

**REPORT OF THE STANDING COMMITTEE
ON ADMINISTRATION AND FINANCE (SCAF)**

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The Agenda as included as Appendix A to the Commission's Provisional Agenda (CCAMLR-XVIII/1) was adopted (Appendix I).

AUDITED FINANCIAL STATEMENTS

2. The Committee **recommended that the Commission accept the financial statements as presented in CCAMLR-XVIII/3**. The Committee noted from the audit report of the 1998 Financial Statements that there were no cases of non-compliance with Financial Regulations or International Accounting Standards. It also noted that the audit report had been provided on the basis of a review audit only and that it did not provide the same degree of assurance as would a full audit.

AUDIT REQUIREMENT

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. As review audits have been performed for the past two years, the Committee **recommended that the Commission require a full audit to be performed on the 1999 Financial Statements**.

MEMBERS' CONTRIBUTIONS

4. The Committee received the advice of the Secretariat, as presented in CCAMLR-XVIII/15 and 18, on the serious cash flow problems that are arising as a result of the delay in receipt of contributions from many Members. It was agreed that action would need to be taken on three issues to rectify the situation:

- (i) to change the Financial Regulation so that earlier payment is required;
- (ii) to issue contribution notices earlier in order that Members' internal systems had sufficient time to process the demands; and
- (iii) to increase the incentives ensuring that the Financial Regulations are complied with.

5. There was general agreement that earlier payments than are currently experienced cannot be expected unless there is a formal requirement under the Financial Regulations. The Committee **recommended that the contribution amounts advised to Members at the end of the annual meeting be considered final, and will be advised in such a form as to enable Members to process the demand for payment**. This process complies with Financial Regulation 5.3:

‘On approval of the budget for the financial year, the Executive Secretary shall send a copy thereof to all Members of the Commission notifying them of their contributions and requesting them to remit their contributions due...’

6. A number of Members noted that their governments' rules would prevent them from paying any earlier than is currently required.

7. As an interim measure, the Committee sought to accommodate these exceptional positions to avoid the Members concerned from having to breach the Financial Regulations. **The Committee recommended that the Commission adopt the following revised Financial Regulation 5.6:**

'5.6 Except in the first financial year when contributions shall be paid within 90 days of the end of the first Commission meeting, contributions shall be due for payment on the first day of the financial year (i.e. the due date) and shall be paid not later than **60** days after that date. **For 2000 the Commission may authorise extensions to the due date of up to 90 days for individual Members who are unable to comply with this Regulation due to the timing of the financial years of their governments.** However, in the case referred to in Regulation 5.5(a), contributions by a new Member shall be made within 90 days following the date on which its membership becomes effective. If payment is made after the due date in United States dollars the net payment received by the Commission shall be equivalent to the amount of Australian dollars payable on the due date.'

8. **The Committee recommended that, in accordance with the revised Financial Regulation 5.6, the Commission extend the due date in 2000 to 1 April for the following Members:**

**Argentina;
France;
Italy;
Japan;
Russia;
South Africa; and
United Kingdom.**

9. **The Committee recommended that the Commission review the extension and delay policy at its 2000 meeting taking into account the experience of the past year.**

10. Japan explained to the Committee that due to the Japanese government's financial rules it would be impossible for Japan to accept that the extension and delay policy be transitional only, but instead would need the Financial Regulation to permit payment at the later time each year.

11. Members agreed to consult with their Finance Ministries before the next meeting in order to explore all opportunities for moving to the new payment schedule.

12. The Committee considered the effectiveness of Article XIX.6 of the Convention and reviewed the definition of 'period of its default'. **It recommended that the Commission interpret this as being the period commencing when a contribution is payable, if the whole or part of the previous contribution is outstanding, and ends when both those contributions are paid in full.**

13. The Committee noted that the cash flow problems being encountered and the necessity to implement the steps noted above, have arisen mainly from the large number of contributions which are paid late in contravention of the Financial Regulations. Indeed, a significant number of contributions remained outstanding at the time of the meeting.

14. Argentina, Brazil, Russia and Uruguay advised that efforts were being made to pay the outstanding contributions as soon as possible, and particularly for these to be paid by the end of 1999. Ukraine advised that its 1998 contribution would be paid in 1999, but was unable to say when its 1999 contribution would be paid.

15. The Committee received the advice of the Secretariat that the revision of Financial Regulation 5.6, as specified in paragraph 7, above, would be insufficient to solve the cash flow problems in early 2000 if there are still any 1999 contributions outstanding at that time. The Committee noted that it was unsatisfactory that the Secretariat was required to rely on certain Member States volunteering to make their contribution early, but in the circumstances was grateful to note the commitment of the USA to make its 2000 contribution as early as possible. Any other Member able to make a similar commitment was encouraged to do so.

Contribution Formula for 2000

16. The formula being used to calculate Members' Contributions to the annual budget of the Commission was last agreed for the three years 1997, 1998 and 1999. The Committee considered that this formula should be subjected to a substantial review, and that this should commence as early as possible. Consequently, it **recommended that the Commission establish an intersessional correspondence group, to be coordinated by Belgium and supported by the Secretariat, to develop a proposal or series of proposals for discussion at next year's meeting.**

17. The Committee noted that it would be important that all Members with views on this issue should convey them to this group, and that active participants of the group should include both fishing and non-fishing Members.

18. The Committee **recommended that the Commission use the existing formula for the 2000 contributions.**

MANAGEMENT REVIEW OF THE SECRETARIAT

19. The Executive Secretary reported to the meeting on the progress during 1999 of the implementation of recommendations which had emanated from the Management Review of the Secretariat carried out in 1997. He referred to the 1998 SCAF report where it was noted that the majority of recommendations had already been fully or substantially implemented.

20. During 1999, implementation of outstanding matters continued, subject to the restriction of available resources. While the passing of time had made some of the more specific recommendations no longer completely appropriate, the Secretariat had identified three major areas to focus on for continuing improvement of resources. These three were: planning, documentation and delegation of responsibilities.

21. The Executive Secretary was able to point to examples of progress in these three areas, and particularly expressed his appreciation of the positive way that the staff had responded to additional tasks and responsibilities. The work of the Scientific Committee in providing an annual prioritised list of its requirements has also been of great assistance.

22. While resource limits and workload priorities tend to slow the implementation of changes in the Secretariat, the Executive Secretary assured the Committee that these changes are continuing.

23. The Committee noted that it had not yet addressed the issue of the performance criteria of the Executive Secretary. Members who consider that the development of such criteria is necessary were encouraged to present working papers to the next meeting of the Commission including suggestions for specific performance criteria that they consider appropriate. New Zealand offered to coordinate any such papers from Members for their consideration. Some Members considered that the establishment of such criteria is not appropriate.

24. The Committee received the notification from the USA of the results of the United Nations (UN) review of the professional staff positions. It noted that the review indicated that all positions are appropriately set except for that of the Administration Finance Officer. **The Committee recommended that the Commission revise the level of its post of the Administration Finance Officer to P3 on the UN pay scale with effect from the next anniversary of the incumbent's contract.**

REVIEW OF BUDGET FOR 1999

25. The Committee received the report of the Secretariat on the expected outcome of the 1999 expenditure budget as presented in CCAMLR-XVIII/4, and noted that while the total budget expenditure was not expected to be exceeded, a number of items and subitems were likely to be overspent. **The Committee recommended that the Commission adopt a revised budget for 1999 in accordance with the expected outcome for 1999 as presented in Appendix II.**

2000 BUDGET

26. The Chairman of the Scientific Committee presented to SCAF the Scientific Committee's budget for 2000 and explained the expenditure items included. **SCAF recommended that the Commission approve the Scientific Committee proposed budget of A\$150 200 for inclusion in the Commission's 2000 budget.**

27. The Chairman of the Scientific Committee expressed the expectation of the Scientific Committee for the publication in 2000 of the book *Understanding CCAMLR's Approach to Management* and of the continuing publication of *CCAMLR Science* beyond its current three-year trial period. He also indicated the possibility of additional resource requirements should observers be placed on krill vessels and their reports need processing.

28. The Committee received the advice of SCOI concerning possible financial implications of decisions made at its current meeting. SCAF noted that no changes to the 2000 budget would be required as a result of these decisions.

29. The Committee considered the information that was currently available on the proposed Catch Documentation Scheme and estimated that the cost to the Commission of implementing the scheme in 2000 would be approximately A\$10 000.

30. SCAF considered the draft budget for 2000 as presented by the Secretariat in CCAMLR-XVIII/4, with the addition of expenditure for implementing the Catch Documentation Scheme and for the upgrading of the Administration/Finance Officer position (paragraph 24, above).

31. The Committee noted that the budget increase is a result of the increased activities of the Commission and Scientific Committee, and that this increase in activity is necessary for the Commission to be able to address effectively the issues that it currently faces. The Executive Secretary noted that savings have been made in previous years and there was no longer scope for further savings in the normal activities of the Secretariat.

32. Notwithstanding the above, Germany noted that it would be unable to accept the budget at the time of the SCAF meeting as it represented a real increase from the previous year's adopted budget. With the understanding that Germany would be able to clarify its position when the Commission considers the budget issue, the Committee presented the budget for 2000, as presented in Appendix II, to the Commission for consideration.

33. The Committee noted that despite the fact that the Commission is exempt from Australian direct taxes, the forthcoming changes in the taxation system are expected to result in additional costs to the Commission. The Committee **recommended that the Commission direct the Chairman to write to the Australian Government urging that the new taxation system be implemented in such a way as to avoid additional costs to the Commission.**

FORECAST BUDGET FOR 2001

34. The Chairman of the Scientific Committee identified three possible areas from the Scientific Committee's work which could lead to additional expenditure in 2001: the translation and distribution of a fisheries data submission manual, the archiving of data from the krill survey and the publication of papers submitted to the 2000 krill workshop. He indicated that, particularly in the case of the last two items, the extent of the costs involved cannot be accurately determined.

35. In considering the forecast budget for 2001, as presented in Appendix II, SCAF noted the extent of assumptions that have had to be made in many expenditure items, including those referred to by the Scientific Committee Chairman.

36. It also noted that the inflation rate used for forecasting the 2001 expenditure was based on assumptions of the indirect impact of the changed Australian taxation system on the Commission's budget through staff salaries. Taking into account these assumptions, the forecast budget represents a real increase of A\$31 000 over the draft 2000 budget. The Committee **recommended that the Commission direct the Executive Secretary to work intersessionally to identify possible cost savings with a view to presenting to the next meeting a draft budget which has zero real increase in Member contributions.**

37. After considering advice from the Scientific Committee SCAF specifically **suggested that the Commission further discuss the cost savings which could be realised in holding meetings of WG-EMM at the CCAMLR Secretariat in Hobart in alternating years, beginning with a meeting in Hobart in 2001.**

INVESTMENT POLICY

38. The Committee noted that the existing investment policy of the Commission was no longer appropriate for the conditions currently prevailing in Australia. On the basis of advice from the Secretariat, incorporating approval of the Commission's Auditor, the Committee **recommended that the Commission adopt the following revised Financial Regulation:**

8.2 (a) The Executive Secretary may make short-term investments of moneys not needed for the immediate requirements of the Commission. Such investments shall be restricted to securities and other investments issued by **Australian institutions or Government bodies with current ratings, provided by a rating body approved by the Commission's auditor, indicating a strong capacity to pay.** The details of investment transactions and income derived shall be reported in the documents supporting the budget;

(b) With regard to moneys held in Trust or Special Funds for which use is not required for at least 12 months, longer-term investments may be authorised by the Commission provided such action is consistent with the terms under which the

moneys were lodged with the Commission. **Such investments shall be restricted to securities and other investments issued by Australian institutions or Government bodies with current ratings, provided by a rating body approved by the Commission's auditor, indicating a strong capacity to pay.**

CCAMLR SITE ON THE WORLD WIDE WEB

39. The Committee received advice from the Secretariat that the basic structure of the website was now intact and that the English language areas would soon be complemented by the other languages in the same format. The website is available for use as required by the Commission and the Scientific Committee.

40. The Secretariat recalled the details of the security provisions of the website, including means of access available that had been advised to Members during the year.

CHAIRMAN AND VICE-CHAIRMAN

41. The Committee congratulated Mr Ybáñez on his successful Chairmanship of SCAF this year and expressed their support of him continuing his term for another two years. Germany was also re-appointed as Vice-Chairman for another two years.

ADOPTION OF THE REPORT

42. The report of the meeting was adopted.

AGENDA

Standing Committee on Administration and Finance (SCAF)
(Hobart, Australia, 25 to 29 October 1999)

1. Meeting Arrangements
2. Examination of Audited Financial Statements for 1998
3. Audit Requirement for 1999 Financial Statements
4. Members' Contributions
 - (i) Timing of Members' Contributions
 - (ii) Contribution Formula
5. Review of Budget for 1999
6. Budget for 2000 and Forecast Budget for 2001
 - (i) Publications
 - (ii) Scientific Committee Budget
7. Investment Policy
8. CCAMLR Site on the World Wide Web
9. Management Review of the Secretariat
10. Any Other Business Referred by the Commission
11. Election of Chairman and Vice-Chairman of SCAF
12. Adoption of the Report.

**REVIEW OF 1999 BUDGET, BUDGET FOR 2000
AND FORECAST BUDGET FOR 2001**
(all amounts in Australian dollars)

1999 BUDGET		2000 DRAFT BUDGET				2001 FORECAST
Adopted in 1998	Expected Outcome	Variance	TOTAL	SCIENTIFIC COMMITTEE		ADMINIS- TRATION
			Own Budget	Other	Total	
INCOME						
	Members' Contributions		1 785 500			1 865 100
	Items from previous year					28 600
	Interest	27 300				0
	New Members' Contributions	0				277 500
	Staff Assessment Levy	265 000				0
	Surplus	0				2 171 200
			2 077 800			
EXPENDITURE						
Salaries and Allowances						
	Professional Staff	661 800	0	308 500	308 500	714 800
	Translation	277 900	54 800	17 600	72 400	296 500
	Support Staff	486 900	23 200	206 200	229 400	534 300
	Total	1 426 600	78 000	532 300	610 300	1 545 600
Capital Expenditure						
		8 000	0	0	0	8 300
Communication						
	Postage & Freight	27 400	4 000	1 900	5 900	32 900
	Internet	19 400	0	13 500	13 500	20 300
	Facsimile	9 700	0	1 100	1 100	10 200
	Telephone	10 600	0	0	0	11 100
	Total	67 100	4 000	16 500	20 500	74 500
Hire & Lease						
	Computers	55 200	8 600	5 600	14 200	68 400
	Maintenance & Training	32 000	0	7 300	7 300	27 200
	Photocopying Equipment	17 700	0	0	0	18 500
	Meetings Venue	44 000	0	0	0	46 000
	Translation/Interpretation	117 400	12 100	0	12 100	122 900
	Multilingual Equipment	34 500	0	0	0	36 200
	Translation Facilities	15 600	0	0	0	16 300
	Total	316 400	20 700	12 900	33 600	335 500
Travel						
		88 300	46 100	0	46 100	99 700
Support Costs						
	Auditor	5 000	0	0	0	5 400
	Insurance	11 100	0	0	0	14 300
	Light & Power	13 000	0	0	0	17 300
	Printing and Copying	22 200	1 400	4 200	5 600	0
	Stationery	19 000	0	600	600	9 800
	Miscellaneous	27 200	0	5 700	5 700	18 600
	Total	97 500	1 400	10 500	11 900	107 600
		2 003 900	150 200	572 200	722 400	2 171 200