

**THE EXECUTIVE SECRETARY'S REPORT ON THE
MEETING OF THE STANDING COMMITTEE ON
ADMINISTRATION AND FINANCE (SCAF)**

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The Standing Committee on Administration and Finance (SCAF) met on 27 and 29 October 1992 under the Chairmanship of Ms Robin Tuttle (USA) and considered the following items:

- (i) Examination of Audited Financial Statements for 1991;
- (ii) Appointment of Auditor;
- (iii) Review of Budget for 1992;
- (iv) Budget for 1993 and Forecast Budget for 1994;
- (v) Payment of Members' Contributions; and
- (vi) Funding of Staff Replacement Costs, Termination and Home Leave Allowances.

EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 1991

2. The Committee had before it document CCAMLR-XI/3 "Examination of the Audited Financial Statements for 1991 and Appointment of External Auditor".

3. The Committee noted the Auditor's report that "The statements, which are in the form approved by the Commission pursuant to Financial Regulation 10.2, have been prepared in accordance with the policies outlined in Note 1 to the Accounts and conform with International Accounting Standards" and that "The statements are based on proper accounts and records; the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year ending 31 December 1991 have been in accordance with the Regulations".

4. The Committee noted that there were no qualifications to the Financial Statements by the Auditor and agreed that in accordance with Financial Regulation 12.1, the Commission should signify its acceptance of the Audited Financial Statements.

REVIEW OF BUDGET FOR 1992

5. The Administration/Finance Officer introduced document CCAMLR-XI/4, explained the likely outcome of the 1992 budget and informed the Committee that no expenditures were expected to exceed the approved appropriations.

6. The Committee noted that contributions to the 1992 budget were outstanding from two Members.

APPOINTMENT OF EXTERNAL AUDITOR

7. 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 a possibility of re-appointment.

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

FUNDING OF STAFF REPLACEMENT COSTS, TERMINATION AND HOME LEAVE ALLOWANCES

9. The Commission agreed at CCAMLR-X to levy a Special Contribution to fund the termination entitlements due to the retiring Executive Secretary. The Committee noted that three Members had advised their inability to pay their Special Contributions by the requested date of 31 October 1992.

10. To avoid having to fund the costs of future staff changes by additional Special Contributions, the Commission, in 1991, asked the Executive Secretary to include in the draft budget for 1993 an allowance for establishing a fund to meet accrued and future obligations to the Secretariat staff.

11. In reviewing this item of the 1993 budget, the Committee considered the suggestion of the auditor, made supplemental to his report of the 1991 Financial Statements, that given the growing amount that is accruing to Secretariat staff, the Commission may wish to review its policy on funding for termination entitlements.

12. The Administration/Finance Officer suggested that if a fund is established for termination and replacement costs, the Commission may consider including Home Leave Allowances in future years.

13. Germany has some problem with the establishment of a fund to meet the financial needs related to the retirement and replacement of staff. It would favour instead *ad hoc* solutions as the occasions arise. Other delegates expressed support for the scheme, but some were concerned that the large amount in the draft budget for 1993 has resulted in a large variation from the contribution for 1992.

14. It was noted that the portions of the Members' Contributions in the draft budget relating to the new scheme would be the following in both 1993 and 1994.

Japan	A\$9 200
Russia	A\$14 300
Other 19 Members	A\$8 300

These amounts would enable the arrears of entitlements which exist at 31 December 1992 to be fully funded by 31 December 1994. The contribution amounts relating to this scheme from 1995 onwards would be significantly reduced as current entitlements only would require to be financed.

15. The Delegate of Spain suggested that the initial establishment of the fund may be achieved over a period of either three or four years instead of the two years envisaged in the draft budget. This would reduce the annual cost over that period. The Administration/Finance Officer reminded Members that if a senior professional staff member were to leave before the fund is fully established, it could be insufficient to meet the Commission's legal responsibilities. The reduction in Members' Contributions resulting from this suggestion would be as follows:

	Start Funding in 1993		Start 1994
	Over 3 Years	Over 4 Years	Over 3 Years
	A\$	A\$	A\$
Japan	1 500	2 300	4 500
Russia	2 400	3 500	7 100
Other 19 Members	1 400	2 100	4 100

16. The Committee noted that any fund created for these purposes must be clearly identified, not available for any other expenditure, and that any surplus amounts identified in the fund should be carried forward and not returned to Members. Once the shortfall in accrued termination and home leave allowances is met, contributions will be required annually to maintain the fund and keep the Commission's obligations current.

BUDGET FOR 1993

17. The Committee reviewed the proposed budget for 1993 as presented in CCAMLR-XI/4 and noted that the item of expenditure for Allowances was significantly larger than the amount expended for Allowances in 1992. This was the result of the need to fund in 1993 the home leave of two staff members and the inclusion of an amount to fund, in part, accrued and projected termination entitlements.

18. The Committee noted that the large increase in Allowances has a significant effect on the total budgeted expenditure, resulting in an increase in Members' Contributions in excess of inflation.

19. The Chairman of the Scientific Committee presented the Scientific Committee Budget for 1993. This showed an increase of 1.2% over that of 1992. The Scientific Committee had noted that the remaining balance of the Norwegian Contribution Special Fund had been allocated to the 1993 budget. The Commission was advised that if the Scientific Committee were to maintain its level of work and expenditure, increased funding would be required from the Commission to make up for the loss of this source of income. The Standing Committee on Administration and Finance acknowledged the value which has been gained by the Commission from the Fund over the years.

20. The Scientific Committee recommended to the Commission, for inclusion in the 1993 budget, the publication of *Scientific Abstracts*. This publication would be issued annually. The estimated cost in 1993 would be A\$8 700.

21. The draft budget for 1993 indicates that the total Members' Contributions will be A\$1 399 800. The contributions calculated according to the agreed formula (CCAMLR-VI, paragraph 28) are estimated as follows:

Japan	A\$70 538
Russia	A\$109 847
Other 19 Members	A\$64 180

SPECIAL CONTRIBUTION FROM THE US

22. The Delegation of the USA advised the Committee that the US would be making a special contribution of US\$83 000 to CCAMLR. This would be used to meet the costs of placing US designated observers on fishing vessels operating in CCAMLR areas under the terms of the CCAMLR Scheme of International Scientific Observation. The Executive Secretary confirmed that such a contribution would be in accordance with Financial Regulations and would be accounted for in the same way as the Norwegian Contribution Special Fund.

FORECAST 1994 BUDGET

23. The Committee noted the forecast budget for 1994 as presented in the document CCAMLR-XI/4, incorporating changes advised by the Scientific Committee.

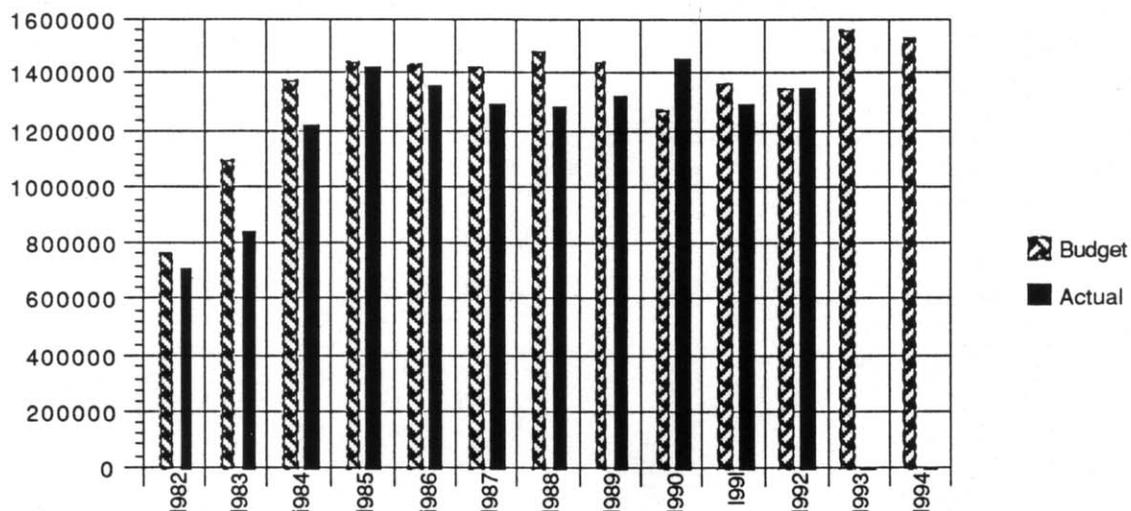
24. The Delegate of Russia raised the question of whether it would be possible to reduce Members' Contributions in future years. The Executive Secretary advised the meeting that the current budget level reflects the costs required to perform the work required by the Commission. Any reduction in cost items would have the effect of slowing the Commission's progress towards meeting its objectives under the Convention.

25. The Committee discussed whether Members could reduce both their own and the Commission's expenditure if meetings were shorter. The Committee suggested that the Commission ask the Scientific Committee and its Working Groups to review the number, length and frequency of their meetings as a means of reducing the cost to Members and participants.

ANNUAL EXPENDITURE SUMMARY

26. At the request of the Commission (CCAMLR-IX, paragraph 3.8) the relative amounts of expenditure in real terms (i.e., after accounting for inflation) are set out in the graph below:

CCAMLR expenditure in 1992 Australian dollar values
(adjusted using annual inflation rates)



LATE PAYMENT OF CONTRIBUTIONS

27. The subject of interest being charged on Members' Contributions paid late had been raised at the 1991 Meeting of the Commission. The Delegation of Australia had drafted an amendment to the Financial Regulations, which was considered by the Committee as CCAMLR-XI/10. The effect of this amendment would be that interest would be charged on contributions paid after 31 May.

28. The Delegate of Australia noted that the interest would not be a penalty for any Members who pay late, but rather a form of restitution to the Members who pay on time. At present, the loss of interest due to some payments being late results in all Members having to pay higher contributions to fund the expenditure of the Commission. The amounts involved are significant: over the period 31 May 1991 to 31 October 1991, the interest lost to the Commission was approximately A\$11 000.

29. It was pointed out that a period of grace for payments already exists. Contributions fall due on 1 January and Members have until 31 May to pay. The proposed amendment to the Financial Regulations does not require interest to be paid from 1 January. Interest is not charged until after 31 May, the date by which all contributions are payable under existing regulations.

30. The Delegate of Poland advised that Poland was opposed to the amendment. The Delegates of Norway, South Africa, UK and USA confirmed their support of the amendment.

31. The Delegate of Argentina requested that Members should have some sympathy for the Members who pay late due to their difficult economic circumstances as interest would make it even more difficult for them to meet their obligations. Argentina is therefore unable to support the Australian proposal. The Delegates of Poland, supported by some other delegates, explained that countries facing financial constraints, due to deep transformations in their economies and making serious efforts to pay their foreign debts, should not be overburdened with additional interest charges. The Delegate of UK, while recognising the economic constraints faced by many Members, suggested that sympathy for such Members should not outweigh the concerns for the finances of the Commission.

32. A number of delegates informed the Committee that such an arrangement is not unique, and that some other international organisations charge interest on late contributions.

FUTURE MEETINGS OF THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE

33. The Executive Secretary suggested that the Commission may wish to review the terms of reference of SCAF. In particular, he noted that the Executive Secretary is charged with reporting to the Commission on the deliberations of SCAF. A more appropriate method of reporting would be for SCAF to report directly to the Commission. This is the way that the Standing Committee on Observation and Inspection reports.

PROJECTED INCOME AND EXPENDITURE FOR 1992,
BUDGET FOR 1993 AND FORECAST BUDGET FOR 1994

(Australian Dollars)

Budget for 1992					(4)	(5)
(1)	(2)	(3)	Item	Subitem	1993	1994
Budget adopted in 1991	Estimates projected to 31/12/92	Variance from Budget			Budget	Forecast Budget
A\$	A\$	A\$			A\$	A\$
1 131 658	1 081 815	-49 843				
			INCOME			
				Members' Contributions	1 399 800	1 435 600
				Items from previous year		
0	0	0		- Arrears of Contributions	0	0
31 000	36 469	5 469		- Interest	36 000	37 000
0	0	0		- Members' Contributions	0	0
5 342	5 469	127		- New Members' Contributions	0	0
167 000	165 963	-1 037		- Staff Assessment Levy	181 000	180 700
19 000	64 284	45 284		- Surplus	0	0
1 354 000	1 354 000	0		Total Income	1 616 800	1 653 300
			EXPENDITURE			
				DATA MANAGEMENT		
6000	6 000	0		Capital Equipment	6 200	6 400
3 500	3 500	0		Consumables	3 600	3 700
38 700	38 700	0		Contract Labour	40 100	41 700
10 700	10 700	0		Maintenance	11 100	11 500
5 100	5 100	0		Time Share Usage	5 300	5 500
64 000	64 000	0		Total Data Management	66 300	68 800
				MEETINGS		
364 700	364 700	0 000		Total Meetings	377 400	392 600
				PUBLICATIONS		
110 200	110 200	-1 240		Total Publications	130 300	118 500
				SCIENTIFIC COMMITTEE		
117 700	117 700	0 000		Total Scientific Committee	119 100	132 300
				SECRETARIAT COSTS		
17 200	17 200	0		Administration	18 400	19 100
84 500	84 500	0		Allowances	306 900	299 900
4 800	4 800	0		Automobile	5 000	5 200
27 600	27 600	0		Communication	28 600	29 700
3 600	3 600	0		Incidentals	3 700	3 800
3 600	3 600	0		Library	3 700	3 800
27 400	27 400	0		Office Requisites	28 400	29 500
8 400	8 400	0		Premises	8 700	9 000
495 000	495 000	0		Salaries	494 100	513 900
25 300	25 300	0		Travel	26 200	27 200
697 400	697 400	0		Total Secretariat Costs	923 700	941 100
1 354 000	1 354 000	0		Total Expenditure	1 616 800	1 653 300

Note: In addition to the Scientific Committee 1993 amount, a sum of A\$8 100 is to be drawn from the Norwegian Contribution Special Fund to meet the total Scientific Committee Program of A\$127 200