

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

EXAMINATION OF AUDITED FINANCIAL STATEMENTS FOR 2002

2. The Committee noted that only a review audit had been carried out on the 2002 Financial Statements and that this provided less comfort than would a full audit. 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-XXII/3.**

AUDIT REQUIREMENT FOR 2003 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 its advice to the Commission in 2002 that the change to an accrual accounting system and new budget format in 2003 would mean that a full audit would be appropriate. It **recommended that the Commission require a full audit to be performed on the 2003 Financial Statements.**

SECRETARIAT STRATEGIC PLAN

4. The Executive Secretary presented his report (summarised in CCAMLR-XXII/48). The Committee noted that this report forms a key element in annually assessing the Executive Secretary's performance. It expressed particular satisfaction with the evolution of the Secretariat Strategic Plan and the substantial completion of the staff management framework, including the establishment of a performance assessment scheme, a standard staff contract and a confidentiality policy. After detailed consideration of these particular topics, the Committee noted with appreciation the various actions taken by the Executive Secretary.

5. In respect of the review of General Staff salaries presented by the Executive Secretary in CCAMLR-XXII/46, the Committee **recommended that the Commission endorse the results of the salary review, including the incorporation of revised salaries into the 2004 budget.**

6. Finally, the Committee noted references in the Executive Secretary's report to meeting papers presented on CCAMLR data handling and security (CCAMLR-XXII/13), issues relating to IFF2, COFI-25 and ATCM-XXVI (CCAMLR-XXII/14) and participation in the Fourth World Fisheries Congress (CCAMLR-XXII/BG/22).

SECRETARIAT SERVICES

7. The Committee reviewed the proposed rules for submission and distribution of documents for annual meetings. It considered that it was important that background documents should be available when required during the meeting. The rules were revised to ensure that this was possible, and the Committee **recommended that the Commission adopt the rules as presented in CCAMLR-XXII/5 Rev. 1.**

8. SCAF confirmed the Secretariat's advice that there is scope to improve the value of Members' annual reports of activities in the Convention Area. It **recommended that the Commission request that the Secretariat prepare a paper on the subject, including any comments from Members, with a view to this subject being further considered at CCAMLR-XXIII.**

9. The Executive Secretary advised the Committee that a number of States invited by the Commission to participate as observers at the annual meetings had responded that participation was not possible due to lack of financial resources. SCAF felt that the attendance of certain developing States that are not in a position to send a representative due to lack of financial means could be useful and that Member States could consider assisting such developing States to enable such attendance. The Committee drew the Commission's attention to this issue and to the existence of particular trust funds in the UN System which could possibly be accessed for this purpose. **It advised that the Commission may wish to consider the matter further in the interests of improving implementation of its work.**

10. In considering the proposal for the creation of a CCAMLR education package, the Committee believed that such an initiative would be a very valuable tool for balanced presentation of all aspects of the activities of the Commission and Scientific Committee. This was particularly important in that it enables Members and the Secretariat to respond positively to enquiries from the general public (students in particular) and to communicating the good work being done by CCAMLR as an international organisation. SCAF **recommended that the Commission endorse the Secretariat's proposal to develop a web-based education package in all languages of the Commission, and requested the Executive Secretary to pursue opportunities for sponsorship of a printed version with a view to the outcomes from both these initiatives being considered by the Commission at its next meeting.**

11. The Committee **recommended that the Commission request the Secretariat to establish procedures to enable passwords for the secure Commission pages of the CCAMLR website to be issued directly to authorised Member State officials, including meeting heads of delegation as well as the official Commission contact.** It emphasised that, for security reasons, the responsibility for the dissemination of passwords should rest with Members and not the Secretariat.

INTERNATIONAL RECRUITMENT

12. In response to the Commission's requirement for the recruitment of the best available Professional Staff, attracted equally from all Member States (CCAMLR-XXI, paragraph 3.18), the Committee **recommended that the Commission adopt transparent procedures for such recruitment as presented in CCAMLR-XXII/44.**

REVIEW OF 2003 BUDGET

13. SCAF noted the change in the Secretariat functional structure in 2003 and the proposed revision to the budget format to reflect this change. It **recommended that the Commission adopt the revised budget format as presented in Appendix II.**

14. The Committee noted that the report of WG-FSA had substantially increased this year, an increase not anticipated or budgeted for. In addition, the support for the ad hoc Joint Assessment Group (JAG) on IUU fishing in 2003 had not been budgeted for as its establishment had been determined after the 2003 budget had been adopted. The Committee noted that the income for 2003 included A\$8 010 of unbudgeted income from a surplus from 2002 and that an equivalent amount could be expended on the above without requiring additional Member contributions. It **recommended that the Commission adopt the revised budget for 2003, as presented in Appendix II, including such increase in expenditure.**

COST RECOVERY

15. Following its discussions from the previous year (CCAMLR-XXI, Annex 4, paragraph 25), and information presented by the Secretariat in CCAMLR-XXII/50 on costs attached to the processing of notifications, the Committee considered the possibility of requiring payment for the processing of notifications for new and exploratory fisheries **and recommended that the Commission consider the adoption of such a scheme, incorporating the following characteristics:**

A notification is characterised in terms of a single submission by an individual Member in respect of a single year, a single species group and one subarea/division.

For the submission of an application for a new and exploratory fishery by a Contracting Party, the fishing company intending to pursue the fishery would be charged an amount calculated according to the following formula:

- **a minimum fee;**
- **a guarantee which would be refunded when the Commission has approved the notification, the Member concerned has authorised it, and the fishery has been undertaken.**

A notification would not be considered until the payment has been received by the Secretariat. Such payment should be conveyed directly to the Secretariat by whatever means applicable.

16. The Committee **recommended that fees collected should be accounted for in the General Fund and that any income from forfeited guarantees should be paid into the Contingency Fund.**

CONTINGENCY FUND

17. The Committee noted that procedures determined by the Commission last year had been followed for the use of the Contingency Fund to pay for the Administration/Finance Officer's participation in discussions on the establishment of an Antarctic Treaty Secretariat. **It recommended that the Commission approve the expenditure in 2003 of A\$4 500 from the Contingency Fund.**

18. As noted last year, the adoption of an accruals basis of accounting has introduced an increased degree of uncertainty in the budget process, particularly in the designation of income as this is now recorded when it is earned instead of in the subsequent year as has previously been the case. Although the Commission and Scientific Committee are making efforts to control the extent of variability in actual expenditure, the Committee noted that there continues to be frequent unanticipated demands on the Secretariat resources, not all of which can be accommodated in normal operating costs. As a result of these ongoing situations and the experience gained before the Contingency Fund was established, the Committee considered that an appropriate balance of the Fund would be A\$110 000.

19. The Committee noted the Executive Secretary's advice that when ad hoc intersessional meetings are decided on, considerable inefficiencies can occur if there is lack of clarity on terms of reference, particularly in respect of any required Secretariat support. SCAF **recommended that the Commission require all such meetings to be clearly defined and that the convener should document in advance the terms of reference and meeting requirements in consultation with the Executive Secretary, identifying the following as a minimum – meeting document management, travel and accommodation needs, hire costs (meeting rooms and facilities), secretarial and Secretariat support, participation, report management and report translation needs.**

BUDGET FOR 2004

20. The Committee **recommended that the Commission reconfirm its aim of restricting to zero real growth as a general principle.**

Scientific Committee Budget

21. The Scientific Committee Chair presented the budget of the Scientific Committee and highlighted a number of increases in requirements resulting from the increasing workload of the Committee and its working groups. These included A\$20 000 for intersessional work based on papers generated by WG-FSA for 2004, enabling the Scientific Committee to control these costs in future years.

22. SCAF noted the 21% increase in the Scientific Committee's budget for 2004 compared to 2003, but recognised the importance of adequately funding the Scientific Committee's work, which is fundamental to the Commission's decision-making process. While recalling its target of zero real growth, SCAF **recommended that the Commission accept this increase and incorporate the Scientific Committee budget of A\$214 600, as presented, into the Commission's 2004 budget.**

Professional Staff Salaries

23. As no Members had offered to provide experts to participate in a review of the structure of Professional Staff salaries, SCAF **recommended that the Commission continue the review of the Professional Staff salaries and to take the salary structure of the newly established ATCM Secretariat as a reference point.**

Future Meeting Arrangements

24. Australia, as host government, reported on current and ongoing consultations on evaluating proposals to relocate the Secretariat to a building with a dedicated meeting venue attached. It was not possible to forecast a time for the completion of these discussions or the likely outcome, but Australia confirmed that utmost expediency was being applied to the exercise.

25. The Committee endorsed the Executive Secretary's advice that the exercise was being carried out with goodwill and transparency by all parties, but the continuing delays were regrettable. SCAF noted the ongoing and urgent need for delegates and other representatives attending the Commission's annual meeting to be provided with adequate working conditions during the extended period of the meeting. SCAF **recommended that the Commission express its concern at the continued conditions of uncertainty attached to identifying a suitable meeting venue. The Committee also recommended that the Commission invite the Secretariat and Australia to pursue this with a degree of urgency that could enable the annual meeting to take place in a new location next year.**

26. Pending the conclusion of negotiations referred to above, the Secretariat should provisionally book Wrest Point for CCAMLR-XXIII.

Daily Catch and Effort Reporting

27. SCAF noted that a trialling of a daily catch and effort reporting regime in Subarea 88.1, if decided by the Commission, could represent an additional cost of A\$30 000.

Other Possible Expenditure

28. The Committee identified three areas of possible additional expenditure requirements for 2004, the expectation and extent of which could not be determined until they had been addressed by the Commission. These were: the participation of the Executive Secretary in a CCAMLR Symposium, involvement of CCAMLR in the FIGIS-FIRMS partnership and a relocation of the Secretariat Offices. Subject to these, the Committee **recommended that the Commission adopt the budget for 2004 as presented in Appendix II.**

29. It was noted that the increase in activities of the Commission and Scientific Committee in 2004 could be accommodated within the zero real growth limitation only by the inclusion of savings generated through the implementation of a policy of cost recovery of new

and exploratory fisheries notifications. The Committee **recommended that the Commission continue to investigate opportunities for cost savings. In particular, Members and the Secretariat should identify ways of shortening and reducing the numbers of reports and meeting documents produced and distributed.**

MEMBERS' CONTRIBUTIONS

30. Argentina, Japan, Republic of Korea, Spain and Uruguay advised the Committee that procedural processes prevented them from being able to meet the 1 March deadline for payment of their 2004 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 FOR 2005

31. The Scientific Committee Chair advised SCAF that there were three possible costs for 2005 additional to those presented in CCAMLR-XXII/4. These were A\$5 000 for the Otolith Network (deferred from 2004), A\$16 000 for invited experts to WG-EMM and A\$20 000 for rewriting the *Scientific Observers Manual*. With these inclusions, the Committee **recommended that the Commission note the forecast budget for 2005.**

32. SCAF reiterated its advice that the Commission should require a continued effort to maintain zero real growth.

SPECIAL FUNDS

33. The Committee noted that the Commission had last year approved the expenditure of up to A\$89 000 from the CDS Fund for development of an electronic CDS (E-CDS). Although the possible training seminar had not eventuated, it had been necessary to apply some of the expenditure allocated to this to documentation of the E-CDS software. The Committee recognised that this was appropriate and with the endorsement of the CDS Fund Review Panel **recommended that the Commission approve the actual expenditure of A\$73 400 from the CDS Fund in 2003.**

34. The Chair of SCIC advised that SCIC was recommending to the Commission that the pilot E-CDS be expanded in 2004. With the endorsement of the CDS Fund Review Panel, SCAF **recommended that A\$54 000 be expended from the CDS Fund to cover the remaining establishment and maintenance costs of the E-CDS systems in the Secretariat for the next three years.** The panel noted that the CDS Fund is to be used for specific projects only and anticipated that subsequent ongoing expenditure on the E-CDS would be expended from the General Fund.

35. The Chair of SCIC advised that SCIC had been unable to advise the Commission whether or not it would be appropriate to establish a CCAMLR centralised Vessel Monitoring System (C-VMS). SCAF **recommended to the Commission that if a decision is made to establish such a C-VMS, then the establishment and operating costs for the first year (total estimated A\$182 500) should be funded by exhausting the US VMS Special Fund and the US Compliance Special Fund, with the balance of A\$39 900 as endorsed by the CDS Fund Review Panel coming from the CDS Fund.** The panel noted that it had assessed the proposal as presented in CCAMLR-XXII/54 and BG/34, and that if there was any substantial modification to the proposal, then the panel would need to redetermine its assessment.

36. The Committee noted that, notwithstanding the exhaustion of the first two funds, these would not cease to exist.

37. The Committee noted that ongoing costs of a C-VMS should be funded from the General Fund and be directly linked to fishing. To this end, it **recommended that if a C-VMS is established, the contribution formula to be adopted by the Commission next year should take this into account when considering the relative part shares of fishing Members.**

38. The Committee noted that the custody of ATCM funds in preparation for the establishment of the ATCM Secretariat should have no budget implications for CCAMLR and **recommended that the Commission endorse the Secretariat's receipt and temporary custody of ATCM voluntary contributions, as requested by the ATCM.**

ELECTION OF CHAIR AND VICE-CHAIR OF SCAF

39. The Committee appointed Germany as Chair of SCAF, and South Africa as Vice-Chair, from the end of the 2003 meeting until the end of the 2005 meeting.

CLOSE OF MEETING

40. The Committee expressed its warm appreciation to Mr H. Pott (Germany) for his excellent chairing of the meeting after taking over this role at short notice.

AGENDA

Standing Committee on Administration and Finance (SCAF)
(Hobart, Australia, 27 to 31 October 2003)

1. Organisation of the Meeting
2. Examination of Audited Financial Statements for 2002
3. Audit Requirement for the 2003 Financial Statements
4. Secretariat Strategic Plan
5. Secretariat Services
6. International Recruitment
7. Review of 2003 Budget
8. Cost Recovery
9. Contingency Fund
10. Budget for 2004
 - (i) Professional Staff Salaries
 - (ii) Consideration of Future Meeting Arrangements
 - (iii) Proposal for a Centralised VMS
 - (iv) Scientific Committee Budget
 - (v) Advice from SCIC
11. Members' Contributions
 - (i) Timing of Members' Contributions
 - (ii) Implementation of Contribution Formula
12. Forecast Budget for 2005
13. CDS Fund
14. Any Other Business Referred by the Commission
15. Election of Chair and Vice-Chair of SCAF
16. Adoption of the Report.

REVIEW OF 2003 BUDGET, BUDGET FOR 2004 AND FORECAST FOR 2005

(all amounts in Australian dollars)

Budget for 2003				2004 Draft Budget	2005 Forecast
Adopted in 2002	Revised	Variance			
INCOME					
2 435 000	2 435 000	0	Members' Annual Contributions	2 508 600	2 604 100
0	0	0	New Members' Contributions	0	0
(8 100)	(8 100)		From (to) Special Funds	(8 100)	0
44 700	44 700	0	Interest	43 400	44 700
386 100	386 100	0	Staff Assessment Levy	410 500	420 300
0	8 010	8 010	Surplus from Prior Year	0	0
<u>2 857 700</u>	<u>2 865 710</u>	<u>8 010</u>		<u>2 954 400</u>	<u>3 069 100</u>
EXPENDITURE					
494 900	494 900	0	Data Management	505 600	520 800
495 700	495 700	0	Compliance	505 500	527 200
911 900	642 610	(269 290)	Communications	650 200	669 700
0	277 300	277 300	Information Services	289 000	314 600
244 000	244 000	0	Information Technology	255 400	259 000
711 200	711 200	0	Administration	748 700	777 800
<u>2 857 700</u>	<u>2 865 710</u>	<u>8 010</u>		<u>2 954 400</u>	<u>3 069 100</u>
Expenditure allocated by sub-item (Type of expenditure)					
2 060 300	2 068 310	8 010	Salaries and Allowances	2 127 200	2 190 400
136 500	136 500	0	Equipment Leasing	143 100	147 400
45 400	45 400	0	Insurance and Maintenance	46 800	48 200
31 600	31 600	0	Training	32 500	33 500
242 900	242 900	0	Meeting Facilities	248 500	256 000
133 300	133 300	0	Travel	130 800	158 800
60 000	60 000	0	Printing and Copying	54 000	69 200
86 900	86 900	0	Communication	86 600	89 200
60 800	60 800	0	Sundry	84 900	76 400
<u>2 857 700</u>	<u>2 865 710</u>	<u>8 010</u>		<u>2 954 400</u>	<u>3 069 100</u>