

FINANCE AND ADMINISTRATION

3.1 The Vice-Chair of SCAF, Dr M. Mayekiso (South Africa), presented the report of SCAF (Annex 5).

Examination of audited Financial Statements for 2009

3.2 Noting that a full audit had been carried out on the 2009 Financial Statements and that the auditor had identified no incidents of non-compliance with the Financial Regulations or International Accounting standards, the Commission accepted the audited Financial Statements for 2009 (Annex 5, paragraph 4).

Audit requirements for the 2010 Financial Statements

3.3 The Commission, having approved a full audit for the 2010 Financial Statements (Annex 5, paragraph 5), accepted the recommendation of SCAF that a full audit be performed on the 2010 Financial Statements.

Appointment of Auditor

3.4 The Commission noted the appointment of the Australian National Audit Office for 2010, consistent with the decision made in 2009 (CCAMLR-XXVIII, paragraph 3.4).

Secretariat Strategic Plan

3.5 The Commission received SCAF's advice with respect to the Executive Secretary's report (CCAMLR-XXIX/7), including his proposal to undertake a review of the 2002 Strategic Plan and report the results of that review to CCAMLR-XXX (Annex 5, paragraph 7).

3.6 The Commission welcomed the adoption and implementation of a 'green' policy in an effort to reduce the carbon footprint of the Secretariat.

3.7 The Commission endorsed SCAF's recommendation that an independent review of the Secretariat's data management systems be undertaken in 2011 for a cost of approximately A\$40 000 to be funded from the General Fund.

3.8 The Commission endorsed SCAF's recommendation that:

- in light of the current Communication Officer's exceptional performance grading under the CCAMLR Performance Management Appraisal System (CPMAS) for 2009/10 and the Officer's standing at the top of the General Services Pay Scale since 2007/08, the Commission grant approval for the Executive Secretary to offer a salary advancement of 3% for 2010/11.

3.9 It also approved SCAF's recommendation that:

- the Executive Secretary offer the incumbent Data Manager a salary advancement of 3%, to apply from the next anniversary of his employment contract subject to a satisfactory CPMAS in January 2011. The issue of regrading would be considered pending review of the Strategic Plan.

3.10 The Commission approved the SCAF recommendation that, to improve transparency and avoid ad hoc decision-making, a staffing and salary strategy (including job sizing and grades) be included in the review of the Strategic Plan and that SCAF consider the outcomes of that review at its meeting in 2011.

Review of investment portfolio

3.11 The Commission expressed deep disappointment and concern in relation to the loss of A\$1 million in one collateralised debt obligation (CDO) investment (PURE Fund) and the considerable write-down of a remaining CDO investment (OASIS Fund) which had an initial investment value of A\$600 000. The Commission sought advice in relation to the responsibility for approving these investments and the role of the Commission's auditor in reviewing the investment. Additional clarification was sought in relation to full disclosure of the Commission's current financial situation and the likely implication for future assessed contributions from Members. Russia requested information about the possibility of holding liable, persons carrying out the said investments in the absence of the Commission's approval.

3.12 The Commission noted with grave concern the apparent lack of records authorising these investments by the Commission. The Executive Secretary advised that, in the absence of authorisation from the Commission, responsibility for all investment decisions would have been assumed by the Executive Secretary. He further noted that auditors do not have a financial advisory role in Australia. This was confirmed by Australia.

3.13 The Commission also noted that a full disclosure of the impact of the losses arising from these investments is reflected in Appendix IV of the SCAF Report (Annex 5) and that future Members' contributions are influenced by income generated by notifications associated with new and exploratory fisheries which may fluctuate between years. The Executive Secretary noted that, for the last five years, interest income had contributed between 5% and 8% of the total income to the Commission and that between 50% and 80% of that income had been contributed by CDO investments. Confining investments to those of a conservative low-risk nature may result in reduced interest income. If current budgetary levels were to be maintained to support current Secretariat services and functions, then few options presented themselves other than to review the policy that has been in place since 1998, of zero real growth for Members' contributions. The alternative was to prioritise Secretariat services within an agreed budget and discontinue budgetary support for functions and services that are not considered essential.

3.14 The Commission endorsed SCAF's advice that, in future, a conservative investment policy should be adopted, that the remaining OASIS CDO investment be liquidated immediately (current value approximately 24.26 cents in the dollar), and that the Commission

not join any litigation at this time. The Secretariat was requested to keep the Commission informed of any further developments in relation to this matter. The Commission endorsed SCAF's recommendations that:

- (i) an open-ended informal group, appointed by SCAF, acting via correspondence in the 2010/11 intersessional period (SCAF-CG), will consider, in consultation with the Executive Secretary, the matters before it. These matters include, inter alia:
 - (a) undertaking a comprehensive review of the CCAML R Financial Regulations and, where appropriate, developing draft amendments to the Financial Regulations;
 - (b) drafting investment principles that are consistent with the Financial Regulations to guide the Secretariat in the management of the existing CCAML R investment portfolio and the management of future investments giving consideration to the relationship between these principles and the Financial Regulations;
 - (c) considering the frequency and content of Secretariat communications to Members regarding investments;
- (ii) SCAF review a report of these considerations and proposed amendments to the Financial Regulations at CCAML R-XXX;
- (iii) the group be convened by Australia.

3.15 The Commission endorsed SCAF's recommendation that, prior to any advice forthcoming from the informal group, taking into account recent events and the need to adopt a conservative approach with regard to its investments, the Executive Secretary restricts future investments to Government bonds and cash equivalents, and that the current Financial Regulation 8.2(b), relating to long-term investments, be temporarily suspended until the Commission determines otherwise.

3.16 The Commission accepted SCAF's recommendation that the Executive Secretary continues to report quarterly on the status of the investments of the Commission and that greater transparency in relation to all Secretariat activities be provided to Members.

Review of budget for 2010

3.17 The Commission approved the budget for 2010, which included a predicted surplus of A\$436 000 to be carried forward to 2011, as presented in Annex 5, Appendix II.

Further review of translation requirements

3.18 The Commission endorsed SCAF's recommendation that:

- (i) working groups exercise self-restraint to reduce the size of their reports;
- (ii) working papers be limited to 1 500 words, with no limit on annexed conservation measures, decisions or resolutions;
- (iii) the Executive Secretary be authorised to return working papers exceeding 1 500 words to the author(s) for review and re-submission within the agreed deadlines for paper submission adopted by the Commission;
- (iv) all documents submitted as revisions be done so in track-change mode;
- (v) all papers be submitted in both MS Word and pdf formats.

3.19 The Commission noted that the Secretariat will provide a consolidated reference outlining the guidelines relating to the submission and translation of all documents.

Contingency Fund

3.20 The Commission noted that no expenditure had been incurred from the Contingency Fund in 2010 (Annex 5, paragraph 34).

3.21 It also noted that the balance of the Contingency Fund in excess of A\$110 000 following transfer of forfeited funds from new and exploratory fisheries applications, will continue to be transferred to the General Fund at the end of the 2010 financial year (Annex 5, paragraph 34).

CDS Fund

3.22 The Commission noted CDS expenditure of A\$5 716 for CDS Training Material and A\$67 154 for 'IUU Fishing in the CAMLR Convention Area – African Capacity Building Training' approved in 2009 (Annex 5, paragraph 35).

Budget for 2011

3.23 The Commission endorsed the recommendation from SCAF that an amount of A\$63 000 be provided from the MPA Special Fund for an MPA workshop scheduled for 2011.

3.24 The Commission welcomed the establishment of a scholarship scheme and endorsed the SCAF recommendation that Members be invited to provide voluntary contributions to the General Science Capacity Special Fund to support its longer-term sustainability.

3.25 The Commission approved the proposed 2011 Scientific Committee budget of A\$252 500.

3.26 The Commission approved the proposed budget for 2011 as presented in Annex 5, Appendix II, on the understanding that the Commission had previously agreed to continue support for FIRMS for 2011.

Members' contributions

3.27 In accordance with Financial Regulation 5.6, the Commission granted Argentina, Belgium, Brazil, China, India, Republic of Korea, Russia, South Africa, USA and Uruguay an extension of the due date for payment of their 2011 Members' contributions.

3.28 The Commission noted that Ukraine was in arrears in respect of its 2008 (part), 2009 and 2010 Member contributions and that, as a result, Ukraine was therefore in default and Article XIX.6 of the Convention applied. It noted receipt of a letter from Ukraine to the Chair of the Commission indicating its intention to pay all amounts outstanding in December 2010.

Forecast budget for 2012

3.29 The Commission noted the forecast budget for 2012 (Annex 5, Appendix II).

3.30 The Commission also noted that forecast budget figures are indicative only, and that care should be taken when they are used as a basis for financial budgeting by individual Members. It noted SCAF's concern that the budget should be maintained within its customary target of zero real growth (Annex 5, paragraph 51). The UK encouraged continued restraint in the growth of Secretariat costs, noting the budgetary pressures experienced by many Members.

Other

3.31 The Commission noted that SCAF considered the status of recommendations relevant to the Committee arising from the 2008 CCAMLR Performance Review Panel (PRP) Report (CCAMLR-XXIX/BG/48) and that SCAF's advice will be considered under Item 15.

Vice-Chair of SCAF

3.32 The Commission noted South Africa's reappointment as Vice-Chair of SCAF for the 2011 and 2012 meetings (Annex 5, paragraph 54).

3.33 The Commission expressed its deep appreciation to Ms S. Sangwan (India) for her support as Chair of SCAF and to Dr Mayekiso for presenting the report.