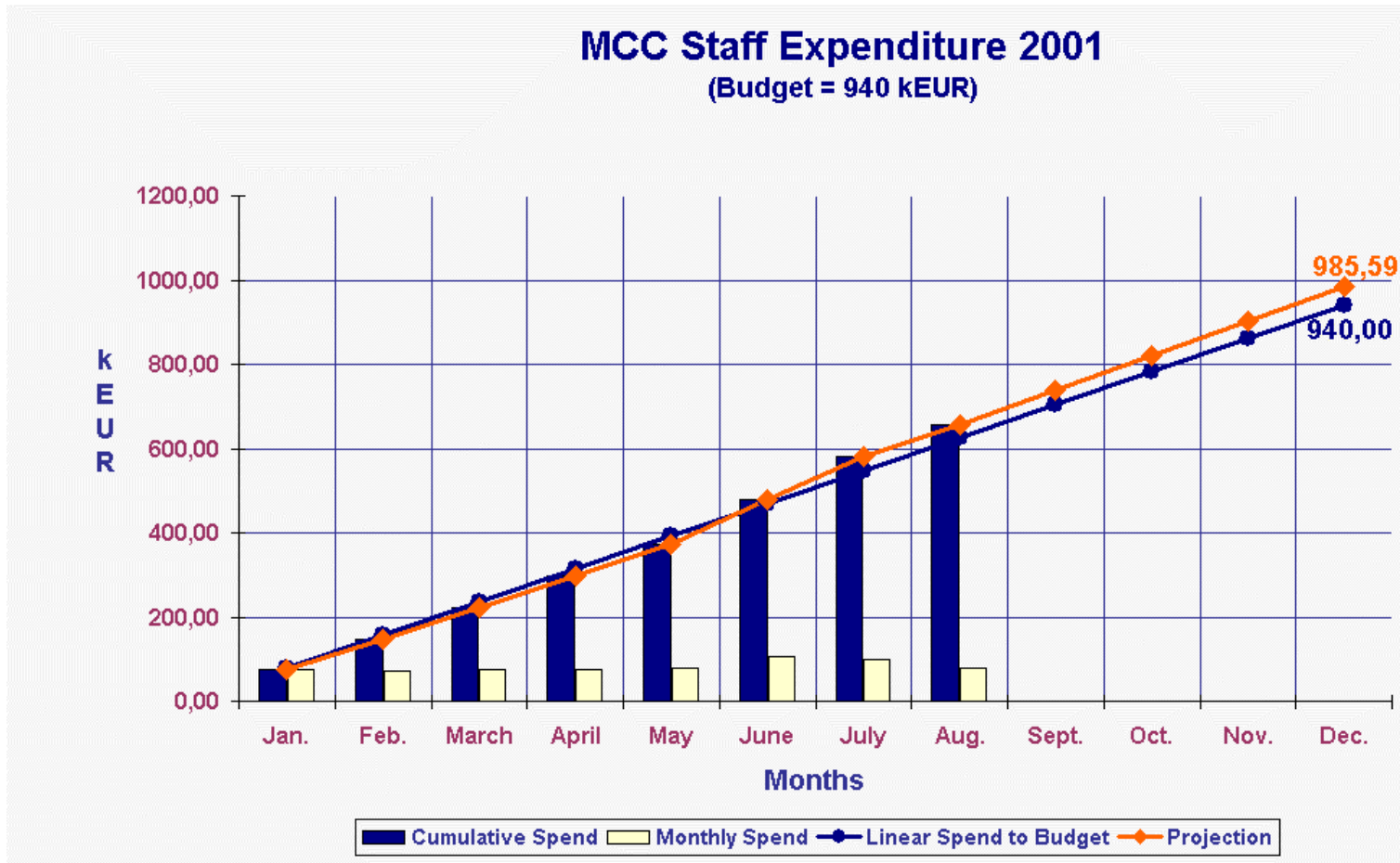
If CWTS request that for year 2002 they continue to contribute outside of the formula mentioned above the figures given in Annex F will need to be revised.

8 Future meetings of the Funding and Finance Group.

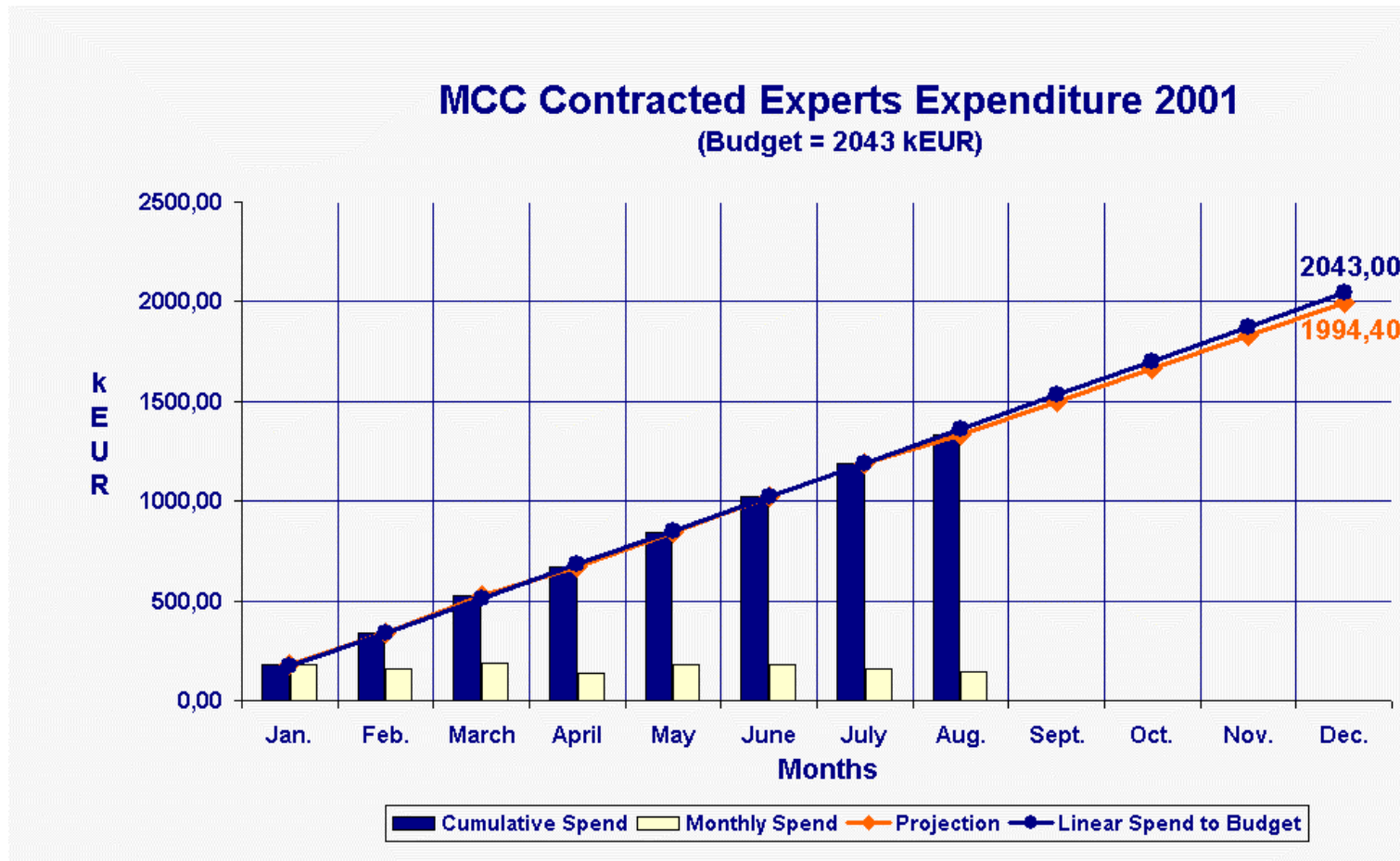
FFG have planned three meetings for year 2002 as follows:

Jan 16 – 17 South Korea
Jun 6 – 7 USA (conjoint with TSGs)
Sep 5 – 6 France (conjoint with TSGs)

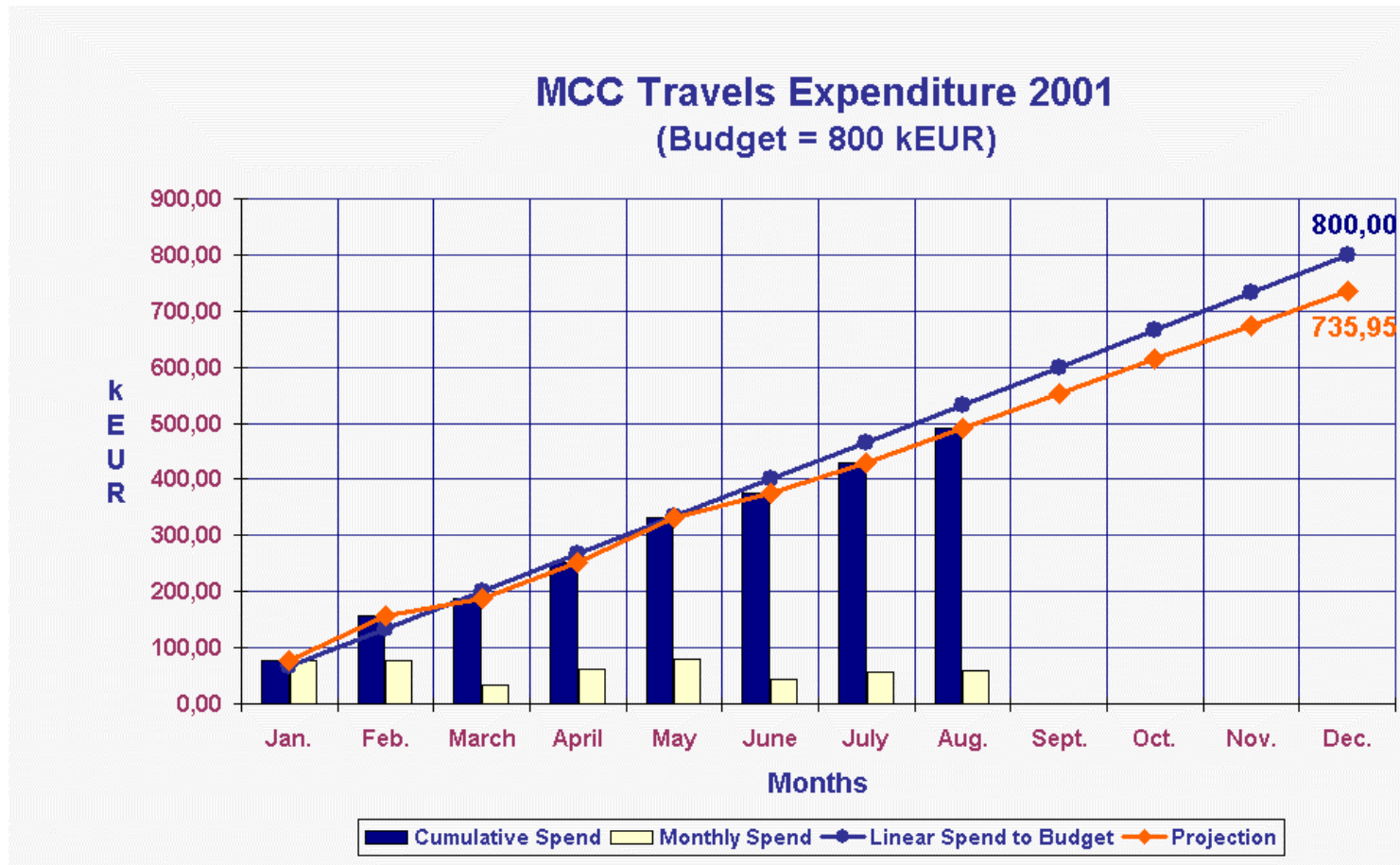
Annex A MCC Staff expenditure 2001



Annex B MCC Contracted Experts expenditure 2001



Annex C Travel expenditure 2001



Annex D Payments received in year 2001 from 3GPP OPs

The following payments have been received from 3GPP Partners during year 2001.

ARIB (Japan)

Amount due	507 050 EUROS
• paid on 27/06/2001:	507 050 EUROS

CWTS (China)

Amount due	180 000 EUROS
• paid on 27/08/2001:	180 000 EUROS

ETSI

Amount due	2 957 930 EUROS
• paid on 09/04/2001:	2 957 930 EUROS

T1 (USA)

Amount due	1 090 770 EUROS
• paid on 12/07/2001:	700 000 EUROS
• paid on 14/09/2001	390 770 EUROS

TTA (Korea)

Amount due	484 000 EUROS
• paid on 05/07/2001:	241 979 EUROS
• paid on 27/08/2001:	242 000 EUROS (21 EUROS bank charges incurred)

TTC (Japan)

Amount due	559 040 EUROS
• paid on 04/07/2001:	559 040 EUROS

Total received from Partners: 5 778 769 EUROS
at 20th September 2001

Amount outstanding from Partners: 21 EUROS
at 20th September 2001

Annex E Explanation of proposed budget for 2002

E.1 Budget assumptions

The following has been assumed in preparing this proposed budget for 2002:

- Given the current state of the Industry the budget for 2002 should not exceed that of 2001.
- Given the maintained volume of work within 3GPP, and that this is not expected to reduce during 2002, the current level of resources within MCC should be maintained.
- The cost of contracted experts is not expected to rise during 2002.
- There will be a very small increase in MCC staff costs due to seniority payments.
- The travel and subsistence costs will not rise significantly. [Note: this assumption may prove to be incorrect in light of recent developments in the airline industry].

E.2 Proposed support budget

E.2.1 MCC Staff

MCC currently has 5 Officers in direct employment at a rate of 152 kEUR per Officer per annum. Whilst pay increases are likely to be negligible in year 2002 there will be a requirement to cover long service bonuses and other premiums that result from continued service.

MCC has 5 Assistants in direct employment at a rate of 36 kEUR per annum. As explained above, no salary increases are expected but there will be a requirement to cover long service bonuses.

A testing expert employed as an Officer within another ETSI Department now spends 100% of his time on 3GPP business (Mr Shicheng Hu). He is a TTCN expert and is largely engaged in the testing work of TSG T. He also serves as the co-ordinator for the ongoing 3GPP testing activities and leads both the prose description and test suite development activities. The cost of this ETSI Officer will be included in the draft budget but as a support service from ETSI rather than as an MCC staff member.

E.2.2 Contracted experts

It has been assumed at this stage that the number of MCC contracted experts will remain constant at 15. The annual rate for each contracted expert is 136,2 kEUR and this will not change during 2002.

E.2.3 Travel and subsistence

It has been assumed that the cost of travel and subsistence, and the number of travels incurred, will not rise significantly during 2002. The same budget has been set as that set in 2001.

E.2.4 Overheads

A detailed explanation has already been provided on the principles of deriving the overhead charges of 3GPP (see OP#4(00)08 Annex F). A prediction of the year 2002 overhead charges for ETSI is not yet available but will be prepared for the ETSI General Assembly that will take place in November this year. As a working assumption, the same level of overhead charges is assumed for 2002 as in 2001. This may need to be modified once the ETSI GA documents have been prepared but any difference is expected to be small.

E.2.5 Contingency

It has previously been agreed that a level of contingency should be set at 10% of the annual budget.

E.3 Annotated support budget table

Proposed 2002 Support Budget	Proposed allocation (kEUR)
MCC Staff 5 MCC Assistants @ 37k€. 5 MCC Officers @ 154 k€ Total = 955 k€	955
MCC Contractors 15 Contractors @ 136,2 k€ Subtotal = 2043 k€ Subtract cost of non-3GPP Groups (TC MSG (20k) and EP SCP (60k)) = 80 k€ MCC Staff costs for 3GPP = 2043 – 80 = 1963 k€	1 963
Travel and subsistence Travel budget for MCC set at 800 k€ Subtract travel for non-3GPP Groups (TC MSG and EP SCP) = 19 k€ Resulting budget is 800-19 = 781 k€	781
Overheads Working Assumption is overheads as in 2001 IT services = 769 Accommodation = 741 k€ Administration = 374 k€ Total = 769+741+374 = 1884 k€	1 884
Contingency Contingency is 10% of budget ie $10\% * (955+1963+781+1884) = 558$ k€	558
Total	6 141

E.4 Annotated specific task budget table

Task description	Budget Allocation (kEUR)
TTCN for MS interoperability 58 man months @ 13 k€ = 754 k€	754
Total	754

Annex F Estimation of Partner contributions for year 2002

The following tables give estimations of the contributions expected from the Organizational Partners in year 2002. These tables do not take into account the credit notes which may be issued in respect of the year 2001 surplus.

F.1 ARIB

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	197,81
Equal division of Specific tasks budget (shared between ARIB and TTC)	75,40
Total	708,22
Deduction for provision of human resources	136,20
Amount due	572,02

F.2 CWTS

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	54,95
Equal division of Specific tasks budget	150,80
Amount due	640,76

F.3 ETSI

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	1 983,64
Equal division of Support budget (GERAN)	230,30
Proportional division of Support budget (GERAN)	372,54
Equal division of Specific tasks budget	150,80
Amount due	3172,29

F.4 T1

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	186,82
Equal division of Support budget (GERAN)	230,30
Proportional division of Support budget (GERAN)	88,06
Equal division of Specific tasks budget	150,80
Amount due	1 090,99

F.5 TTA

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	93,41
Equal division of Specific tasks budget	150,80
Total	679,22
Deduction for provision of human resources	136,2
Amount due	543,02

F.6 TTC

Budget category	Amount (k€)
Equal division of Support budget (RAN, T, SA, CN)	435,01
Proportional division of Support budget (RAN, T, SA, CN)	93,41
Equal division of Specific tasks budget (shared between ARIB and TTC)	75,40
Amount due	603,82

F7 Total income from Partners

TOTAL INCOME FROM PARTNERS = 6 895,30