

**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-XXIII/1, Appendix A) to SCAF. The Committee's Agenda was adopted (Appendix I).

EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 2003

2. The Committee noted that a full audit had been carried out on the 2003 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-XXIII/3.**

AUDIT REQUIREMENT FOR 2004 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. The Committee noted that the present Administration/Finance Officer would be leaving at the end of 2004 and that a full audit would provide the best level of comfort for the starting position of a new officer. **It recommended that the Commission require a full audit to be performed on the 2004 Financial Statements.**

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 2003 Financial Statements, the Committee **recommended that the Commission appoint the Australian National Audit Office as its auditor for the 2004 and 2005 Financial Statements.**

SECRETARIAT STRATEGIC PLAN

5. The Executive Secretary presented his report (summarised in CCAMLR-XXIII/37). The Committee noted that this report forms a key element in annually assessing the Executive Secretary's performance. The report made particular reference to the fact that with the full implementation of staff contracts, performance assessment system and confidentiality and IT conduct agreements, all the recommendations of the 1997 Management Review of the CCAMLR Secretariat have now been addressed. The Executive Secretary advised that the implementation of the Strategic Plan has enabled the Secretariat to respond promptly and efficiently to changes and increases in the demands from the Commission and Scientific

Committee. However, as there is only a limited resource of suitably skilled staff, there are limits to the extent by which larger and increasingly complex requests from the Commission can be met by marginal funding of specific tasks.

6. The Committee acknowledged that some issues encountered by the Secretariat require the Executive Secretary to call on independent, domestic and international legal advice. In this respect, the UK and the USA offered to provide such assistance as and when the need arises. The Committee also noted that it would be worthwhile to establish a basic level of legal expertise in the Secretariat by providing certain staff with appropriate legal training.

7. After detailed consideration of the report, the Committee noted with appreciation the various actions taken by the Executive Secretary.

EDUCATION PACKAGE

8. The Committee took note of the progress achieved by the Secretariat in establishing an education package, as outlined in CCAMLR-XXIII/BG/18.

CUSTODY OF FUNDS FOR THE ANTARCTIC TREATY SECRETARIAT

9. The Committee received the advice from the USA, as Depositary of the Antarctic Treaty that, although the Antarctic Treaty Secretariat is now operational, the full transfer of funds currently held on its behalf by the CCAMLR Secretariat cannot yet take place. This will be possible when some administrative issues concerning currency transfers have been resolved. The Committee noted that continued temporary custody of the funds by CCAMLR would pose no problems.

REPORTS OF MEMBERS' ACTIVITIES IN THE CONVENTION AREA

10. The Committee acknowledged that the form in which Members' reports are currently submitted renders them of little value either to other Members or to the general public. This is mainly due to the inconsistency in presentation and content, and the fact that not all Members submit reports. As the reports provide a view of individual Members' activities that is not otherwise available in the publications of the Commission, it was not considered appropriate that publication of the reports should cease. The Committee **recommended that the Commission direct the Executive Secretary to liaise with the Scientific Committee in order to formulate a proposal as to the specific contents of the reports and the requirements as to which aspects of the reports would be made publicly available.**

SUPPORT FOR PARTICIPATION AT MEETINGS

11. The Committee noted that a special fund has been established under Part 7 of the UN Fish Stock Agreement to assist Developing States in their work to meet the requirements of the Agreement. The Committee **recommended that the Commission confirm to FAO, as**

administrator of the fund, that appropriate funding to support participation at CCAMLR meetings by parties to the Agreement would be consistent with the terms of reference of the fund. It also recommended that the Commission direct the Secretariat to liaise with FAO to identify the application procedures to be followed by such a State in order to access such funding.

12. The Committee also recommended that the Commission consider inviting UN-Oceans to attend the 2005 meeting as an observer.

REVIEW OF 2004 BUDGET

13. The Committee noted the expected outcome of the 2004 budget as presented in CCAMLR-XXIII/4 and received the advice of the Secretariat that additional costs were anticipated for processing the larger report of WG-FSA (A\$5 000) and for recruitment and handover costs relating to the new Administration/Finance Officer (A\$14 000). As it had originally been intended that the handover period would take place in 2005, there would be a compensatory saving of A\$19 000 in the budget for 2005. With this understanding, the Committee **recommended that the revised budget for 2004 as presented in Appendix II, including a projected surplus of A\$20 200, be adopted by the Commission.**

COST RECOVERY

14. The Committee considered the scheme for recovery of costs associated with the administration of new and exploratory fisheries (CCAMLR-XXII, paragraph 3.16 and Annex 4, paragraph 15). The Committee clarified that:

- (i) a notification is required for each new and exploratory fishery, i.e. a single submission by an individual Member in respect of a single year, a single species group and one subarea/division;
- (ii) each notification should identify the companies and vessels intending to pursue the fishery;
- (iii) each notification should be accompanied by a payment of A\$8 000 in respect of each vessel intending to pursue the fishery, consisting of:
 - (a) a fee of A\$3 000, representing the recovery of administrative costs;
 - (b) a sum of A\$5 000, to be refunded when the vessel had commenced fishing in the fishery for the season in accordance with conservation measures determined by the Commission. In the event of the Commission deciding that a notified fishery should not proceed in a particular year, this sum shall be refunded.
- (iv) where payment is made by a fishing company rather than a Member, the Member should identify in the notification:

- (a) the company making the payment
- (b) the vessels in respect of which the payment is made.

If required by the Member, the Secretariat will issue an invoice to the fishing company in order to facilitate the payment being made.

15. The Committee **recommended that the Commission confirm the above as the terms of the scheme.**

16. The Committee requested the Secretariat to prepare, for next year's meeting, a financial comparison of the non-refundable portion of the fees in relation to the relevant costs incurred.

CONTINGENCY FUND

17. The Committee received the recommendation from Germany that the Contingency Fund be converted to a Working Capital Fund in order to have this targeted more directly at potential liquidity problems that the Commission might encounter. The Committee considered that, as the Contingency Fund has only recently been established in its current form and is subject to a strict scrutiny procedure, there was no need to consider any changes at this time. The Committee noted that the Contingency Fund has reached its targeted balance.

BUDGET FOR 2005

Professional Staff salaries

18. The Committee did not identify any specific alternative salary structures for Professional Staff at the present time, but noted that the review of the UN Scheme was at an advanced stage. The Committee deferred further consideration of this matter to its next meeting.

Future meeting arrangements

19. Australia advised the Committee that negotiations for the lease of 181 Macquarie Street, Hobart, as a Headquarters for the Commission, with a meeting venue attached, are progressing well. The Executive Secretary reported that the building would be suitable for these purposes and that the cost implications of relocating to the premises in July 2005 have been incorporated into the draft budget.

20. The Committee recognised that moving to these premises would engender a commitment for fifteen years, but would also ensure that suitable facilities for both the Secretariat and the meetings would be available for that period. Noting that such a move would particularly improve both the quality and security of meeting facilities, the Committee commended the Secretariat on its efforts in this regard and **recommended that the**

Commission direct the Executive Secretary to work with the Governments of Australia and Tasmania to finalise agreements in order that next year's meetings can take place in the new facilities.

21. The Committee noted with appreciation the work that has been done by Australia, the State of Tasmania, the property owner concerned and the Secretariat in providing such an impressive solution to two of the Commission's most important long-term requirements: a permanent Headquarters and a suitable venue for its annual meetings.

Advice from other committees

22. The Committee noted the advice of the Chair of SCIC that, although SCIC had not yet completed its deliberations, it was anticipated that the only recommendation with significant budgetary impact likely to be made by SCIC at this meeting would be relating to the operation of the C-VMS. It was noted that the budgetary effect of this for 2005 had already been included in the draft budget presented in CCAMLR-XXIII/4.

23. 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. The budget of the Scientific Committee consists mainly of costs relating to support of the Scientific Committee's working groups. It was noted that overall, the funding requested by the Scientific Committee was covered by provisions made in the draft budget presented in CCAMLR-XXIII/4, and SCAF **recommended that the Commission approve the Scientific Committee budget of A\$208 300 for inclusion in the Commission's budget for 2005.**

24. In order to ensure fiscal accountability, the Committee endorsed the principle that the Scientific Committee, when soliciting funds for contracting consultants, should clearly identify the tasks and services to be delivered, together with the relevant points and dates of a required review.

25. The Committee noted that, as a result of its deliberations, it was able to present a budget for 2005 which provides zero real growth in Members' contributions. The Committee **recommended that the Commission adopt the budget for 2005 as presented in Appendix II to this report.**

MULTI-YEAR FUNDING OF SCIENTIFIC COMMITTEE PROJECTS

26. Noting that the ability to carry forward the funding of specific tasks to future years would assist the work of the Scientific Committee, SCAF **recommended that the Commission permit the use of a Special Fund for this purpose, using the following rules:**

- (i) **In presenting its budget for the following year to the Commission, the Scientific Committee may advise the Commission that specific tasks may not necessarily be accomplished in that year. The Committee should then advise a specific period, not to exceed three years, within which the task must be**

accomplished. Such tasks may be provided for in the Scientific Committee's own budget or requested in the form of expenditure from that of the Commission.

- (ii) In such instances, the Commission may authorise the funding allocated to such tasks to be transferred to the Special Fund at the end of the following year if, and to the extent that, the task is not completed in the year.**
- (iii) The funding thus transferred to the Special Fund, plus any interest accumulated thereon, shall subsequently be used only for the task which it was originally allocated.**
- (iv) Upon completion of the task, or expiry of the period specified in (i), any unused funds relating to the task will be returned to the General Fund in the Surplus Income account.**

27. The Committee noted the requirement of the Scientific Committee that the sum of A\$4 500, budgeted for expenditure on reviewing the Generalised Yield Model in 2004, be carried forward for expenditure in future years. The Committee **recommended that the Commission permit this expenditure to be carried forward in accordance with the above procedure.**

MEMBERS' CONTRIBUTIONS

28. Belgium advised the Committee that it anticipated a delay in paying its 2005 contribution due to administrative changes but that this would occur in 2005 only. Argentina, Spain and Uruguay also expected delays due to administrative procedures. Noting the continued expectation that the number of Members requesting extensions should be reducing, SCAF advised that it will continue to consider the possibility of interest charges or other means of encouraging earlier payments. The Committee **recommended that, in accordance with Financial Regulation 5.6, the Commission grant to Argentina, Belgium, Republic of Korea, Spain and Uruguay an extension to the deadline for payment of 2005 contributions.**

29. The Committee **recommended that the Commission use for calculating Members' contributions to the 2005 budget the same formula as was used for 2004, and that this formula continue to be used for subsequent years until a Member requests that it be reviewed.**

FORECAST BUDGET FOR 2006

30. The Committee presented to the Commission the forecast budget for 2006, noting that no real growth was anticipated in Members' contributions. However, SCAF recalled its advice of previous years that the figures are indicative only and care should be taken when they are used as a basis for financial budgeting by individual Members.

CDS FUND

31. The Committee noted that the amount allocated last year by the Commission from the CDS Fund in respect of the C-VMS trial was not expected to be exceeded, and that no further requests for expenditure from the fund have been received.

CLOSE OF MEETING

32. The Committee noted with deep regret the impending departure of the current Administration/Finance Officer, Mr Jim Rossiter. It thanked him for his dedicated work over the last 13 years and wished him all the best for the future.

33. The report of the meeting was adopted.

AGENDA

Standing Committee on Administration and Finance (SCAF)
(Hobart, Australia, 25 to 29 October 2004)

1. Organisation of the meeting
2. Examination of audited Financial Statements for 2003
3. Audit requirement for the 2004 Financial Statements
4. Secretariat Strategic Plan
5. Reports of Members' Activities
6. Education package
7. Support for participation at meetings
8. Review of 2004 budget
9. Cost recovery
10. Contingency Fund
11. Budget for 2005
 - (i) Professional Staff salaries
 - (ii) Consideration of future meeting arrangements
 - (iii) Proposal for a C-VMS
 - (iv) Scientific Committee budget
 - (v) Advice from SCIC
12. Members' contributions
 - (i) Timing of Members' contributions
 - (ii) Implementation of contribution formula
13. Forecast budget for 2006
14. CDS Fund
15. Any other business referred by the Commission
16. Adoption of the report.

APPENDIX II

REVIEW OF 2004 BUDGET, BUDGET FOR 2005 AND FORECAST FOR 2006
(all amounts in Australian dollars)

Budget for 2004				2005	2006
Adopted in 2003	Revised	Variance		Budget	Forecast
INCOME					
2 508 600	2 508 600	0	Members' Annual Contributions	2 580 000	2 655 100
0	0	0	New Members' Contributions	0	0
(8 100)	(8 100)	0	From (to) Special Funds	0	0
43 400	43 400	0	Interest	46 200	52 900
410 500	409 000	(1 500)	Staff Assessment Levy	433 900	437 000
0	31 700	31 700	Surplus from Prior Year	20 200	0
<u>2 954 400</u>	<u>2 984 600</u>	<u>30 200</u>		<u>3 080 300</u>	<u>3 145 000</u>
EXPENDITURE					
505 600	505 600	0	Data Management	512 700	534 100
505 500	505 500	0	Compliance	613 800	622 200
650 200	654 200	4 000	Communications	680 700	705 100
289 000	289 000	0	Information Services	283 500	292 000
255 400	255 400	0	Information Technology	258 100	265 800
748 700	754 700	6 000	Administration	731 500	725 800
<u>2 954 400</u>	<u>2 964 400</u>	<u>10 000</u>		<u>3 080 300</u>	<u>3 145 000</u>
Expenditure allocated by sub-item					
2 127 200	2 145 200	18 000	Salaries and Allowances	2 162 300	2 201 400
143 100	143 100	0	Equipment	161 400	166 200
46 800	46 800	0	Insurance and Maintenance	64 200	66 100
32 500	32 500	0	Training	38 500	39 700
248 500	248 500	0	Meeting Facilities	216 000	264 500
130 800	122 800	(8 000)	Travel	188 200	142 200
54 000	54 000	0	Printing and Copying	54 100	60 700
86 600	86 600	0	Communication	89 200	91 900
84 900	84 900	0	Sundry	106 400	112 600
<u>2 954 400</u>	<u>2 964 400</u>	<u>10 000</u>		<u>3 080 300</u>	<u>3 145 300</u>
Surplus for the year		20 200			

MEMBERS' CONTRIBUTIONS 2005
 General Fund Contributions – Payable by 1 March 2005
 (all amounts in Australian dollars)

Member	Basic	Fishing	Total
Argentina*	103 615		103 615
Australia	103 615	10 719	114 334
Belgium*	103 615		103 615
Brazil	103 615		103 615
Chile	103 615	5 813	109 428
European Community	103 615		103 615
France	103 615	17 797	121 412
Germany	103 615		103 615
India	103 615		103 615
Italy	103 615		103 615
Japan	103 615	20 225	123 840
Korea, Republic of *	103 615	6 525	110 140
Namibia	103 615		103 615
New Zealand	103 615	3 957	107 572
Norway	103 615		103 615
Poland	103 615	4 440	108 055
Russia	103 615	2 376	105 991
South Africa	103 615	2 197	105 812
Spain*	103 615	2 633	106 248
Sweden	103 615		103 615
Ukraine	103 615	7 304	110 919
UK	103 615	4 914	108 529
USA	103 615	2 672	106 287
Uruguay*	103 615	1 668	105 283
	2 486 760	93 240	2 580 000

* Extension of deadline approved by Commission