

**REPORT OF THE STANDING COMMITTEE  
ON ADMINISTRATION AND FINANCE (SCAF)**

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The Committee noted that the Commission had deferred to it Item 3 of the Commission's Agenda (Finance and Administration). The Committee also noted that the Commission had identified the CDS Fund for consideration by SCAF. The Agenda, as included as Appendix A to the Commission's Provisional Agenda (CCAMLR-XX/1), was adopted (Appendix I).

### **EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 2000**

2. The Committee **recommended that the Commission accept the financial statements as presented in CCAMLR-XX/3**. The Committee noted from the audit report of the 2000 Financial Statements that there were no cases of non-compliance with Financial Regulations or International Accounting Standards. It also noted that the audit report had been provided on the basis of a review audit only and that it did not provide the same degree of assurance as would a full audit.

### **AUDIT REQUIREMENT FOR 2001 FINANCIAL STATEMENTS**

3. The Committee noted that the Commission had decided in 1994 that a full audit should be performed on average once every two years, and in 1995 that this would be required at least once every three years. A full audit was performed on the 1999 Financial Statements and a review audit on those for 2000, so it was noted that either a full audit or a review audit would be acceptable for the 2001 Statements. As the new Executive Secretary would be taking up his position in 2002, the Committee **recommended that the Commission require a full audit to be performed on the 2001 Financial Statements**.

### **TIMING OF PAYMENT OF MEMBERS' CONTRIBUTIONS**

4. The Committee noted that 2001 contributions from two Members were currently still outstanding and that one Member had not yet fully paid its contribution for 2000 and was therefore in default under Article XIX.6 of the Convention.

5. The Committee noted that nine Members had not paid their contributions in 2001 by the date payable. To encourage Members to pay on time, the Committee considered the following proposal from Australia for applying interest to overdue contributions:

Any contribution not paid by the date payable will accrue interest at the rate earned by the Commission on that date. Interest will continue to accrue at that rate on a daily basis on the amount outstanding until all amounts due from the Member for the year are received by the Commission. If the entire amount outstanding is paid within

30 days of the date payable, then this interest will be waived. The interest accrued by a Member in any year will be due and payable at the same time as the Member's contribution for the following year.

After much debate, the Committee was unable to come to agreement on a mandatory application of interest. The Committee **recommended that the Commission urge Members to respect the deadlines set out in Financial Regulation 5.6 in order to avoid the Secretariat's cash flow problems having to be addressed in the future.**

#### REVIEW OF BUDGET FOR 2001

6. The Committee received the report of the Secretariat on the expected outcome of the 2001 expenditure budget as presented in CCAMLR-XX/4, which noted the significant increase in Professional Staff salary costs resulting from large exchange rate fluctuations. It recognised that, in addition to compensatory savings in other expenditure, it had been necessary to record Namibia's New Member Contribution in the current year. The Committee **recommended that the Commission endorse the recording of Namibia's New Member Contribution as income in 2001 and adopt the revised budget for 2001 as presented in Appendix II.**

7. Australia, Belgium, European Community, France, Germany, Italy, Japan, Namibia, New Zealand, Norway, Poland, South Africa, Spain, Sweden and the UK expressed concern with the high level of wages and salaries for the four members of Professional Staff, which equates to 36% of the Commission's total budget, and which fluctuates widely, affected by the US\$/A\$ exchange rates. They noted that it was largely due to the intricacies of the UN pay scheme and, in their view, inadequately reflects the actual changes in the cost of living in Australia. These Members proposed that an independent review be conducted in time for the next meeting in order to decide on a possible modification of the way the wages and salaries of the professional staff are fixed, in particular vis-a-vis the possibility to consider as a base the salaries and wages in Australia. The Republic of Korea and the USA suggested that, before the Commission direct a review, it await the report of the review of the UN pay scheme.

#### BUDGET FOR 2002

8. The Committee considered the proposal of the Secretariat that education grants be applicable in relation to attendance at Australian universities in addition to other forms of education. The Committee asked the Secretariat to investigate such policies in other intergovernmental organisations of similar size and report to next year's meeting for further consideration by SCAF.

9. The Committee considered the options available for annual meetings of the Commission and Scientific Committee **and recognised that the existing location at Wrest Point is the only location currently available.** The Committee was pleased to receive the offer from Australia to work with the Secretariat to secure appropriate meeting venues at competitive prices.

10. In considering opportunities for the Commission to operate more efficiently, SCAF recognised the increasing availability of electronic communications. **It recommended that the Commission require that all circulars be placed on the CCAMLR website and their appearance there be notified to Members by email. No additional forms of communication of such circulars will be required except to those Members who advise the Secretariat that, in the short term, they require receipt of the circulars by email also.**

11. The Committee noted the concerns of some delegates that administrative difficulties were preventing them from receiving passwords to enable them to gain access to appropriate pages on the CCAMLR website. **It recommended that the Commission authorise the Secretariat to issue Commission Member passwords to the heads of delegations to the 2001 Commission meeting.**

12. The Chair of the Scientific Committee presented to SCAF the Scientific Committee's budget for 2002 and explained the expenditure items included. The Scientific Committee was congratulated on providing a budget which was lower than had previously been forecast. **SCAF recommended that the Commission approve the Scientific Committee proposed budget of A\$160 000 for inclusion in the Commission's 2002 budget.**

13. The Chair of the Scientific Committee also presented to SCAF a number of items for which it recommended expenditure in 2002 and which related to the Commission's own budget. These had already been taken into account in the draft budget which had been presented to the Commission by the Secretariat except for a proposed contribution of A\$10 000 to *Deep Sea Research* for the publication of data from the CCAMLR-2000 Survey.

14. The Committee received the advice of SCOI concerning possible financial implications of decisions made at its current meeting. SCAF noted that no changes to the 2002 budget would be required as a result of these decisions.

15. SCAF considered the draft budget for 2002 as presented by the Secretariat in CCAMLR-XX/4, with the addition of items referred to above, and **recommended that the Commission adopt the budget for 2002 as presented in Appendix II to this report.**

## FINANCING ISSUES

### Contribution Formula for 2002

16. The formula being used to calculate Members' Contributions to the annual budget of the Commission was last agreed for the three years 1997, 1998 and 1999, and subsequently used also for 2000 and 2001. The Committee considered that the formula should yield a total contribution from harvesting activities of at least 3% of the total contributions, that the fishing contribution from any fishing Member should be at least A\$1 000 and that the weighting applying to *Dissostichus eleginoides* should also apply to *Dissostichus mawsoni*. Consequently it **recommended that the Commission adopt the following formula for use in 2002, 2003 and 2004:**

- I. (i) Those countries engaged in harvesting in the Convention Area will, in respect of the amount harvested, contribute at the rate of 13% of total Members' contributions per 100 000 contribution units, a unit being defined as:

1 tonne of *Dissostichus* spp.;  
10 tonnes of krill and/or myctophids; or  
5 tonnes of any other harvested resource.

- (ii) The amount of all marine living resources harvested is included in the calculation, including catches in new fisheries and exploratory fisheries, but excluding:

- catches which, in accordance with conservation measures in force, are under Exploratory Harvesting Regimes; and
- any catches which the Commission may, from time to time, require to be exempted.

- (iii) Catches by Members under the research provisions of Conservation Measure 64/XIX will not be taken into account for the purpose of calculating their contributions to the budget.

- (iv) The amount harvested shall be calculated as the average catch over a three-year reporting period, ending at least 12 months prior to the Commission meeting at which the budget in question is approved.

- (v) The maximum percentage of total contributions to be paid in respect of the amount harvested shall be fixed at 50%.

- (vi) Any Member with catches included in the above-stated three-year period shall pay at least A\$1 000 in respect of such catches.

II. The balance of total contributions will be equally shared amongst all Members of the Commission.

III. The maximum percentage of total contributions to be met by any individual harvesting country is fixed at 25%.

17. It was noted that, although there was no provision in the proposal for an increase in contributions from non-fishing Members in 2002, this did not mean that there would be no increases in future years. The Committee noted that all Parties benefited from rational use and conservation of Antarctic marine living resources.

18. The Committee noted the situations beyond the control of the Commission which had occurred in recent years that had adversely affected expenditure. It considered that the establishment of a fund which could be used in such circumstances in the future was now essential. **It recommended that the Commission establish a Contingency Fund in accordance with Financial Regulation 6.2, and that this fund be financed through**

**transfers from the General Fund over a maximum period of three years, and that the interest earned on the fund be retained in the fund in accordance with Financial Regulation 8.3.**

19. The Committee noted that terms of reference and authorisation required for the use of this fund should be determined by the Commission at its next meeting and that until that time it would not be available for use without the full agreement of the Commission.

20. The Committee noted that by applying the new contribution formula to the 2002 budget and, at the same time, not reducing individual non-fishing contributions below zero real growth, it was possible to make available up to A\$62 090 from the General Fund to the new Contingency Fund in 2002. SCAF therefore **recommended that the Commission transfer A\$62 090 from the General Fund to the Contingency Fund in 2002, as presented in the budget (Appendix II).**

#### Introduction of Fees on Proposals for New and Exploratory Fisheries

21. The Committee considered the possibility of charging fees to Members in respect of notifications of new and exploratory fisheries. The intention was to discourage Members from submitting notifications of fisheries which are not likely to be carried out and therefore represent an unnecessary work burden for the Secretariat. In this respect it was suggested that the fee might be a deposit, refundable if the proposed fishery is carried out. Other Members were of the view that the fee should be viewed as a fee for a service rendered by the Secretariat, on a non-refundable basis. As there was insufficient time to give this subject adequate consideration during the meeting, SCAF agreed to continue its discussions at the 2002 meeting.

#### Establishment of the Principle of User Pays

22. The possibility of introducing a policy of 'user pays' with respect to the CCAMLR Catch Document Scheme for *Dissostichus* spp. (CDS) was also raised at the meeting. The Committee agreed that it would continue to consider this option at next year's meeting.

#### Charging Fees to Non-Contracting Parties

23. The Committee considered the possibility of charging fees to non-Contracting Parties for participation in the CDS. This would include a basic fee for participation in the scheme as well as ongoing charges on the basis of usage. The Committee decided to continue its discussions on this subject at the next meeting.

#### FORECAST BUDGET FOR 2003

24. In considering the forecast budget for 2003, as presented in Appendix II, SCAF noted the extent of assumptions that have had to be made in many expenditure items. It

**recommended that the Commission note the forecast budget and drew attention to the fact that the figures in this budget are indicative only and caution should be taken when these are used as a basis for financial budgeting by individual Members.**

#### CDS FUND

25. The Committee noted the special contribution of A\$284 800 that had been made by the UK to the CDS Fund. After earning interest, this fund stands at A\$292 500 as at 26 October 2001. The creation of the Fund had been agreed by the Commission at its 2000 meeting to receive from Members any net proceeds from the sale of confiscated illegal catches or shipments, if they so decided. The Committee received from SCOI the proposed terms of reference for this fund. It **recommended that the Commission express its appreciation to the UK for the amount received and adopt the terms of reference for the CDS Fund as presented in Appendix IV to the SCOI report.**

#### US SPECIAL FUND

26. The Committee noted that on 15 October 2001, the USA had provided a special contribution of A\$101 950, to be used to improve effective monitoring of fishing activities in the Southern Ocean, including the funding of additional observers and inspectors in the area. The Committee **recommended that the Commission express its appreciation to the USA for this payment and receive suggestions from the USA as to its possible specific use .**

#### CHAIR AND VICE-CHAIR OF SCAF

27. The Committee appointed Mr P. Panayi (Australia) as Chair of SCAF, and Dr W. Klapper (Germany) as Vice-Chair, from the end of the 2001 meeting until the end of the 2003 meeting.

28. The Committee congratulated the retiring Chair, Mrs C.-P. Martí, for her masterly presidency of the Committee for the past two years. She had done a fantastic job in adverse conditions, with the result that the Committee had made its best progress for many years.

#### ADOPTION OF THE REPORT

29. The report of the meeting was adopted.

**AGENDA**

Standing Committee on Administration and Finance (SCAF)  
(Hobart, Australia, 22 to 27 October 2001)

1. Organisation of the Meeting
2. Examination of Audited Financial Statements for 2000
3. Audit Requirement for 2001 Financial Statements
4. Members' Contributions
  - (i) Timing of Members' Contributions
  - (ii) Contribution Formula
5. Review of Budget for 2001
6. Budget for 2002 and Forecast Budget for 2003
  - (i) Higher Education Allowance for Dependents of Professional Staff
  - (ii) Consideration of Future Meeting Arrangements
  - (iii) Scientific Committee Budget
7. Management Review of the Secretariat
8. Any Other Business Referred by the Commission
9. Election of Chair and Vice-Chair of SCAF
10. Adoption of the Report.



## APPENDIX II

**REVIEW OF 2001 BUDGET, BUDGET FOR 2002  
AND FORECAST BUDGET FOR 2003**  
(all amounts in Australian dollars)

<b>2001 BUDGET</b>			<b>2002 BUDGET</b>							<b>2003</b>	
Adopted	REVISED	Variance	TOTAL	SCIENTIFIC COMMITTEE			CDS	COMMISSION ADMINIS- & MEETINGS TRATION		<b>FORECAST</b>	
				Own	Other	Total					
			Budget								
<b>INCOME</b>											
2173 666	2173 666	0	Members' Contributions	2371 990						381 800	
(45 766)	(43 562)	2 204	From (to) Special Fund	(62 090)						0	
			Items from previous year								
20 100	18 550	(1 550)	Interest	18 000						18 000	
0	93 264	93 264	New Members' Contributions	0						0	
322 200	308 534	(13 666)	Staff Assessment Levy	372 700						377 700	
0	0	0	Surplus	0						0	
<u>2470 200</u>	<u>2550 452</u>	<u>80 252</u>		<u>2700 600</u>						<u>2777 500</u>	
<b>EXPENDITURE</b>											
<b>Salaries and Allowances</b>											
741 500	864 600	123 100	Professional Staff	950 100	0	347 800	347 800	88 800	324 600	186 900	974 100
318 400	318 400	0	Translation	343 500	57 700	21 300	79 000	3 200	231 200	30 100	349 500
668 700	660 200	(8 500)	Support Staff	670 850	40 450	236 200	276 650	81 500	177 800	134 900	700 800
<u>1728 600</u>	<u>1843 200</u>	<u>114 600</u>	<b>Total</b>	<u>1964 450</u>	<u>98 150</u>	<u>605 300</u>	<u>703 450</u>	<u>173 500</u>	<u>733 600</u>	<u>351 900</u>	<u>2024 400</u>
<u>8 300</u>	<u>11 900</u>	<u>3 600</u>	<b>Capital Expenditure</b>	<u>12 200</u>	<u>2 000</u>	<u>0</u>	<u>2 000</u>	<u>2 100</u>	<u>1 900</u>	<u>6 200</u>	<u>12 600</u>
<b>Communication</b>											
32 300	29 100	(3 200)	Postage and Freight	29 900	3 400	2 300	5 700	500	4 400	19 300	30 800
31 000	31 000	0	Internet	31 900	0	9 500	9 500	8 200	9 100	5 100	37 900
13 700	12 000	(1 700)	Facsimile	12 300	0	1 100	1 100	3 300	7 400	500	12 700
12 600	11 100	(1 500)	Telephone	11 400	0	0	0	600	2 400	8 400	11 700
<u>89 600</u>	<u>83 200</u>	<u>(6 400)</u>	<b>Total</b>	<u>85 500</u>	<u>3 400</u>	<u>12 900</u>	<u>16 300</u>	<u>12 600</u>	<u>23 300</u>	<u>33 300</u>	<u>93 100</u>
<b>Hire and Lease</b>											
112 300	104 500	(7 800)	Computers	101 700	5 900	11 300	17 200	29 100	16 200	39 200	107 600
29 000	29 000	0	Maintenance and Training	29 800	0	6 500	6 500	5 600	6 700	11 000	30 700
14 500	14 500	0	Photocopying Equipment	14 900	0	0	0	0	11 800	3 100	15 300
48 000	48 000	0	Meetings Venue	49 300	0	0	0	0	49 300	0	50 800
138 400	138 400	0	Translation/Interpretation	142 300	8 100	0	8 100	0	134 200	0	146 600
35 100	35 100	0	Multilingual Equipment	36 100	0	0	0	0	36 100	0	37 200
16 200	16 200	0	Translation Facilities	16 700	0	0	0	0	16 700	0	17 200
<u>393 500</u>	<u>385 700</u>	<u>(7 800)</u>	<b>Total</b>	<u>390 800</u>	<u>14 000</u>	<u>17 800</u>	<u>31 800</u>	<u>34 700</u>	<u>271 000</u>	<u>53 300</u>	<u>405 400</u>
<u>117 200</u>	<u>107 000</u>	<u>(10 200)</u>	<b>Travel</b>	<u>125 650</u>	<u>43 250</u>	<u>0</u>	<u>43 250</u>	<u>0</u>	<u>55 200</u>	<u>27 200</u>	<u>128 700</u>
<b>Support Costs</b>											
7 000	7 000	0	Auditor	12 000	0	0	0	0	0	12 000	7 900
14 700	18 800	4 100	Insurance	19 300	0	0	0	0	0	19 300	19 900
17 300	17 300	0	Light and Power	17 800	0	0	0	0	0	17 800	20 300
35 500	35 500	0	Printing and Copying	37 800	1 200	14 200	15 400	6 500	8 500	7 400	26 600
19 800	19 800	0	Stationery	20 400	0	600	600	300	9 200	10 300	21 000
38 700	21 052	(17 648)	Miscellaneous	14 700	0	4 600	4 600	600	6 300	3 200	17 600
<u>133 000</u>	<u>119 452</u>	<u>(13 548)</u>	<b>Total</b>	<u>122 000</u>	<u>1 200</u>	<u>19 400</u>	<u>20 600</u>	<u>7 400</u>	<u>24 000</u>	<u>70 000</u>	<u>113 300</u>
<u>2470 200</u>	<u>2550 452</u>	<u>80 252</u>		<u>2700 600</u>	<u>162 000</u>	<u>655 400</u>	<u>817 400</u>	<u>230 300</u>	<u>1109 000</u>	<u>541 900</u>	<u>2777 500</u>

**2002 CONTRIBUTIONS FOR EACH MEMBER**  
(in Australian dollars)

	REVISED FORMULA			ADDITIONAL FACTOR FOR 2002			<i>Original Calculation in Draft Budget</i>	
	Non-Fishing	Fishing	Total	Non-Fishing	Fishing	Total		
Argentina	93 152	1 000	94 152	95 739	1 000	96 739	96 048	Argentina
Australia	93 152	10 509	103 661	95 739	10 509	106 248	100 212	Australia
Belgium	93 152	0	93 152	95 739	0	95 739	95 739	Belgium
Brazil	93 152	0	93 152	95 739	0	95 739	95 739	Brazil
Chile	93 152	4 906	98 058	95 739	4 906	100 645	98 024	Chile
Germany	93 152	0	93 152	95 739	0	95 739	95 739	Germany
European Community	93 152	0	93 152	95 739	0	95 739	95 739	European Community
France	93 152	15 691	108 843	95 739	15 691	111 430	103 047	France
India	93 152	0	93 152	95 739	0	95 739	95 739	India
Italy	93 152	0	93 152	95 739	0	95 739	95 739	Italy
Japan	93 152	20 280	113 432	95 739	20 280	116 019	105 188	Japan
Korea, Republic of	93 152	1 649	94 801	95 739	1 649	97 388	96 507	Korea, Republic of
Namibia	93 152	0	93 152	95 739	0	95 739	96 507	Namibia
New Zealand	93 152	1 126	94 278	95 739	1 126	96 865	95 858	New Zealand
Norway	93 152	0	93 152	95 739	0	95 739	95 739	Norway
Poland	93 152	5 471	98 623	95 739	5 471	101 210	98 287	Poland
Russia	93 152	1 000	94 152	95 739	1 000	96 739	96 087	Russia
South Africa	93 152	3 396	96 548	95 739	3 396	99 135	97 321	South Africa
Spain	93 152	1 000	94 152	95 739	1 000	96 739	96 026	Spain
Sweden	93 152	0	93 152	95 739	0	95 739	95 739	Sweden
Ukraine	93 152	2 556	95 708	95 739	2 556	98 295	96 929	Ukraine
United Kingdom	93 152	3 124	96 276	95 739	3 124	98 863	97 195	United Kingdom
Uruguay	93 152	1 546	94 698	95 739	1 546	97 285	96 459	Uruguay
USA	93 152	1 000	94 152	95 739	1 000	96 739	95 740	USA
	<b>2 235 646</b>	<b>74 254</b>	<b>2 309 900</b>	<b>2 297 736</b>	<b>74 254</b>	<b>2 371 990</b>		

Application of additional factor yields 62 090

Contributions from harvesting activities represent 3.1% of total contributions