

**REPORT OF THE STANDING COMMITTEE
ON ADMINISTRATION AND FINANCE**

1. The Committee met on 5, 6, and 7 September 1984 under the Chairmanship of Mr Martinez-Castro of Argentina to consider the following items:

1. Report of the Executive Secretary
2. Financial Administration
 - (i) Examination of Audited Financial Statements for 1983
 - (ii) Appointment of Auditor for 1984 and 1985
 - (iii) Review of Budget for 1984
 - (iv) Budget for 1985
3. Retirement benefit fund for Secretariat staff.
4. Publications Policy and Procedures for the Preparation of Meeting Documents.

Report of the Executive Secretary

2. The Executive Secretary provided some additional comments on the financial and administrative matters covered in his report for 1984 (CCAMLR-III/3).

Examination of the Audited Financial Statements for 1983

3. The Committee noted the Auditor's preference to show the voluntary contribution of Norway as a current liability rather than as an unusual income item with an accompanying note to the accounts. The Secretariat had conformed with the advice of the Auditor. The Committee felt that it was a question of accounting opinion since either way the contribution was clearly identified.

4. In previous years the termination entitlements of staff have been shown as a note to the accounts. The auditor has advised that they also be shown as a liability. This was also considered a presentational matter rather than a substantive one, although there was some preference among the members to continue to show the item as a note to the accounts.

5. A recommendation by the Auditor to adopt a more detailed budget reporting form to include commitments and unpaid accounts as well as expenditure was supported by the Committee.

Appointment of Auditor

6. Financial Regulation 11.1 requires that the external auditor shall be the Auditor-General or equivalent statutory authority from a member of the Commission and shall serve for a term of two years with the possibility of re-appointment.

7. The Auditor-General for Australia has served the Commission for the past two years and has indicated that he is available for re-appointment. The Committee supported his re-appointment.

Review of Budget for 1984

8. The Committee was concerned that of the \$57,100 which had been allocated for Data Management in 1984, it was estimated that only \$19,200 would actually be spent. The Executive Secretary explained that the original allocation had been based on the need to process commercial fishing data submitted by members in accordance with procedures to be laid down by the Commission. Those procedures are still under consideration by the Scientific Committee and the Commission and no data of this type has been received by the Secretariat so far in 1984.

9. The Committee noted that other major underspending occurred in items relating to salaries and allowances. The Executive Secretary explained that this had arisen mainly because the Science Officer had not taken up duty as early as expected and that an increase in the UN salary scales which was provided for will not eventuate in 1984.

Budget for 1985

10. The Committee had before it document CCAMLR-III/5 which included explanations for each item of the budget. The document was revised to take account of members' comments and questions and accompanies this report as CCAMLR-III/5/REV.1.

11. Rather than delay the presentation of its report to the Commission, the Committee agreed to leave aside the budget of the Scientific Committee for consideration by the Commission when it discusses the Report of the Scientific Committee.

12. The Norwegian delegation gave a summary of the background for the Norwegian Government's decision to make the voluntary contribution, equally the proportionate share of the budgets for the two first years of operation of the Commission.

Income

13. The Committee discussed the present practice of calculating members' payments by dividing the budgeted expenditure among the members and then crediting them with the accumulated interest and staff assessment levy from the previous year. Some members felt that the estimated interest and staff assessment levy for the budget year should be deducted from the budgeted expenditure for the purpose of calculating members' contributions. The Committee was informed that this was the practice in some other similar organisations, but it was pointed out that members of those organisations had to contribute to a working capital fund as well as to the normal budget expenditure to overcome any cash flow problems.

14. Several delegations expressed strong reservations about changing the current practice because it would almost certainly lead to the introduction of a working capital fund and introduce large variations in members' contributions in making the change. The Secretariat was asked to seek a comment on the matter from the Auditor.

Expenditure

15. The Secretariat was asked to provide in future an introductory paragraph explaining in which items of the budget a component for inflation had been included in estimating the expenditures and to state clearly what rate of inflation had been used. It was also suggested that the official Australian Government estimated rate be used.

Data Management

16. There was some concern among members of the Committee that the amount of data to be processed could be quite large and that sufficient funds should be provided to undertake the work when the data becomes available. The Data Manager was asked to attend the meeting for this item to explain the basis for the estimate. It was pointed out that the Ad Hoc Working Group on Data Collection and Handling had compiled a detailed list of the types of data that were required, providing a basis on which to estimate the amounts of data to be handled. The Data Manager described in detail the breakdown of the estimate of \$66,600 included in the 1985 budget.

Meetings

17. There was a general discussion on the merits of having overlapping meetings of the Commission and Scientific Committee and on the most suitable time of year-in which meetings should be held.

18. With regard to the organisation of future meetings, several delegations considered that the Scientific Committee should commence its meeting in the first week and continue into the second week if necessary and that the Commission opens its meeting on the first day of the second week. A number of other delegation's suggested that the present arrangements for meetings of the Commission and Committee provided a flexibility that was particularly valuable at this stage in the Commission's life.

19. In examining the estimate for a joint meeting of the Commission and Scientific Committee in 1985, some delegates commented on the marked increase in the number of meeting documents in 1984 compared with 1983 and suggested that on the basis of this experience, a revision of the allocation for the translation and printing of meeting documents for 1985 might be necessary. The figure for a joint meeting in 1985 was subsequently increased from \$223,000 to \$237,000.

Termination Entitlements

20. The draft budget contained in CCAMLR-III/5 had included an allocation to cover all of the costs to the Commission associated with the termination of employment of staff. These would include termination allowance and the return of families and shipment of household effects back to the former place of residence. Termination allowance accrues each year for each staff member and

the Auditor had drawn attention to the desirability of clearly identifying this obligation of the Commission.

21. The Committee felt that it was unnecessary to include this accruing amount in the budget each year. Rather, the Executive Secretary should normally be in a position to predict if a staff member may resign in the coming year and include the necessary funds in the draft budget for that year. In those cases where resignations were not foreseen the Executive Secretary should obtain the approval of the Commission by correspondence to allocate funds from the interest, staff assessment levy or new members' contributions.

Salaries

22. The Committee noted that in accordance with the Staff Regulations, the system of applying changes to the salaries and allowances of the professional staff of the Secretariat was that used in the United Nations Secretariat and that the Staff Regulations call for a review of this system after the Secretariat has been in operation for three years, i.e. June 1985.

Budget Presentation

23. The Committee was concerned that the budget be presented in such a way as to show a balance between income and expenditure. The Administration/Finance Officer of the Secretariat explained that the method of presentation in CCAMLR-III/5 reflected in a strict accounting sense the forecast income and expenditure. The reason they did not balance was because members' contributions were reduced by the accumulated interest, staff assessment levy and any surplus from the previous year. The revised paper takes this into account and shows a balance of income and expenditure.

Retirement Benefit Fund for Secretariat Staff

24. The Committee discussed the document CCAMLR-III/6 presented by the Executive Secretary and agreed with the views expressed regarding the requirements of the Commission and the desirable features of a scheme to cover Secretariat staff for death, disability and health insurance and financial provision for retirement. The Committee noted in particular that the Commission's original intention had been that employees be covered under the UN Joint Pension Fund. Although

affiliation with that fund was undesirable, for the reasons outlined in the Executive Secretary's paper, the way in which contributions would be made to it was considered a good guide as to how to proceed. This would place staff members in much the same position as under that fund.

25. Under the UN fund the employer contributes 14.5% of the employee's salary and salary related allowances (i.e. two thirds of the total contribution) and the employee 7.25% (one third of the total contribution). Staff members of the Commission would therefore be placed in an equivalent position if the Commission agreed to contribute two thirds of the employee's total contribution into a recognised pension fund up to a maximum of 14.0% of the total salary and salary related allowances. This should either be reimbursed on the production of receipts or paid direct together with the employee's own contribution. The Commission should also reimburse staff members, on the above basis, for the costs of 'buying back' into the pension fund in respect of their employment with the Commission to date. The costs of this should be met from the accounts already established by the Executive Secretary ; balances remaining in the accounts to be paid into the Commission's general fund.

26. It was agreed that the principles of employer and employee contributions as described above in relation to the UN system, should be adopted by the Commission without prejudice to the figure chosen for the maximum for the employer's contribution. In order to implement this arrangement, the following amendment to the Staff Regulation is submitted for the Commission's consideration.

Proposed New Regulation.8.1

It is a condition of employment that each staff member will contribute to a recognised retirement fund and have adequate medical, hospital, life and disability insurance cover to the satisfaction of the Executive Secretary. Such insurance cover shall include adequate provision for dependants. The Commission shall pay two-thirds of the total contribution to the retirement fund and of the insurance premiums, up to a maximum of 14.0% of the total of the staff member's salary and salary related allowances. Such payment shall be by way of reimbursement upon the production of receipts, or shall be paid direct together with the employee's contribution.

Delete Regulation 8.2.

27. The Committee agreed that in implementing these arrangements, the Executive Secretary should ensure that employees obtain adequate cover and dissuade them from electing to make low employee contributions. In view of the various types of funds available and the need for portability of benefits as discussed in CCAMLR-III/6, there was agreement that the term 'recognised

retirement fund' should not be interpreted so as to be unduly restrictive. It was emphasised that the objective was to discharge the Commission's obligation to see that its staff were adequately covered with an arrangement involving employer and employee contributions clearly identified as being for the provision of life, disability and health insurance and a retirement benefit.

28. The Committee agreed that the Executive Secretary should be asked to report to the next meeting of the Commission on the implementation of the arrangements.

Publications Policy and Procedures for the Preparation of Meeting Documents

29. The Committee noted that this item had been included on the agendas of both the Commission and Scientific Committee. It also noted that those issues that were not of a scientific nature required decisions which went beyond financial considerations. In view of this, the Committee agreed that the matter might be better considered by a group established by the Commission especially for the task.