

SOUTH PACIFIC FORUM FISHERIES AGENCY

DIRECTOR'S REPORT

1996 - 1997

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DIRECTOR'S REPORT - 1996-1997**Introduction**

Meetings on fisheries management progress this vital aspect of the work programme

1. The development of fisheries management arrangements for the region has dominated the work programme of the Forum Fisheries Agency (FFA) for the period of this report. In ten months, three meetings of the Forum Fisheries Committee (FFC) were convened, indicative of the pace at which the region is operating. The FFC Sub-committee on Future Management Arrangements under the chairmanship of Transform Aquorau has been instrumental in achieving the sound progress made to date.

2. It is clear that the development of fisheries management arrangements must be built on solid foundations, through the application of Law of the Sea principles in each FFA member country. At the same time, the need to engage distant water fishing nations (DWFNs) and other states in a meaningful dialogue is appreciated, and the Second Multilateral High Level Conference on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific (MHLC2) will be convened for this purpose.

3. Thus we have a parallel approach - FFA member countries strengthening their in-zone fisheries management arrangements, and beginning a process for engaging DWFNs and other parties in the development of a regional fisheries management arrangement or organisation. The region's commitment to this latter process has been demonstrated by its role in the development of the UN Implementing Agreement (UNIA)¹, and the fact that at the time of writing, 5 of the 12 ratifications of the UNIA, have been by FFA member countries.

Significant progress in other key areas, including decisions to call MHLC2

4. Whilst this high-priority work has been continuing, FFA has been engaged in other key areas, including the development of a Regional Vessel Monitoring System (VMS), assisting member countries in the assessment of options for domestically based tuna industry development, and the delivery of the now familiar range of legal, computing and other technical services.

5. Highlights of the year included:

- decision to call MHLC2 in Majuro, Republic of Marshall Islands in June 1997;
- sourcing of funding and signing of a contract for the supply of a regional VMS;
- achievement of the target of 20% observer coverage of all trips undertaken by US purse seiners operating under the US Treaty;

¹ *Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea, of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.*

- in conjunction with SPC, holding a Technical Consultation on the Collections and Exchange of Fisheries data, Tuna Research and stock assessment, in Noumea, New Caledonia, 15-19 July 1996; and
- ongoing work of the FFC Sub-committee on Future Management Arrangements, including the associated recruitment of a Fisheries Management Adviser to the Secretariat.

6. Among the disappointments for the year were:

- continued difficulty in recruiting to the positions of Fisheries Law Adviser and Fisheries Investment Adviser;
- lack of progress with the Poly Melan sub-regional access initiatives; and
- delays in implementation and familiarisation with the new financial accounting package.

7. It is an honour for me to present this, my third annual report of the Forum Fisheries Agency. As Director, I would like to pay tribute to the guidance provided to the Secretariat by the Chairman of the FFC, and the dedication and hard work of the Secretariat staff in Honiara.

8. This report reviews the trends and issues associated with the tuna fisheries of the western and central Pacific in the last 12 months. Particular attention is given to the role of the Forum Fisheries Agency, and to the issues and challenges that the region will need to address in the years ahead.

OVERVIEW OF THE FISHERY IN 1996

The Purse Seine Fishery

9. The 1996 purse seine catch is estimated at 666,000 tonnes. This was a decline of approximately 8% compared to the 1995 catch of 725,000 tonnes². There were major declines in the catches of the Korean and US purse seine fleets of approximately 10,000 and 50,000 tonnes respectively. Preliminary data for the Filipino fleet also suggested a decline of 7,000 tonnes in the catch of that fleet. In the case of the US fleet, the number of vessels operating in the region declined by one third, but catch rates also declined. The major reason for the decline in vessel numbers was the financial collapse of the largest vessel operator, Z Fishing Company. The locally based FFA country fleets experienced a small decline in catches. The Taiwanese and Japanese fleets both experienced a slight increase in catch. The distant water fleets operating in the region was made up of 34 American, 42 Taiwanese, 33 Japanese, 29 Korean and 10 Filipino vessels, making a total fleet of 148 vessels.

10. The locally based fleet totalled 14 vessels in 1996. The fleet comprised four vessels in Micronesia, four in Papua New Guinea, three in Solomon Islands, two in Vanuatu and one in Kiribati. However, in early 1997, 8 Filipino seiners were domestically

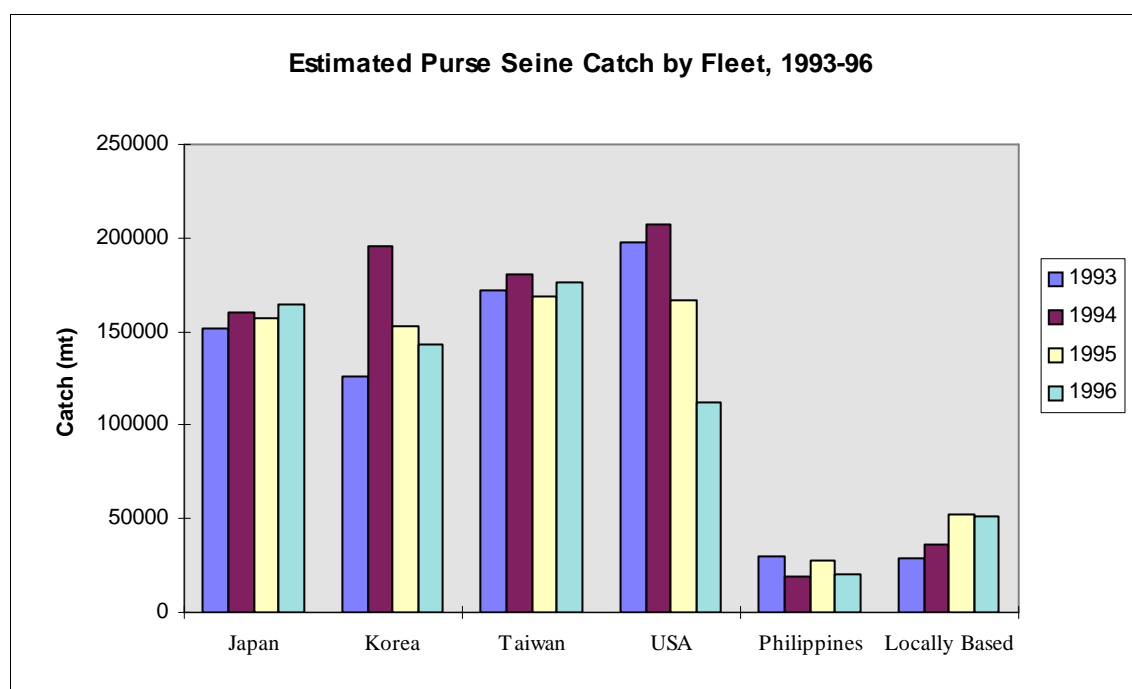
Purse seine catch declines

Locally based purse seine fleet increases in early 1997

² A skipjack/yellowfin series breakup was not available, but historically the catch has comprised approximately 75% skipjack and 25% yellowfin.

licensed in Papua New Guinea as part of preparations for the opening of a tuna cannery in Madang. It is understood that a further 4 vessels will be licensed to supply the cannery. Additionally, approximately 25 Korean and Taiwanese vessels were licensed under joint venture arrangements in Solomon Islands. These vessels also form part of the Korean and Taiwanese bilateral fleet operating in other PNA countries and are included in the vessel numbers for those fleets mentioned in the previous paragraph. There remains interest in further Pacific island investment in the purse seine fishery, but this is tempered by the difficult economic circumstances being experienced by some of the existing vessels. The catch by fleet is shown in Figure 1.

Figure 1:



23% decline in longline catch. Large drop in the number of Chinese vessels

Longline Fishery

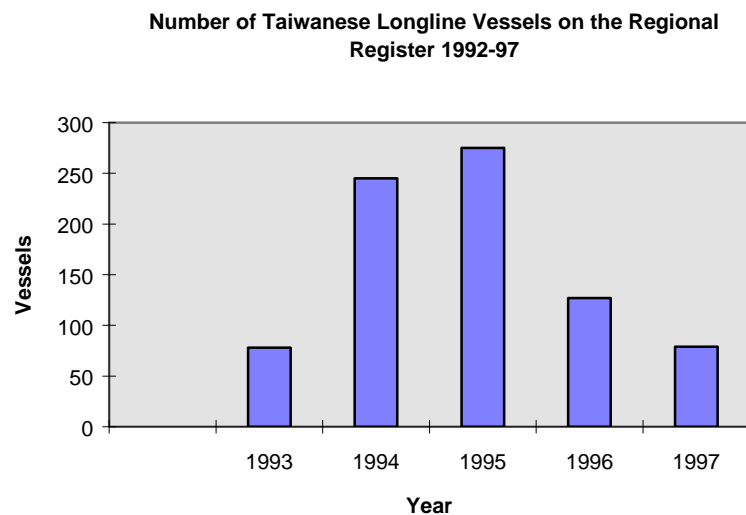
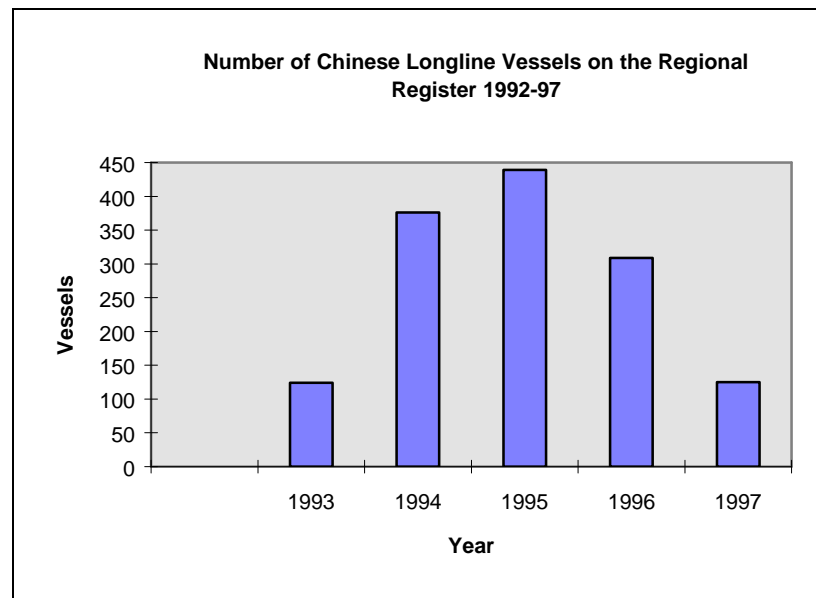
11. The total catch in the longline fishery in 1995 was approximately 112,000 tonnes³. This was down by approximately 23% or 34,100 tonnes on the 1994 catch. The largest component of the tuna catch was yellowfin at 42% while bigeye comprised 33% and albacore 25%. The 1996 catch is also expected to have declined, as the number of vessels operating in the fishery decreased substantially with many (possibly in excess of 100) Chinese fresh sashimi vessels leaving the fishery. Many of the Chinese vessels were associated with Ting Hong operations in Micronesia. These operations were scaled down in 1996, with a fleet of approximately 40 vessels in Marshall Islands being the only Ting Hong base remaining in the region. The Taiwanese longline fleet has also been

³ A reliable estimate of the 1996 catch was not available at the time of compiling this report.

reduced, their numbers also being affected by the scaling down of Ting Hong operations in the region. It is reported that many of the vessels have moved into Indonesian waters or to the Indian ocean longline fishery.

12. The reductions in the Chinese and Taiwanese fleets are reflected in the decline in the number of these vessels on the FFA Regional Register of Foreign Fishing Vessels.

Figure 2



13. The freezer fleet remained largely unchanged, with Japanese, Korean and Taiwanese vessels making up the vast majority of the fleet. The operations of the Taiwanese albacore vessels were confined to the high seas and the zones of Vanuatu and Fiji, with other zones closed as part of continuing efforts by a group of FFA member countries to finalise a sub-regional arrangement with the fleet.

Pole and Line Fishery

14. The Japanese distant-water skipjack pole-and-line fishery had proved reasonably profitable in each of the last four years. However, in 1996 Japanese pole-and-line catches were lower than the last four years, especially the 1995 catch. In 1995 skipjack catches were very good in the "higashi-oki" fishing ground which is situated in the high sea area east of Japan, but in 1996 catches on that fishing ground were very poor, such that the Japanese pole-and-line fishing operation spent more time in the FFA region than is usual. Solomon Islands pole-and-line vessels, fishing for Solomon Taiyo, the largest fleet based in the region, also suffered a decline in catch, taking approximately 21,000mt, which is about 23% lower than the 1995 catch.

Cannery Prices

a) Cannery prices of skipjack follow seasonal cycle

15. Cannery prices in 1996 for purse seine-caught skipjack followed the now familiar seasonal cycle of high supplies and low prices in the first six months, followed by a second half of the year characterised by low supplies and high prices. This occurred against a background of steadily rising consumption. The benchmark for price is Thailand, the world's largest processor of canned tuna. In Bangkok, raw material prices for skipjack reached a peak of US\$1200/tonne in September having risen from a low of US\$680/tonne in April 1996. Continued low catches of skipjack since the second quarter pushed up canning costs and restricted production. In the final quarter, skipjack catches recovered in worldwide fishing grounds, especially the western Indian Ocean, and raw material prices came down slowly to around US\$850 in the final quarter of the year.

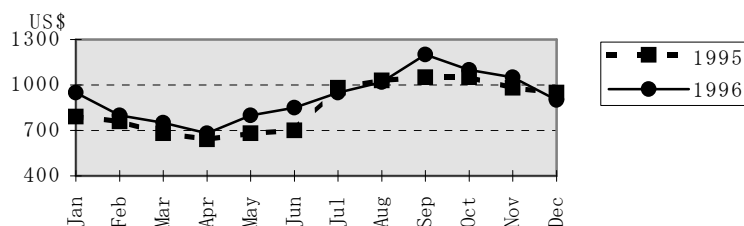
16. The US canned tuna market is one of the main markets supplied by tuna from the western and central Pacific. A recent assessment of that market was not promising, predicting low demand and a continuing slow erosion of the business. It was also noted that canned tuna sales were slow in the first half of 1996 with very slim profit margins and reorganisations being implemented in several companies. Based on this assessment, it is unlikely that prices for raw tuna will rise significantly in the short to medium term, and many vessel operators will face difficult economic times.

Cannery prices follow seasonal cycle

Outlook for US canned tuna market not promising

Figure 3 :

Bangkok cannery prices for skipjack in 1995 and 1996

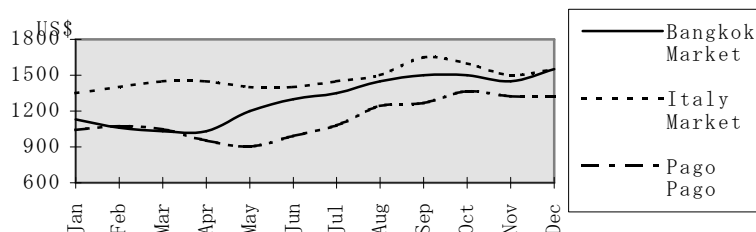


b) *Shortage of yellowfin for canneries*

17. The raw material price for yellowfin started at a low price level in the first quarter of US\$1050/mt, but due to low catches of yellowfin worldwide, the price increased sharply in the second and third quarters, and reached a peak of US\$1500 in the months of September and October, due to the continued shortage of raw material during the year. The high price was maintained in the final quarter at around US\$1450/mt. The serious shortage of raw material has continued into 1997. As a result of this, canneries are mainly producing canned skipjack.

Figure 4 :

Yellowfin cannery prices in 1996



Conditions in the Japanese sashimi market

a) *Japanese market critical for the longline fleet*

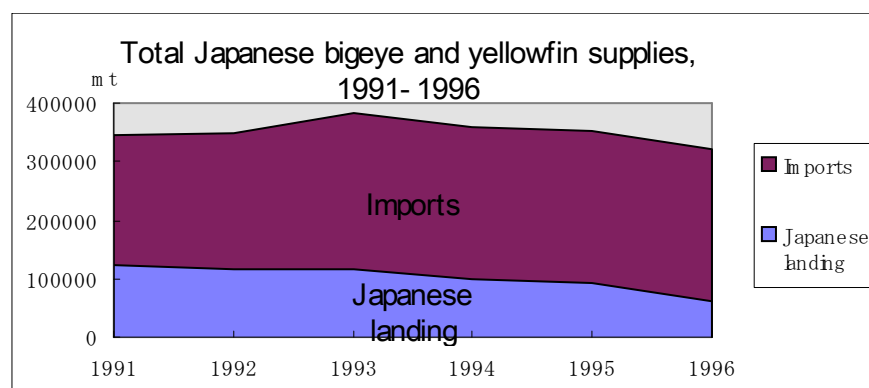
18. The vast majority of the longline vessels operating in the region, both fresh and frozen vessels, target bigeye and yellowfin tuna, mainly for the Japanese sashimi market. Conditions in the Japanese market are thus critical for the prosperity of most of the longline vessels operating in the region. The exceptions to this are the Taiwanese longliners targeting albacore for canning and the Korean longliners which increasingly supplied the sashimi market in Korea. However, Korean sashimi consumption in 1996 was stagnant, at an estimated 15,000mt.

b) *Continued fall in Japanese domestic landings*

Imports comprise an increasing proportions of the total supplies to the Japanese market

19. Supplies of fresh and frozen yellowfin and bigeye tuna to Japan are estimated to have fallen by around 30,000mt during 1996 to around 320,000mt. Imports declined slightly in 1995 to around 258,000mt, but the majority of the fall in overall supplies was caused by lower supply by domestic Japanese vessels. The overall trend has been for imports to comprise an increasing proportion of total supplies, such that they comprised 80% of supply in 1996 compared to 65% in 1991.

Figure 5 :



c) Decline in imports fresh bigeye and yellowfin.

20. Supplies of fresh/chilled bigeye and yellowfin onto the Japanese market continued to increase in the period from 1989 up to 1995. However, a decrease of about 8,000mt down to 74,000mt occurred in 1996. Of this, approximately 42% was bigeye and 52% yellowfin and 5,000mt of the decrease was from domestic sources with the remaining 3,000mt coming from imports. Fresh/chilled bigeye and yellowfin now represent about 23% of the total market.

d) Imports from Pacific island countries decrease slightly

21. Imports of fresh bigeye and yellowfin now account for approximately 78% of the fresh bigeye and yellowfin market, with Taiwan and Indonesia still being the main suppliers. Singapore and Thailand are growing rapidly because many Taiwanese and Chinese small longline vessels, which had mainly been based in the Federated States of Micronesia, Palau and Guam, have moved into the Indian Ocean and Indonesian waters. Because of this, fresh bigeye and yellowfin imports from Pacific island nations decreased during 1996 by about 2,000mt to around 19,000mt. In 1996, imports from Pacific island countries represented approximately 32% of Japan's total imports of fresh bigeye and yellowfin. Inclusion of the 'domestic' catches from Japanese vessels operating in this region increases the figure to approximately 35% of the fresh bigeye and yellowfin into Japan sashimi market.

Imports from Pacific islands represented approximately 32% of Japan's total imports of fresh bigeye and yellowfin

Figure 6 :

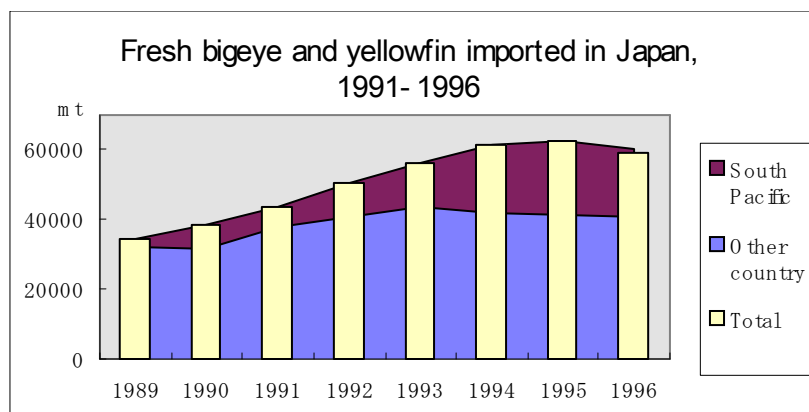
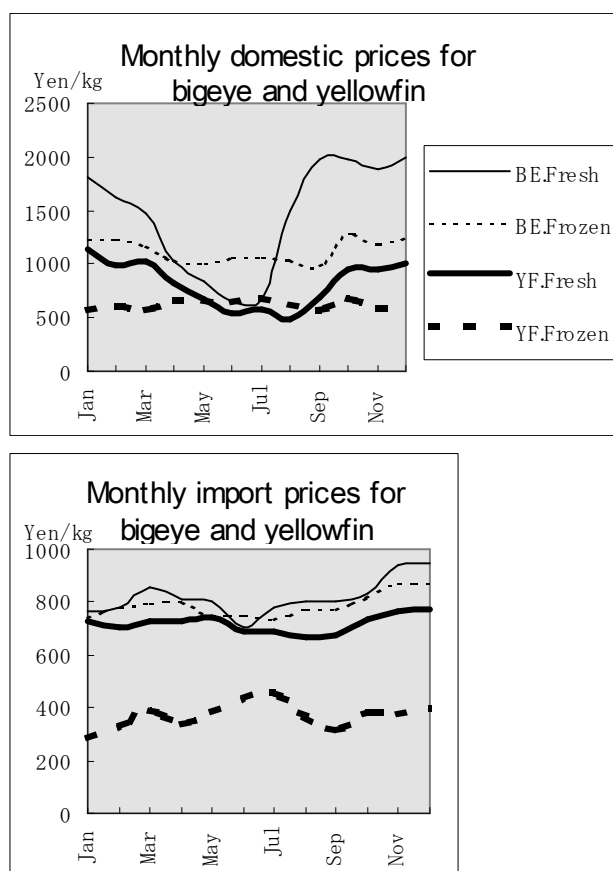


Figure 7:



e) *Depreciation of the yen adversely affects Pacific Island exporters*

22. Until the middle of 1995, the trend of an appreciating yen against the US dollar continued, however in the latter part of the year the yen began to depreciate against the dollar. The sluggish state of the Japanese economy has ensured that the Japanese yen has continued to remain at its lower level against the US dollar. The yen average was 94 yen against the US dollar in 1995 while in 1996 it was approximately 109 yen against the US dollar. This 16% depreciation has meant that importers are no longer protected against downward movements in prices on the Japanese market. The current situation is expected to continue, as a strengthening of the yen is unlikely in the absence of a pick up in the Japanese economy.

Frozen Market

a) *Albacore*

23. Over half the albacore caught in the western and central Pacific is taken by Taiwanese longline vessels. These vessels often sell their catches to the canneries in Pago Pago, with a small number being licensed in Fiji and unloading to the cannery there. However, operational problems with the Fijian cannery resulted in sales by Taiwanese vessels to that cannery being suspended for a portion of the year.

b) *Longline bycatch*

24. The US west coast and Hawaii are major markets for non-sashimi grade tunas and other bycatch from the longline fishery such as swordfish and dolphin fish. Processing plants have been established in the Federated States of Micronesia and Marshall Islands to process the bycatch for export to the US. One problem facing these plants has been a shortage of product, particularly with the decline in longline vessel numbers experienced in 1996. If these problems can be overcome then it is possible that the US will become an increasingly important market in the future.

FISHERIES MANAGEMENT ARRANGEMENTS

25. FFA continues to play a key role in monitoring and assessing international developments in areas relevant to its work programme. The entry into force of the 1982 United Nations Convention on the Law of the Sea in November 1994 and the establishment of the United Nations Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks have both meant that the international community has been obliged to pay increasingly close attention to law of the sea and fisheries issues.

26. The island nations of the South Pacific have continued to be closely involved in the international debate which has been taking place. They have found themselves having to assert their special interests and needs to an extent not previously experienced. FFA has kept pace with these developments and has participated actively in creating a regional strategy designed not only to harness the benefits which have become available but also to meet the challenges which equally now arise. Central to this work is a consideration of the implications flowing from the adoption in August 1995 of the United Nations Implementing Agreement relating to Straddling Fish Stocks and Highly Migratory Fish Stocks.

United Nations Convention on the Law of the Sea

27. The 1982 United Nations Convention on the Law of the Sea entered into force on 16 November 1994. The Convention establishes a comprehensive legal framework governing all aspects of humankind's use of the sea, seabed and the living and non-living resources thereof. Of the FFA member countries, Australia, Cook Islands, Fiji, Federated States of Micronesia, Marshall Islands, Nauru, New Zealand, Palau, Tonga, Papua New Guinea and Western Samoa have ratified or acceded to the Convention, although Niue,

Island nations of the Pacific closely involved in the international debate concerning law of the sea and fisheries issues

Eleven FFA member countries ratified or acceded to the Convention. Three are signatories

Solomon Islands, Tuvalu, and Vanuatu are signatories. The entry into force of the Convention continues to have profound effects for the global community, including the South Pacific region.

United Nations Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks

28. The UN Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks completed its work with the adoption, on 4 August 1995, of the 'Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks'. There will need to be thirty ratifications or accessions to the Agreement before it comes into force. At the time this report was written, the Agreement had been ratified or acceded to by a total of eleven states. Five of these had been FFA member countries - Fiji, Nauru, Tonga, Solomon Islands, and Western Samoa.

29. The FFA member countries, with the assistance of the Secretariat, will need to continue in their endeavours to become more focused on fisheries management issues. They will need to do so in concert with other coastal states and the distant water fishing nations. The December 1994 Multilateral High Level Conference on South Pacific Tuna Fisheries has been described as a seminal event in this process. The Conference was followed in July 1996 by the Noumea Technical Consultation on the Collection and Exchange of Fisheries Data, Tuna Research and Stock Assessment on South Pacific Tuna Fisheries.

Multilateral High-Level Consultation

30. The Second Multilateral High Level Conference on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific will be held in Majuro, Republic of Marshall Islands, 10-13 June 1997. This meeting represents a major commitment on behalf of FFA member countries to engaging DWFNs and other parties in a meaningful dialogue that will lead to the establishment of arrangements for controlling fishing activity on the high seas that will be compatible with those in the EEZs of FFA member countries.

National fisheries management arrangements

31. During the 1996 annual meeting of the Forum Fisheries Committee, FFA member countries agreed to revise FFA's internal arrangements to reflect the increased focus being given to fisheries management issues. More specifically, member countries decided to establish on-going species working groups and a monitoring, control and surveillance (MCS) working group, the purpose of these groups being to help FFA member countries harmonise and strengthen their in-zone fisheries management arrangements.

32. Each working group is a coordinating body, designed to enhance the ability of individual FFA member countries to exercise management authority over their respective EEZs. These working groups will not undertake any direct management responsibilities,

FFA member countries need to focus on fisheries management issues in concert with other coastal states and distant water fishing nations

MHLC2 to be held in Majuro

FFA's internal arrangements revised to increase focus on fisheries management arrangements

nor will they be a type of 'de-facto' fisheries management body or organisation.

33. At present, two species working groups have been established. One working group is to focus on skipjack, while the other is to consider albacore, bigeye and yellowfin. The first meeting of both groups is scheduled for late April, with a second meeting tentatively scheduled for later in the year and to report their outcomes to the special FFC in November.

34. The establishment of the MCS working group is testimony to FFA member countries recognising that a credible and effective MCS capability is a cornerstone of effective fisheries management. The MCS working group will also incorporate many of the activities formerly undertaken by the Regional Fisheries Surveillance Officers' Meetings, which have been held annually for many years now.

35. FFA member countries consider that greater coordination of fisheries management arrangements in their respective EEZs will lead to more effective management of the region's tuna resources.

36. One area in particular that requires further work in many FFA member countries is the need to identify total allowable catch (TAC) levels for those tuna stocks within their respective EEZs. Some countries are more advanced in this area than others, having already identified suitable sustainable catch levels for their tuna fisheries. Work is currently underway on this matter in several other countries.

37. FFA member countries will need to give increased attention in the future to establishing, and then regularly reviewing, sustainable catch levels for their tuna fisheries. This information will also need to be placed in the context of an overall management plan for each of the tuna stocks harvested in FFA member countries' EEZs.

38. The decision by FFA member countries to enhance their in-zone fisheries management activities complements their commitment to cooperate with other coastal states and DWFNs to implement effective management and conservation measures in relation to highly migratory tuna stocks throughout their entire range, in compliance with UNCLOS and its Implementing Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks (UNIA).

Further work needed to identify TACs in member countries

Overall management plans needed for each EEZ

RELATIONS WITH DISTANT WATER FISHING NATIONS*Japan*

**Japans relations
remain strong**

39. Fisheries relations with Japan remained relatively strong throughout 1996. The fisheries agreement with Solomon Islands was renegotiated, with the fee level being brought up to 5% of the value of catch. However, a notice of termination was issued by Kiribati in early 1997 following a failure to reach agreement with the Japanese Fishing Association on an increase to 6% of fee levels.

Taiwan

**Lack of progress with
PolyMelan sub regional
access arrangement
disappointing**

40. The Taiwanese purse seine fleet maintained stable relations with Pacific island nations throughout 1996. The same however, could not be said of the albacore longline fleet which ceased operations in all countries except Fiji and Vanuatu in 1996. Bilateral access agreements for this fleet were not renewed as part of a strategy to encourage the fleet into concluding a PolyMelan sub-regional multilateral access arrangement. It was disappointing to note the lack of progress made on this issue and the apparent reluctance of Taiwan's Boatowners and Exporters Association to enter into meaningful discussions is regrettable.

41. At the Technical Consultation on the Collection and Exchange of Fisheries Data, Tuna Research and stock assessment, in Noumea, New Caledonia, 15-19 July 1996, the issue of title for the delegation of Taiwan was raised. The majority of FFA member countries and DWFNs can only engage officially with Taiwan under the title of 'Chinese Taipei'. Unfortunately, this name causes considerable offence to Taiwan, and the issue continued to be a contentious one for the period of this report. It is hoped that some progress can be made on this issue prior to MHLC2 where the involvement of Taiwan, as a major fishing nation in the region, will be essential.

Korea

**Relatively stable year
for Korea**

42. The Korean purse seine fleet experienced a relatively stable year compared to the previous two years. Korea maintained bilateral access agreements with Papua New Guinea and the Federated States of Micronesia during 1996. An increasing number of vessels are also licensed in Solomon Islands although little information is available on their activities.

43. A substantial Korean longline fleet of over 80 vessels is licensed to fish in Kiribati. This fleet reportedly also fishes in French Polynesia. A small number of Korean vessels were licensed to fish as locally based vessels in Fiji, Solomon Islands and Vanuatu. A small fleet of Korean-flagged longline vessels have been licensed under bilateral access arrangements to operate in Niue and Western Samoa.

Philippines

**Cannery in PNG
scheduled to open in
1997**

44. Filipino purse seine vessels maintained their long standing access arrangements with Papua New Guinea throughout 1996. Papua New Guinea also commenced licensing a number of locally based vessels that will supply the cannery in Madang, which is scheduled to open in 1997. An additional Filipino vessel was licensed to fish under joint venture arrangements in the Federated States of Micronesia late in the second half of 1996. Vessels previously licensed in Solomon Islands under joint venture arrangements did not operate in 1996.

United States

45. The Multilateral Treaty on Fisheries between FFA member countries and the United States continues to operate successfully, generating benefits for all parties despite a downturn in the total number of vessels licensed.

**Decline in US Treaty
vessel numbers causes
decline in catch**

46. The number of vessels licensed during the eighth Licensing Period, ending on June 14 1996, was 47. The sinking of the *Valerie* in December 1995 reduced the fleet to 46 vessels. At the commencement of the ninth Licensing Period, this number was reduced by another 11 vessels as a result of the failed Zuanich Fishing Company vessels not renewing their licences either because they were sold to other interests or were not involved in any fishing activity. A further reduction of four vessels resulted from their moving to the eastern Pacific tuna fishery.

47. The total catch for the eighth Licensing Period totalled 150,733 tonnes, a substantial decrease when compared to the catch for the previous period of 223,408 tonnes. This was partially due to the fact that many of the Z vessels were inactive for part or all of the licensing period.

48. The strength of the relationship between the Pacific island nations and the United States was evidenced by the annual Treaty meeting again being held in a cooperative and productive manner. Both sides are now looking towards the mid term review scheduled for June 1998, which will focus on the consideration of permitted vessel numbers and the industry component of the USD18,000,000 annual fee payments.

49. The FFA member countries were not, during the last year, able to make as much progress as had originally been hoped in the formation of the proposed working group designed to pursue the effective and practical implementation of the broader cooperation provisions of the Treaty. A budget allocation has now been made to cover the initial activities of the working group and it is hoped that this will provide an effective way of furthering the fisheries development aspirations of FFA member countries.

**Observer coverage of
20% reached for the
first time**

50. A series of measures to streamline operations in terms of the transmission of data are now in place, and further improvements are planned. In the Treaty Licensing period eight, the target observer coverage of 20% of all trips was achieved for the first time, thus ensuring the accuracy and high quality of logbook and other data.

People's Republic of China

51. As mentioned in paragraph eleven and twelve number of PRC vessels operating in the region has declined substantially from the peak of over 400 vessels in 1995 to a current total of less than 150. This is due largely to the closure of Ting Hong operations in the Federated States of Micronesia and reduced vessel numbers in Marshall Islands. The proposed Ting Hong operation in the Solomon Islands and Palau also failed to commence. A small number of PRC vessels have now commenced operations in Fiji, where they are supplying longline caught tuna to a locally based exporter.

DOMESTIC INDUSTRY DEVELOPMENT

General Overview

52. Perhaps the most significant large scale development during 1996 was the commencement of construction of the RD Tuna Cannery in Madang, Papua New Guinea. The cannery is designed to process 20,000 tonnes of tuna per annum. It will be supplied by a fleet of Filipino-flagged Papua New Guinea based purse seine vessels. The cannery will help to offset the loss of the planned Z Fishing cannery, plans for which were abandoned after the company experienced severe financial difficulties forcing almost the entire fleet of Zuanich vessels to cease operation.

53. The number of locally based purse seine vessels remained unchanged in 1996, with one vessel formerly based in the Federated States of Micronesia ceasing operations but an additional vessel was added to the fleet in Papua New Guinea. However, the opening of the cannery in Papua New Guinea will dramatically increase the number of locally based vessels.

54. The number of longline vessels operating in the region declined, largely due to Ting Hong's reduced activities. Despite the decline in the number of vessels, interest in the fresh longline fishery remains high in most of the island countries and the number of locally owned vessels is expected to gradually increase. Consistent with this, a fleet made up of 75 Taiwanese vessels is likely to commence operations in the Federated States of Micronesia in the near future.

The Federated States of Micronesia Arrangement

55. The Federated States of Micronesia Arrangement is in its second year of operation. It would be fair to say that while the Arrangement has worked well for the vessels participating in it, it has not been that successful in attracting additional purse seine vessels to base their operations in the region.

56. In recognition of the problem, the Parties to the Arrangement agreed to undertake a review of the eligibility criteria in an attempt to increase the attractiveness of the Arrangement to vessel operators. Comment was sought from industry representatives in the Distant Water Fishing Nations in the course of the review and the Parties to the Arrangement will consider the findings of the review during their second annual meeting.

ADB Tuna Study

Scaling down of Ting Hong operations reduces Chinese fleet. Number of locally owned vessels expected to gradually increase expected

FSM Arrangement not attracting new vessels

....Parties agree to review the eligibility criteria

Revised phase two study approved

57. Phases two and three of the regional Tuna Industry Development Study were refined throughout 1996 following extensive discussions between FFA Secretariat staff and the Asian Development Bank. The revised study was approved by the Bank late in the year and the Secretariat is currently discussing the study with potential consultants.

58. Under the revised study, four consultancies will be commissioned, one for each of the purse seine, fresh sashimi longline, frozen sashimi longline, and albacore longline fisheries. Each consultancy will estimate vessel profitability, identify those inputs/services that could potentially be sourced from Pacific island suppliers, and make an initial assessment of the potential economic benefits to Pacific island countries from providing that input/service.

National Developments

Maritime Boundary Delimitation

59. FFA's status as the region's leading technical agency in the area of Law of the Sea continues to be enhanced by its boundary delimitation project. The project has continued to assist member countries and other agency programmes in the technical aspects of the determination of the maritime zones and limits, including preparations for negotiating the delimitation of maritime boundaries, the provision of appropriate geographic databases and maps, and training relating to these various activities. Progress with the implementation of the regional Vessel Monitoring System further emphasises the need for a detailed geographic data set to be developed for FFA member countries and the maritime boundaries project is seen as a key element providing this data.

60. Close cooperation has continued with the New Zealand Department of Survey and Land Information and the Royal New Zealand Air Force in relation to the production of a set of operational aeronautical charts depicting the EEZs and territorial seas of member countries as well as relevant aeronautical information. Three charts in the 1:3 000 000 scale aeronautical chart series have been published in the past year together with a 3 sheet series at a scale of 1:6 000 000.

61. The past year has also seen the successful completion of GPS surveys in both the Cook Islands and the Federated States of Micronesia. These surveys were conducted with the assistance of surveillance patrol boats in each country. This assistance was essential to the success of the surveys since without it access to some of the atolls would not have been possible.

62. Maritime boundary workshops have been conducted during the last twelve months in Fiji, Kiribati, Nauru and Tuvalu. Additionally, the first of what is hoped will become a series of technical fellowships was held. These fellowships will involve technical personnel from FFA member countries working alongside the Coordinator, Maritime Boundaries in Honiara on the data sets relating to their nation's offshore zones.

Prosecution Workshops

Progress with the implementation of the Vessel Monitoring System further emphasises the need for a detailed geographic data set to be developed for FFA member countries

Workshops have played an important part in the training of surveillance personnel, police officers and prosecutors with the basic aim being to develop national capabilities in the preparation and prosecution of fisheries cases

63. For a number of years, the Legal Services Division of FFA has run fisheries boarding and prosecution workshops in member countries. On average, one sub-regional and one in-country workshop has been convened each year. These workshops have played an important part in the training of surveillance personnel, police officers and prosecutors with the basic aim being to develop national capabilities in the preparation and prosecution of fisheries cases. To date, workshops have been held in Papua New Guinea (1988 and 1996), Cook Islands (1989 and 1992), Marshall Islands (1992), Federated States of Micronesia (1991 and 1995), Fiji (1993), Vanuatu (1994), Western Samoa (1995) and Palau (1996).

64. The prosecutors workshop held in Papua New Guinea at the National Fisheries College, Kavieng 9 - 13 September 1996 broke new ground in terms of in-country capacity building. It was almost entirely 'home grown' in that the majority of resource persons came from both the Attorney General's and Public Prosecutor's offices in Port Moresby. The nature of the workshop carried with it a number of benefits amongst them the fact that there could be a clear focus and emphasis on the workings of the PNG Fisheries Act 1994. The role of the FFA Secretariat was limited to that of facilitator with finance being provided in the form of AusAID funding held by FFA for this purpose.

Information technology support

65. FFA's ability to provide direct support to information technology projects in member countries has reached a stage where constructive review and reappraisal is required. The last 15 years has been a period of introduction and infrastructure-building resulting in the existing information technology framework. Over the last 4 years, all those activities have been grouped under the Computer Development Support strategy. The strategy responds to efforts to promote institutional capacity strengthening within national fisheries administrations. It provides an opportunity for FFA and the member countries to synchronise core developments regarding the use of appropriate technology solutions.

66. During the year, an appraisal of the Information Technology section of FFA was undertaken, and it was decided that there was a need to change the focus of the IT programme in relation to capacity strengthening. There are currently established standards which are now widely used by FFA and member countries. It was agreed that this standardisation stage should now lead on to one of consolidation and constructive planning. FFA's new role will focus on assisting member countries to adopt cost effective, compatible and efficient IT solutions. Primarily, this will be through helping with the identification of relevant consultants and/or companies to assist with defining business requirements, project proposal development, implementation and project management.

67. Two major new databases, for fisheries agreements and licenses, and violations and prosecutions, were completed in 1996. During the last year, modifications and updates were made to other components of the Corporate Data Resource (CDR), and the new Finance One accounting package was integrated into the CDR.

New role will focus on assisting member countries to adopt cost effective, compatible and efficient IT solutions

Permanent Internet connection introduced

68. Other IT activities include the provision of workshops and training sessions, fellowships, and an update of FFA communication systems. FFA has introduced a permanent Internet connection through Telekom, and it is noted that the independent introduction of Internet services in many FFA member countries is emerging as the best alternative for FFA's side area network services.

Regional Developments

The Palau Arrangement

69. Fishing effort in the purse seine fishery of FFA member countries' EEZ areas continued to be controlled during 1996 through the successful operation of the Palau Arrangement for the Management of the Western Pacific Purse Seine Fishery. This arrangement is a cooperative endeavour by those FFA member countries most involved in the purse seine fishery and places a cap on the number of vessels licensed to operate in the EEZs of the countries involved. The vessel limit, currently set at 205 vessels, is reviewed annually. It remains to be seen whether the 10% reduction of licences available to foreign based vessels under the Palau Arrangement will relocate the base of their operations to FFA countries.

Regional Register

Downward trend in Regional registrations but Register continues to be an effective enforcement

70. It is expected that the number of vessels that will register for the 1996/97 period will be approximately 1,200 compared with 1,572 in the 1995/96 registration year and 1,807 in the 1994/95 registration year. The continuing downward trend in the number of registrations is mainly due to the non-renewal of registration of longline vessels from the People's Republic of China, Taiwan, Japan and, to a lesser extent, Korea.

71. The Regional Register continues to be an effective enforcement mechanism in support of FFA member countries' efforts to secure reasonable compensation from vessel operators for illegal fishing activities and is a mechanism for out-of-court settlement of infringements.

FFA Member Countries' Vessel Monitoring System

VMS to assist with monitoring

72. The baseline form of the FFA Member Country VMS, in accordance with the stated preference of FFA member countries, will enhance the effectiveness of several other measures being implemented to assist with the sustainable development and management of the tuna resources of the central and western Pacific. The VMS will assist with monitoring the position, speed and direction of licensed Distant Water Fishing Nation vessels that are fitted with approved Automatic Location Communicator (ALC) devices.

Need to devise cost recovery strategy for VMS

73. A contract for the development and eventual implementation of the VMS was signed in early November 1996. Following a series of trials of the system, the baseline VMS is expected to be operational by late 1997. To cover the ongoing costs of the VMS, a cost recovery strategy will need to be devised and in place at VMS contract sign-off.

Continued emphasis on in-country observer training*In-country observer training*

74. During the last 12 months, the FFA observer programme held four training courses which resulted in ninety observers being made available for national and regional programmes. Courses were held in Koror, Palau, Kavieng, Papua New Guinea, Honiara, Solomon Islands and in Suva, Fiji.

75. Levels of placements for observers trained on these courses has been high. Soon after completion of the Palau course the Palau Maritime Authority placed its first observer on a longline vessel. Besides the valuable scientific data collected on the trip, the observer onboard detected a compliance infringement by the vessel.

76. The PNG course resulted in 29 persons being trained successfully to become observers for the newly developed PNG national programme. Nearly all the participants trained have now been placed on vessels as observers. Similarly, the Fiji course boosted the number of local observers available to serve on the expanding domestically based operations and DWFN longline fleet. All successful candidates on these and other courses are eligible to be used as observers for the FFA US Treaty purse seine observer programme.

The Corporate Data Resource

77. The Corporate Data Resource strategy is a major FFA achievement. It has produced business models of all core FFA activities and its recommendations over the last three and a half years have defined the business requirements for such operations as the FSM Arrangement, Vessel Monitoring System, Regional Register, Surveillance operations, the US Multilateral Treaty on Fisheries and others.

78. The latest components, completed in the last 12 months, were: the Fisheries Agreements and Licenses (FAL) and Violations and Prosecutions (VAP) databases. FAL has taken a long time to be completed but is an essential component for VMS. VAP adds a new dimension to FFA's efforts to harmonise fisheries policies, legislations and compliance throughout the region. For example, it will now be possible to exchange information on penalties and judgements handed down for similar type offences by different courts in member countries to encourage uniformity and provide information across the region.

*6th VMS Technical Consultation***Three day international VMS consultation held**

79. Technical consultations on fishing vessel monitoring systems are held on a regular basis in order to regularly exchange information on national and sub-regional VMS programmes as they are developed and implemented. The consultations also promote the standardisation and harmonisation of VMS as it is introduced to the commercial tuna fleet operating in the central and western Pacific. Since the first such consultation held in Suva, Fiji in 1991, there have been five more consultations, the most recent being in Nadi, Fiji from 13-15 November 1996.

**Technical Consultation
on data held.**

80. Participating at VMS-6 in Nadi were VMS technical experts from all FFA member countries, other Pacific Island countries and territories, regional organisations and institutions, and several of the distant water fishing nations. The three day meeting covered topics such as ongoing VMS programmes, implementation of a regional VMS in the South Pacific and the status of the fishing VMS for FFA member countries. The Consultation was preceded by an internal meeting of several FFA member countries.

Technical Consultation on Exchange of Scientific Data

81. A major achievement in 1996 was the convening in July of the Technical Consultation on the Collection and Exchange of Fisheries, Data, Tuna Research and Stock Assessment, hosted by SPC in conjunction with FFA. The Consultation, one of the outcomes of the Multilateral High Level Conference on South Pacific Tuna Fisheries held in Honiara, December 1994, was attended by fisheries scientists, administrators and policy specialists from the coastal States and DWFNs.

82. The Consultation considered issues relating to:

- the data requirements for stock assessment work;
- current data deficiencies;
- data verification, validation and security;
- current arrangements for conducting tuna research and stock assessment; and
- future arrangements for data exchange, tuna research and stock assessment.

The report of the Consultation is to be considered at MHLC2 in Majuro in June.

83. The quality of the fisheries science undertaken at SPC is internationally recognised as being of the highest standard. Furthermore, the available information on the albacore, skipjack and yellowfin stocks of the western and central Pacific is comparable to, and in many cases greater than, the level of understanding of similar tuna stocks in other regions of the world.

84. However, FFA member countries recognise that further biological work is required to address the many uncertainties that remain, particularly in regard to bigeye, and in the longer term, non-target species.

85. In this respect, FFA member countries look forward to discussing the outcomes from the technical Consultation with other MHLC2 participants and are committed to cooperating with all parties with an interest in the fisheries to improve the existing data collection and scientific research processes. Such cooperative action will ensure that future fisheries management decisions are based on the best available scientific information on the tuna stocks of the western and central Pacific; an outcome that is in everyone's interests.

International issues

Cooperative action will ensure that future fisheries management decisions are based on the best available scientific information on the tuna stocks of the western and central Pacific

Ten FFA member countries sign UN Implementing Agreement. Five have ratified or acceded

Status of the UN Implementing Agreement

86. The Agreement will come into force 30 days after the date of deposit of the thirtieth instrument of ratification or accession. The Agreement closed for signature on 4 December 1996 by which time it had been signed by 59 States including Australia, Fiji, Federated States of Micronesia, Marshall Islands, New Zealand, Niue, Papua New Guinea, Tonga, Vanuatu and Western Samoa. It now remains open for accession. As at 15 February there had been a total of 12 ratifications or accessions including 5 FFA member countries - Fiji, Nauru, Solomon Islands, Tonga and Western Samoa.

Environmental issues

87. Whilst the issue of the environmental impact of tuna fisheries has not been a central issue in the region, it is clear that worldwide, there is an increasing call to minimise the impact of fishing operations on non-target species, including mammals, turtles and seabirds. Major Non-government organisations are turning their attention to fisheries resources, and this includes the recent launch of a campaign by Greenpeace to halt the harvesting of southern bluefin tuna.

88. It is no longer acceptable to harvest living marine resources without an assessment of the side effects on the ecosystem. FFA and SPC are working to ensure that issues such as the capture of bycatch are carefully analysed in any management plans for the development of the region's tuna fisheries.

Institutional Issues

Relationship with other Regional Organisations

6th FFA/SPC Colloquium held

89. If the imperative to develop fisheries management arrangements for the region is to be met in an effective and timely manner, then the relationship between FFA and SPC will be pivotal. By dividing responsibilities between the Oceanic Fisheries Programme (OFP) of SPC (biological issues including stock assessment) and FFA (fisheries management), the region is assured of a cost effective, efficient service.

90. The 6th FFA/SPC colloquium was held in Port Vila, Vanuatu 2-3 March 1997. The colloquium provided an opportunity for detailed discussions of work plans, particularly where there are potential areas of overlap.

Increased interest in fisheries by the South Pacific Project Facility

Relationship with International Organisations

91. FFA continued to maintain cooperative relationships throughout the year with international organisations with an interest in fisheries and/or the region, such as FAO, the World Bank and ICLARM. Of particular note was the increased interest in fisheries matters by the South Pacific Project Facility and the Sydney office of the South Pacific Trade Commission, and the Secretariat looks forward to strong and mutually-beneficial relations with these organisations in the future.

FFA Membership Policy

Membership policy kept under review

92. Against a background of increasingly better defined obligations to strengthen the level of cooperation and consultation with other participants in the region's tuna fisheries there have been continuing political moves on the part of the United States and France to grant greater autonomy to their Pacific island territories.

93. In recognition of these developments, the Forum Fisheries Committee gave general consideration to its membership policy at FFC29 held in May 1996. It was generally agreed that expansion of the FFA membership was a major step, with implications going beyond purely fisheries cooperation. Four suggested points that might guide consideration of future membership applications emerged as follows:

- competence of the territory or state to meet the obligations arising from the FFA Convention;
- attitude and intentions (where appropriate) of the metropolitan state;
- implications for future management arrangements; and
- implications for the Forum and other regional organisations.

FFA will continue to keep its membership policy under careful review.

Administrative Matters**Establishment**

94. The Agency's office compound consists of the conference centre building, the office building, the library and information building, the fisheries surveillance centre and one staff residential house. A further 14 houses are owned by FFA in various locations around Honiara. No new buildings were constructed during the year.

95. A maintenance programme operated throughout the year to maintain both the buildings and their contents in operational order. The maintenance programme and security arrangements for staff residential houses are self-financed under the Housing Fund. Owing to the tight financial position of the General Fund and Housing Fund budgets, only essential maintenance was carried out. This situation cannot continue indefinitely, particularly if staff housing is to be maintained in good order.

Increased security measures place a burden on Housing Fund

96. The overall future of the Housing Fund as a self-financing undertaking is under question, since the income generated by staff contributions, market rental value rents and the Trust Fund are insufficient to maintain an aging housing stock. An additional burden on the Housing Fund is the provision of increased security measures following the substantial increase in break-ins in Honiara. A review of the housing fund, including a costed five year maintenance plan for all FFA houses, is planned for mid 1997.

Funding**General Fund 1997 income below forecast**

97. Whilst levels of income to the General Fund have increased over the last three years, the fact that expenditure is increasing at a faster rate continues to be a significant problem to the Agency. By careful budgeting, the slight deficit in the 1995 General fund

(\$18,374) was covered by a surplus of (\$39,917) generated during 1996. However, income for 1997 will be far below the forecast (\$1,815,100), and the effects of the new Terms and Conditions of contracts will have an inflationary effect on expenditure.

Need to review core staffing arrangements due to funding difficulties

98. Following the decision made at FFC26 in Port Moresby in May 1995, the funding for core staffing positions at the Agency is gradually being sourced from the General Fund. Consistent with this, by mid-1997, the Director, Deputy Director, all programme heads, eighteen other professional staff and twenty one support staff will be funded by the General Fund. This situation will need to be reviewed in light of the ability of the General Fund to support these posts under current funding arrangements.

Considerable progress in the development of an appropriate member country contributions formula

99. The two fundamental funding issues identified in my 1996 report remain outstanding. There has been considerable progress on the development of an appropriate formula by which to assess member country contributions to FFA's General Fund. With the assistance of Mr Tony Hughes of ESCAP, a revised country contribution formula was put to FFC30 in Honiara in November 1996. The new formula was accepted in principle, with four countries reserving their positions. It is to be hoped that the matter will be resolved at FFC32 such that the new formula can be applied from 1 January 1998.

Issue of cost recovery to be progressed with some urgency in 1997

100. The second issue relates to identifying a 5 year funding plan for the Agency, including the introduction of a plan to recover the costs of fisheries management incurred as a result of foreign fishing in the zones of FFA member countries. A preliminary report on cost recovery was presented to FFC30 in Honiara, and the issue will be progressed as a matter of some urgency in 1997, with the review outcome to be considered at FFC in November 1997. In the next few years, additional responsibilities will be given to the Agency, such as overseeing the operations of the VMS system and coordinating the region's increased focus on fisheries management issues. These additional activities will require additional resources, both human and financial. At the same time, some of the Agency's traditional donors are reassessing their future in the region, with the likely result that their continued funding is no longer assured.

Five year funding plan and Corporate Plan to be developed

101. Operating in such changing circumstances, some strategic thinking about the Agency's financial basis is a necessity. In this regard, efforts are underway to prepare a five-year funding plan for the Agency, identifying expected expenditure and income over this period, and, most importantly, identifying expected shortfalls. Once these shortfalls are estimated, the next step will be to identify additional sources of income, both external and internal. Estimated costs also need to be reviewed, in order to identify any potential cost-savings. Lastly, the range of services provided needs to be reviewed, and if necessary, prioritised.

102. The development of a revised FFA Corporate Plan will proceed in parallel with the development of the funding plan.

103. The Agency's total 1996 budget inclusive of Housing was \$4,714,199 (unaudited). Of this total, sixty three per cent (sixty seven per cent in 1995) came from extra-budgetary contributions to the

Trust Fund. The balance came from the General Fund account, of which member contributions comprised almost fifteen per cent in 1996.

Support for external agencies appreciated

104. The Agency is extremely grateful and wishes to record its appreciation to the following organisations and governments for their support and contributions during the year:

Australia

Australia's strong support continues. Additional support for VMS and FMA post

105. In 1996, Australia contributed to thirty seven per cent of FFA's project funding. Australia's support was applied over a wide range of FFA's work programme. This included the development of fisheries management arrangements for the region, the strengthening of regional cooperation in monitoring, control and surveillance activities, the provision of legal services, and the improving of communications and information technology throughout Pacific Islands member countries. Australia generously provided additional financial and technical assistance to support the vital vessel monitoring system (VMS), and funding for the new post of Fisheries Management Adviser.

Canada

CSPODP - II funding to be accessed by FFA

106. Between 1987 and 1993, Canadian programme support to FFA activities contributed in excess of 30 per cent of FFA's total extra-budgetary funding. Canadian funding in 1996 represented eleven per cent of total project funding, providing funding support for FFA's Legal Affairs Project, which is programmed to end in March 1997. The next round of Canadian funding to the region which can be accessed by FFA is CSPODII, which will commence in April 1997 and will be worth of the order of C\$10 million over the next 10 years. FFA will share these funds with the Forum Secretariat, the South Pacific Regional Programme (SPREP) and the University of the South Pacific,(USP).

Commonwealth Secretariat

107. One of the longest standing supporters of FFA, the Commonwealth Secretariat has renewed its relationship with the Agency by providing funding support for two positions, the Fisheries Investment Adviser and the Fisheries Law adviser. Recruiting to these positions has proved difficult, but appointments are expected by mid 1997.

European Union

108. European Union funding for the implementation of the Integrated Regional Fisheries Surveillance and Management under Lome IV did not materialise, and the annulment of the project was finally acceded to by the Director. This development is clearly very much to be regretted, particularly since FFA had committed considerable effort to the successful outcome of this project.

109. The European Union has affirmed its commitment to supporting the development and management of the fisheries sector in the Pacific. FFA is at present awaiting a response from the EU on a

joint FFA/SPC project based on the development and management of tuna fisheries in the region

Japan

110. OFCF has again agreed to extend its support for the position of Tuna Industry Adviser to January 1998. This position, established for several years now, continues to provide considerable benefits to FFA countries and to the FFA Secretariat. Japan also provided funding to enable participation by PIC's at the July 1996 Technical Consultation in the Collection and Exchange of Fisheries Data, Tuna Research, and Stock Assessment, in Noumea, New Caledonia.

New Zealand

All FFA Programmes supported by New Zealand

111. New Zealand continued to provide financial assistance, which amounted to nine per cent of total project funding in 1996, towards important FFA activities. In 1996 all FFA Programmes received New Zealand funding support. Projects funded by New Zealand in 1996 included: Fisheries and Marine Products market support; the sixth VMS consultation; a consultancy and workshop on Port State Enforcement; Information Technology support and a review of the Regional Institutional Arrangements in the Marine Sector. Regional initiatives to promote responsible management strategies for tuna fisheries resources took place during the year due to generous financial assistance from New Zealand.

United Kingdom

112. Financial assistance from the United Kingdom to FFA ceased at the end of 1996, being funding for the Maritime Law Support Project.

Asian Development Bank

113. Phases two and three of the Tuna Industry Development Study funded by the Asian Development Bank were refined during 1996 in response to outcomes from the Study's first phase. This process, together with the other demands of the Economics and Marketing Programme, delayed implementation of the project in 1996. However, these activities will regain momentum during the current year.

United Nations Development Project

114. The UNDP-funded Regional Fishery Support and National Capacity Building Programme continued during 1996, focusing on developing national capacity in the fisheries sector and promoting the domestic fishing industry. A number of activities are planned for 1997, the last year of the Programme.

United States of America

Continued support from NMFS

115. The State Department generously provided funding assistance to FFA to support the attendance of countries at the forthcoming MHLC2 meeting in Majuro Marshall Islands in June, 1997. This is in addition to the continued placement of a Fisheries Enforcement Officer from the National Marine Fisheries Service at the FFA Secretariat to assist countries develop their enforcement and surveillance capabilities.

Other Donors

116. FFA also benefited during the year from a generous contribution from Taiwan to establish an integrated computer system for Regional Computer Training Centre. Over two consecutive years, Korea has contributed a total of US\$44,586 for the purchase of equipment and staff support. The Australian Centre of International Agricultural Research (ACIAR) also provided assistance for an on-going collaborative research project involving the University of Queensland, SPC and FFA aimed at developing a bioeconomic model of the region's tuna fisheries.

117. The Agency is extremely grateful for the continued support provided by these governments and agencies.

Staffing

Mr. Uale Rhea leaves after thirteen years as Corporate Services Manager

118. During the last twelve months, we have recruited the following staff to FFA (see ATTACHMENT A). During the same period, the following staff left the Agency. Worthy of note is the departure of Mr Uale Rea, who left his position of Manager, Corporate Services after thirteen years of service.

119. The position of the Fisheries Law and Management Adviser (FLMA) was redesignated into two positions at FFC30 - Fisheries Management Adviser (FMA) and Fisheries Law Adviser (FLA), in recognition of the substantial tasks that lie ahead in the development of future fisheries management arrangements and establishment of the Regional VMS.

120. The introduction of the regional model for new terms and conditions of employment for SPOCC Organisations continued during the last 12 months. As at March 1997, all staff expect seven were on the new terms and conditions that were introduced in June 1995. As predicted, the effect of these new terms has been substantial, in particular the application of the cost of living differential adjustment (COLDA) allowance.

Conclusion

FFA member countries are continuing to consolidate and improve upon in-zone (national) fisheries management while engaging relevant distant water fishing nations and coastal states in meaningful dialogue

121. The fisheries management mandate of FFA is beginning to become very real in the fullest sense. As resource owners of a major proportion of one of the most productive tuna fishing areas in the world, FFA countries have acknowledged that their rights under international law are balanced by an obligation to ensure that their tuna resources are managed wisely and sustained for future generations. To address this responsibility, FFA member countries are continuing to consolidate and improve upon in-zone (national) fisheries management arrangements while engaging relevant distant water fishing nations and coastal states in meaningful dialogue

122. Concurrently, FFA member countries are striving to increase their involvement in the tuna fishing industry beyond the collection of access fees, in an attempt to secure a range of downstream benefits including employment, onshore investment and opportunities to provide supplies and services to foreign and other fishing operations.

123. To support these tasks, countries will require a range of appropriate and cost-effective technical services from the Agency.

Sound Corporate and financial planning will be required if the Agency is to cater for the increasing demands

Increasing demands are being placed on the Agency at a time when some of its traditional financial supporters are lowering their commitment to the region. Sound corporate and financial planning will be required if the Agency is to cater for the increasing demands of its member countries, and this planning must include the identification of alternative mechanisms for funding the Agency.

**Continued cooperation
essential**

124. It is essential that Pacific island countries continue to co-operate with each other, using the FFA as a forum, to influence the development of a fisheries regime that will provide an essential economic boost to Island countries, and which will prevent the short-sighted pursuit of profit that has contributed to the decline of so many other fisheries world wide.

SOUTH PACIFIC FORUM FISHERIES AGENCY
FINANCIAL REPORT
FOR THE YEAR ENDED
31st DECEMBER 1996

SOUTH PACIFIC FORUM FISHERIES AGENCY
FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 1996

Introduction

1. Financial Regulation 17 requires the Director to prepare the financial statements of the Agency for audit and shall submit the audited financial statements to the Committee for consideration.
2. The above requirement has been taken into account in the preparation of the Financial Statements for 1996. Please note that the amounts are expressed in United States dollars unless otherwise stated.
3. The amounts have been rounded to the nearest dollar.

Background**General Fund**

4. General Fund income for the year totaled \$1,549,078 (\$1,365,997 in 1995) and is 12 per cent below the revised budget of \$1,753,400. General Fund income is net of Housing Fund receipts of \$140,400.
5. Expenditure for the period excluding depreciation was \$1,526,330 (\$1,384,371 in 1995). Total expenditure for the year was 12 per cent less than the budget of \$1,753,400.
6. With the receipts and expenditure figures above, the General Fund recorded a net surplus of \$22,748 (deficit \$18,374 in 1995), for the year ended 31 December, 1996.
7. Apart from the Member Country contributions, other general fund income comprised Regional Register income (17 per cent), Core programme support from US Treaty (13 per cent), US Treaty Admin support (13%), program support from Trust Fund projects (7 per cent) and Australia PDF donation (7 %).
8. Of the total General Fund expenditure, 8 per cent was attributable to Programme 1 (Economics and Marketing); 1 per cent to Programme 2 (Monitoring Control and Surveillance); 13 per cent to Programme 3 (Legal Services), 13 per cent to Programme 4 (Information Technology) and 64 per cent to Programme 5 (Corporate Services and Support).
9. Of the total Programme 5 expenditure, 57 per cent represents staff costs (52 per cent in 1995); 2 per cent assets and capital items (3 per cent in 1995) with the balance of 41 per cent (45 per cent in 1995) on administration and overhead costs. Costs details are shown under note 14 to the accounts.

Trust Fund

11. Total income for the year ended 31 December 1996 was \$2,961,095. This was 24 per cent less than the budgeted income of \$3,882,665.

12. Total expenditure for the year ended 31 December 1996 was \$2,959,657, resulting in a net surplus of \$1,438 for the year ended 31 December 1996.

13. Traditional donors continued to support the Agency in 1996, namely the Australian Assistance for International Development (AusAID), New Zealand Overseas Development Assistance (NZODA), the Canadian International Development Agency (CIDA). Other donations were received from UNDP, Republic of Taiwan, South Korea, United Kingdom and the US Treaty arrangement.

Housing Fund

14. Total expenditure for the year was \$ 116,043 (\$ 117,425 in 1995) and total income was \$140,400 (\$108,195 in 1995). Of the total Housing Fund expenditure, 57 per cent was attributed to repairs and maintenance, 10 per cent to capital and household items, 8 per cent on insurance cover and 20 per cent on security arrangements for the staff houses.

Regional Register

15. The US\$200 fee for registration on the Regional Register collected \$261,071 in 1996. This amount represents 17 per cent of General Fund income for the year (23 per cent in 1995). This amount excludes \$118,776 which is accrued and carried forward to 1997.

Recommendation

The Committee is invited to discuss and adopt the Agency's 1996 Financial Statement.

South Pacific Forum Fisheries Agency
Balance Sheet as at 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
Current Assets			
Cash	3	1,572,412	2,531,068
Receivables	4	105,666	171,443
Others	5	212,951	71,158
Total Current Assets		1,891,029	2,773,669
Non Current Assets	6	2,951,473	2,984,458
Total Non-Current Assets		2,951,473	2,984,458
TOTAL ASSETS		4,842,502	5,758,127
Current Liabilities:-			
Creditors and Other Liabilities	7	654,186	975,896
Provision for leave	8	142,661	116,642
Advance funding	9	909,945	1,521,963
Deferred Income	10	1,727,069	1,867,014
Total Liabilities		3,433,861	4,481,515
NET ASSETS		1,408,641	1,276,612
FUND BALANCE			
General Fund		255,153	210,871
Trust Fund		1,078,264	1,021,531
Housing Fund		75,224	44,210
TOTAL FUNDS		1,408,641	1,276,612

Victorio Uherbelau
Director

Chairman
Forum Fisheries Committee

South Pacific Forum Fisheries Agency
Summary of Operating Statement for the year ended December 1996

	Note	GENERAL	TRUST	HOUSING	TOTAL	1995
Net Surplus/(Deficit) for the Year		6,026	80,178	31,014	117,218	(65,734)
Transfers						
General Fund:						
Member country contribution advance funding						(4,368)
Advanced Funding						(45,007)
Prior year adjustments	2	38,256	(23,445)		14,811	
Total Transfers		44,282	56,733	31,014	132,029	(115,109)
Retained Earnings						
Surplus as at 1 January 1996		210,871	1,021,531	44,210	1,276,612	1,391,721
Retained Earnings						
Surplus as at 31 December 1996		255,153	1,078,264	75,224	1,408,641	1,276,612

South Pacific Forum Fisheries Agency**Income and Expenditure Statements for the year ended 31 December 1996****General & Trust Fund**

	1996	1996	1996	1996		1996	1996		1995		
	G/Fund	T/Fund	Total	G/Fund		T/Fund	Totals		Total		
	Budget	Budget	Budget	Actual	% of	Actual	% of	Actual	% of		
Notes	USD	USD	USD	USD	Budget	USD	Budget	USD	Budget		
INCOME											
Member contributions	11	726,233	726,233	726,233	100%		726,233	100%	637,751		
Donor		3,488,865	3,488,865			2,691,200	77%	2,691,200	77%	2,409,358	
Observer Placement		258,500	258,500			123,936	48%	123,936	48%	132,906	
Observer Training		77,200	77,200			6,467	8%	6,467	8%	25,850	
Interest		54,000	38,000	92,000	20,028	37%	51,563	136%	71,591	78%	86,117
Programme Support		70,000		70,000	101,019	144%		101,019	144%	153,453	
Treaty Administration. costs		204,815		204,815	204,516	100%		204,516	100%	183,604	
Program Support - US Treaty		100,000		100,000	101,595	102%		101,595	102%	142,773	
Aust (PDF)		111,102		111,102	111,125	100%		111,125	100%		
Regional Register		400,000		400,000	261,071	65%		261,071	65%	317,894	
Special contributions		36,000		36,000							
Conference centre		16,250		16,250	7,126	44%		7,126	44%	8,875	
Profit(loss) on sale of assets				131		2,374		2,505			
Miscellaneous		35,000	20,100	55,100	17,210	49%	20,110	100%	37,320	68%	15,804
Exchange gain/(loss)				(976)		65,445		64,469		(5,770)	
TOTAL INCOME		1,753,400	3,882,665	5,636,065	1,549,078	88%	2,961,095	76%	4,510,173	80%	4,108,615
EXPENDITURE											
	14										
Economics and Marketing		155,400	931,400	1,086,800	127,924	82%	535,909	58%	663,833	61%	655,049
Monitoring Control and Surveillance		20,400	1,332,800	1,353,200	20,525	101%	1,134,466	85%	1,154,991	85%	484,920
Legal Services, Maritime Boundary		221,500	530,265	751,765	198,628	90%	485,751	91%	684,379	91%	702,758
Management Information & Technology		305,700	622,900	928,600	201,216	65%	570,814	91%	772,030	83%	789,066
Corporate Management and Support		1,050,400	465,300	1,515,700	978,037	93%	232,717	50%	1,210,754	80%	1,125,637
Fisheries Research Development & Management										303,950	
TOTAL EXPENDITURE	12	1,753,400	3,882,665	5,636,065	1,526,330	87%	2,959,657	76%	4,485,987	79%	4,061,380
Net Surplus/(Loss)					22,748		1,438		24,186		47,235
Adjustment required to comply with International Accounting Standards											
Net Surplus (Loss)					22,748		1,438		24,186		47,235
Adjustments											
Less : Depreciation					(23,009)		(247,368)		(270,377)		(283,436)
Less: Adjustment- profit(loss) on sale of assets					(2,774)		(1,154)		(3,928)		(1,873)
Add : Capital expenditure transferred to Balance Sheet					9,061		187,319		196,380		24,590
Add : Amortisation of deferred income							139,943		139,943		146,756
Total Adjustments					(16,722)		78,740		62,018		(113,963)
Net Surplus/(Deficit) for the year					6,026		80,178		86,204		(66,728)

South Pacific Forum Fisheries Agency**Income and Expenditure Statements for the year ended 31 December 1996****Housing Fund**

	<u>1996</u> <u>Actual</u> <u>USD</u>	<u>1995</u> <u>Actual</u> <u>USD</u>
Income	140,400	108,195
Expenditure	116,043	117,425
	24,357	(9,230)
Less: Depreciation	(5,823)	(2,586)
Add : Capital expenditure transfer to Balance sheet	12,480	12,810
Net Surplus/(Deficit)	31,014	994

SOUTH PACIFIC FORUM FISHERIES AGENCY
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
<u>1. CASHFLOWS FROM OPERATING ACTIVITIES</u>		
Cash was provided from:		
Member country contribution	658,093	545,445
Donor funding	2,424,969	2,568,114
Other donations-Aust PDF	111,125	
Interest received	70,638	86,117
Regional register	246,246	220,163
US Treaty administration fund	251,549	183,604
Programme Support		153,453
US Treaty Placement & Training fund	145,046	142,773
Treaty transfers		
Conference centre hire	7,126	8,875
House rental	107,464	108,195
Other income	5,632	15,804
	4,027,888	4,032,543
Staff costs	2,075,361	1,949,741
Project costs	2,691,163	1,434,685
	4,766,524	3,384,426
Net Cashoutflow from Operating activities	(738,636)	648,117
<u>2. CASHFLOWS FROM INVESTING ACTIVITIES</u>		
Sale of fixed assets	2,505	0
Purchase of fixed assets	(208,860)	(179,967)
Net Cashflows from Investing Activities	(206,355)	(179,967)
Net increase(decrease) in cash held	(944,991)	468,150
Add Cash at start of the year	2,531,068	2,068,688
Effects of exchange rate changes on opening cash.	(27,035)	(5,770)
Balance at end of year	1,559,042	2,531,068

SOUTH PACIFIC FORUM FISHERIES AGENCY
NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31st DECEMBER 1996

1. STATEMENT OF ACCOUNTING POLICIES

Set out hereunder are the significant accounting policies adopted by the Agency in the preparation of the accounts for the year ended 31st December 1996. Except where stated, accounting policies have been applied on a basis consistent with those in the previous year.

(a) Basis of Accounting

The accounts have been prepared in accordance with generally accepted accounting principles. The accruals method of accounting has been used to match income and expenditure.

(b) Fixed Assets

Fixed assets are brought to account at cost. They are not charged directly against income at the time of purchase, but are taken up as unexpired costs in the balance sheet. They are then depreciated using the reducing balance method at rates estimated to write-off the cost of the assets over their estimated economic lives.

The annual depreciation rates in use are:

Office furniture and fittings	10%
Office equipment	25%
Photocopiers	30%
Household furniture and fittings	5%
Residential houses	5%
Motor vehicles	25%
Office buildings	5%
Computer Equipment	25%

(c) Staff Leave

Staff leave is accounted for on an accruals basis. Under this policy, staff leave is charged as an expense in the accounts as and when staff become entitled to such leave and not when it is actually taken.

(d) Currency

All amounts shown in the accounts are expressed in United States dollars. Foreign currency income and expenditure have been converted at the exchange rate prevailing at the date of the transaction. Foreign currency assets and liabilities have been converted at the exchange rate prevailing at balance date.

(e) Comparatives

1995 comparatives have been adjusted, where necessary, to facilitate a more meaningful presentation of financial information in the 1996 financial statements. 1996 budget figures include donor funding that became available during the year.

	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
<u>2. Prior year adjustments</u>		
(a) General Fund		
Asset previously expensed	38,256	-
Transfer of prior year unutilised funds to current year	(23,445)	-
	14,811	-
<u>3. Cash and Bank Balances</u>		
(a) General Fund		
Solomon Island dollar account	40,334	313,196
United States dollar account	215,892	(1,586)
Petty cash	58	30
	256,284	311,640
(b) Trust Fund		
Solomon Island dollar account	13,952	537,947
United States dollar account	452,773	1,205,131
Fiji dollar account	13,077	44,526
New Zealand dollar account	515,346	431,824
	995,148	2,219,428
(c) Term Deposit	320,980	-
Total Cash Funds	1,572,412	2,531,068
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash as follows:		
Balance as above	1,572,412	2,531,068
Less: Bank overdrafts (note 7)	13,370	-
Balance per Statement of cash flows	1,559,042	2,531,068

Note 3 (cont'd)

RECONCILIATION OF PROFIT (DEFICIT) WITH OPERATING CASHFLOWS

	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
Surplus/(Deficit) as per the Income Statement	117,219	(65,734)
<u>Add/(Less) non - cash items:</u>		
Depreciation	276,200	286,022
Member contribution credited from Reserves	0	(4,368)
Transfers from Reserves	(23,445)	(45,007)
Gain/(loss) on sale of fixed assets	1,423	2,778
Unrealised exchange differences	19,794	5,770
Amortisation of deferred income	(139,943)	(146,756)
Donated assets	0	142,566
Other-Write back of costs	7,213	0
	258,461	241,005
<u>Add/Less movements in working capital:</u>		
Decrease/(Increase) in sundry debtors	(76,017)	31,385
Increase/(Decrease) in creditors	(335,081)	620,220
Increase/(Decrease) in advance funding	(612,018)	(190,037)
Increase in provision for leave	26,019	11,278
	(997,097)	472,846
Net cashflow from operating activities	(738,636)	648,117
<u>4. Receivables</u>		
General Sundry Debtors	84,991	15,732
Trust Sundry Debtors	20,675	155,711
Total Receivables	105,666	171,443
Interfund transactions totalling \$53,213 (1995 \$ 97,296) were eliminated on consolidation. An interfund loan of \$247,427 was eliminated on consolidation.		

[Note 3 continued]

	Note	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
5. Other Current Assets			
General			
Prepayments		28,444	17,248
FFA employee advances		36,062	20,204
Other Staff advances		21,629	-
Sundry Clearing accounts		9,137	6,018
		95,272	43,470
Trust			
Prepayments		22,127	1,432
FFA employee advances		8,017	-
PDF Recoverables		78,157	-
Sundry Clearing Accounts		9,377	26,256
		117,678	27,688
Total other current assets		212,950	71,158
6. Fixed Assets			
General Fund	6(a)	230,452	201,037
Trust Fund	6(b)	2,721,021	2,783,540
Total Fixed Assets		2,951,473	2,984,577

Note 6(a)

GENERAL FUND ACCOUNT
FIXED ASSET SCHEDULE FOR THE YEAR ENDED 31 DECEMBER 1996

	Off Furn & Fittings	Office Equipment	Household Furniture	Computer Equipment	Vehicles	Staff Housing	Capital Improv't	TOTAL
<u>COST</u>								
1. Cost at 1 January 1996	20,232	14,136	29,383	81,611	19,641	105,124	3,198	273,326
2. Additions during the year		744	14,032	45,021				59,797
3. Disposals during the year			-1,551					-1,551
4. Cost at 31 December 1996	20,232	14,880	41,865	126,632	19,641	105,124	3,198	331,573
<u>DEPRECIATION</u>								
5. Accumulated depreciation at 1 January 1996	3,368	7,793	1,855	29,401	6,445	21,288	2,139	72,289
6. Depreciation charge for the year	1,686	1,910	1,630	16,109	3,299	4,193	53	28,880
7. Disposals during the year			-48					-48
8. Accumulated depreciation at 31 December 1996	5,054	9,703	3,437	45,510	9,744	25,481	2,192	101,121
<u>WRITTEN DOWN VALUE (WDV)</u>								
9. WDV at 31 December 1995	16,864	6,344	27,528	52,211	13,196	83,836	1,059	201,037
10. WDV at 31 December 1996	15,178	5,178	38,427	81,122	9,897	79,643	1,006	230,452

Note 6 (b)

TRUST FUND
FIXED ASSET SCHEDULE FOR THE YEAR ENDED 31 DECEMBER 1996

	Off Furn & Fittings	Office Equipment	Household Furniture	Computer Equipment	Staff House Minor Work	Staff House New Const.	Office Building	S/Housing Amenities	Computer Upgrade	Conference Centre	Vehicle	TOTAL
COST												
1. Cost at 1 January 1995	142,581	129,688	60,749	594,092	21,335	505,634	1,026,116	47,801	160,850	976,227	53,846	3,718,919
2. Additions during the year		13,296		174,023								187,319
3. Disposals during the year	706		9,322									-10,028
4. Cost at 31 December 1995	141,875	142,984	51,427	768,115	21,335	505,634	1,026,116	47,801	160,850	976,227	53,846	3,896,210
DEPRECIATION												
5. Accumulated depreciation at 1 January 1995	32,275	68,639	15,588	301,962	5,441	129,474	156,867	16,493	115,330	80,421	12,984	935,473
6. Depreciation charge for the year	10,985	16,910	1,908	84,174	794	18,808	43,462	1,566	11,379	44,790	10,216	244,992
7. Disposals during the year	-262		-2,114									(2,376)
8. Accumulated depreciation at 31 December 1995	43,078	85,549	12,401	386,136	6,235	148,282	200,329	18,059	126,709	125,211	23,200	1,175,189
WRITTEN DOWN VALUE (WDV)												
9. WDV at 31 December 1994	110,306	61,049	45,257	292,130	15,893	376,159	869,249	31,309	45,520	895,807	40,863	2,783,542
10. WDV at 31 December 1995	98,877	57,434	39,025	381,979	15,099	357,351	825,787	29,743	34,141	851,017	30,647	2,721,021

Note	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
7. Creditors and accruals		
General Fund	219,594	106,525
Trust Fund - Creditor & Accruals	421,222	869,371
- Bank Overdraft	13,370	
	434,592	869,371
Total Creditors & Other Liabilities	654,186	975,896
Interfund transactions totalling \$53,213 (1995 \$ 97,296) were eliminated on consolidation. An interfund loan of \$247,427 was eliminated on consolidation.		
8. Provision for Leave		
General Fund	84,335	44,156
Trust fund	58,326	72,486
	142,661	116,642
9. Advance Funding		
Funding in Advance	10(a) 1,361,623	1,717,029
Less Funding in Arrears.....	10(b) (451,678)	(195,066)
Total Net Advance Funding	909,945	1,521,963
9(a) 1997 Funding received in advance		
General		
(i) NZODA	295,578	161,885
Aust PDF donation	111,125	
Regional register fee	118,776	110,081
Member country contribution	38,362	60,447
	563,841	332,413
Trust		
NZODA	174,559	269,939
Total 1997 Funding in Advance	738,400	602,352

Note	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
(ii) 1996 Funds Carried Over to 1997		
General		
US Treaty Administration cost	173,686	180,854
Trust		
AusAid	127,398	232,693
NZODA	66,172	252,557
MFT Placements & Training	194,999	204,838
UNDP	21,807	207,746
Others	39,161	58,528
	623,223	1,137,216
Total Funding received in advance	1,361,623	1,739,568
9 (b) Funding in Arrears		
Trust Funds		
CIDA	126,495	110,843
ADB	95,438	15,173
UKODA	17,527	43,032
ADF	102,930	22,539
Others	24,135	3,253
	366,525	194,840
General Fund		
Member country contributions	85,153	22,765
Total Funding in Arrears	451,678	217,605

10. Deferred income and In-kind Contributions		
Trust fund	1,727,069	1,867,014

The Trust Fund items comprise the following:-

	1996	Cost	Less Amortisation	Deferred
(a) Conference Centre		976,227	125,212	851,015
(b) Library Building		440,807	62,871	377,936
(c) Surveillance Building		291,336	29,501	261,835
(d) Motor Vehicles		53,846	23,200	30,646
(e) Computers - Hardware		163,572	66,241	97,330
(f) Furniture & Fittings		102,482	24,732	77,750
(g) Office Equipment		66,817	36,261	30,556
TOTAL ASSETS		2,095,087	368,018	1,727,069
TOTAL 1995		2,101,576	234,562	1,867,014

“IN- KIND CONTRIBUTIONS”

During the year, the Agency received the following benefits which could not be measured or quantified.

1. Tuna Industry Adviser provided by the Overseas Fishery Cooperation Foundation of Japan. The officer is attached to the Marketing and Economics division.
2. The Technical Support Adviser and Surveillance Operation Officer who are provided by the Australian Department of Defence. The officers are serving in the Monitoring, Control and Surveillance programme.
3. Fisheries Enforcement Adviser from the US National Maritime Fisheries Services who is also serving in the Monitoring, Control and Surveillance Programme.

Note 11

MEMBER COUNTRY CONTRIBUTIONS TO THE GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 1996

Note	<u>1996</u> <u>USD</u>	<u>1995</u> <u>USD</u>
Contributions Paid in 1996	658,093	416,728
<u>Add</u>		
1996 Contributions in Advance as at 31/12/95	17,418	261,389
1996 Contributions in Arrears as at 31/12/96	85,153	22,765
1994 Surplus Distribution	45,007	
<u>Less</u>		
1995 Contributions in Arrears as at 31/12/95	(22,765)	(45,713)
1997 Contributions in Advance as at 31/12/96	(56,673)	(17,418)
	(79,438)	(63,131)
1996 Contributions	726,233	637,751

Note:

The 1994 Surplus of General Funds of \$45,007 was distributed in accordance with Financial Regulations 14 and used to offset 1996 contributions payable. Australia donated its portion of distributed surplus \$18,311 to the Agency hence the amount is not included in total contribution in advance

1996	Contribution In Advance at 31/12/95 USD	Contribution In Arrears 31/12/95 USD	Assessed Contribution 1996 USD	1994 Surplus Distribution 1995 USD	Contribution Paid 1996 USD	Contribution In Advance at 31/12/96 USD	Contribution In Arrears at 31/12/96 USD
Australia			268,695	18,311	268,695	18,311	
Cook Islands			8,542		8,542		
FSM	8,856		16,237	1,107	21,000	14,726	
Fiji			16,237	1,107	16,237	1,107	
Kiribati			8,542	581	8,542	581	
Marshall Islands	7403		16,237				8,834
Nauru		7502	8,542	1,107	16,044	1,107	
New Zealand			268,695	18,311	268,695	18,311	
Niue	261		8,542	581	8,542	842	
Palau	898		16,237				15,339
PNG			16,237	1,107			15,130
Solomon Islands		14,483	16,237				30,720
Tonga		780	16,237		17,017		
Tuvalu			8,542	581	8,542	581	
Vanuatu			16,237	1,107			15,130
Western Samoa			16,237	1,107	16,237	1,107	
TOTAL	17,418	22,765	726,233	45,007	658,093	56,673	85,153
TOTAL 1995	261,389	45,713	637,751	416,728	416,728	17,418	22,765

Note 12

SOUTH PACIFIC FORUM FISHERIES AGENCY
SUMMARY OF TRUST FUND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> <u>BUDGET</u> <u>USD</u>	%	<u>1996</u> <u>ACTUAL</u> <u>USD</u>	%	<u>1995</u> <u>ACTUAL</u> <u>USD</u>	%
<u>AusAID</u>						
Economics and Marketing	147,100		146,363		87,859	
Monitoring, Control and Surveillance	347,400		203,124		160,288	
Fisheries & Research development & Mgmt					34,994	
Legal Services, Maritime Boundaries Delimitation + Treaty Management	284,565		261,842		194,206	
Information and Technology	378,900		390,908		404,403	
Corporate Management and Support	178,700		150,708		78,361	
TOTAL AusAID	1,336,665	34%	1,152,945	39%	960,111	37%
<u>ASIAN DEVELOPMENT BANK</u>						
Economics and Marketing	157,200		72,899		111,867	
TOTAL ADB	157,200	4%	72,899	2%	111,867	4%
<u>AUSTRALIAN DEPT. OF DEFENCE</u>						
Monitoring Control, and Surveillance	703,000		786,796		115,444	
TOTAL AUSTRALIAN DEFENCE	703,000	18%	786,796	27%	115,444	5%
<u>COMMONWEALTH SECRETARIAT</u>						
Economics and Marketing					41,667	
Legal Services, Maritime Boundaries Delimitation + Treaty Management					1,514	
TOTAL C/WEALTH SECRETARIAT					43,181	2%
<u>CIDA</u>						
Fisheries & Research development & Management					87,192	
Legal Services, Maritime Boundaries Delimitation + Treaty Management	93,900		102,955		147,504 36,885	
TOTAL CIDA	93,900	2%	102,955	3%	271,581	11%

[Note 12 continued]

	1996 BUDGET USD	%	1996 ACTUAL USD	%	1995 ACTUAL USD	%
<u>FAO</u>						
Legal Services, Maritime Boundaries Delimitation + Treaty Management					40,225	
TOTAL FAO					40,225	2%
<u>EUROPEAN UNION</u>						
Legal Services, Maritime Boundaries Delimitation + Treaty Management					81,220	
Information and Technology					36,657	
TOTAL EUROPEAN UNION					117,877	5%
<u>NZODA</u>						
Economics and Marketing	150,200		129,226		139,590	
Monitoring, Control and Surveillance					2,337	
Legal Services, Maritime Boundaries Delimitation + Treaty Management	30,000		29,311		0	
Information and Technology	105,000		93,779		63,917	
Corporate Management and Support	75,500				9,154	
TOTAL NZODA	360,700	9%	252,316	9%	217,102	8%
<u>UKODA</u>						
Economics and Marketing	15,400		7,527		98,935	
Fisheries Research Development & Mgmt					81,329	
Legal Services, Maritime Boundaries Delimitation + Treaty Management	33,200		10,000			
Information and Technology					4,690	
TOTAL UKODA	48,600	1%	17,527	1%	184,954	5%

[Note 12 continued]

	1996 BUDGET USD	%	1996 ACTUAL USD	%	1995 ACTUAL USD	%
UNDP						
Economics and Marketing	461,500		176,182		86,787	
Fisheries Research Development & Mgmt					101,309	
Legal Services, Maritime Boundaries Delimitation & Treaty Management	88,600		31,675		20,614	
Corporate Management and Support	147,500					
TOTAL UNDP	697,600	18%	207,857	7%	208,710	8%
MULTILATERAL TREATY						
Monitoring, Control and Surveillance	282,400		144,546		158,756	
Total US Treaty	282,400	7%	144,546	5%	158,756	6%
TAIWAN						
Information and Technology	104,000		51,137		71,549	
Corporate Management and Support	3,000					
Total Taiwan	107,000	3%	51,137	2%	71,549	3%
SOUTH KOREA						
Economics and Marketing			3,712			
Information and Technology	35,000		34,990		5,884	
Corporate Management and Support	1,800		0			
Total South Korea	36,800	1%	38,702	1%	5,884	1%
OTHERS						
Economics and Marketing			0		17,168	
Legal Services, Maritime Boundaries Delimitation & Treaty Management			49,968			
Corporate Services Management and Support	58,800		82,009		43,705	
Total Others	58,800	2%	131,977	4%	60,873	2%
TOTAL TRUST EXPENDITURE	3,882,665	100%	2,959,657	100%	2,568,114	100%

Note 13**Credit Risk**

Financial instruments which potentially subject the Agency to credit risk principally consist of bank balances and accounts receivable.

Maximum exposures to credit risk as at balance date are:

	1996	1995
	\$000	\$000
Bank Balances	1572	2531
Accounts Receivable	106	171

The above maximum exposures are net of any recognised provisions for losses on these financial instruments. No collateral is held on the above amounts.

There are no material concentrations of credit risk.

Note 14

PROGRAMME 1 - ECONOMICS AND MARKETING

	1996	1996	1996	1996	1996	1996
	G/Fund	T/Fund	TOTAL	G/Fund	T/Fund	TOTAL
	Budget	Budget	Budget	Actual	Actual	Actual
	USD	USD	USD	USD	USD	USD
Staff costs:						
Manager, Econ + Mktg	63,600	15,400	79,000	55,271	17,462	72,733
Travel	30,000		30,000	13,657	9,775	23,432
Project Economist		53,600	53,600		62,727	62,727
Travel		17,400	17,400		10,125	10,125
Computer						
Sub-total	93,600	86,400	180,000	68,928	100,089	169,017
Regional Meetings		47,300	47,300		53,988	53,988
Sub-total		47,300	47,300		53,988	53,988
Total SUB-PROGRAM 1.0	93,600	133,700	227,300	68,928	154,077	223,005
Sub-Program 1.1 Access Negotiations						
Future Management Arrangements:						
Duty travel		40,000	40,000		43,279	43,279
Consultants:		28,000	28,000		33,920	33,920
Total SUB-PROGRAM 1.1		68,000	68,000		77,199	77,199
Sub-Program 1.2 Domestic Industry Studies						
Consultancy		19,300	19,300			
UNDP Projects		171,600	171,600		9,589	9,589
ADB Projects		157,200	157,200		72,899	72,899
Training Comm Operat		40,000	40,000			
Total SUB-PROGRAM 1.2		388,100	388,100		82,488	82,488
Sub-Program 1.3 Market Studies						
Staff costs:						
Market Adviser		48,000	48,000		50,612	50,612
Duty travel		29,300	29,300		7,135	7,135
Consultancies (NZAid)*		9,500	9,500			
Economic Information analysis		20,000	20,000		13,101	13,101
Fish Proc + Mktg		80,000	80,000		1,477	1,477
Total SUB-PROGRAM 1.3		186,800	186,800		72,325	72,325
Sub-Program 1.5 Project Dev + Appraisals						
Staff costs:						
PDAA	48,300	4,900	53,200	55,784	7,317	63,101
Duty Travel	13,500		13,500	3,212	8,892	12,104
Org. Mgt. & Admin Training		79,200	79,200		73,091	73,091
Proj Planning W/shop		62,900	62,900		54,888	54,888
Equipment		7,800	7,800		5,632	5,632
Total SUB-PROGRAM 1.5	61,800	154,800	216,600	58,996	149,820	208,816
TOTAL PROGRAMME 1	155,400	931,400	1,086,800	127,924	535,909	663,833

PROGRAMME 2 - MONITORING, CONTROL AND SURVEILLANCE

	1996	1996	1996	1996	1996	1996
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Staff costs:						
Manager Surveillance	2,100	89,500	91,600		106,072	106,072
Travel		16,400	16,400		12,031	12,031
Surveil Mtgs		63,300	63,300		50,569	50,569
Training/Fellowships		18,800	18,800			
Total SUB-PROGRAM 2.0	2,100	188,000	190,100		168,672	168,672
Sub-Program 2.1 Regional Register and Licence Information Management						
Regional Data Operator	18,300		18,300	20,525		20,525
Total SUB-PROGRAM 2.1	18,300		18,300	20,525		20,525
Sub-Program 2.2 Observer + Monitoring Program						
Coordinator Observer Prog		53,100	53,100		63,068	63,068
Travel		30,900	30,900		18,046	18,046
Obs Cordinator W/shop		17,300	17,300		18,989	18,989
Observer Training (MFT)		19,100	19,100		6,466	6,466
Observer Training (AusAid)		58,100	58,100		13,856	13,856
Observer Placement (7LP)		9,700	9,700			
Observer Placement (8LP)		152,100	152,100		87,694	87,694
Observer Placement (9LP)		96,700	96,700		37,384	37,384
Observer Placement (FSM Agmts)		4,800	4,800		4,223	4,223
Total SUB-PROGRAM 2.2		441,800	441,800		249,726	249,726
Sub-Program 2.3 Vessel Monitoring Service						
Consultancies		663,000	663,000		665,434	665,434
Conference costs		40,000	40,000		33,490	33,490
Total SUB-PROGRAM 2.3		703,000	703,000		698,924	698,924
Sub-Program 2.4 Maritime Surveillance & Communication						
Computer Equipment					17,144	17,144
Total SUB-PROGRAM 2.4					17,144	17,144
TOTAL PROGRAMME 2	20,400	1,332,800	1,353,200	20,525	1,134,466	1,154,991

PROGRAMME 3 - LEGAL SERVICES, MARITIME BOUNDARIES DELIMITATION AND TREATY MANAGEMENT

	1996	1996	1996	1996	1996	1996
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Sub-Program 3.1 Legal Services						
Legal Counsel	33,200	33,200	66,400	36,961	32,067	69,028
Travel	28,000		28,000	12,935	8,510	21,445
Legal Project Officer		68,900	68,900		82,296	82,296
Travel		25,000	25,000		15,460	15,460
Sub-total	61,200	127,100	188,300	49,896	138,333	188,229
Regional Meetings		57,900	57,900		59,475	59,475
Legal Project (AusAid)		14,500	14,500		14,599	14,599
Legal Project (UNDP)		88,600	88,600		30,003	30,003
Legal Project (NZODA)		30,000	30,000		29,001	29,001
Judicial Seminar		17,500	17,500		21,103	21,103
Prosecution Workshops (AusAid)		49,400	49,400		49,172	49,172
Sub-total		257,900	257,900		203,353	203,353
Total SUB-PROGRAM 3.1	61,200	385,000	446,200	49,896	341,686	391,582
Sub-Program 3.2 Maritime Boundaries Delimitation						
Maritime Bound. Coord.		70,200	70,200		81,052	81,052
Travel		36,165	36,165		36,930	36,930
Training Workshops		14,700	14,700		6,360	6,360
Fellowships		10,500	10,500		7,006	7,006
Positioning Equipment		13,700	13,700			
Comp Equipment					12,717	12,717
Total SUB-PROGRAM 3.2		145,265	145,265		144,065	144,065
Sub-Program 3.3 Treaty Management						
Treaty Manager	57,200		57,200	55,670		55,670
Travel	13,900		13,900	18,737		18,737
Data Officers(x2)	14,900		14,900	13,401		13,401
Administrator's costs - US Treaty	74,300		74,300	60,924		60,924
Total SUB-PROGRAM 3.3	160,300		160,300	148,732		148,732
TOTAL PROGRAMME 3	221,500	530,265	751,765	198,628	485,751	684,379

PROGRAMME 4- INFORMATION AND TECHNOLOGY

	1996	1996	1996	1996	1996	1996
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Sub-Program 4.1 Information Systems						
Staff costs:						
IT Manager	89,900		89,900	84,969		84,969
Travel	24,000		24,000	20,247		20,247
Senior Analyst Programmer		58,700	58,700		77,005	77,005
Travel		19,100	19,100		5,469	5,469
Database Administrator	56,300		56,300	59,786		59,786
Travel	11,000		11,000	6,431		6,431
Senior Projects Analyst	62,000		62,000	20,963		20,963
Travel	22,000		22,000	4,910		4,910
Network Administrator		51,800	51,800		35,902	35,902
Travel		700	700		7,179	7,179
Database Library Manager		53,200	53,200		49,287	49,287
Sub-total	265,200	183,500	448,700	197,306	174,842	372,148
Consultant (Corp Appl Sys)		100,100	100,100		90,375	90,375
Consultant (KOR)		28,200	28,200			
Training W/shops		42,300	42,300		47,221	47,221
Fellowships		13,800	13,800		4,111	4,111
Computer Equipments		134,000	134,000		134,059	134,059
Total SUB-PROGRAM 4.1		318,400	318,400	0	275,766	275,766
TOTAL PROGRAM 4.1	265,200	501,900	767,100	197,306	450,608	647,914
Sub-Program 4.2 Communication Systems						
Staff costs:						
Satellite Operation Coordinator		52,100	52,100		64,949	64,949
Travel		17,100	17,100		14,197	14,197
Satellite Terminal Operator	3,500		3,500	3,910		3,910
Total SUB-PROGRAM 4.2	3,500	69,200	72,700	3,910	79,146	83,056
Sub-Program 4.3 Library, Publications and Registry						
Information Officer		10,800	10,800		8,636	8,636
Librarian		10,900	10,900		11,658	11,658
Asst Information Officer		10,900	10,900		11,365	11,365
Library Purchases	37,000	19,200	56,200		9,401	9,401
Total Sub-Program 4.3	37,000	51,800	88,800		41,060	41,060
TOTAL PROGRAMME 4	305,700	622,900	928,600	201,216	570,814	772,030

PROGRAMME 5 - CORPORATE MANAGEMENT AND SUPPORT

	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Sub-Program 5.1 Executive Management						
Staff costs:						
Director	129,500		129,500	144,158		144,158
Travel	50,000		50,000	38,963		38,963
Deputy Director	93,400		93,400	105,937		105,937
Travel	43,000		43,000	23,914		23,914
Executive Officer		56,800	56,800		67,363	67,363
Travel		11,000	11,000		9,183	9,183
Computer		6,000	6,000		5,959	5,959
Sub-Program 5.1	315,900	73,800	389,700	312,972	82,505	395,477
Personal Assistants (x2)	15,900		15,900	18,399		18,399
Unidentified Consultants		36,600	36,600		19,099	19,099
Consultant (Reef Stocks)		79,500	79,500		24,845	24,845
UNDP Projects		95,100	95,100			
Internal & Reg. Cooperation		53,300	53,300		45,110	45,110
Sub-Program 5.1	15,900	264,500	280,400	18,399	89,054	107,453
Total SUB-PROGRAM 5.1	331,800	338,300	670,100	331,371	171,559	502,930
Sub-Program 5.2 Finance & Personnel						
Corp. Services Manager	89,700		89,700	80,821		80,821
Trust Fund Officer		46,100	46,100		46,143	46,143
Finance Admin/Officer	47,600		47,600	59,691		59,691
Travel	6,000		6,000	5,856		5,856
Sub-total	143,300	46,100	189,400	146,368	46,143	192,511
Support staff costs	72,800	10,900	83,700	84,730	13,737	98,467
Sub-total	216,100	57,000	273,100	231,098	59,880	290,978

[Programme 5.2 - continued]

	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Administration						
FFC	75,700		75,700	65,300		65,300
Chairman FFC travel	9,500		9,500	5,071		5,071
Consultancies	10,000		10,000			
Training/Fellowship	8,000		8,000	4,434		4,434
Audit charges	5,000		5,000	4,465		4,465
Bank charges	200		200	1,412	1,278	2,690
Communication charges	108,000		108,000	99,559		99,559
Entertainment charges	7,000		7,000	6,174		6,174
Insurance charges	18,000		18,000	20,136		20,136
Bldg Maint (Office)	40,600		40,600	37,914		37,914
Office machine maint	42,000		42,000	41,500		41,500
Office Supplies	42,000		42,000	13,097		13,097
Recruitment costs	15,000		15,000	32,788		32,788
Utility charges	30,300		30,300	30,535		30,535
Vehicle operation	7,000		7,000	11,305		11,305
Miscellaneous charges	2,200		2,200	2,878		2,878
Conference Centre	12,000		12,000	17,799		17,799
Program support		70,000	70,000			
Sub-Total 5.2	432,500	70,000	502,500	394,367	1,278	395,645
Total SUB-PROGRAM 5.2	648,600	127,000	775,600	625,465	61,158	686,623
Sub-Program 5.3 Asset Management and Capital Works						
Computer equipment	55,000		55,000	5,838		5,838
Office equipment	6,000		6,000	14,825		14,825
Office furniture	9,000		9,000	538		538
Total SUB-PROGRAM 5.3	70,000		70,000	21,201		21,201
TOTAL PROGRAMME 5	1,050,400	465,300	1,515,700	978,037	232,717	1,210,754
TOTAL EXPENDITURE	1,753,400	3,882,665	5,636,065	1,526,330	2,959,657	4,485,987
TOTAL INCOME	1,753,400	3,882,665	5,636,065	1,549,078	2,961,095	4,510,173
SURPLUS/(DEFICIT)				22,748	1,438	24,186

	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>	<u>1996</u>
	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>	<u>G/Fund</u>	<u>T/Fund</u>	<u>TOTAL</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Housing Fund						
Income	103,600		103,600	140,400		140,400
Expenditure						
Operating expenses	103,600		103,600	116,043		116,043
Household items						
Capital improvements						
Total expenditures	103,600		103,600	116,043		116,043
SURPLUS/(DEFICIT)				24,357		24,357
TOTAL EXPENDITURE	1,857,000	3,882,665	5,739,665	1,642,373	2,959,657	4,602,030
TOTAL INCOME	1,857,000	3,882,665	5,739,665	1,689,478	2,961,095	4,650,573
NET POSITION				47,105	1,438	48,543

