

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

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

The Committee noted that the Commission had deferred to it Item 3 of the Commission's Agenda (Finance and Administration). The Agenda, as included as Appendix A to the Commission's Provisional Agenda (CCAMLR-XXI/1), was adopted (Appendix I).

EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 2001

2. The Committee noted from the audit report that a full audit had been carried out on the 2001 Financial Statements and that there were no cases of non-compliance with Financial Regulations or International Accounting Standards. The Committee **recommended that the Commission accept the financial statements as presented in CCAMLR-XXI/3.**

AUDIT REQUIREMENT FOR 2002 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. As a full audit has been performed on the 2001 Financial Statements, it was **recommended that the Commission require only a review audit to be performed on the 2002 Financial Statements.** It was noted that a full audit would be required on the 2003 statements if the proposed new budget format and change to an accrual accounting system are agreed by the Commission.

APPOINTMENT OF AUDITOR

4. The Australian National Audit Office has been the Commission's auditor since the Commission was established. As the Office's latest two-year appointment expired after completion of the audit of the 2001 Financial Statements, the Committee **recommended that the Commission appoint the Australian National Audit Office as its auditor for the 2002 and 2003 Financial Statements.**

REVIEW OF BUDGET FOR 2002

5. The Committee noted the advice of the Secretariat that it was not anticipated that the total budgeted expenditure for the year would be exceeded and that the other income was higher than budgeted. As a result, it **recommended that the Commission adopt the revised budget for 2002 as presented in Appendix II, including an increase in the amount transferred to the Contingency Fund.**

6. The Committee noted that contributions for 2002 from two Members, were currently still outstanding. One Member had not fully paid its contribution for 2001 by the date that the 2002 contribution was payable and was therefore in default under Article XIX(6) of the Convention as it has not yet fully paid its outstanding amounts.

7. The Committee **recommended that the Commission approve expenditure in 2002 from Special Funds:**

- **A\$14 000 from the CDS Special Fund for work on the development of an electronic CDS; and**
- **A\$15 400 from the Compliance and Enforcement Special Fund in respect of Secretariat representation at an FAO Consultation on the Development of Model Catch Documentation and Reporting Measures.**

8. The Committee noted that competency for determining expenditure from all funds, including Special Funds, remains with the Commission. In the case of the US Observer Fund, the Commission has recognised that the Fund provider has retained competency for expenditure from the Fund.

MANAGEMENT REVIEW AND STRATEGIC PLAN

9. The Committee noted that all outstanding issues relating to the 1997 Management Review have now been addressed, many through the introduction of the Secretariat Strategic Plan, and consequently advised the Commission that it would no longer require annual reports from the Executive Secretary on its implementation.

10. The Committee received advice from the Executive Secretary on the Establishment of a Secretariat Strategic Plan. It **recommended that the Plan be used as a basis for future annual appraisals of the performance of the Executive Secretary.**

AUTHORITY OF EXECUTIVE SECRETARY

11. The Committee recognised the appropriate existing procedures whereby attendance at meetings of other organisations is determined by the Commission at its annual meeting. However, it noted the increasing number of invitations which are extended to the Executive Secretary, intersessionally, to attend such meetings before the next annual meeting of the Commission. SCAF therefore **recommended that the Commission recognise the authority of the Executive Secretary to determine whether or not such attendance is appropriate and may attend if budgetary resources permit.**

12. In this respect, the Committee **recommended that the Commission recognise the Executive Secretary's authority to represent the Commission at such meetings and in correspondence:**

The Executive Secretary may convey to others:

- **to all – information that is publicly available; and**
- **to selected recipients – information which the Commission has determined is to be presented to a target audience.**

If the Executive Secretary considers it appropriate to provide additional information, this must be advised to Members beforehand, giving them the opportunity to object to any such disclosure.

In all instances, the Executive Secretary must comply with CCAMLR's data access rules.

13. With the establishment of the Secretariat Strategic Plan and the related proposed format of the annual budget, the Committee noted that the Commission is provided with sufficient information to determine and monitor the total amounts and functional allocations of staff resources. As a result, it **recommended that the Commission recognise the Executive Secretary's authority to revise the gradings of individual General Service staff positions, subject to the approved budget allocations.**

SECRETARIAT STAFF

14. The Committee noted the advice of the Executive Secretary that a new form of staff contract has been developed to be used for all staff. It recognised the necessity for this to be checked by a lawyer to ensure that it appropriately covered the legal rights and responsibilities of both the Commission and the employee, and **recommended that the Commission accept the inclusion in the 2003 budget of A\$7 000 as a maximum amount to be expended in this respect.** In addition, SCAF noted that the development of the contract would be an integral part of identifying key performance criteria and associated appraisal procedures for individual staff.

15. The Committee received the advice of the Executive Secretary that the rates of pay of General Service staff are to be reviewed during 2003, following the structural changes resulting from the establishment of the Secretariat Strategic Plan. It noted that the review would be carried out within the Secretariat, with assistance of information from the Australian Government, so no costs would be involved in the exercise. It noted further that the Secretariat would report to the Commission next year on the results of its review and on any potential budgetary implications.

16. The Committee received the advice of the SCAF Chair that of all appropriate agencies available in Australia, only one has been able to provide a quote for the performance of a review of the Professional Staff salary structure. The Committee was concerned that, at A\$22 000, the quote appeared high and noted the comments in the Commission's 2001 report (CCAMLR-XX, paragraph 3.9) that adequate experts for the performance of the review could possibly be provided by Members themselves. Consequently, it **recommended that the Commission ask Members to research this possibility intersessionally in order that the Commission can reach a decision next year on the possibility of a review being performed in 2004.**

17. The Committee again considered the possibility of extending the application of education grants to cover dependants attending university. It **recommended that no decision be made on this matter until the results of a review of the Professional Staff salary structure is finalised.**

18. The Committee noted that staff members who are citizens of certain Member States are not entitled to participate in the Australian basic medical cover system. It **recommended that the Commission provide appropriate insurance coverage for such staff members and their dependants.**

19. The Committee noted that access to employment for Professional Staff should be equally available to citizens of all Members. It **recommended that the Commission develop procedures to facilitate the dissemination of information about positions vacant in all Member countries.**

CONTINGENCY FUND

20. At its 2001 meeting, the Commission established a Contingency Fund. Noting that this is intended to be used for necessary expenditure which has not yet been specifically authorised by the Commission, SCAF **recommended that the following definitions be agreed by the Commission for unforeseen and extraordinary expenditure as envisaged in Financial Regulation 4.5:**

‘Unforeseen expenditure’ is expenditure of which the Commission had been unaware at the time of its previous meeting, but which is necessary for the fulfilment of tasks required by the Commission to be performed, with the amount not being possible to subsume into the annual budget without inordinate disruption of the Commission’s work.

‘Extraordinary expenditure’ is expenditure the nature of which was known by the Commission at its previous meeting, but the extent of which is far greater than had been anticipated at that time, with the extra amount not being possible to subsume into the annual budget without inordinate disruption of the Commission’s work.

21. The Committee further **recommended that the following procedures should be applied for any use of the Fund:**

(i) **As soon as the Executive Secretary believes that there is a reasonable expectation of unforeseen or extraordinary expenditure, he/she will consult with the SCAF Chair and Vice-Chair to confirm that:**

- the nature of the expenditure complies with the above definitions;**
- the Contingency Fund has sufficient capacity to cover the expenditure;**
and
- it is not possible to defer the decision on the use of the Fund until the next meeting of the Commission.**

- (ii) **The Executive Secretary will advise all Members of any intended use of the Fund.**
- (iii) **Any Member that considers such expenditure from the Fund to be inappropriate shall advise the Chair accordingly, including any proposal for alternative action.**
- (iv) **The Commission Chair shall consult with the SCAF Chair and the Executive Secretary. If the three parties agree with the Member's advice, then this shall be acted upon and Members will be advised accordingly. If the parties fail to come to agreement on the Member's advice, and if time permits, then Members will be asked to decide on the issue in accordance with Rule 7. If there is insufficient time for such a decision, or if Members are unable to reach consensus, then the Executive Secretary, in consultation with the Commission Chair and the SCAF Chair and Vice-Chair, shall determine to what extent to use the Fund.**
- (v) **Any actual expenditure from the Fund will be advised to Members immediately.**
- (vi) **The Executive Secretary will report to the subsequent meeting of the Commission any expenditure from the Fund, including related expenditure from the current and future budgets of the General Fund, and proposals to re-establish the Contingency Fund at its former level.**

ACCRUAL ACCOUNTING

22. The Committee noted that the basis of accounting currently used for the Commission's budget is no longer in line with that used by the majority of Member governments. It **recommended that the Commission adopt a full accrual basis of accounting for future budgets, commencing with 2003.** It noted that such a change is also in accordance with advice from the Commission's auditor.

23. To ensure that the basis of accounting does not conflict with Financial Regulations, the Committee **recommended that the Commission amend Financial Regulation 5.2 as follows:**

5.2 Staff Assessment Levy paid by an employee of the Commission shall be regarded by the Commission as payment towards the annual budget contribution for the year ~~following payment of levy.~~

BUDGET FORMAT

24. The Committee **recommended that the Commission adopt the revised form of budget presentation as applied in Appendix III.** It noted that this form aligns with the revised functional structure identified in the Secretariat Strategic Plan and thereby facilitates the allocation of resources between such functions.

COST RECOVERY

25. The Committee recognised the continuing concern of the Commission and Scientific Committee on the high number of applications received for new and exploratory fisheries and, in particular, those applications which are not subsequently prosecuted. It considered a proposal tabled by the European Community on the possibility of charging for each application, with a proportional refund if it is prosecuted. A number of potential practical issues were raised, which could not be resolved at this time. The principle of cost recovery was generally accepted. SCAF also noted Russia's stated difficulty in adopting the principle of cost recovery. The Committee **recommended that the Commission ask the Scientific Committee and Secretariat to provide advice to its next meeting on time and monetary costs associated with applications, with a view to the proposal tabled, and any other suggestions from Members, being further considered at that time.**

FUTURE MEETING ARRANGEMENTS

26. The Committee recognised the scarcity in Hobart of suitable, economically acceptable venues for future meetings of the Commission and Scientific Committee and noted the positive results of the work of the Secretariat in investigating the possibility of developing such a venue within the building which houses the Commission's headquarters.

27. The Committee considered that this possibility has considerable potential and **recommended that the Commission direct the Secretariat to pursue this opportunity with utmost expediency.**

28. Further, to avoid the risk of opportunities being missed and unnecessary delays occurring, the Committee **recommended that the Commission establish a Project Oversight Team with authority to further the project, facilitate any necessary intersessional investigations and take any decisions which might be required to further the project, without incurring a financial liability for the Commission, and keep within the terms of reference set out below.**

29. It is envisaged that, in addition to the Secretariat and specific Member representatives, the team may require participation by representatives from the Australian Commonwealth Government, as depositary, and Tasmanian Government as host State. Germany and Australia offered to be represented on the team. Other Members may be included if they require.

30. In this respect, SCAF **recommended that the following terms of reference should be applied to the Team:**

- **The main aim of the project is to secure suitable long-term facilities for the annual meetings of the Commission and Scientific Committee, without consequential negative budgetary impact.**
- **The team is empowered, subject to subsequent confirmation by the Commission, to negotiate, with the Australian and Tasmanian Governments,**

potential property developers and any other appropriate party, possible terms of tenancy of such facilities, including layout, price and number of years' commitment.

- **The team will keep the Commission informed of the progress of the project through Commission circulars, and provide sufficient notice, in accordance with the Commission's terms of reference, of any decisions which might be requested of the Commission.**

31. In proposing this, SCAF recognised that for any such development to be economical to a developer, there will be a need for a multi-year commitment from the Commission, possibly up to 12 years.

32. The Committee noted that the current venue has been provisionally booked for 2003 and **recommended that the Commission ask the Secretariat to research opportunities for a larger room in which the Standing Committee on Observation and Inspection (SCOI) may operate.**

BUDGET FOR 2003

33. The Committee had received the advice of the Scientific Committee on its own budget and on items in the Commission budget of relevance to the Scientific Committee. SCAF noted that the Scientific Committee budget total for 2003 was A\$1 800 less than had been included in the Commission's draft budget for 2003 as presented in CCAMLR-XXI/4, and that an additional A\$8 000 had been requested from the Commission's budget for additional work by the Secretariat in preparation for the review of CEMP indices. The Committee **recommended that the Commission approve the Scientific Committee proposed budget of A\$171 700 for inclusion in the Commission's 2003 budget.**

34. The Committee endorsed the proposal of the Secretariat that the budget be increased by A\$2 500 for the installation of security video surveillance at the Commission's Headquarters and A\$1 200 for the reprinting of maps of the Convention to be used in table mats at the annual meetings. It also endorsed the inclusion of A\$6 800 for the attendance of the Executive Secretary and Science Officer at a conference on the governance of deep-sea fisheries (CCAMLR-XXI/22), subject to a decision by the Commission on the appropriateness of such participation.

35. To minimise the effects that additional expenditures would have on the Commission's agreed aim of zero real budgetary growth and noting Germany's and Russia's aim for zero nominal growth, the Committee **recommended that the net increase in budgetary expenditure recommended in this report be compensated by a reduction in the amount to be transferred to the Contingency Fund to the end that the total Member Contributions will be the same amount as was presented in CCAMLR-XXI/4.**

36. With the above provisions, the Committee **recommended that the Commission adopt the budget for 2003 as presented in Appendix III to this report.**

37. Argentina, Japan, Russia, Spain and Uruguay advised the Committee that procedural processes prevented them from being able to meet the 1 March deadline for payment of their

2003 contributions. SCAF **recommended that these Members only be granted an extension to the deadline, in accordance with Financial Regulation 5.6** and noted the advice of other Members, that the Members concerned should continue to seek ways of resolving such procedural difficulties in future years. The Committee noted that it will continue to consider the possibility of interest charges or other means of encouraging earlier payments.

FORECAST BUDGET 2004

38. In considering the forecast budget for 2004, SCAF recalled that the figures are indicative only and caution should be taken when they are used as a basis for financial budgeting by individual Members. It noted particularly that new projects funded in their initial stages from the CDS Fund are likely to have ongoing financial implications for the General Fund in future years.

CDS FUND

39. The Committee endorsed the advice of the CDS Fund Review Panel that:

‘The panel noted the support of SCOI for the proposal to develop an electronic CDS, as presented in CCMLR-XXI/18, and the fact that A\$14 000 has already been expended from the CDS Special Fund on this project during 2002. The panel recommended that a maximum of A\$89 000 be further expended from the Fund on this project in the next year in accordance with the proposal presented, on the proviso that the travel costs in relation to the proposed training seminar be used only for necessary expenditure for participants not representing a Member State.’

CLOSE OF MEETING

40. The Committee noted that at the time when it closed its meeting, the meeting of SCOI had not yet concluded its business. The Committee therefore advised that the Commission may receive advice from SCOI on budgetary issues which have not yet been addressed by SCAF, and that this would need to be considered in the context of advice provided in the SCAF Report.

41. The report of the meeting was adopted.

AGENDA

Standing Committee on Administration and Finance (SCAF)
(Hobart, Australia, 21 to 25 October 2002)

1. Organisation of the Meeting
2. Examination of Audited Financial Statements for 2001
3. Audit Requirements for the 2002 Financial Statements
4. Appointment of Auditor
5. Secretariat Strategic Plan
6. Secretariat Management Review
7. Review of 2002 Budget
8. Budget and Accounting Practices
9. Cost Recovery
10. Contingency Fund
11. Budget for 2003
 - (i) Professional Staff Salaries
 - (ii) Higher Education Allowance for Professional Staff Dependents
 - (iii) Consideration of Future Meeting Arrangements
 - (iv) Scientific Committee Budget
 - (v) Advice from SCOI
12. Timing of Members' Contributions
13. Forecast Budget for 2004
14. CDS Fund
15. Any Other Business
16. Adoption of the Report.

REVISED BUDGET FOR 2002
(all amounts in Australian dollars)

	BUDGET	
	Adopted 2001	REVISED 2002
INCOME		
Members' Contributions	2 371 990	2 371 990
From (to) Contingency Fund	(62 090)	(88 814)
Items from previous year		
Interest	18 000	43 469
New Members' Contributions	0	0
Staff Assessment Levy	372 700	372 849
Surplus	0	1 106
	2 700 600	2 700 600
EXPENDITURE		
Salaries and Allowances		
Professional Staff	950 100	950 100
Translation	343 500	343 500
Support Staff	670 850	670 850
Total	1 964 450	1 964 450
Capital Expenditure		
	12 200	12 200
Communication		
Postage & Freight	29 900	27 900
Internet	31 900	37 900
Facsimile	12 300	9 300
Telephone	11 400	10 400
Total	85 500	85 500
Hire & Lease		
Computers	101 700	101 700
Maintenance & Training	29 800	29 800
Photocopying Equipment	14 900	14 900
Meetings Venue	49 300	49 300
Translation/Interpretation	142 300	142 300
Multilingual Equipment	36 100	36 100
Translation Facilities	16 700	16 700
Total	390 800	390 800
Travel		
	125 650	125 650
Support Costs		
Auditor	12 000	12 000
Insurance	19 300	19 300
Light & Power	17 800	17 800
Printing and Copying	37 800	37 800
Stationery	20 400	20 400
Miscellaneous	14 700	14 700
Total	122 000	122 000
	2 700 600	2 700 600

BUDGET FOR 2003 (PROPOSED FORMAT)

(all amounts in Australian dollars)

	BUDGET ITEMS					Total 2003	Forecast 2004	Scientific Committee Budget included	
	Data Management	Compliance	Communications	IT	Administration			Budget 2003	Forecast 2004
INCOME									
Members' Contributions						2 435 000	2 528 300		
From (to) Special Fund						(8 100)	(27 900)		
Items from previous year									
Interest						44 700	48 500		
New Members' Contributions						0	0		
Staff Assessment Levy						386 100	399 200		
Surplus						<u>0</u>	<u>0</u>		
						<u>2 857 700</u>	<u>2 948 100</u>		
EXPENDITURE									
<u>Sub items</u>									
Salaries and Allowances	447 500	460 000	672 000	162 100	318 700	2 060 300	2 125 700	93 000	99 700
Equipment Leasing	15 400	12 900	38 900	51 500	17 800	136 500	142 600	6 700	6 800
Insurance and maintenance	4 800	3 000	9 200	18 200	10 200	45 400	48 600	0	0
Training	6 900	7 100	8 100	5 700	3 800	31 600	24 700	0	0
Meeting Facilities	0	0	40 000	0	202 900	242 900	251 500	0	0
Travel	18 000	11 000	22 000	0	82 300	133 300	120 100	63 100	57 100
Printing and Copying	0	0	55 300	0	4 700	60 000	67 800	1 400	1 900
Communications	0	0	63 700	0	23 200	86 900	95 200	2 400	3 800
Sundry	2 300	1 700	2 700	6 500	47 600	60 800	71 900	5 100	6 300
	<u>494 900</u>	<u>495 700</u>	<u>911 900</u>	<u>244 000</u>	<u>711 200</u>	<u>2 857 700</u>	<u>2 948 100</u>	<u>171 700</u>	<u>175 600</u>