

FINANCE AND ADMINISTRATION

3.1 The Chair of SCAF, Mrs C.-P. Martí (Spain), presented the report of the Committee (Annex 4), outlined the results of its discussions and noted the recommendations for decision by the Commission.

Examination of Audited Financial Statements for 1999 and 2000

3.2 Noting that a full audit had been carried out on the 1999 Financial Statements and that an unqualified report had been provided by the auditor, the Commission accepted the audited Financial Statements for 1999.

3.3 The Commission agreed that a review audit only would be required for the 2000 Financial Statements.

3.4 The Commission appointed the Australian National Audit as its auditor for the 2000 and 2001 Financial Statements.

Member Contributions

3.5 The Commission noted the advice of SCAF that Member contributions were currently outstanding from Brazil and Ukraine, and that these two were currently in default under Article XIX(6) of the Convention.

3.6 In this respect, the Representative of Brazil advised the Commission of the world financial crises which had resulted in Brazil's inability to meet its contribution obligations; he stressed that the position was circumstantial and temporary. Brazil reminded the Commission that it was a founding Member of the Commission and had a sound reputation in the treatment of Antarctic affairs. While aware of the restrictions imposed under Article XIX(6) of the Convention and Financial Regulation 5.3, Brazil would be able to participate in the debates at this meeting in a constructive and cooperative manner aiming at fruitful results.

3.7 Ukraine referred to the continuing economic difficulties it was experiencing in being able to make its contributions. It has been making payments towards its obligations as and when it is able to do so and will make continued efforts in this respect.

3.8 At its 1999 meeting, the Commission had addressed the issue of cash-flow problems by changing the deadline for the receipt of contributions from 31 May to 1 March. Some Members had expressed an inability to meet the new deadline in 2000 because of the time it would take to make the necessary changes in their national arrangements. The Commission had agreed to extend the deadline for eight Members. In response to the expressed continuing problems of seven of these Members, the Commission agreed to extend the due date in 2001 to 1 April for the following Members:

- Argentina;
- France;
- Italy;
- Japan;
- Republic of Korea;
- Russia; and
- South Africa.

3.9 In agreeing to the extensions, the Commission recalled its expectation at the 1999 meeting that the list of eight Members for 2000 would be substantially shorter this year, and endorsed SCAF's urging to Members who still have administrative difficulties to continue their efforts to resolve them. Australia noted the requirement of SCAF that such Members should report to SCAF in 2001 on the results of their efforts, stressing that the existence of two separate deadlines is a temporary measure which must be eliminated as quickly as possible in the interests not only of efficiency, but also of equity.

3.10 The Commission noted that SCAF had not had time to give full consideration to revising the formula for calculating Members' contributions to the annual budget, but that it has established an intersessional email correspondence group under the convenership of the SCAF Chair, Mrs Martí, with the collaboration of Belgium. Mrs Martí reminded Members that any redistribution of contributions would yield reductions for some, but increases for others. Mrs Martí therefore encouraged all Members to participate in the intersessional discussions.

Review of Budget for 2000

3.11 The Commission noted that SCAF had identified a number of major effects on the 2000 budget. There was an unanticipated higher inflation rate of 3.2%, originally budgeted at 1.6%, and the introduction of the new Australian taxation system (GST). This resulted in an additional overall cost of A\$95 000. The higher workload from the CDS cost A\$18 000. To counteract these additional costs, the Secretariat had saved A\$62 000 by reducing support to WG-EMM and other cost cutting measures. Despite these cost reductions, the 2000 budget was exceeded and it had been necessary to temporarily use A\$45 766 from the US Observer Special Fund, which will be repaid in 2001.

3.12 As a result of these effects it was necessary to revise the Commission's 2000 budget as originally presented. The revised 2000 budget as presented in Annex 4, Appendix II, was then adopted.

Budget for 2001

3.13 The Commission agreed to the SCAF proposal for a change in the budget format for a more transparent and clear presentation of the budget implications of the Commission's activities. The Commission agreed to change the standard format of the budget table by the inclusion of a column specifically dedicated to the CDS to reflect the substantial financial impact of the scheme. The 2001

budget includes a total of A\$200 600 for the scheme.

3.14 In introducing the budget for 2001, the SCAF Chair noted that there were financial implications of the procedures adopted for the recruitment of a new Executive Secretary (section 15). In particular, SCAF had identified a total of A\$45 500 as being required for advertising and possible travel arrangements to next year's meeting for the final five candidates. This had been included in the budget. The Commission also noted that in performing some of the tasks required by the agreed procedures, such as the translation of applications, the Secretariat would have to take account of budget limitations.

3.15 The Commission was advised that SCAF had deferred to 2001 consideration of higher education allowances for the dependents of Professional Staff.

3.16 The Chair of SCAF stressed that the context in which the budget was prepared this year was particularly difficult mainly due to:

- (i) the repercussions of the 2000 operating deficit which requires the A\$45 766 to be reimbursed to the US Observer Special Fund;
- (ii) the completion of the first stage of the CDS implementation; and
- (iii) additional requests for funding activities of the Scientific Committee and SCOI.

3.17 The Commission accepted for inclusion in the 2001 budget, the budget of the Scientific Committee, which showed a \$2 700 reduction from the amount anticipated in the draft budget. The Chair of SCAF pointed out that the costs relating to the Scientific Committee's work total nearly A\$800 000 and constitute more than 30% of the budget, of which only 20% is the Committee's own budget.

3.18 The Commission noted that, in addition to the costs relating to the recruitment of a new Executive Secretary, the budget presented by SCAF included additional funding requirements from this year's meetings. These included requirements of the Scientific Committee (A\$29 700) and SCOI (A\$96 800), including expansion of the CDS (A\$78 500). In comparison to the revised 2000 budget, the 2001 budget also shows an increase of A\$63 000 for the reinstatement of functions removed in cuts in 2000. The overall result is a budget increase of A\$272 500 above zero real growth.

3.19 In presenting the budget to the Commission, the Chair of SCAF noted that four Members had expressed reservations or difficulties in accepting the large increases.

3.20 With reference to the reservation expressed in SCAF on the proposed budget for 2001 Germany stated:

'Germany faces great difficulties in accepting the budget for 2001 proposed by SCAF. The proposed budget contains a real increase of 12.8% compared to the revised budget for 2000. We do not think that this increase can be justified by inflation, the new Australian taxation system, the implementation of CDS and other causes presented in SCAF. However,

in light of the important objectives of CCAMLR and the need to provide CCAMLR with the necessary means to combat IUU fishing, Germany is prepared to accept the proposed budget for 2001. Germany urges the Executive Secretary to provide a draft budget for 2002 that is based on a nominal zero growth. This is in line with the policy of the Government of Germany to pursue the objective of a nominal zero growth in all international organisations. This should also apply to CCAMLR.’

3.21 Brazil also reiterated its commitment to zero real growth.

3.22 Japan noted that it shared concerns of other Members on real growth, but agreed to join a consensus on the proposed budget.

3.23 Russia advised that the economic difficulties it is experiencing are well known and it has achieved much in being able to pay its 1999 contribution in December 1999, and 2000 contribution in October 2000. Russia agreed to the necessity for the 2001 budget but stressed its requirement for a return to zero real growth in 2002.

3.24 The Commission adopted the budget for 2001 as presented in Annex 4, Appendix II, noting that the increases reflect an expansion of the very important work of the Commission and the Scientific Committee.

Forecast Budget for 2002

3.25 The Commission noted the forecast budget for 2002, as presented by SCAF, and reiterated that, while the forecast budget is useful guidance to Members in planning for future contributions, adopted budgets may require a higher level of contribution.

Management Review of the Secretariat

3.26 The Commission recognised that there were a number of difficulties in undertaking strategic planning for the Secretariat due to the fluidity of Commission requirements and ongoing financial strictures. Notwithstanding this, the Commission requested the Executive Secretary to continue to implement the outstanding recommendations of the Management Review, including work towards strategic planning and individual plans for staff members.

Terms of Tenure of Executive Secretary

3.27 Further to its requirement at last year’s meeting that the tenure of the Executive Secretary be limited to two terms (CCAMLR-XVIII, paragraph 15.2), the Commission adopted a revised Staff Regulation 6.1:

‘6.1 In accordance with Article XVIII(1) of the Convention, the Commission shall appoint an Executive Secretary and shall establish the remuneration and such other entitlements as it deems appropriate. The Executive Secretary’s term of office shall be for four years and the Executive Secretary shall be eligible for reappointment for one additional term. The total length of employment may not exceed eight years.’