

**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 Commission had deferred Item 3 (Finance and Administration) of its Agenda (CCAMLR-XXVI/1, Appendix A) to SCAF. The Committee's Agenda was adopted (Appendix I).

EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 2006

2. The Committee noted that a review audit had been carried out on the 2006 Financial Statements. The report had identified no incidents of non-compliance with Financial Regulations or International Accounting Standards. The Committee **recommended that the Commission accept the Financial Statements as presented in CCAMLR-XXVI/3.**

AUDIT REQUIREMENT FOR 2007 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 (CCAMLR-XIV, paragraph 3.6). Full audits were carried out in 2003 and 2004 and review audits in 2005 and 2006. The Committee therefore **recommended that the Commission require a full audit to be performed on the 2007 Financial Statements as determined in 2006 (CCAMLR-XXV, paragraph 3.3).**

SECRETARIAT STRATEGIC PLAN

4. The Executive Secretary presented his report (summarised in CCAMLR-XXVI/6). The Committee noted that this report forms a key element in annually assessing the Executive Secretary's performance. The report made specific reference to the Secretariat's Strategic Plan and Secretariat Staff matters. The Executive Secretary advised that key Secretariat activities are executed under the Strategic Plan to address diverse, complex and extensive tasks identified by the Commission and the Scientific Committee.

5. The Committee also noted the various issues highlighted by the report as listed at the end of CCAMLR-XXVI/6. In particular, the following matters were emphasised.

6. The Committee **recommended that a review of the Secretariat's data management and scientific functions should be undertaken by the Executive Secretary in 2008 following the new Science Officer's assumption of duties and a suitable settling-in period (CCAMLR-XXVI/6, paragraphs 10 to 12).**

7. The Committee also noted the Secretariat's heavy, and growing, workload (CCAMLR-XXVI/6, paragraphs 54 to 61, Appendices I and II). In this respect, the Committee indicated to the Commission that as the Secretariat's tasks continue to grow in complexity and extent, there may be a concomitant need to strategically evaluate Secretariat staffing levels and funding with prioritisation of task assignments possibly also being necessary. The matter is to be kept under review, particularly in respect of any need for task prioritisation, and revisited at CCAMLR-XXVII.

8. The Committee endorsed a proposal from the Secretariat that the Compliance Officer would benefit from the *Secretariat Professional Development Program* by visiting various RFMOs (namely NAFO and NEAFC in 2008 (CCAMLR-XXVI/9)). This could be carried out in conjunction with her invited attendance at a Monitoring Control and Surveillance Network Meeting in Norway. The Committee was sceptical that benefits from the Compliance Officer's visits to NAFO and NEAFC could accrue in the context of explicit recognition of differences between CCAMLR and these organisations. Equally, the Compliance Officer would be bound in accordance with the authority designated to the Executive Secretary in terms of international cooperation involving the Secretariat (CCAMLR-XXI, paragraph 3.14 and Annex 4, paragraphs 11 and 12; CCAMLR-XXV, paragraph 3.6).

9. The Committee noted changes to the Australian taxation system, which has resulted in Secretariat Staff, who are Australian citizens or permanent residents, being potentially disadvantaged in respect of national tax conditions as applied to other Australian taxpayers (CCAMLR-XXVI/6, paragraphs 15 to 18). The Committee noted that, in principle, CCAMLR staff should be treated equitably compared to other Australian taxpayers. It noted that the Secretariat has corresponded with the Australian Department of Foreign Affairs and Trade (DFAT) for resolution of the anomaly and recommended that it continues to press for a timely resolution. The Committee also **recommended that the Executive Secretary be given the authority for payment of the mature-age tax offset (CCAMLR-XXVI/6, paragraph 17) and that the negative gearing be paid as an interim measure from now on until clarity is received from DFAT and that this dispensation be subject to a legal opinion. The Committee also recommended that the Executive Secretary reports back to SCAF until the issue is resolved.**

REVIEW OF 2007 BUDGET

10. The Committee noted the expected outcome of the 2007 budget as presented in CCAMLR-XXVI/4.

11. It received advice from the Secretariat that a New Member contribution was received from the People's Republic of China following it becoming a Commission Member on 2 October 2007.

12. Additional income of A\$40 000 was received from unbudgeted forfeited funds from new and exploratory applications received in 2006 and transferred through the Contingency Fund, along with a surplus of A\$177 225 from 2006.

13. The Committee noted the transfer of A\$20 000 from the Training subitem to the Insurance and Maintenance subitem to cover the additional cost of consultants' support for the C-VMS computer system (CCAMLR-XXVI/4, paragraph 20). The Committee also noted additional expenditure relating to the Equipment subitem to cover the cost of replacing the Secretariat's computer servers in 2007 (CCAMLR-XXVI/4, paragraph 20).

14. The Committee noted savings in the Meeting Facilities, Travel and Communications subitems resulting in an overall forecast surplus of A\$194 237 to be carried forward from 2007 to the 2008 Budget (CCAMLR-XXVI/4, paragraph 18).

15. The Committee recommended that the revised Budget for 2007 be adopted by the Commission.

16. The Committee noted that approximately A\$15 000 to A\$18 000 will be paid into the Asset Replacement Fund from leasing of the Secretariat's premises to outside organisations in 2007 (CCAMLR-XXVI/6, paragraph 31) following the creation of the Fund in 2006 (CCAMLR-XXIV, Annex 4, paragraph 20). It also noted monies from the Fund have been used to enhance the sound system in the Convention Room and that the lighting in the Chapel had been improved. These modifications benefit all Members.

INTERPRETING SERVICES FOR SCIC

17. The Committee noted the Commission's 2006 deliberations (CCAMLR-XXV, paragraph 3.11), and the Secretariat's paper (CCAMLR-XXVI/5), on the set-up cost (A\$22 000) for interpreting services for SCIC. This one-off cost is accompanied by a recurrent annual cost in the order of A\$66 000 (CCAMLR-XXVI/4, paragraph 19). On advice from the SCIC Chair, the Committee noted that interpretation for SCIC meetings is a high priority to facilitate SCIC's work. SCAF therefore **recommended that a total of A\$88 000 be included in the 2008 budget for SCIC interpretation.**

WIRELESS COMPUTER NETWORK

18. The Committee received advice that the wireless network has been installed and is fully operational (CCAMLR-XXVI/6, paragraph 40). The system provides access to all meeting papers as well as the internet. It noted concerns that there may be some instances of misuse of the facility, in respect of internet access, and supported the application of charges for excessive use in those instances. The Committee also agreed that this was an evolving situation which needed monitoring, with a view to ensuring full access to the system during all CCAMLR meetings.

CONTINGENCY FUND

19. The Committee noted that expenditure of A\$25 850 has been incurred from the Contingency Fund to purchase an emergency generator to ensure an uninterrupted power supply to the Secretariat's computer servers (COMM CIRC 07/6). It recognised that this

expenditure was a legitimate use of the Fund and that it complied with the rules defining the use of the Contingency Fund established in 2002 (CCAMLR-XXI, Annex 4, paragraphs 20 and 21) pursuant to Financial Regulation 5.

20. The Committee noted that the Contingency Fund will be reimbursed from the General Fund at the end of the 2007 Financial Year.

PROFESSIONAL STAFF SALARIES

21. As in past years, no proposals on specific alternative salary structures for Professional Staff were tabled (e.g. CCAMLR-XXIV, paragraph 3.16 and CCAMLR-XXV, Annex 4, paragraph 21). The Committee agreed to keep this item on its agenda and defer further consideration of the matter to its next meeting.

BUDGET FOR 2008

Advice from other Committees

22. The Chair of SCIC advised that SCIC had requested funding (A\$50 000) for a Compliance Evaluation Workshop to be held in conjunction with WG-EMM in 2008. It had also considered and brought forward a proposal for funding (A\$100 000) of a Performance Review of CCAMLR for SCAF's consideration. SCAF agreed to include both items in the 2008 draft budget.

23. The Committee received advice from the Chair of the Scientific Committee on the Committee's budget for 2008 and on relevant items in the Commission's budget in respect of the Scientific Committee's work.

24. The Committee noted the importance of the tasks presented in the Scientific Committee's proposed budget. It also received assurances that attempts would be made to source external funds to support the CCAMLR-IWC Workshop. As a point of principle, SCAF agreed that every effort should be made to ensure that the costs of the workshop are shared equally between CCAMLR and the IWC. SCAF endorsed the amount of A\$91 000 for the Workshop, taking into account that this was equivalent to the contribution from the IWC. It was also noted that the total administrative cost attached to holding the workshop at the CCAMLR Secretariat would require an additional A\$32 000 which should be shared equally between CCAMLR and the IWC.

25. The Committee requested the Scientific Committee to endeavour to prioritise its budget requests in the future. In making this request, the Committee emphasised that the expenditure increase proposed for the 2008 budget should not be seen as a precedent for the future.

26. It was noted that overall, the funding requested by the Scientific Committee was covered by provisions made in the draft budget presented (CCAMLR-XXVI/4). SCAF **recommended that the Commission approve the 2008 Scientific Committee budget of A\$386 800.**

27. In proposing the 2008 budget, SCAF noted the Executive Secretary's remarks in respect of a concomitant increase in the Secretariat's workload and again recognised that prioritisation of tasks may be necessary (see paragraph 7 above) in the future. It also noted that timely identification of budget items would serve such prioritisation if necessary, in order to maintain Members' contributions close to the zero real growth principle, as well as facilitate budget planning.

28. While still being attached to the principle of zero real growth, SCAF also noted that it was not possible to limit the growth of the revised 2008 budget. Consequently, Members' contributions could not be held to zero real growth, and the Executive Secretary was directed to explore all opportunities for cost savings during 2008. The Committee noted the overall increase to Members' contributions for 2008 is 11.39% as presented in Appendix II. This takes into account China's full annual contribution for 2008.

MULTI-YEAR FUNDING OF SCIENTIFIC COMMITTEE TASKS

29. In presenting its budget for 2008, the Scientific Committee requested that the already deferred funds for the review of the Generalised Yield Model and the *Scientific Observers Manual* be carried forward to 2008 in accordance with the procedures adopted in 2004 for the Science Special Fund (CCAMLR-XXIII, Annex 4, paragraph 26).

MEMBERS' CONTRIBUTIONS

30. SCAF highlighted that the CCAMLR Financial Year commences on 1 January. Under Financial Regulation 5.6 contributions are due for payment on that date and shall be paid not later than 60 days after that date. Under the same regulation, the Commission has the authority to permit extension of the due date for a period of up to 90 days for individual Members who are unable to comply with the regulation due to the timing of the financial years of their governments (i.e. until 31 May of the year in which the contribution falls due).

Timing of contributions

31. The Committee **recommended that, in accordance with Financial Regulation 5.6 and in accordance with past practice, the Commission grant extensions to 31 May 2008 for Argentina, Belgium, Brazil, China, Japan, South Africa, Spain, Ukraine, USA and Uruguay in respect of the due date for payment of their 2008 budget contributions.**

Treatment of late payments

32. Following the Commission's decision in 2006 (CCAMLR-XXV, paragraph 3.22), SCAF discussed various options aimed at providing incentives for Members to pay their contributions by the due dates attached to Financial Regulation 5.6. Such options included distributing a proportion of the previous year's surplus to those Members who paid by the due

date, the imposition of additional interest for late payments and the provision of rebates for payments made by the due date. While the Committee agreed generally that the problem of late payments has to be addressed, a possible solution will have to be discussed next year.

FORECAST BUDGET FOR 2009

33. The Committee presented a forecast budget for 2009 to the Commission, noting that a 5.8% increase in Members' contributions was anticipated following the inclusion of an ad hoc technical group meeting and publication of one *CCAMLR Science* special issue.

34. However, SCAF recalled its advice of previous years that the figures are indicative only and that care should be taken when they are used as a basis for financial budgeting by individual Members. The Committee noted the importance of reducing expenditure wherever possible to maintain the budget within its customary target of zero real growth (i.e. within inflationary limits only).

CDS FUND

35. The Committee noted that no requests for expenditure in 2008 from the CDS Special Fund had been received from the CDS Fund Review Panel.

ANY OTHER BUSINESS

36. The Committee considered the status of Ukraine in relation to Convention Article XIX.6 and the interpretation of the Commission's decision regarding definition of the 'period of default' attached to the timing of an individual Member's contribution (CCAMLR-XVIII, paragraph 3.12). The Committee received information from the Secretariat relating to Ukraine's Member contribution payments for 2005, 2006 and 2007. Views on Ukraine's status in respect of its period of default varied. The Committee agreed it was necessary for the Commission to consider Ukraine's status in respect of its period of default from a legal perspective. One delegation expressed its view that the question of whether Ukraine was in default, was unclear. The Delegation of Ukraine advised that a part-payment of A\$20 000 would be forthcoming in the near future.

ELECTION OF CHAIR AND VICE-CHAIR OF SCAF FOR 2008 AND 2009

37. The Committee agreed that India should serve as SCAF Chair from the end of the 2007 meeting until the end of the 2009 meeting.

38. The Committee agreed that New Zealand should continue to serve as SCAF Vice-Chair from the end of the 2007 meeting until the end of the 2008 meeting.

ADOPTION OF THE REPORT

39. The report of the meeting was adopted.

CLOSE OF MEETING

40. The Chair, Dr H. Pott (Germany), closed the meeting. The Committee thanked Dr Pott for his excellent chairmanship of the meeting for the past five years.

AGENDA

Standing Committee on Administration and Finance (SCAF)
(Hobart, Australia, 22 to 26 October 2007)

1. Organisation of the meeting
2. Examination of audited Financial Statements for 2006
3. Audit requirement for the 2007 Financial Statements
4. Secretariat Strategic Plan
5. Review of 2007 budget
6. Interpreter services for SCIC
7. Wireless computer network
8. Contingency Fund
9. Professional Staff salaries
10. Budget for 2008
 - (i) Scientific Committee budget
 - (ii) Advice from SCIC
11. Multi-year funding of Scientific Committee tasks
12. Members' contributions
 - (i) Timing of Members' contributions
 - (ii) Treatment of late payments
13. Forecast budget for 2009
14. CDS Fund
15. Any other business
16. Election of Chair and Vice-Chair of SCAF for 2008 and 2009
17. Adoption of the report
18. Close of the meeting.

APPENDIX II

REVIEW OF 2007 BUDGET, BUDGET FOR 2008 AND FORECAST FOR 2009

(all amounts in Australian dollars)

Budget for 2007				2008	2009
Adopted in 2006	Revised	Variance		Budget	Forecast
			INCOME		
2 726 700	2 726 700	0	Members' Annual Contributions	3 160 500	3 449 000
0	53 312	(53 312)	New Members' Contributions	0	0
150 000	190 000	(40 000)	From (to) Special Funds	135 000	135 000
86 000	91 000	(5 000)	Interest	96 000	102 000
480 000	480 000	0	Staff Assessment Levy	500 000	520 000
93 300	171 225	(77 925)	Surplus from Prior Year	194 000	0
<u>3 536 000</u>	<u>3 712 237</u>	<u>(176 237)</u>		<u>4 085 500</u>	<u>4 206 000</u>
			EXPENDITURE		
600 500	595 500	5 000	Data Management	643 100	678 000
702 500	722 500	(20 000)	Compliance	779 900	971 000
812 900	812 900	0	Communications	855 500	899 700
304 500	304 500	0	Information Services	323 500	346 000
325 000	352 000	(27 000)	Information Technology	386 300	411 700
790 600	730 600	60 000	Administration	1 097 200	899 600
<u>3 536 000</u>	<u>3 518 000</u>	<u>18 000</u>		<u>4 085 500</u>	<u>4 206 000</u>
			Expenditure allocated by subitem		
2 595 000	2 595 000	0	Salaries and Allowances	2 765 000	3 013 000
163 000	196 000	(33 000)	Equipment	220 000	226 000
97 000	117 000	(20 000)	Insurance and Maintenance	117 000	122 000
39 000	19 000	20 000	Training	19 000	20 000
250 000	225 000	25 000	Meeting Facilities	230 000	235 000
178 000	158 000	20 000	Travel	214 000	306 000
57 000	57 000	0	Printing and Copying	58 000	60 000
83 000	77 000	6 000	Communications	78 000	80 000
74 000	74 000	0	Sundry	384 500	144 000
<u>3 536 000</u>	<u>3 518 000</u>	<u>18 000</u>		<u>4 085 500</u>	<u>4 206 000</u>
Surplus for the year		(194 237)			

MEMBERS' CONTRIBUTIONS 2008
 General Fund Contributions – Payable by 1 March 2008
 (all amounts in Australian dollars)

Member	Basic	Fishing	Total
Argentina*	122 081	1 000	123 081
Australia	122 081	11 966	134 047
Belgium*	122 081	-	122 081
Brazil*	122 081	-	122 081
Chile	122 081	4 719	126 800
China*	122 081	-	122 081
European Community	122 081	-	122 081
France	122 081	24 623	146 704
Germany	122 081	-	122 081
India	122 081	-	122 081
Italy	122 081	-	122 081
Japan*	122 081	12 505	134 586
Korea, Republic of	122 081	15 083	137 164
Namibia	122 081	-	122 081
New Zealand	122 081	6 696	128 777
Norway	122 081	2 264	124 345
Poland	122 081	2 552	124 633
Russia	122 081	2 630	124 711
South Africa*	122 081	2 120	124 201
Spain*	122 081	3 641	125 722
Sweden	122 081	-	122 081
Ukraine*	122 081	7 072	129 153
UK	122 081	7 657	129 738
USA*	122 081	1 745	123 826
Uruguay*	122 081	2 202	124 283
	3 052 025	108 475	3 160 500

* Extension of deadline approved by Commission