

**Report of the Standing Committee on
Administration and Finance (SCAF)**

This is a preliminary version as adopted by SCAF
on Friday 26 October 2018¹

¹ Preliminary in this case means that further proofreading and verification is still to be done by the Secretariat.

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Report of the Meeting of the Standing Committee on Administration and Finance (SCAF)

Opening of the meeting

1. Mr K. Timokhin (Russia), serving as Chair of the Standing Committee on Administration and Finance (SCAF) for its 2018 meeting, facilitated discussions on Item 4 of the Commission's agenda.

Annual Financial Statements

Examination of Audited Financial Statements for 2017

2. Consistent with Financial Regulation 11.1, a full audit of the 2017 Financial Statements was completed in early 2018 (see COMM CIRC 18/40). The audit had identified no incidents of non-compliance with Financial Regulations or International Accounting Standards. SCAF accepted the Financial Statements as presented in CCAMLR-XXXVII/03 and recommended these be accepted by the Commission.

Appointment of auditor

3. SCAF recommended the appointment of the Australian National Audit Office (ANAO) as auditor for the 2019 and 2020 financial statements.

Report of the Secretariat

Executive Secretary's Report

4. The Chair informed the Committee that two Members had asked that Observers be excluded from the discussion concerning the Secretariat's Staffing and Salary Strategy under Rule 33(b) of the Rules of Procedure of the Commission. It was not clear from the request whether this exclusion should apply to other agenda items.

5. Many Members, whilst respecting the right of Members to invoke Rule 33(b) by notification at the start of specific agenda items, expressed their disappointment that these Members had seen the need to do so. They pointed out that all the background documents were available to Observers and stated that their preference would be for Observers to be present during open discussion of these items. They further noted their concern that the Members had made their request to invoke Rule 33(b) anonymously through the Chair. Many Members agreed that the current situation should not set a precedent for its future work and does not change in any way Rule 33 or its application.

6. The Executive Secretary introduced CCAMLR-XXXVII/05, noting that his report included a summary of Secretariat activities during the year across all departments, the fourth

and final implementation report for the Secretariat's Strategic Plan (2015–2018) and a basis for the assessment of the Executive Secretary's performance (CCAMLR-XXI, paragraph 3.13).

7. The Executive Secretary expressed his appreciation for the excellent foundations laid by previous Executive Secretaries and the supportive and constructive contributions made by staff. SCAF noted that the Executive Secretary's report and companion documents provided a valuable resource for Members to keep apprised of the work of the Secretariat since the last annual meeting. SCAF welcomed the new Executive Secretary and complimented the Secretariat on the work undertaken during the last intersessional period in support of the Commission and Scientific Committee.

Strategic Plan and Staffing and Salary Strategy, 2019–2022

8. The Executive Secretary presented the Secretariat's proposed Strategic Plan 2019–2022 (CCAMLR-XXXVII/06). In his report to SCAF, he noted that there were a number of key external and internal drivers for the strategic plan. These included:

- (i) increasing demands on data management and for a warehouse
- (ii) increasing demands on science, particularly marine protected areas (MPAs) and exploratory fisheries
- (iii) increasing requirement for integrated fisheries management
- (iv) demands for increased transparency, engagement and capacity building initiatives
- (v) increasing pressure on meeting support and communications, particularly requests for a new website
- (vi) updated human resources and finance systems were required.

9. In preparing this strategic plan, the Secretariat felt strongly that a thematic approach, with the support of departmental tasks, would best meet the priorities identified above. There are four main themes:

- (i) support the delivery of scientific advice on the application of Article II to the Scientific Committee and Commission
- (ii) support the implementation of CCAMLR conservation measures
- (iii) facilitate the work and meetings of CCAMLR Members and the engagement of other stakeholders in that work
- (iv) foster the organisational resilience of CCAMLR and its Secretariat.

10. These themes are supported by a set of key tasks for the Secretariat. These include:

- (i) strengthening Secretariat analytical capacity, particularly in fisheries and spatial management

- (ii) strengthening and continuous improvement of CCAMLR data management processes
- (iii) revising operating procedures for catch reporting and closure notices
- (iv) facilitating user engagement with the Catch Documentation Scheme (CDS), non-Contracting Party (NCP) engagement and trade analysis
- (v) consulting and developing the website
- (vi) implementing capacity building initiatives
- (vii) fostering the international nature and culture of the Secretariat
- (viii) strengthening Secretariat internal record keeping and human resources systems.

11. SCAF noted and thanked the Executive Secretary and Secretariat for the large amount of hard work that had gone into the preparation of the Strategic Plan 2019–2022, considering it an excellent basis to guide the Secretariat’s work over the next four years.

12. The Executive Secretary presented the Staffing and Salary Strategy for 2019–2022 (CCAMLR-XXXVII/21 Rev. 1) and supporting reviews (CCAMLR-XXXVII/BG/02 Rev. 1). This was developed by the Secretariat to enable delivery of the Strategic Plan 2019–2022 and address the requests of SCAF in 2017 to review the overall balance of international and local positions, the terms and conditions of General Services staff and the implications of recent revisions to the United Nations (UN) common system of salaries, allowances and benefits (CCAMLR-XXXVI, Annex 7, paragraphs 10 to 12).

13. The Staffing and Salary Strategy has five key elements:

- (i) foster the international nature of the Secretariat, increasing the proportion of international staff from 12% in 2018 to 35% (9 staff) in 2022, with a possible further increase to 50% in 2026
- (ii) strengthen data management across the organisation in order to improve transparency, documentation, data quality and integrity checks
- (iii) strengthen the ability to deliver necessary support to the Scientific Committee’s research and monitoring programs, including support for MPA research
- (iv) strengthen CCAMLR’s ability to deliver reliable fisheries monitoring services
- (v) improve administrative support for human resources.

14. The staff changes proposed under the Strategy are detailed in CCAMLR-XXXVII/21 Rev. 1.

15. Members thanked the Executive Secretary and Secretariat for the work and thought that had been put into the preparation of these papers. Members presented a number of questions which permitted the Secretariat to offer the following clarifications:

- (i) increasing international posts within the Secretariat will only increase the budget very minimally, since UN pay scales have experienced a lower rate of growth compared to wages in Australia over the last 10 years. Relocation and repatriation expenses of this proposal will be funded through the Staff Replacement Fund, part of which will be funded from a transfer from the Asset Replacement Fund
- (ii) the Executive Secretary proposes to review the situation with respect to the appointment of new international staff over the period 2019–2022, in particular the impact on the budget, prior to proposing to the Commission in 2022 whether further international staff should be appointed in the 2023–2026 strategic planning period. In this review, other sections of the Secretariat (for example, the Communications section) would be considered as candidates for internationalisation
- (iii) the Secretariat considers the likelihood of attracting high-quality international staff to CCAMLR to be high, as it is strongly believed that the Secretariat is a very desirable place to work and, additionally, Hobart has a positive international reputation as a very liveable city
- (iv) in response to a question about cost efficiencies, the Executive Secretary assured SCAF that Secretariat internal procedures include a review of cost-effective and cost-efficient procurement and other expenses. The Secretariat always aims to keep the cost of travel to a minimum, keeping in mind the health and wellbeing of staff, particularly on long trips, and the travel policy follows the entitlements under the UN Daily Subsistence Allowance
- (v) the proposed change to the Education Allowance is projected to achieve a saving for the Secretariat on the basis that the proposal to no longer fund pre-tertiary private education will result in less access to the allowance. In addition, as it is envisaged that the new international posts will largely be filled by early career applications, the university provision will be infrequently accessed.

16. SCAF noted and approved the Strategic Plan 2019–2022 and the Staffing and Salary Strategy 2019–2022 and recommended that the Commission adopts them as written (CCAMLR-XXXVII/06 and XXXVII/21 Rev. 1).

Changes to the Staff Regulations

17. The Executive Secretary presented the proposed changes to the Staff Regulations (CCAMLR-XXXVII/BG/13). He explained that the changes had been kept to a minimum and that a further, more comprehensive review, would be undertaken in the intersessional period with the expectation of further changes to be recommended.

18. SCAF thanked the Executive Secretary and the Secretariat for the comprehensive set of reviews and documentation supporting the proposed changes and looked forward to receiving a further review of the Staff Regulations in 2019.

19. The following updated clauses were adopted by SCAF:

Regulation 1.1 – Definitions

‘Dependant’ means:

- (a) any unsalaried child, who is born of, or adopted by, a staff member, their spouse, or their children, who is below the age of eighteen years and who is dependent on a staff member or their spouse for main and continuing support
- (b) any child fulfilling the conditions laid down in Clause (a) above, but who is between eighteen and twenty-five years of age and is receiving school or university education or vocational training
- (c) any child with a disability who is dependent on a staff member or their spouse for main and continuing support
- (d) any other child who is given a home by, and is dependent on, a staff member or their spouse for main and continuing support
- (e) any person related by blood or marriage for whose main and continuing support a staff member or their spouse is legally responsible

‘Economy class’ means, in respect of air travel, economy class or, for flights longer than 9 hours, cost-efficient premium economy class as authorised by the Executive Secretary and in accordance with Secretariat travel policy.

Regulation 1.5 – Salaries and other remuneration

1.5.1 (b) To achieve this, General Services category employees shall receive an annual increment that maintains comparability of total remuneration (salary, superannuation, annual leave and service payment) against a relevant local comparator and takes into account the annual consumer price index for Hobart, published by the Australian Bureau of Statistics.

1.5.3 (b) During the continuation of the employee’s employment by the Commission, subject to a satisfactory performance rating, the employee will advance by one pay step at each anniversary of their commencement date up to a maximum of the top pay step of the applicable classification in accordance with the conditions laid out in CCAMLR’s Staffing and Salary Strategy.

1.10.3 In the event of separation of service with the Secretariat, a staff member shall receive one month’s gross pay, less staff assessment levy, for each full year of continuous service including, but paid after completion of, the first year of service. For a part year of continuous service an employee will be paid a pro-rata part of one month’s gross pay proportionate to that partial year of service. If the appointment of a staff member is terminated for reasons of gross dereliction of duties or serious misconduct they will not receive a separation from service payment.

Consideration of the Financial Regulations

20. SCAF recognised that Regulation 9.4 is out of date with regard to the financial limits imposed on purchases and agreed to amend it as shown below.

Rule 9.4 Tenders in writing for equipment, supplies and other requirements shall be invited by advertisement, or by direct requests from at least three persons or firms able to supply the equipment, supplies, or other requirements, if such exist, in connection with all purchases or contracts, the amounts of which exceed A\$50 000. For amounts exceeding A\$10 000 and less than A\$50 000, written quotations will be sought from at least three persons or firms able to supply the equipment, supplies, or other requirements. For amounts exceeding A\$2 000 and less than A\$10 000 quotes shall be obtained either by the above means or by telephone, internet or personal enquiry. The foregoing rules, shall, however, not apply in the following cases:

- (a) where it has been ascertained that only a single supplier exists, and that fact is so certified by the Executive Secretary;
- (b) in case of emergency, or where, for any other reason, these rules would not be in the best financial interests of the Commission, and that fact is so certified by the Executive Secretary.

Working Capital Fund (WCF)

21. The ICG proposed that a Working Capital Fund (WCF) be set up with the objective of building and maintaining an adequate level of funds to support the organisation's day-to-day operations in the event of cash flow shortfalls.

22. SCAF agreed that the WCF should be established with the objective of maintaining a balance of at least three (3) month's average recurring operating costs, adjusted annually in line with the General Fund budget. The WCF will be established and maintained through drawdown on the balance of the General Fund.

23. A proposal from Germany to decrease the prescribed size of the fund was not supported by other Members and was subsequently withdrawn.

24. SCAF adopted the Rules of Procedure for the WCF (Appendix I) and recommended that they be appended to the Financial Regulations. SCAF also adopted a change to Rule 6.1 (c) of the Financial Regulations to recognise the drawdown as shown below.

Rule 6.1(c) Any cash surplus in the General Fund at the close of a financial year that is not required to meet undischarged commitments in terms of Regulation 4.3 shall be transferred to the Working Capital Fund (WCF) until the WCF reaches the cap of 3 months of annual budgeted expenditure. After transfers to the WCF, a balance above A\$100 000 in the General Fund at year end shall, if decided by the Commission, be divided in proportion to the contributions made by existing Members under Regulation 5.1 in the current financial year and used to offset such Member's contributions for the ensuing financial year.

25. SCAF agreed that with the establishment of the WCF, the Contingency Fund should be closed and any remaining balances transferred to the WCF.

26. SCAF recognised that interest on the WCF would be an important source of income for the Commission and agreed to amend Financial Regulation 8.2 as shown below.

Rule 8.3 Income derived from investments shall be credited to the Fund from which the investment was made with the exception of the WCF where interest earned on this fund will be credited to the General Fund.

Report of the CCAMLR Intersessional Correspondence Group on Sustainable Financing (ICG-SF)

27. The Secretariat, as Convener of an open-ended informal correspondence group established by the Commission (CCAMLR-XXXI, Annex 7, paragraph 13), presented a progress report (CCAMLR-XXXVII/17) on intersessional consultations to further evaluate income-generating and cost-saving options (CCAMLR-XXXIII, Annex 7, paragraphs 14 and 15).

Tasks advanced during 2017/18

28. In the 2017/18 intersessional period, utilising the e-group facility, the following tasks in relation to the work endorsed at CCAMLR-XXXVI (CCAMLR-XXXVI, paragraph 4.7) were advanced:

- (i) issues associated with the purpose and operations of a WCF, noting SCAF had endorsed, in principle, its establishment
- (ii) funding of conveners to working group meetings
- (iii) options to reduce costs and evaluate alternative revenue generation options
- (iv) another review of the Special Funds, particularly those that have been dormant for a significant period
- (v) the assessed contribution formula as a matter for future work (noting some Members' view that changes to the assessed contributions formula should be a last resort, particularly in light of the current financial situation).

29. Other issues relevant to the work of the Intersessional Correspondence Group on Sustainable Financing (ICG-SF) were raised at CCAMLR-XXXVI:

- (i) Argentina's suggestion to consider options for supporting conveners of SCAF and the Standing Committee on Implementation and Compliance (SCIC) (CCAMLR-XXXVI, Annex 7, paragraph 4.8)
- (ii) the UK's request to consider sustainable financing options for the scholarship scheme, including as a fixed proportion of the overall budget (CCAMLR-XXXVI, paragraph 5.92)

- (iii) the US proposal to include consideration of a dedicated Secretariat position to work on MPA issues (CCAMLR-XXXVI, paragraph 4.9).

30. The Executive Secretary reported that the ICG-SF had progressed its work by consideration of two working papers developed by the Secretariat, taking into account feedback and suggestions made by ICG-SF members. The report of the ICG-SF (CCAMLR-XXXVII/17) proposed specific actions to develop a WCF, to develop a sustainable income source through raising notification fees with a consumer price index (CPI) (inflation) and to establish a General Capacity Building Fund (GCBF). SCAF thanked the Executive Secretary, the Secretariat and those Members who participated in the intersessional period for the excellent work in progressing these issues.

Notification fees

31. SCAF reviewed the recommendation of the ICG-SF that fishery notification fees should be increased with inflation (CPI applicable in Hobart) in order to deliver sustainable income into the future. SCAF noted that since they were last reviewed in 2016 they had not been increased with CPI.

32. SCAF further noted the advice of the ICG-SF and agreed that the current structure of the notification fee into a refundable and non-refundable part was administratively very burdensome, while at the same time it did not seem to be providing a deterrent to unfished notifications given that the proportion of notifications that were unfished, and in which the refundable part of the notification fee was forfeit, had remained at over 40% since the inception of the fee in 2005/06.

33. SCAF agreed that any new notification fee should include only a single, non-refundable, part.

34. The Executive Secretary introduced CCAMLR-XXXVII/08 Rev. 1 which proposed to deal with both these issues. From 2019 onwards, the notification fee would comprise a single, non-refundable element, calculated to be equal to the current non-refundable (administrative) element, increased with CPI from the 2016 level, plus an amount equal to the forfeits of the current refundable portion, also increased with CPI from the 2016 level; and in future years this new 2019 fee would be increased annually in line with CPI. He showed that this mechanism would correct current and future budget deficits.

35. Many Members agreed that the proposal in CCAMLR-XXXVII/08 Rev. 1 should be adopted and implemented in 2019. China and Russia expressed the opinion that the formula should be revisited, particularly regarding the relative fees of toothfish and krill vessels; the inclusion or exclusion of vessels fishing under Conservation Measure (CM) 24-01, paragraph 3; and in respect of the assumption of annual CPI increases. China stated that the proposal could be agreed only for 2019 and should not be taken as a precedent for future discussion, with future fee arrangements dependent on discussions by the ICG-SF and a decision of SCAF in 2019.

36. SCAF did not agree to a change in notification fees. It agreed that the current notification fee arrangement will stay in place until replaced.

37. SCAF agreed that it would prioritise discussions in 2019 that would allow it to agree a revision of the fee in 2019. SCAF requested the ICG-SF to consider the formula for notification fees during 2019 with the following terms of reference:

- (i) propose a revised formula that removes the refundable portion of the notification fee and generates at least the same income to the General Fund as the 2019 formula as presented in CCAMLR-XXXVII/08 Rev. 1 and described in paragraph 34, considering, inter alia:
 - (a) whether notifications for research fishing under CM 24-01, paragraph 3, should require a notification fee
 - (b) the relative costs of administering and managing krill and new and exploratory toothfish fisheries, including consideration of fees per subarea where appropriate
 - (c) whether to harmonise the notification fees between the krill and new and exploratory toothfish fisheries
- (ii) consider the frequency at which notification fees should be revised in relation to inflationary CPI changes.

38. Many Members expressed disappointment that agreement on notification fees could not be reached. They emphasised that the proposal in CCAMLR-XXXVII/08 Rev. 1 delivered on the direction that SCAF gave to the ICG-SF. They further noted that the notification fees were only a small proportion of the revenues of the industry and the operating costs of vessels. In particular, they could not accept any possibility that notification fees would cease to be required, and the risk that this would generate to the Commission's income and individual Member contributions.

39. SCAF recognised, however, that it was important to arrive at a notification fee formula that was acceptable to all parties and delivered a predictable income for the Secretariat that was consistent with the requirements of the budget.

40. SCAF recalled that it had previously agreed on the principle of CPI increases in income and expenditure (CCAMLR-XXXV, Annex 7, paragraph 30).

41. The UK and Australia recalled previous agreements regarding notification fees applying to individual conservation measures rather than subdivisions within conservation measures. This agreement specifically related to krill fishing notifications following advice from the Scientific Committee that the krill catch in Area 48 should be distributed across the whole area.

42. China welcomed the decision, stating that it was important to have time to arrive at an agreement, considering that krill and toothfish fisheries were quite different, and that notification fees should also apply to fisheries notified under CM 24-01. The notification fee for krill fisheries in Area 48 should be in no way different from others.

43. Some Members noted the question of notification fees for research fishing under CM 24-01, paragraph 3, in areas that are closed or have a zero catch limit is not merely a financial one; there is also a policy question regarding how research is being conducted under CM 24-01. Fishing under CM 24-01 should not be on a commercial basis. It was recognised

that the notification requirements under CM 24-01, paragraph 3, create a higher administrative burden for the Secretariat than for notifications under CM 24-01, paragraph 2.

44. SCAF suggested the ICG-SF consult with industry during its deliberations.

Capacity Building

45. The ICG-SF report (CCAMLR-XXXVII/17) recommended the establishment of a GCBF, and the retention of the Science Capacity Fund as a separate fund to support capacity building activities in the Scientific Committee.

46. Australia presented CCAMLR-XXXVII/02 Rev. 1 on behalf of the delegations of Australia, New Zealand, Norway, the Republic of Korea and the UK. The paper recommended the creation of a GCBF and an ICG specifically for discussing aspects of the GCBF, including a list of possible activities or needs, priority areas of work and criteria against which capacity building proposals should be assessed. It also recommended that the Commission include capacity building as a permanent agenda item.

47. Members generally welcomed the proposals outlined. However, the opinion was expressed that the establishment of a GCBF and an ICG as envisioned in CCAMLR-XXXVII/17 and XXXVII/02 Rev. 1 was premature as there was not yet a common understanding of what was meant by the term ‘capacity building’.

48. The EU noted that there should be clarity about the potential beneficiaries and suggested that specific target groups be identified on a needs basis.

49. Following further discussions, the following was adopted by SCAF:

- (i) the ICG will be established and its main task will be gaining a common understanding of the concept of capacity building
- (ii) terms of reference for the ICG will be completed before the end of CCAMLR-XXXVII with an opportunity for Members to provide feedback
- (iii) terms of reference for a workshop will be completed before the end of CCAMLR-XXXVII with an opportunity for Members to provide feedback. The primary aim of the workshop will be to conduct a capacity needs analysis.

50. The Chair acknowledged the voluntary contributions of New Zealand, the UK and USA to support capacity building initiatives. The Chair also acknowledged the voluntary contribution of the Republic of Korea to support capacity building initiatives and the Korean Contribution Fund.

51. SCAF noted that in the absence of a GCBF the voluntary contributions from New Zealand, the UK and USA will remain in the General Science Capacity Fund and will not be expended unless approved by the donating Member. Korea asked for its contribution to be placed in the Korean Contribution Fund.

52. Korea generously agreed that the workshop could be supported by the Korean Contribution Fund.

53. The ICG-SF also suggested a mechanism for reviewing the continuing need for Special Funds that were unused for a number of years. SCAF recommended that the Commission adopt the following procedure to review the continued need for dormant Special Funds:

If a Special Fund remains inactive in expenditure for two consecutive years, and in any case every 5 years, the Commission shall undertake a review to see if a Special Fund is still meeting its intended need, and, if appropriate, the Commission shall terminate the fund and transfer the balance to an alternative, active, Special Fund.

Funding of conveners to working groups

54. SCAF recognised that for a number of years the Scientific Committee has requested financial support for conveners of working group meetings, noting that providing a convener is often a significant financial burden, especially for small delegations. SCAF noted its previous discussions and general support for the proposal (CCAMLR-XXXVI, paragraph 25), and also the potentially high cost of this approach.

55. SCAF noted that in setting up the General Science Capacity Fund the Commission recognised that the activities that contribute towards science capacity may include increasing participation and awareness of CCAMLR science, mechanisms to resource and deliver scientific activities, and improving information flow within the CCAMLR scientific community (CCAMLR-XXIX/09). SCAF considered that in addition to the Scientific Scholarship Scheme, which is supported by the Fund, the funding of conveners could contribute to this objective.

56. SCAF agreed to a limited pilot project which would fund one convener for two (2) years. The cost would be approximately A\$25 000 per year (A\$50 000 over the two years). The funding of the pilot project would be through the voluntary contributions made to the General Science Capacity Fund by New Zealand, the UK and USA.

57. SCAF agreed that the objective of funding conveners should be to support the work of the Scientific Committee by encouraging a greater diversity of working group conveners in terms of the Member providing them, their gender and their geographical origin. Terms of Reference for the project were completed (Appendix II) and the proposal was adopted by SCAF.

58. SCAF agreed that Members should be required to opt in to any funding scheme for working group conveners.

Consideration of the Second Performance Review

59. The Executive Secretary introduced CCAMLR-XXXVII/11. The progress report provides a summary of the discussions undertaken during CCAMLR-XXXVI. SCAF noted the activities undertaken to date and in particular those activities relating to Chapter 8,

Recommendations 28 and 29. SCAF approved the public release of information relating to the Second Performance Review, except where such information is of a confidential nature to either CCAMLR or Members.

Review of 2018 Budget, 2019 Draft Budget and 2020 Forecast Budget

Review of 2018 Budget

60. SCAF endorsed the 2018 budget as revised (Appendix III). It noted that, although there was a positive impact resulting from the introduction of fees for all fisheries notifications (CCAMLR-XXXIV, Annex 7, paragraphs 19 to 26), a deficit of A\$179 770 was forecast which, if realised, will reduce the anticipated balance of the General Fund at 31 December 2018 to A\$1 996 699.

61. The Secretariat reported that, since the circulation of the financial papers to Members on 28 August 2018 (see COMM CIRC 18/69), 60 days in advance of CCAMLR-XXXVII as required under the Financial Regulations, Namibia have paid their 2017 and 2018 assessed contributions. In addition, China has paid their 2018 assessed contribution.

62. Argentina informed SCAF that due to financial complications during 2018, foreign currency payments by its Foreign Ministry had suffered some delays. Nonetheless, its CCAMLR contribution administrative process had seen progress in recent weeks and was in its final stages, whereby the Argentine pending contribution would be cancelled shortly, hopefully before the end of CCAMLR-XXXVII.

63. SCAF noted the payment by Namibia and that from the date of the payment, Namibia was no longer in default according to Article 5.3 of the Financial Regulations. SCAF noted the three (3) years of outstanding contributions from Brazil and requested that the Commission ask the Executive Secretary to discuss with Brazil their intentions regarding these contributions.

Advice from SCIC

Proposal regarding satellite monitoring

64. France presented a proposal for a project on satellite monitoring that had previously been presented to SCIC (CCAMLR-XXXVII/25).

65. Since the system is already operating in the French exclusive economic zone (EEZ) with good results in terms of reducing illegal, unregulated and unreported (IUU) fishing to almost zero, it has been well tested. France was willing to share this expertise and it would benefit CCAMLR to take up this offer. No new contract would need to be negotiated by the Secretariat.

66. France reported that an Italian agency, Telespazio, which was put through a tender process and was deemed the most cost-effective with the best technical capacity, is being used to analyse satellite images. Approximately 500 images annually would be pre-processed by France and sent to the Secretariat for cross-checking against vessel monitoring system (VMS) data. The results will be reported to SCIC.

67. In 2019 the cost would be in the order of €100 000. The project will be reviewed at next year's meeting and renewed if the Commission so agrees. In that case, subsequent years would cost €75 000. The additional €25 000 for the first year would allow for historical data analysis to provide for more accurate future images.

68. The EU advised that it fully supported funding of this project by contributing the full amount of €100 000 and there would consequently be no financial impact on the Commission's budget.

69. Input from CCAMLR would be 'in-kind' support in terms of Secretariat staffing to analyse the data received. The Executive Secretary confirmed that the cost of this would be low and fully supported by the new Staffing and Salary Strategy.

70. SCAF thanked France and the EU for its generous offer and recommended that the Commission accept this proposal.

Advice from the Scientific Committee

71. The Scientific Committee once again asked for funding for conveners of working groups. SCAF noted its decision in this regard (paragraph 57).

72. SCAF considered a request from the Scientific Committee for funding for krill specialist scientists to attend the SCAR Krill Action Group meeting. The working group was established to engage a broader range of scientists in the work of CCAMLR. The funds requested were A\$13 000 which would be funded from the General Fund. SCAF accepted this proposal and recommended that the Commission endorse this decision.

Draft Budget for 2019

73. The draft budget for 2019 (Appendix IV) is based upon the continued application of the Commission's policy of zero-real growth for the calculation of the equal share of Members' contributions (CCAMLR-XXXV, Annex 7, paragraph 30).

74. The draft budget for 2019 was revised to take into account a change in the General Fund budget to Member contributions as a result of a calculation error; the decision of SCAF to retain notification fees at existing levels; funding of the SCAR Krill Action Group meeting; the voluntary contribution of Korea to the Korean Contribution Fund; and provision to fund a convener of a working group from the General Science Capacity Fund.

75. SCAF agreed that the Contingency Fund should be closed, and its balance transferred to the WCF (paragraph 25).

76. SCAF noted the revised draft budget for 2019 and associated schedule of assessed contributions (Appendix V) and recommended its adoption by the Commission.

Forecast Budget for 2020

77. SCAF noted the revised forecast budget for 2020 as presented in Appendix V. The 2020 budget is indicative only.

78. The budgets for 2019 and 2020 show a forecast budget deficit. While recognising that this was not of immediate concern given the positive balance of the General Fund, SCAF emphasised that this was not a long-term sustainable approach, and in this context noted its commitment to revise notification fees in 2019 (paragraph 37).

Other business

79. The new budget layout was presented in CCAMLR-XXXVII/09 and was proposed for use in 2019. Notes to the budget would be condensed and incorporated into the new layout. Some notes would be removed entirely for some Special Funds where there was no movement during the year other than application of annual interest earned. More comprehensive notes will be included in the budget paper as required. SCAF accepted this new layout and recommended that it be accepted by the Commission.

80. The Chair noted that there was a vacancy for Vice-Chair.

Report adoption

81. The report of SCAF, including its recommendations and advice to the Commission, was adopted.

Close of the meeting

82. SCAF thanked the Chair for his excellent management of the meeting.

83. The Chair declared the meeting closed.

Rules of Procedure for the Working Capital Fund

Working Capital Fund Terms of Reference

1. These Terms of Reference will be implemented in conjunction with the other financial regulations and policies of the Commission and are intended to support the goals and strategies contained in those related regulations and policies and in strategic and operational plans. These Working Capital Fund (WCF) Terms of Reference will be reviewed regularly every four years and adjusted in response to internal and external changes.

2. The purpose of the WCF is to build and maintain an adequate level of funds to support the organisation's day-to-day operations in the event of cash flow shortfalls. Its functions are to:

- (i) accommodate normal operating expenditures prior to the receipt of contributions from Members of the Commission and, in particular, late payment of contributions by Members
- (ii) replace the previously held Contingency Fund which provided funds for extraordinary or unforeseen expenditure.

The WCF is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Establishment and use

3. The WCF will be recorded in the Commission's books of account and financial statements as the 'Working Capital Fund'. The WCF will be funded and available in cash. The WCF will be invested in accordance with the Financial Regulations.

4. The minimum amount to be held in the WCF will be established in an amount sufficient to maintain ongoing operations and programs for a set period, measured in months. The target minimum for the WCF is equal to three (3) months of average recurring operating costs. This calculation will be based on yearly total budgeted expenditure in the General Fund as approved by the Commission at its annual meeting. The WCF target minimum will be calculated each year after the approval of the annual budget. These reserves will be reported to the Commission and included in the annual financial reports. Each year, after the approval of the operating budget, the WCF will be adjusted to maintain the three months' balance.

5. The WCF will be established with a transfer from the General Fund. The Commission may, from time to time, direct that a specific source of revenue be set aside for the WCF, for example, the Member contribution from a new Member. Voluntary contributions may also be directed to the WCF.

6. The Executive Secretary will identify the need for access to the WCF and confirm that the use is consistent with the purpose of the reserves as described herein. Any use of the WCF will be reported to the Commission at its yearly meeting and include the use of any funds drawn down and plans for replenishment of the WCF.
7. The interest earned on the WCF will remain in the General Fund accounts.

Cash flow management

8. In line with its primary function, funds from the WCF will be available to the General Fund for cash flow management, in particular when there are late payments of Member contributions. The Executive Secretary may incur obligations against the WCF, without prior approval of the Commission, when such obligations are necessary for the continued effective functioning of the Commission. These withdrawals will be confined to approved budgetary expenditure and will be reimbursed from the General Fund as soon as possible.

Unforeseen and extraordinary expenditure

9. The WCF may also be used for necessary expenditure which has not yet been specifically authorised by the Commission. The following definitions are agreed by the Commission for unforeseen and extraordinary expenditure:

- (i) '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 extra amount not being possible to subsume into the annual budget without inordinate disruption of the Commission's work.
- (ii) '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.

10. The following procedures should be applied in the event of unforeseen and extraordinary expenditure:

- (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 Chair of the Commission to confirm that:
 - (a) the nature of the expenditure complies with the above definitions;
 - (b) the WCF has sufficient capacity to cover the expenditure; and
 - (c) it is not possible to defer the decision on the use of the Fund until the next meeting of the Commission.

- (ii) Should the total of proposed expenditure be less than 10% of the balance of the WCF, the Chair may approve its payment.
- (iii) If the expenditure is greater than 10% of the balance of the WCF, the following procedures will apply:
 - (a) The Executive Secretary will advise all Members of any intended use of the Fund.
 - (b) Any Member that considers such expenditure from the Fund to be inappropriate shall advise the Chair accordingly, including any proposal for alternative action.
 - (c) 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.
 - (d) Any actual unforeseen and extraordinary expenditure from the Fund will be advised to Members immediately.

Terms of Reference for funding of conveners to working groups

1. The Commission will make funding available for one convener of a scientific working group for their activities in 2019 and 2020. The funding shall cover travel and subsistence costs for attendance at their working group meeting and attendance at the Scientific Committee.
2. The objective of funding conveners should be to support the work of the Scientific Committee by encouraging a greater diversity of working group conveners in terms of the Member providing them, their gender and their geographical origin.
3. The Scientific Committee shall nominate a working group which may receive this funding and elect a working group convener to serve for at least two years starting 2019. The selection of convener shall follow the criteria in the objective together with relevant scientific qualifications.

**Commission for the Conservation
of Antarctic Marine Living Resources**

Revised Budget for the Year Ended 31 December 2018

General Fund adopted 2017	General Fund Revised	Equity Funds				Special Funds										Total	
		Asset Replacement Fund	Fisheries Notifications Fund	Staff Replacement Fund	Korean Contribution Fund	Contingency	Observer	VMS	CDS	Compliance	MPA	Scientific	Enforcement	General Science Capacity	CEMP		
INCOME	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	AS	
Core Members' Contributions	3 349 500	3 349 500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3 349 500
Members' Special Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	72 691	0	0	72 691
Interest	160 000	160 000	0	0	0	0	0	2 750	345	32 560	642	1 380	0	294	2 607	10 529	211 108
Staff Assessment Levy	530 000	500 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500 000
Fund transfers	240 219	240 730	0	0	0	0	(215 000)	0	0	0	0	0	(25 730)	0	0	0	0
Sales (Tagging)	30 000	30 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30 000
Miscellaneous Income	405 000	405 000	35 000	414 000	0	0	220 000	0	0	0	0	0	0	0	0	0	1 074 000
Total Income	4 714 719	4 685 230	35 000	414 000	0	0	5 000	2 750	345	32 560	642	1 380	(25 730)	294	75 298	10 529	5 237 299
EXPENDITURE																	
Salaries and Allowances	3 303 500	3 213 500	0	414 000	0	0	0	0	0	0	0	0	0	0	0	0	3 627 500
Equipment	210 000	210 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	210 000
Insurance and Maintenance	240 000	240 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	240 000
Training	17 000	25 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25 000
Meeting Facilities	350 000	360 000	4 444	0	0	0	0	0	0	0	0	0	0	0	0	0	364 444
Travel	180 000	180 000	0	0	0	0	0	0	0	0	0	0	0	0	50 000	0	230 000
Printing and Copying	15 000	15 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15 000
Communications	45 000	45 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45 000
Sundry	143 000	143 000	0	0	51 000	100 000	0	0	0	158 500	0	0	0	0	0	180 000	632 500
Rent/COGS	433 500	433 500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	433 500
Total Expenditure	4 937 000	4 865 000	4 444	414 000	(51 000)	(100 000)	0	0	0	158 500	0	0	0	0	50 000	180 000	5 822 944
SURPLUS/(DEFICIT)	(222 281)	(179 770)	30 556	0	(51 000)	(100 000)	5 000	2 750	345	(125 940)	642	1 380	(25 730)	294	25 298	(169 471)	(585 645)
Balance at 1 January 2018	1 886 709	2 176 469	364 266	363 920	135 846	336 786	260 000	136 929	17 204	1 687 504	31 941	101 536	25 730	14 569	190 424	730 112	6 573 236
Balance at 31 December 2018	1 664 428	1 996 699	394 822	363 920	84 846	236 786	265 000	139 679	17 549	1 561 564	32 583	102 916	0	14 863	215 722	560 641	5 987 591

**Commission for the Conservation
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Draft Budget for the Year Ended 31 December 2019

General Fund	Equity Funds					Special Funds									Total	
	Asset Replacement Fund	Fisheries Notifications Fund	Staff Replacement Fund	Working Capital Fund	Korean Contribution Fund	Contingency	Observer	VMS	CDS	Compliance	MPA	Enforcement	General Science Capacity	CEMP		
A\$	A\$	A\$	A\$		A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	
INCOME																
Core Members' Contributions	3 433 238	0	0	0	0	0	0	0	0	0	0	0	0	0	3 433 238	
Members' Special Contributions	0	0	0	0	300 000	0	0	0	0	0	0	0	0	0	300 000	
Interest	180 000	0	0	0	0	0	2 800	370	27 000	680	2 200	300	3 500	6 000	222 850	
Staff Assessment Levy	500 000	(200 000)	0	200 000	0	0	0	0	0	0	0	0	0	0	500 000	
Fund transfers	155 000	0	0	0	1 321 851	(155 000)	0	0	0	0	0	0	0	0	1 321 851	
Sales (Tagging)	30 000	0	0	0	0	0	0	0	0	0	0	0	0	0	30 000	
Misc Income - Fisheries Notifications	479 000														479 000	
Miscellaneous Income	415 000	25 000	220 000	0	0	0	0	0	0	0	0	0	0	0	660 000	
Total Income	5 192 238	(175 000)	220 000	200 000	1 321 851	300 000	(155 000)	2 800	370	27 000	680	2 200	300	3 500	6 000	6 946 939
EXPENDITURE																
Salaries and Allowances – Revised	3 646 902	0	0	30 000	0	0	0	0	0	0	0	0	0	0	3 676 902	
Equipment	215 200	0	0	0	0	0	0	0	0	0	0	0	0	0	215 200	
Insurance and Maintenance	246 000	0	0	0	0	0	0	0	0	0	0	0	0	0	246 000	
Training	30 000	0	0	0	0	0	0	0	0	0	0	0	0	0	30 000	
Meeting Facilities	365 000	4 444	0	0	0	0	0	0	0	0	0	0	0	0	369 444	
Travel	185 000	0	0	0	0	0	0	0	0	0	0	0	75 000	0	260 000	
Printing and Copying	18 000	0	0	0	0	0	0	0	0	0	0	0	0	0	18 000	
Communications	47 000	0	0	0	0	0	0	0	0	0	0	0	0	0	47 000	
Sundry	90 000	0	0	0	140 000	0	0	0	104 000	0	0	0	0	0	334 000	
Rent/COGS	444 300	0	0	0	0	0	0	0	0	0	0	0	0	0	444 300	
Total Expenditure	5 287 402	4 444	0	30 000	0	140 000	0	0	104 000	0	0	0	75 000	0	5 640 846	
SURPLUS/(DEFICIT)	(95 164)	(179 444)	220 000	170 000	1 321 851	160 000	(155 000)	2 800	370	(77 000)	680	2 200	300	(71 500)	6 000	1 306 092
Transfer to WCF	(1 321 851)															(1 321 851)
Transfer from Fisheries Notifications Fund	363 920															
Transfer from Contingency Fund	110 000															
Total Transfers to/from Funds	(847 931)		(363 920)				(110 000)									
Balance at 1 January 2019	1 996 699	394 822	363 920	84 846	0	236 786	265 000	139 679	17 549	1 561 564	32 583	102 916	14 863	215 722	560 641	5 987 591
Balance at 31 December 2019	1 053 604	215 378	220 000	254 846	1 321 851	396 786	0	142 479	17 919	1 484 564	33 263	105 116	15 163	144 222	566 641	5 971 832

Members' Contributions 2018, 2019, 2020

(all amounts in Australian dollars)

Member	Contributions 2018	Draft/ Adopted Contributions 2019	Forecast Contributions 2020
Argentina	126,628	129,794	133,039
Australia	141,923	145,471	149,108
Belgium	126,628	129,794	133,039
Brazil	126,628	129,794	133,039
Chile	131,110	134,388	137,747
China	149,091	152,818	156,639
European Union	126,628	129,794	133,039
France	154,088	157,940	161,889
Germany	126,628	129,794	133,039
India	126,628	129,794	133,039
Italy	126,628	129,794	133,039
Japan	127,628	130,819	134,089
Korea, Republic of	145,106	148,734	152,452
Namibia	126,628	129,794	133,039
New Zealand	131,626	134,917	138,290
Norway	196,361	201,270	206,302
Poland	126,628	129,794	133,039
Russia	129,486	132,723	136,041
South Africa	128,081	131,283	134,565
Spain	128,209	131,414	134,700
Sweden	126,628	129,794	133,039
Ukraine	131,843	135,139	138,518
United Kingdom	134,315	137,673	141,115
United States of America	126,628	129,794	133,039
Uruguay	127,725	130,918	134,191
Total	3,349,500	3,433,238	3,519,068

**Commission for the Conservation
of Antarctic Marine Living Resources**

Forward Estimate for the Year Ended 31 December 2020

	General Fund	Equity Funds					Observer	VMS	CDS	Compliance	MPA	Enforcement	General Science Capacity	CEMP	Total
		Asset Replacement Fund	Fisheries Notifications Fund	Staff Replacement Fund	Working Capital Fund	Korean Contribution Fund									
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	
INCOME															
Core Members' Contributions	3 519 068	0		0		0	0	0	0	0	0	0	0	3 519 068	
Members' Special Contributions		0		0	300 000	0	0	0	0	0	0	0	0	300 000	
Interest	180 000	0		0		2 800	370	20 000	680	2 200	300	3 400	5 500	215 250	
Staff Assessment Levy	480 000	0		0		0	0	0	0	0	0	0	0	480 000	
Fund transfers		0		0	43 403	0	0	0	0	0	0	0	0	43 403	
Sales (Tagging)	30 000	0		0		0	0	0	0	0	0	0	0	30 000	
Misc Income - Fisheries Notifications	634 000		(220 000)											414 000	
Miscellaneous Income	425 375	25 000	220 000			0	0	0	0	0	0	0	0	670 375	
Total Income	5 268 443	25 000	0	0	43 403	300 000	2 800	370	20 000	680	2 200	300	3 400	5 500	5 672 096
EXPENDITURE															
Salaries and Allowances	3 790 014	0		30 000		0	0	0	0	0	0	0	0	3 820 014	
Equipment	220 600	0		0		0	0	0	0	0	0	0	0	220 600	
Insurance and Maintenance	250 000	0		0		0	0	0	0	0	0	0	0	250 000	
Training	35 000	0		0		0	0	0	0	0	0	0	0	35 000	
Meeting Facilities	370 000	4 444		0		0	0	0	0	0	0	0	0	374 444	
Travel	185 000	0		0		0	0	0	0	0	0	75 000	0	260 000	
Printing and Copying	18 000	0		0		0	0	0	0	0	0	0	0	18 000	
Communications	47 000	0		0		0	0	0	0	0	0	0	0	47 000	
Sundry	90 000	0		0		50 000	0	0	0	0	0	0	0	140 000	
Rent/COGS	455 400	0		0		0	0	0	0	0	0	0	0	455 400	
Total Expenditure	5 461 014	4 444	0	30 000	0	50 000	0	0	0	0	0	75 000	0	5 620 458	
SURPLUS/(DEFICIT)	(192 571)	20 556	0	(30 000)	43 403	250 000	2 800	370	20 000	680	2 200	300	(71 600)	5 500	51 638
Transfers to/from Funds	(43 403)													(43 403)	
Balance at 1 January 2020	1 053 604	215 378	220 000	254 846	1 321 851	396 786	142 479	17 919	1 484 564	33 263	105 116	15 163	144 222	566 641	5 971 832
Balance at 31 December 2020	817 631	235 934	220 000	224 846	1 365 253	646 786	145 279	18 289	1 504 564	33 943	107 316	15 463	72 622	572 141	5 980 068