

**FFA BRIEF FOR THE INAUGURAL MEETING OF THE  
WCPFC STANDING COMMITTEE ON FINANCE AND  
ADMINISTRATION**

**Tumon, Guam, USA**

**2 December 2006**

**FFC 66 Special Meeting**

**26-30 November 2006**

**FOR FFA EYES ONLY**

**Dated : 17 November 2007**



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## GENERAL INTRODUCTION AND BACKGROUND

1. Each year the WCPFC at its annual regular session considers a draft proposed budget prepared by the Executive Director. This draft proposed budget indicates which of the administrative expenses of the Commission are to be financed from assessed contributions from members, voluntary contributions, special requirements fund and other funds that the Commission may receive.

2. At each annual meeting of the Commission, the Commission must decide upon its annual budget. Importantly the Commission is required to adopt the budget by consensus. However if consensus cannot be reached, the level of contributions to the administrative budget of the Commission will be determined in accordance with the budget for the preceding year for the purposes of meeting the administrative expenses of the Commission for the following year until such time as a new budget can be adopted by consensus. Indicative budgets for the following year are also approved by the Commission at its annual meeting to assist with planning.

3. In 2005 and in 2006, during the second and third annual sessions of the Commission, the Commission established a small working group to resolve issues related to the budget and work programme of the Commission. The recommendations of these groups were presented to the plenary of the Commission, for final adoption.

4. At WCPFC3 the small group was named the Ad-hoc working group on Finance and Administration. The group met at opportune times, during the WCPFC3 session, where possible avoiding meeting concurrently with the WCPFC plenary sessions: this meant meeting at morning tea, afternoon tea and lunch breaks during WCPFC3, but was also required to meet concurrently with the WCPFC plenary sessions on the Thursday and Friday because of a lack of time. The report, including the recommendations, of the Ad-hoc working group on Finance and Administration were subsequently adopted by the Commission at WCPFC3.

### Bumpy path at WCPFC3 to a consensus decision on the 2007/08 budget

5. The decision on the 2007 budget during WCPFC3 was a complex matter. The recommendation of the Ad Hoc working group on Finance and Administration states the issue quite well:

The Commission note that the Ad-Hoc working group on Finance and Administration was unable to reach consensus on a budget for 2007 as Japan blocked consensus. Subsequently the option provided in Annexes I, II and III was developed by the Ad hoc Working Group.

6. The WCPFC Secretariat budget proposal that was presented to WCPFC, was a total budget of USD\$3,200,350, which would be financed entirely from assessed contributions. Japan in particular, with support of some other distant-water fishing nations, sought through the Ad Hoc working group on Finance and Administration to look at ways to reduce this total budget figure, ultimately to reduce the amount of assessed contributions for 2007.

7. The compromise solution that was adopted by the Commission, was a total budget figure of USD\$3,006,258, however the assessed contributions only were an

amount of USD\$2,700,258; a resultant reduction of 16% of the total assessed contributions.<sup>1</sup>

Establishment of the WCPFC Standing Committee on Finance and Administration (FAC)

8. At WCPFC3 the Commission decided to establish a WCPFC Standing Finance and Administration Committee (this was established in accordance with Financial Regulation 3.8). WCPFC Financial Regulation 3.8 states the following:

At each annual meeting, the Commission shall decide upon its annual budget. The Commission may establish, for this purpose, a Commission to provide advice and recommendations to the Commission on matters related to the budget, finance and administration of the Commission.

9. The role of this Committee, which will meet at the annual session of the Commission, is

'to provide advice and recommendations to the Commission on matters related to budget, finance and administration of the Commission. This Committee should operate as effectively as possible and discuss issues referred to it by the Commission.'

The first formal meeting of the WCPFC Standing Finance and Administration Committee will be 2<sup>nd</sup> December 2007, the day prior to commencement of WCPFC4, and is expected to be left open during WCPFC4.

Previous consideration of a Standing Committee on Finance and Administration

10. During the negotiation of the WCPFC Financial Regulations, which occurred during the PrepCon, Korea proposed the formal establishment of a Standing Committee on Finance and Administration. The key elements of the Korean proposal to PrepCon were as follows:

- The Committee would be composed of 4 representatives from members located north of 20N and 4 representatives from members located south of 20N.
- To provide advice and recommendations to the Commission and the Executive Director on matters related to day-to-day operations, in particular on finance and administration, following the lead of other RFMOs.

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<sup>1</sup> Note that the proposed financing of the 2007 budget, particularly the contribution of the Japanese Trust Fund (JTF) to funding SIDS travel to the Scientific Committee meeting and Technical and Compliance Committee meetings in 2007 is inconsistent with the Financial Regulations 3.5. Particularly because it was not made clear until following the Joint Tuna RFMO meeting in Kobe in January 2007 that there was a chance that the JTF could be lost completely. Second, the Working Capital Fund was used for funding the core budget (to the amount of USD\$85,000), rather than its intended purpose which is 'for the purpose of accommodating normal operating expenditures prior to receipt of assessments from members of the Commission and to accommodate extenuating circumstances, as approved by the Commission.' The source of funds for the Working Capital Fund is from any surplus appropriations and any voluntary advances made by members of the Commission. The report of the Ad Hoc working group on Finance and Administration recommends that the Working Capital Fund be replenished to USD\$500,000 in the 2008 indicative budget.

- Another role would be to provide advice the Executive Director in respect of political tensions between members north and south of 20N.
- The Standing Committee on Finance and Administration shall meet during each annual meeting to examine the budget estimates and submit its report to the Commission during the annual meeting. After consideration of the report, and after any adjustments or revisions have been made, the Commission shall adopt the budget.

11. FFA members and the USA opposed the proposal at PrepConIV, stating that such a Committee should not oversee the Executive Director as was proposed by Korea. FFA members agreed that the function of such a committee should be to streamline the work of the WCPFC Secretariat and the Commission, and not to involve itself in the day to day financial affairs of the Commission which are the responsibility of the Executive Director. This was consistent with the position of FFA members to establish a strong and independent Secretariat with the necessary administrative authority to effectively run the day to day affairs of the Commission, with a system of transparent reporting the to the Commission, backed up by a strong role for the external auditors who report directly to the Commission.

12. The compromise that was proposed and remains in WCPFC Financial Regulation 3.8 effectively left open for discussion at the Commission whether there will be a Finance and Administration Committee, and if so on the form it would take.

FFA Strategies for FAC1 from FFC65

13. During the FFC that followed the 2007 Management Options Workshops, FFA members discussed strategies for FAC1. The committee expressed general support for the establishment of the WCPFC Standing Committee, noting that participation is open to all Commission members and that its processor the Ad-Hoc Working Group on Finance and Administration had played a key role in progressing budget issues at WCPFC3. The committee recalled that the arrangement of having Samoa co-chair the Ad-Hoc working Group had been successful at WCPFC3 in terms of ensuring FFA members views were considered.

14. The committee also supported the formation of a sub-group of FFA members that would take the lead on preparations for the WCPFC Standing Committee on Finance and Administration as well as represent FFA members on that Committee. New Zealand noted the importance of giving members of the sub-group as much autonomy as possible to represent the interests of FFA members in the negotiations of the WCPFC Standing Committee given the dynamic nature of the budget negotiations at WCPFC 3.

15. The committee agreed that:

- i) Australia, Federated States of Micronesia, New Zealand, Papua New Guinea and Samoa would form a sub-group of FFA members to participate in the Standing Committee noting that other FFA members can also participate;
- ii) FFA members propose Samoa as co-chair of the WCPFC Standing Committee; and
- iii) the Secretariat would facilitate discussions on the budget electronically, noting that the WCPFC Secretariat will be forwarding the budget to Commission Members in the near future.

## **AGENDA ITEM 1. OPENING OF THE INAUGURAL SESSION OF THE FAC**

1. The Session will open at 9.00am on Sunday 2 December 2007, at the Hyatt Regency Hotel, Tumon, Guam. The provisional annotated agenda indicates that FAC1 will be opened by the Chair of the Ad-hoc Finance and Administration Committee ( Mr Terry Toomata, Samoa) assisted by the Executive Director.

### **1.1: Appointment of Chair and Vice Chair**

2. Nominations for Chair and Vice-Chair will be called for by Mr Toomata. In accordance with the WCPFC Rules of Procedure the office bearers shall hold office for a period of two years (until conclusion of WCPFC 6) and shall be eligible for re-election.

3. In this regard, FFA members should recall the previous FFC decision at FFC65 for FFA members to propose Samoa as co-chair of the WCPFC Standing Committee. The rationale for this decision was that the arrangement of having Samoa co-chair the Ad-Hoc working Group in 2006, had been successful at WCPFC3 in terms of ensuring FFA members views were considered.

#### ***Proposed approach***

4. FFA members should propose Samoa as co-chair of the WCPFC Standing Committee

### **1.2: Adoption of Agenda**

5. The agenda is to be adopted on the basis of the provisional agenda. At the time of writing the FFA Secretariat was not aware of any supplementary items.

### **1.3: Meeting Arrangements**

6. The first formal meeting of the WCPFC Standing Finance and Administration Committee will be 2<sup>nd</sup> December 2007, the day prior to commencement of WCPFC4, and is expected to be left open during WCPFC4.

## AGENDA ITEM 2. TERMS OF REFERENCE FOR THE FAC

1. The WCPFC Secretariat prepared a draft terms of reference (TOR) for the FAC and circulated it to CCMs for comment by WCPFC Circular (WCPFC Circular 2007/16 on July 10 2007). The paper *Terms of Reference for the Standing Committee on Finance and Administration Committee* (WCPFC4-FAC1-2007/01) incorporates the comments submitted by Japan. Australia also submitted comments on the draft TOR as contained in FAC1-WP01 (WCPFC4-2007/DP02).

2. The FFA Secretariat has analysed all three TOR and has provided a tabular analysis of the three texts, including commentary. The main issues for FFA members include:

- The need to specify the role of FAC in the TOR
- Whether a specific quorum is required that is less the  $\frac{3}{4}$  of the Commission, and if so how to ensure a balance of views
- Whether to have Chair and Vice Chair, or two Co-Chairs similar to ad hoc arrangements in 2006? Should term of office be limited to four years?
- Limiting intersessional sessions by ensuring provision of funding for the participation of PICTs in the FAC and by cross-referencing two-session Rule.
- Participation by observers
- Adoption of report by consensus or report by majority and minority views?
- Establishment of rules of procedure for the FAC

3. Based on the commentary in the table, the FFA Secretariat has proposed some further amendments to the draft TOR for FAC. These are provided herein for the consideration of FFA members.

### ***Proposed approach***

4. FFA members should consider and discuss the FFA Secretariat proposed amendments to the draft TOR for proposal to the FAC.

Comparison of comments to date on Draft TOR for WCPFC FAC WCPFC4-FAC1-2007/01, and FFA Secretariat comments

ORIGINAL DRAFT TOR SENT BY WCPFC SECT. (TEXT THAT IS IN ISSUE)	JAPAN PROPOSED CHANGES TO ORIGINAL DRAFT TOR	AUSTRALIA PROPOSED CHANGES TO TOR PROPOSED BY JAPAN	FFA SECRETARIAT COMMENTS
<p>1. The Western and Central Pacific Fisheries Commission established the standing Finance and Administration Committee (FAC) as a subsidiary body pursuant to Article 11 paragraph 6 of the Convention on the Conservation and management of highly Migratory Fish Stocks in the Western and central Pacific Ocean at WCPFC3, Apia, Samoa. <u>The purpose of the FAC is to provide advice and recommendations to the Commission.</u></p>	<p>1. The Western and Central Pacific Fisheries Commission (WCPFC) established the standing Finance and Administration Committee (FAC) as a subsidiary body pursuant to Article 11 paragraph 6 of the Convention on the Conservation and management of highly Migratory Fish Stocks in the Western and central Pacific Ocean at WCPFC3, Apia, Samoa. The purpose of the FAC is to provide advice and recommendations to the Commission.</p>	<p>1. The Western and Central Pacific Fisheries Commission (WCPFC) established the standing Finance and Administration Committee (FAC) as a subsidiary body pursuant to Article 11 paragraph 6 of the Convention on the Conservation and management of highly Migratory Fish Stocks in the Western and central Pacific Ocean at WCPFC3, Apia, Samoa. The purpose of the FAC is to provide advice and recommendations to the Commission.</p>	<p><i>The WCPFC Financial Regulations Reg 3.8: ‘to provide advice and recommendations to the Commission <u>on matters related to the budget, finance and administration of the Commission.</u>’</i></p> <p><i>The <b>role of the FAC</b> probably needs spelling out – choice of whether including exact language of WCPFC Financial Regulations or something more specific. For example:</i></p> <p><i>ICCAT Standing Committee on Finance and Administration advises the Commission on matters relating to the Executive Secretary and his staff, on the budget of the Commission, on the time and place of the Commission, on publications of the Commission and other matters as may be referred to it by the Commission.</i></p> <p><i>Koreas proposal to PrepCon included the following functions:</i></p> <ul style="list-style-type: none"> <li>• <i>transfer of budgets between items, transfer of surpluses to special funds</i></li> <li>• <i>recommendations on annual budget</i></li> <li>• <i>use of the Special Requirements Fund,</i></li> <li>• <i>Establishment of trust or special funds</i></li> <li>• <i>Voluntary contributions by non-members</i></li> <li>• <i>Banks where funds are kept and Long-term investments</i></li> <li>• <i>Writing-off assets</i></li> <li>• <i>Annual financial statements, Annual audit reports</i></li> <li>• <i>Special audit reports</i></li> <li>• <i>Interpretation and application of financial regulations</i></li> </ul>

ORIGINAL DRAFT TOR SENT BY WCPFC SECT. (TEXT THAT IS IN ISSUE)	JAPAN PROPOSED CHANGES TO ORIGINAL DRAFT TOR	AUSTRALIA PROPOSED CHANGES TO TOR PROPOSED BY JAPAN	FFA SECRETARIAT COMMENTS
<p>2. Membership of the FAC shall be open to each member of the Commission and Participating territories. <u>A quorum for the FAC shall be 10 Committee members.</u></p>	<p>2. Membership of the FAC shall be open to each member of the Commission and Participating territories.</p>	<p>2. Membership of the FAC shall be open to each member of the Commission and Participating territories. A quorum for the FAC shall be 10 Committee members.</p>	<p><i>WCPFC Rules of Procedure ordinarily require a <b>quorum</b> of ¾ of members of the Commission (Rule 14). The 2006 ad hoc finance and administration meetings had a maximum of 13 members, but often would have had less than 10.</i></p> <p><i>Following FFC65 decision that there be five representatives from FFA membership to FAC, to ensure balanced representation at meetings of FAC, an alternative might be to require for a quorum 5 members from FFA membership and 5 members that are non-members of the FFA. (Article 20)</i></p> <p><b>Funding for participation by PICTs in FAC</b>, as is for WCPFC sessions and sessions of subsidiary bodies, should be provide as per Financial Reg 3.5</p>
<p>3. The FAC shall elect from among its members a <u>Chairperson and Vice-Chairperson</u> who shall serve for a term of two years and shall <u>be eligible for reelection for one additional term.</u></p>	<p>3. The FAC shall elect from among its members a Chairperson and Vice-Chairperson who shall serve for a term of two years and shall be eligible for reelection for one additional term.</p>	<p>3. The FAC shall elect from among its members a Chairperson and Vice-Chairperson who shall serve for a term of two years and shall be eligible for reelection for one additional term.</p>	<p><i>FFC65 recalled that the arrangement of having Samoa co-chair the Ad-Hoc working Group had been successful at WCPFC3 in terms of ensuring FFA members views were considered, and FFC agreed to propose Samoa as <b>co-chair</b>.</i></p> <p><i>The specification of <b>reelection for only one additional term</b> seems to be inconsistent with the WCPFC Rules of Procedure and Article 9(4), however it is consistent with Draft Rules of Procedure for Subsidiary Bodies currently being considered. It m Might it be best to leave as is, and resolve when Rules of Procedure for Subsidiary bodies are decided.</i></p>

ORIGINAL DRAFT TOR SENT BY WCPFC SECT. (TEXT THAT IS IN ISSUE)	JAPAN PROPOSED CHANGES TO ORIGINAL DRAFT TOR	AUSTRALIA PROPOSED CHANGES TO TOR PROPOSED BY JAPAN	FFA SECRETARIAT COMMENTS
<p>4. The FAC shall meet in the day or days prior to the commencement of the Annual Regular Session of the Commission. <u>The meeting should be held immediately prior to the commencement of General Business.</u> CCMs that wish to participate in the FAC should advise the Executive Director of their nominated representative 30 days prior to the Annual Session dates.</p>	<p>4. The FAC shall meet in the day or days prior to the commencement of the Annual Regular Session of the Commission. If necessary, sessions of FAC may be continued or convened during a regular session of the Commission or intersessionally. The meeting is not open to observers unless decided otherwise. CCMs that wish to participate in the FAC should advise the Executive Director of their nominated representative two days before the meeting.</p>	<p>4. The FAC shall meet in the day or days prior to the commencement of the Annual Regular Session of the Commission. If necessary, sessions of FAC may be continued or convened during a regular session of the Commission or intersessionally. The meeting shall be open to observers unless decided otherwise. CCMs that wish to participate in the FAC should advise the Executive Director of their nominated representative two days before the meeting.</p>	<p><i><b>Intersessional meetings</b> should be subject to Rule 1 of the WCPFC Rules of Procedure (all meetings of the Commission and its subsidiary bodies shall be held within no more than two sessions per year, unless the Commission decides otherwise. )</i></p> <p><i>This option for intersessional sessions of the FAC is consistent with the original proposal by Korea to PrepCon, for the establishment of a committee that would provide advice to the Commission and also advise the Executive Director on day-to-day operations (as would a Board of Directors).</i></p> <p><i>FAC meetings should be open to <b>participation by observers</b> consistent with WCPF Convention Article 21 and WCPFC Rules of Procedure Rule 36. Is it better to just leave TOR silent?</i></p>
<p>5. The FAC shall adopt a summary report of each of its meetings by consensus for transmission to the Commission.</p>	<p>5. The FAC shall make every effort to adopt a summary report of each of its meetings by consensus for transmission to the Commission. If the effort to achieve consensus has failed, the report shall indicate the majority and minority views and may include the differing views of the representative of the Members.</p>	<p>5. The FAC shall adopt a summary report of each of its meetings by consensus for transmission to the Commission. The report may note reservations of individual members under extraordinary circumstances.</p>	<p><i>Agree with Australia proposal</i></p>
	<p>6. The Commission may consider developing its rules, taking into consideration the rules of procedure of other subsidiary bodies of the Commission.</p>	<p>6. The FAC may consider developing its rules of procedure, which must be agreed by the Commission, taking into consideration the rules of procedure of other subsidiary bodies of the Commission.</p>	<p><i>The <b>rules of procedure</b> for the FAC must be approved by the Commission.</i></p> <p><i>Agree with Australia proposal</i></p>

**FFA Secretariat Proposed Amendments to FAC draft terms of reference as proposed by Japan (WCPFC4-FAC1-2007/01)**

( underlined text are proposed insertions, *[bracketed text are proposed deletions]* )

1. The Western and Central Pacific Fisheries Commission (WCPFC) established the standing Finance and Administration Committee (FAC) as a subsidiary body pursuant to Article 11 paragraph 6 of the Convention on the Conservation and management of highly Migratory Fish Stocks in the Western and central Pacific Ocean at WCPFC3, Apia, Samoa. The purpose of the FAC is to provide advice and recommendations to the Commission on matters related to the budget, finance and administration of the Commission.

2. Membership of the FAC shall be open to each member of the Commission and Participating territories. A quorum for the FAC shall be 10 Committee members, that shall include five members from the Pacific Islands Forum Fisheries Agency, and five non-members of the Pacific Islands Forum Fisheries Agency.

3. The FAC shall elect from among its members two co-Chairs *[a Chairperson and Vice-Chairperson]* who each shall serve for a term of two years and shall be eligible for reelection *[for one additional term.]*

4. The FAC shall meet in the day or days prior to the commencement of the Annual Regular Session of the Commission. If necessary, sessions of FAC may be continued or convened during a regular session of the Commission or intersessionally, subject to Rule 1 of the WCPFC Rules of Procedure. *[The meeting shall be open to observers unless decided otherwise.]* CCMs that wish to participate in the FAC should advise the Executive Director of their nominated representative 30 days prior to the Annual Session dates. *[two days before the meeting]* Funding shall be accorded to finance the travel and subsistence for one representative from each developing State Party to the Convention that wish to participate in the session of the FAC.

5. The FAC shall adopt a summary report of each of its meetings by consensus for transmission to the Commission. The report may note reservations of individual members under extraordinary circumstances.

6. The FAC may consider developing its rules of procedure, which must be agreed by the Commission, taking into consideration the rules of procedure of other subsidiary bodies of the Commission.

## **AGENDA ITEM 3. REPORT ON HEADQUARTERS PROPERTY**

1. The WCPFC Secretariat paper *Headquarters Building* (WCPC4-2007-FAC1/02) provides a report on the outstanding issues preventing occupancy of the Commission Headquarters building. The Headquarters had its ceremonial opening in September 2007, during TCC3, but the WCPFC Secretariat remains in its interim office that it has been occupying for two years.

2. The land lease from the Pohnpei State Government and grant agreement from the Government of the Federated States of Micronesia, have now been negotiated. However due to access issues the lease is for a reduced portion of land relative to the original bid, now 12,839 sq.m. A portion of the land (5,000sq.m.) has been released back to Pohnpei State, and a portion of the leased land is foregone for a further period of up to 2 years to enable State and National governments time to relocate and demolish existing buildings and construct alternate road access.

3. The WCPFC Secretariat has undertaken a due diligence exercise of the Headquarters Building. The report from this exercise identifies a number of outstanding issues preventing occupancy of the Commission Headquarters, the priority ones being:

- repair or replacement of the main electrical circuit breaker (the current breaker trips when any air-conditioning load is applied);
- the lack of secure ground floor doors and windows;
- the need for temporary, then permanent fencing, to prevent public access to the site;
- unsanitary waste water plumbing arrangements inside the building; and
- the danger of electrocution caused by the electrical power wiring put in place by the construction workers that are resident (without permission of the Commission) on the Commission's land.

4. These are among the issues being taken up with the National Government by the WCPFC Secretariat. It is noted in the paper, that until the key issues are addressed the Commission will not be able to secure full replacement value insurance for the building or full burglary cover for its assets. An update on these discussions will be provided by the WCPFC Secretariat in Guam, it is hoped that these matters can be addressed promptly and progressively so that occupancy can occur in January 2008.

### ***Proposed approach***

5. FFA members should note the status of the Headquarters Building and grounds, and the unresolved issues.

## **AGENDA ITEM 4. AUDITORS REPORT FOR 2006 AND GENERAL ACCOUNT FINANCIAL STATEMENTS FOR 2006.**

1. The requirements for financial report and auditing are set out in Financial Regulations 12 and 13. Regulation 13.1 requires that:

The Commission shall, following consideration of the audited annual financial statements and audit report submitted to it under Regulation 12.6 of these Regulations, signify its acceptance of the audited annual financial statements or take such other action as it may consider appropriate.

The relevant paper prepared by the WCPFC Secretariat is *Auditors Report for 2006 and General Account Fund Financial Statements for 2006* (WCPFC4-FAC1-2007/03). This paper includes the report of the auditors which addresses four requirements as follows:

- a) It finds that the financial statements were prepared in conformity with the financial regs of the Commission and certain accounting standards adopted by other international organizations
- b) It finds that the financial statements present fairly the financial position of the general account fund of the Commission, and the results of its operations for the year ended
- c) It did not find any instances of non-compliance with Financial Regulation particularly 12.4 c), which requires the auditor to report on whether the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year have been in accordance with the Financial Regulations, and 12.4 d) relating to the internal control over financial reporting; and
- d) It did not note any matters related to the Commission's internal control that need be reported

### ***Proposed approach***

2. The FFA Secretariat recommends the acceptance of the audited financial statements for 2006.

## AGENDA ITEM 5. STATUS OF COMMISSION FUNDS

### 5.1: Report on General Account Fund Contributions and Other Income for 2007

1. The relevant WCPFC Secretariat paper is *Report on the General Fund Account, Fund Contributions and Other Income for 2007* (WCPFC4-2007-FAC1/04). The paper reports that as of 17 October 2007 there were seven members still owing assessed contributions for 2007 (a total of USD257,707); six are FFA members. Two also have outstanding contributions from previous years (USD56,493); one is an FFA member.

2. The implications of a WCPFC member not paying their contributions on time is that the Commission may not have the full range of funds available to meet the costs of planned activities in a given year. To discourage this, if the member owes more than two full years contributions the member shall not be able to participate in the taking of decisions and interest can be levied by the Commission on unpaid contributions (WCPF Convention Article 18(3)). The Commission may, nevertheless, waive such interest payments and permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of that member.

3. Unlike the WCPFC Secretariat paper produced for 2006, this year the names of the members with outstanding assessed contributions have been specified in an Attachment A to FAC1/04. The FFA Secretariat understands that some of the FFA members indicated in the table have since arranged for remittance of their assessed contributions for 2007. It is anticipated that an updated table will be provided by the WCPFC Secretariat to FAC1 and WCPFC4.

4. Attachment B to FAC/04 also provides a month by month summary of when assessed contributions have been received through 2007. It should be noted that the WCPFC Secretariat sent out contribution notices in a letter dated 15 December 2006, posted from Apia. In accordance with the financial regulations, contributions for 2007 were due 60 days following receipt of this letter. At the end of March 2007, only thirty percent of total assessed contributions for 2007 had been received (from 9 out of 25 members).

5. Voluntary contributions have only been received from the USA in 2005 and 2006, and French Polynesia in 2007. Indonesia has not made a voluntary contribution as a Cooperating Non-Member (in accordance with CMM2004-02, para 7). Noting the increasing number of cooperating non-members applications, cooperating non-members should be urged to make a voluntary financial contribution commensurate with the benefits they enjoy from participation in the fishery.

6. Other incomes received into the General Account Fund during 2007 were:

- USD215,000 from Japanese Trust Fund (JTF) for SID travel to SC and TCC
- USD19,302 from interest (2007 estimate was USD6,000)
- USD85,000 from the Working Capital Fund (as agreed at WCPFC3), and
- USD4,258 for JTF project support

6. Note that the financing of the 2007 budget, particularly use of the JTF for SIDs travel to SC and TCC, and drawing from the Working Capital Fund was inconsistent

with the Financial Regulations (particularly Regulation 3.5 and 4) and was agreed that it shall not be a precedent.

***Proposed approach***

7. FFA members should note the need for assessed contributions to be paid in full and on time.

**5.2: Report on the status of other funds**

8. The relevant paper by the WCPFC Secretariat is *Report on the Status of other Funds* (WCPFC4-2007-FAC1/05). The paper reports on the Special Requirements Fund, the Indonesia Philippines Data Collection Project (IPDCP) Fund, Regional Observer Program Support Fund, Working Capital Fund and Japanese Trust Fund.

9. Attachment A to FAC1/05 accounts for income to the funds. Notes to account for the expenditure from each Fund is included in the body of the FAC1/05.

10. Areas of note, as at 19 October 2007:

- Balance of USD53,560 in the Special Requirements Fund
- Balance of USD157,964 in the Regional Observer Programme Support
- Balance of USD461,065 in the Working Capital Fund, noting that it just falls short of the recommended USD500,000 for a minimum balance, to accommodate normal operating expenditure prior to receipt of assessed contributions and to accommodate extenuating circumstances.
- Limited available funds for the IPDCP in 2008 (USD7,650)

**5.3: Interest rate for outstanding contributions**

11. The relevant WCPFC Secretariat paper is *Interest Rate for Outstanding Contributions* (WCPFC4-2007-FAC1/06).

12. At WCPFC3 the relevant decisions of the Commission were that:

- Members were urged to pay their 2007 contributions in full and as early as possible;
- The interest rate to be levied on late contributions of more than one year will be zero for 2007;
- The WCPFC Secretariat explore with members facing difficulties options to facilitate payment, including payment plans; and
- The WCPFC Secretariat is tasked to prepare a paper on the appropriate interest rate to be levied.

13. In regards to the latter, the paper FAC1/06 recommends:

- a rate of 8.25% per annum be levied from 2008 on contributions outstanding more than a year.

*This rate is based on the rate at which the Commission would 'hypothetically' borrow this money in Pohnpei. As alternative rate of 4% that was considered is what would be 'hypothetically' earned from a 6 month term deposit.*

- The agreed interest rate be applied once annually on 01 January each year.

*This date is consistent with Financial Regulation 5.5 regarding determination of arrears: "As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears".*

- The interest charges be treated as an enforceable debt and reported to the Commission each year, unless waived in accordance with the provisions of Article 18.

*This recommendation as currently drafted is not particularly clear. Particularly what it would mean in practice for there to be an 'enforceable debt' – would it mean that the WCPFC Secretariat could seek other means of obtaining the contributions?*

#### Issues for FFA members

- A fundamental obligation of the members of any intergovernmental organization is the prompt payment of their financial contributions. Good practice dictates that members are under a legal and moral obligation to pay their assessed contributions in full and on time. It is important that the consequences of failure to fulfil this requirement are spelt out clearly and provide sufficient incentive to members to comply with their obligations.
- Based on experience to date, out of the Commission membership these recommendations are likely to have the greatest impact on FFA members, so in that case a more flexible approach might be in order.
- Based on experience to date, the charging of an interest rate will not necessarily lead to payment of assessed contributions when they are due (Feb – Mar of the same financial year), only to deter members from having assessed contributions in arrears (unpaid by 1 January of the following calendar year).
- The Ad hoc Working Group on Finance and Administration in 2006 recommended that the WCPFC Secretariat explore with members facing difficulties options to facilitate payment, including payment plans. If such plans were developed, could/should the interest rate be waived?
- Other tuna RFMOs do not include provision in their financial regulations for charging of interest on late payment of contributions. In RFMOs the standard provision for when a member is in arrears, which is modelled on article 19 of the UN Charter, is that if it has failed to pay its contributions for longer than a certain period (normally two full years), it will be deprived of the right to vote. Although noting the adverse impact on the organisation of the late payment of

contributions, the RFMO best practice report regards also regards best practice as requiring the payment of reasonable rates of interest on late contributions.

- FFA members are not charged interest on late contributions to the FFA Secretariat.

Implementation issues

14. In terms of implementation of an interest rate on assessed contributions in arrears there appears to be a choice:

a) a more rigorous approach of implementing the agreed interest rate to late arrears unless the Commission decides to waive, which places the burden on the relevant State to make the case to the Commission to be exempt from late arrear levies in accordance with Article 18(3); or

b) a more flexible case-by-case approach of requiring the FAC to provide recommendations to the Commission each year relating to the amount of interest that should be levied on contributions in arrears. Such an approach would enable the FAC to work with the relevant members on payment plans and individual circumstances, before a recommendation is made to the Commission.

***Proposed approach***

15. FFA members should consider this issue with care, noting the issues raised above.

## AGENDA ITEM 6. DRAFT CORPORATE/STRATEGIC PLAN FOR THE COMMISSION

1. The relevant paper is *Draft Strategic Plan [2008-[2012]]* (WCPFC4-2007-FAC1/07).

2. In 2006 the WCPFC Secretariat prepared a draft Strategic Plan, which combined aspects of a strategic plan for the Commission and business plan for the Secretariat. The response of the Commission was that

in formulating revised draft plans there is a need to clearly distinguish between the business plan for the Secretariat and the strategic plan for the Commission as well as a need to have quantifiable and relatively simple performance measurement indicators as well as deadlines or milestones incorporated into the objectives.

To this end comments were requested from CCMs in January, and comments were received from Japan and FFA Secretariat (based on agreed statements by FFA members to WCPFC3). FAC1/07 contains the revision of the draft Strategic Plan for the Commission, and notes that it was prepared within the WCPFC Secretariat with input from some CCMs.

3. The current draft Strategic Plan aims to guide the development of the Commission over the next five years (2008-2012). The document consists of two parts:

- Some nine pages of introductory and overview material that attempts to characterise the role of the Commission, future challenges for the Commission and progress to date.

This background material, while improved and expanded from the 2006 draft business and strategic plan, is probably still a bit too interpretive. The comment by Japan in May 2007 of the need '*to keep the background information as little as possible*' is probably a good suggestion, and this material doesn't add to what should be the core of the strategic plan.

The structure of the Commission as set out in Figure 2 on page 9 is puzzling, particularly why the Standing Committee on Finance and Administration is not mentioned, also why the ISC is specifically included but not SPC-OFP.

- An eleven page detailed matrix specifying 8 target outcomes/operational objectives for the Commission, matched with tasks and the applicable years where implementation will occur, performance indicators and means of performance monitoring. The 8 operational objectives of the Strategic Plan are:

1. All key stakeholders in the WCPO tuna fishery comply with conservation and management measures adopted by the Commission (Article 5, 23 and 32.4).

2. The Commission engages in mutually beneficial collaborative activities with RFMOs or other arrangements responsible for highly migratory fish stocks in the adjacent ocean areas or elsewhere (Articles 22 and 12.4).

3. The Commission's Secretariat provides high quality and efficient administrative and technical support to the Commission, its subsidiary bodies and other stakeholders (Articles 15 and 16).

4. Commission-supported capacity development initiatives have demonstrably strengthened the active contribution developing States in the work of the Commission (Article 30).
5. Conservation and Management Measures that support long-term conservation and sustainable use of highly migratory fish stocks in the Convention Area are adopted on the basis of the best scientific information available (Articles 5(a), (b), (c), (g) and (h), 6, 10, 12.1 and 12.2).
6. Impacts on target stocks, non-target species and species belonging to the same ecosystem or dependent upon or associated with targets species managed effectively by the Commission (Article 5(a) (e) (f) and (d)).
7. Complete and accurate data concerning fishing activities are collected and shared in a timely manner (Article 5(i) and 10).
8. Effective monitoring, control and surveillance procedures for conservation and management measures adopted by the Commission implemented and enforced (Article 5(j)).

These operational objectives are similar to the ten that were included in the 2006 draft business and strategic plan. The inclusion of a column for tasks and milestones is new in the 2007 draft table. The columns for performance indicators and the means of performance monitoring are retained from the 2006 draft, and to a large degree is the information therein. This table improves on the 2006 business and strategic plan and remains a sound first attempt to translate the Commission's responsibilities into tasks, operational objectives and identify performance indicators. However it is likely that substantial effort will be needed to refine the table before being agreed on. FFA members are likely to want to give close attention to many elements in the table. Some thought might also be given to possibly aligning the table with aspects of the criteria that are proposed for the performance of RFMOs (see WCPFC4-2007/20).

4. In terms of strategic frameworks, the draft Strategic Plan is implied to sit above the WCPFC Secretariat Business Plan, as well as operational plans for science (based on the SC Research Plan 2007-2011 and MCS (to be developed by TCC in 2008). It appears that the detail about strategic directions on aspects of future work on science and MCS will be divulged through these sub-plans, and to a lesser degree in the WCPFC Strategic Plan itself.

5. The recent paper by Chatham House on Recommended Best Practice for RFMOs advises that best practice for RFMOs should include *'establishment of medium- and long-term operational plans identifying research and management priorities for use of the resources of the organisation and for alignment of voluntary contributions.'* The report notes:

Strategic plans, which should not be confused with periodic reviews, should cover matters such as how the RFMO determines and funds activities to be carried out by the secretariat and/or member governments in relation to data, research and assessment and to efforts to detect and deter non-compliance with conservation and management measures. Besides setting out clearly the work priorities and benchmarks for the secretariat, they should provide a general sense of strategic direction to member countries of the organization. All RFMOs operate under pressure, and it can be difficult to find time for long-term planning. (page 108).

6. The report commends the directions in WCPFC towards development of a 5 year strategic plan, and notes it as uncommon in other RFMOs. Given the difficulties with the adoption of the WCPFC budget in 2006 and the anticipated difficulties for 2007, it might be prudent for FFA members to look at ways to further develop the WCPFC Strategic Plan.

7. Also, in 2006 the Commission was presented with a possible 5 year work plan/adoption of measures by the Chairman of the Commission. The Commission noted

While it did not have an opportunity to consider it in detail, the Commission noted the Chairs draft workprogramme of Work/Conservation Measures and Strategies (WCPFC3-2006/IP09) as a reference for future discussion regarding a strategy for prioritizing the work of the Commission for the period 2007-2011. A medium to long-term strategic plan for the progressive development and implementation of the Commission's work required further elaboration with input from the three subsidiary bodies. The Secretariat was tasked with progressing this during 2007 together with the future development of a business plan to guide the role of the Secretariat. (para 182, WCPFC3 Summary Report).

This table was attached to the WCPFC3 Summary Report and is reproduced below, it is noted as a suggestion for possible development and adoption at WCPFC4. Importantly the subsidiary bodies have not provided input into the development of a strategic plan, nor the Chairs draft work programme.

8. One way ahead might be to simply have the Commission refer the Corporate Plan/Strategic Plan with the Chair's table to the SC, TCC, NC and FAC for input as agreed last year.

***Proposed approach***

9. FFA members note the value of the work undertaken, and discuss next steps for the further development of the WCPFC Strategic Plan.

**Chairman's Draft Proposed Program of Work/Conservation Measures and Strategies.** (Attachment F to WCPFC3 Summary Report)  
*This paper is a suggestion for a defensible work plan and management arrangements for our stocks. It should be considered and, if appropriate, further discussed, developed and adopted at WCPFC4.*

2005	2006	2007	2008	2009	2010
<ul style="list-style-type: none"> <li>• CMM 2005-01 YFT/BET</li> <li>• PS Effort Limits 2001-2004/2004</li> <li>• LL Catch 2001-2004/(2004 - USA/China): &lt;2,000mt</li> <li>• 2005-02 SPA</li> <li>• 2005-03 NPA</li> <li>• Capacity Limits (MHLC/PrepCon)</li> </ul> <hr/> <p>Data audit for 2005-01 obligations:</p> <ul style="list-style-type: none"> <li>• PS</li> <li>• LL</li> <li>• Other commercial fisheries</li> </ul>	<p><b>BET/YFT CMM</b> may include:</p> <ol style="list-style-type: none"> <li>1. reduce to 04 by 07</li> <li>2. FAD closure</li> <li>3. HS PS closure</li> <li>4. LL phased reduction</li> <li>5. Other commercial fisheries</li> </ol> <p><b>Observer program</b> (implement)</p> <p><b>VMS</b> (Strategy for 07)</p> <p><b>Data requirements</b> (Strategy for 07)</p> <p><b>Transshipment</b> (Strategy for 07 – or adopt IOTC/ICCAT)</p> <p><b>Port State</b> (Strategy for 07)</p> <p><b>By-catch</b> Sea birds Turtles (implement)</p>	<p><b>Data</b> (adopt – including provisions to assist Ind/Phil)</p> <p><b>Review Observer Program</b></p> <p><b>VMS</b> (implemented)</p> <p><b>HSBI</b> (implemented)</p> <p><b>IUU</b> (IPoA definitions)</p> <p><b>TAC/Ref Points/MSE</b> (Strategy for adoption in 2008)</p> <p><b>Market State Information</b> (Strategy for incorporation into data by 2009)</p> <p><b>Preliminary allocation</b> (discussion on parameters for allocation)</p> <p><b>By-catch</b></p>	<p><b>Allocation</b> (penultimate draft discussion)</p> <p><b>TAC/harvest</b> (strategies adopted (to apply from 2009))</p> <p><b>VDS</b> (operational)</p> <p><b>Port State</b> (measures implemented)</p> <p><b>Transshipment</b> (measures implemented)</p> <p><b>Market State Data</b> (measures implemented)</p> <p><b>MCS monitoring and reporting arrangements</b> (adopted)</p> <p><b>Stat. Doc. Program</b> (converted to CDS and adopted)</p>	<p><b>Allocation</b> (agreed to and applied from 1 January 2010)</p> <p><b>Report</b> against performance of the VDS</p> <p><b>Review</b> science and CMM</p> <p><b>Report</b> against MCS arrangements</p> <p><b>Review</b> Science and CMM</p>	<p><b>Finalised and operating</b> (the following tools/systems will be in place and operating:</p> <p>Allocation</p> <p>TAC</p> <p>Accurate monitoring and reporting of catch</p> <p>CDS/Trade</p> <p>10% Observer</p> <p>Market State information informing decisions</p> <p>Data Confidence</p> <p>Port State</p> <p>HSB&amp;I</p> <p>Transshipment</p> <p>IUU mitigated</p>

	<p>Sharks</p> <p><b>Swordfish</b> (adopt)</p> <p><b>Striped marlin</b> (adopt)</p> <p><b>Allocation Strategy</b> (Strategy for 3 years from MRAG report)</p> <p><b>HSBI</b> (adopt agreed position)</p> <p><b>Charter arrangements</b> (strategy to complete by 2008)</p> <p><b>IUU</b> (Strategy for 2007)</p> <p><b>Stat. Doc</b> (Strategy to migrate to CDS by 2008)</p> <p><b>Review</b> Science and CMM</p>	<p><b>Monitoring, control and surveillance</b> (Strategy for monitoring and reporting on compliance)</p> <p><b>Port State</b> (adoption of FAO-based port State measures)</p> <p><b>Transshipment</b> (regulations adopted and implemented)</p> <p><b>Review</b> Science and CMM</p>	<p><b>VDS</b> (operational in waters under PNA jurisdiction)</p> <p><b>Review</b> Science and CMM</p>		<p>Charter arrangements</p> <p>By-catch mitigation arrangements in place</p> <p>Review Science and CMM</p> <p>Review compliance with above measures.</p>
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## AGENDA ITEM 7. DRAFT BUSINESS PLAN FOR THE SECRETARIAT

1. The relevant WCPFC Secretariat paper is *Draft Business Plan for the Secretariat* (WCPFC4-2007-FAC1/08). The preparation of a Business Plan by the WCPFC Secretariat was one of the tasks included in the Commission's 2006 work programme at WCPFC2. Funding for the plan was included in the approved workplan and budget for the Commission, although there was no discussion on the item in the Commission itself. A draft combined business and strategic plan was presented to the Commission at WCPFC3, however the Commission recommended that there be two separate documents. FAC1/08 is a Business Plan that has been prepared by the WCPFC Secretariat for the consideration of the Commission at WCPFC4...

### 2. Structure of the Business Plan:

- Introduction: Time frame: 2008-2010
- Strategic context of the Secretariat:
  - Article 2 *Convention Objective* & Article 15 *Role of Secretariat* of the WCPF Convention.
  - Corporate/Strategic Plan Objective 3: *'The Commissions Secretariat provides high quality and efficient administrative and technical support to Commission members and other stakeholders'*
- Financial arrangements for the Commission
- 6 Programmes that align with the functions of the Secretariat as set out in Article 15 (4)
  - receiving and transmitting the Commissions official communications;
  - facilitating the compilation and dissemination of data necessary to accomplish the objective of the Convention;
  - preparing administrative and other reports for the Commission and the Scientific and Technical and Compliance Committees;
  - administering agreed arrangements for monitoring, control and surveillance and the provision of scientific advice;
  - publishing the decisions of and promoting the activities of the Commission and its subsidiary bodies
  - treasury, personnel and other administrative functions.
- Under each of the 6 programmes are specified an objective, outcomes, outputs, performance indicators, measures and activities.
- The table on page 5 matches the six programmes within the responsibilities of the positions within current and proposed organisational structure of the WCPFC Secretariat.

3. On the whole the Business Plan seems to be very clear and concise, setting out the specific tasks for the WCPFC Secretariat over the next three years (2008-2010). The objective and programmes of the Secretariat are well aligned with those that are set out in the WCPF Convention.

4. In terms of reporting against the Business Plan the plan proposes, the Executive Director will report annually against the performance indicators. Presumably this would occur through the Report of the Executive Director. The Plan anticipates a review of the Business Plan in 2010.

***Proposed approach***

5. A positive response from FFA members to the draft Business Plan 2008-2010 would be appropriate.

## **AGENDA ITEM 8. STAFF ESTABLISHMENT AND CONDITIONS OF SERVICE**

### **8.1 Report on the Commission staff terms and conditions**

1. The relevant WCPFC Secretariat paper is *Report on the Commission Staff Terms and Conditions* (WCPFC4-2007-FAC1/09). This is the outcome of a consultancy report on the topic, as requested by WCPFC3, and provides the views of the WCPFC Secretariat on the recommendations of the consultancy.

2. The FFA Secretariat has the following comments to make:

*Recommendation 2.” The Commission adopt Education Allowances for professional staff of: USD\$14,800 per annum per child (being 75% of the median tuition fees in Australia & New Zealand of USD\$7,500 plus the median for boarding fees as USD\$7,300).*

3. The view of the FFA Secretariat is that this recommendation is justified if there are no suitable primary or secondary schools in Pohnpei necessitating employees to send their children to Australia and New Zealand. Otherwise the limit should be based on the local school fee levels. However, if there are international standard primary schools available but no similar standard secondary (post primary) schools, the Commission should set separate limits for primary and post primary schooling (as in FFA). The limit for primary school should be based on the local school fee levels and the secondary fees based on Aust and NZ school fees.

### **8.2 Council of Regional Organisations in the Pacific (CROP) decisions on harmonised staff conditions**

4. The relevant WCPFC Secretariat paper is *Council of Regional Organisations in the Pacific (CROP) Decisions on Harmonised Conditions* (WCPFC4-FAC1-2007/10). The paper succinctly reports the decisions of the August 2007 CROP meeting, which agreed to specific increases to Grades J-M. The paper notes that the base salary increases have tentatively been included in the 2008 proposed budget, including for Grade ED. The paper requests recommendation that the increases with effect from 01 January 2008.

### **8.3 Housing Issues**

5. The relevant WCPFC Secretariat paper is *Housing Issues* (WCPFC4-2007-FAC1/11). The paper provides an update on the housing circumstances of current staff of the WCPFC Secretariat, and notes that all expatriate and support staff are suitably housed with long term leases. It is noted that housing arrangements will need to be made for the two positions to be recruited in 2008. The paper is for noting.

### **8.4 Staff Establishment**

6. The relevant WCPFC Secretariat paper is *Staff Establishment* (WCPFC4-2007-FAC1/12 Rev.1). The paper provides an overview of experience with recruitment of

the Observer Programme Coordinator, Data Entry Assistant, JTF Coordinator and ICT Manager. The paper notes that all but the ICT Manager were recruited to schedule, and the ICT Manager was still to be recruited and difficulties are anticipated due to salary scale for this position.

7. The paper also proposes redesignation of the Data Administrator position to Systems Development Officer. Three new positions are proposed for establishment in 2008 and 2009:

- Director Technical Operations (2009)
- VMS Manager (late 2008) and VMS Operators (in 2009)
- Data Quality Officer (2009)

Draft duty statements for each of the four posts are included at Attachment A to FAC1/12 Rev.1, as well as a revised proposed Organisational Structure at Attachment B.

8. The FFA Secretariat comment is whether job sizing is done for all new positions to confirm salary grade.

## **AGENDA ITEM 9. WORK PROGRAMME AND BUDGET FOR 2008 AND INDICATIVE WORK PROGRAMME AND BUDGET FOR 2009 AND 2010**

1. The Commission budget for 2008, as well as indicative budgets for 2009 and 2010, is set out in *WCPFC4-2007-FAC1/13*. It appears to be in accordance with the Financial Regulations, and it reflects accurately the previous decisions of the Commission with respect to staffing and staff conditions, and the recommendations of the Scientific Committee. Unfortunately there were no specific recommendations from the Technical and Compliance Committee on future work programme and budget. Similar to experience in 2006, the budget is likely to come under close scrutiny in the Commission, because of the steady increases in annual contributions – and because scrutiny of the budget provides an opportunity to revise the priorities within the Commission’s work programme.

### Key outcomes from WCPFC3

- The WCPFC Secretariat budget proposal for 2007 that was presented to WCPFC, was a total budget of USD\$3,200,350, which would be financed entirely from assessed contributions.
- However, the Ad-hoc Working Group on Finance and Administration was unable to reach a consensus on a budget for 2007 as Japan blocked consensus. Japan in particular, with support of some other distant-water fishing nations, sought through the Ad Hoc working group on Finance and Administration to look at ways to reduce this total budget figure, ultimately to reduce the amount of assessed contributions for 2007.
- The compromise solution that was adopted by the Commission, was a total budget figure of USD\$3,006,258, however the assessed contributions only were an amount of USD\$2,700,258; *a resultant reduction of 16% of the total assessed contributions.*<sup>2</sup>
- In terms of guidance for future budgets, from WCPFC4 the Secretariat include indicative forecast budgets for the next two subsequent years in the draft budget papers and the Commission urges members to take full account of the indicative budgets; and

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<sup>2</sup> Note that the proposed financing of the 2007 budget, particularly the contribution of the Japanese Trust Fund (JTF) to funding SIDS travel to the Scientific Committee meeting and Technical and Compliance Committee meetings in 2007 is inconsistent with the Financial Regulations 3.5. Particularly because it was not made clear until following the Joint Tuna RFMO meeting in Kobe in January 2007 that there was a chance that the JTF could be lost completely. Second, the Working Capital Fund was used for funding the core budget (to the amount of USD\$85,000), rather than its intended purpose which is ‘for the purpose of accommodating normal operating expenditures prior to receipt of assessments from members of the Commission and to accommodate extenuating circumstances, as approved by the Commission.’ The source of funds for the Working Capital Fund is from any surplus appropriations and any voluntary advances made by members of the Commission. The report of the Ad Hoc working group on Finance and Administration recommends that the Working Capital Fund be replenished to USD\$500,000 in the 2008 indicative budget.

- the Commission note that in the future the Working Capital Fund only be used for its intended purposes and not to fund the Commission's core budget.

General comments on the 2008 budget and indicative for 2009 and 2010

2. The overall structure of the budget is set out below. Major features are:

- the underspending in 2007 is largely due to the difficulties in recruitment of the ICT Manager, less than anticipated utility costs, and delay in Independent Review of Science Structure and Function.
- The growth in 2008 and 2009 results from
  - the proposed recruitment of current positions of VMS manager and ICT manager, as well as proposed recruitment of new proposed positions of Data Quality Officer and Director Technical Operations.
  - Anticipated increased costs of technical and compliance activities, particularly the implementation of the Commission VMS.

	<b>Approved budget 2007</b>	<b>Estimated expenditure 2007</b>	<b>Indicative budget 2008</b>	<b>Proposed budget 2008</b>	<b>Indicative 2009</b>	<b>Indicative 2010</b>
Staff costs	1,245,508	1,062,000	1,481,300	1,653,169	2,254,577	2,307,318
Other administrative	983,250	834,500	915,220	1,036,000	961,600	961,600
<b>Sub-total of administrative costs</b>	<b>2,228,758</b>	<b>1,896,500</b>	<b>2,396,520</b>	<b>2,689,769</b>	<b>3,216,177</b>	<b>3,268,918</b>
Scientific Services	297,500	298,850	325,000	325,000	357,500	393,250
Scientific Research	315,000	239,200	300,000	325,000	388,000	394,050
Technical and Compliance	777,500	608,050	1,090,000	1,115,000	1,175,500	1,217,300
<b>Sub-total of SC and TC</b>	<b>777,500</b>	<b>608,050</b>	<b>1,090,000</b>	<b>1,115,000</b>	<b>1,175,500</b>	<b>1,217,300</b>
Working capital	(-85,000)	(-85,000)	168,193		0	0
<b>TOTAL GENERAL FUND</b>	<b>3,006,258</b>	<b>2,504,550</b>	<b>3,654,713</b>	<b>3,804,769</b>	<b>4,391,677</b>	<b>4,486,218</b>
Interest and other income				24,000	24,000	24,000
Estimated available surplus				200,000		
<b>TOTAL ASSESSED CONTRIBUTIONS</b>				<b>3,580,769</b>	<b>4,367,677</b>	<b>4,462,218</b>

3. The financial contributions required to fund the proposed General Fund are set out below. On the whole the assessed contributions are higher than the level of assessed contributions in 2007, but are similar to the level of the 2008 indicative budget; variations are probably due to variations in catch from year to year.

**Western and Central Pacific Fisheries Commission**

Indicative schedule of contributions based on proposed 2008 and indicative 2009 & 2010 budgets

Member	2008 Proposed					2009 indicative		2010 indicative		2007		2008 indicative	
	Base fee component: uniform share 10% of budget	National wealth component: 20% of budget	Catch component: 70% of budget	Total of components: 100% of budget	% of budget by member	Total of components: 100% of budget	% of budget by member	Total of components: 100% of budget	% of budget by member				
Australia	14,323	45,425	9,853	69,600	1.94%	84,896	1.94%	86,733	1.94%	51,463	1.91%	69,539	1.91%
Canada	14,323	50,212	218	64,754	1.81%	78,984	1.81%	80,694	1.81%	47,471	1.76%	64,145	1.76%
China	14,323	25,317	93,672	133,312	3.72%	162,608	3.72%	166,128	3.72%	87,668	3.25%	118,461	3.25%
Cook Islands	14,323	3,527	2,669	20,519	0.57%	25,028	0.57%	25,569	0.57%	16,087	0.60%	21,737	0.60%
European Community	14,323	149,483	9,339	173,145	4.84%	211,196	4.84%	215,767	4.84%	115,243	4.27%	155,721	4.27%
Federated States of Micronesia	14,323	2,850	39,508	56,680	1.58%	69,137	1.58%	70,633	1.58%	46,898	1.74%	63,371	1.74%
Fiji	14,323	3,882	16,846	35,051	0.98%	42,753	0.98%	43,679	0.98%	25,554	0.95%	34,530	0.95%
France	14,323	63,046	5,892	83,261	2.33%	101,559	2.33%	103,757	2.33%	61,479	2.28%	83,074	2.28%
Japan	14,323	79,621	773,804	867,748	24.23%	1,058,443	24.23%	1,081,354	24.23%	698,647	25.87%	944,044	25.87%
Kiribati	14,323	1,563	10,093	25,980	0.73%	31,689	0.73%	32,375	0.73%	20,079	0.74%	27,131	0.74%
Korea	14,323	27,175	402,719	444,217	12.41%	541,838	12.41%	553,567	12.41%	324,111	12.00%	437,953	12.00%
Marshall Islands	14,323	3,567	74,780	92,670	2.59%	113,035	2.59%	115,481	2.59%	71,048	2.63%	96,004	2.63%
Nauru	14,323	828	0	15,151	0.42%	18,481	0.42%	18,881	0.42%	11,541	0.43%	15,595	0.43%
New Zealand	14,323	30,689	46,064	91,075	2.54%	111,090	2.54%	113,495	2.54%	68,913	2.55%	93,118	2.55%
Niue	14,323	828	35	15,186	0.42%	18,523	0.42%	18,924	0.42%	11,555	0.43%	15,614	0.43%
Palau	14,323	9,277	8	23,608	0.66%	28,796	0.66%	29,419	0.66%	17,962	0.67%	24,271	0.67%
Papua New Guinea	14,323	847	195,226	210,397	5.88%	256,633	5.88%	262,188	5.88%	148,983	5.52%	201,312	5.52%
Philippines	14,323	2,706	91,870	108,899	3.04%	132,831	3.04%	135,706	3.04%	83,971	3.11%	113,466	3.11%
Samoa	14,323	2,512	1,413	18,249	0.51%	22,259	0.51%	22,741	0.51%	13,988	0.52%	18,901	0.52%
Solomon Islands	14,323	753	13,219	28,295	0.79%	34,513	0.79%	35,260	0.79%	15,931	0.59%	21,527	0.59%
Chinese Taipei	14,323	22,801	443,954	481,079	13.44%	586,800	13.44%	599,502	13.44%	380,640	14.10%	514,338	14.10%
Tonga	14,323	2,527	446	17,296	0.48%	21,097	0.48%	21,554	0.48%	13,160	0.49%	17,782	0.49%
Tuvalu	14,323	1,043	0	15,367	0.43%	18,743	0.43%	19,149	0.43%	11,894	0.44%	16,072	0.44%
United States of America	14,323	183,754	144,173	342,250	9.56%	417,463	9.56%	426,499	9.56%	267,369	9.90%	361,281	9.90%
Vanuatu	14,323	1,920	130,738	146,982	4.10%	179,283	4.10%	183,165	4.10%	88,604	3.28%	119,723	3.28%
Totals	358,077	716,154	2,506,538	3,580,769	100.00%	4,367,677	100.00%	4,462,218	100.00%	2,700,258	100.00%	3,648,713	100.00%

Specific comments on aspects of the budget

Scientific projects

4. The FFA brief to WCPFC4 includes under Agenda 4.4 specific comments on the budget and work programme recommended by SC to the Commission for 2008. The brief notes the following:

- A slightly higher total cost than indicative budget for 2008 (USD25,000), for projects outside of SPC-OFP services.
- The budget for SPC-OFP scientific services in 2008 is equivalent to indicative 2008.
- The funding of Independent Review of Science Structure and Function has been shifted to sub-item 1.1 'Consultants', now with total cost of USD110,000 (increase from USD80,000 approved in 2007, the increases are attributed to the expansion of timelines into 2009, as well as costs to review NC meetings and ISC plenary and associated meetings).

*For further detail please see FFA brief to WCPFC4 Agenda 4.4 (p44).*

Technical and Compliance projects

5. The FFA brief to WCPFC includes under Agenda 6.4 specific comments on the programme of work for the Technical and Compliance Committee. The brief recalls the FFA priorities for the establishment of the Regional Observer Programme, Commission VMS and High Seas Boarding and Inspection. It should be noted that the lack of recommendation by the TCC to the Commission in 2007 is likely to create some complexities with respect to agreement on commitment of funds to TCC-related activities in 2008-2010.

6. It should be noted that FAC1/13 states that the increase in the Commission VMS is proposed to be offset by a delay in the proceeding of other TCC programme activities. These activities include Vessel Registry (USD5,000), Port State measures (USD20,000) and a reduction in bycatch mitigation (USD5,000). And the Observer Programme IWG (USD60,000) has been shifted to meeting services, implying that no other expenses for the implementation of the ROP will come from member assessed contributions.

Regional Observer Programme

- Regional Observer Programme Support Fund: in addition to the balance of USD99,055, there was a contribution of USD99,000 in 2007 for ROP support from USA, and earned interest of USD2,151 leaving a total balance of USD157,964 for 2008.
- Indicative expenditure from ROP support fund in 2008 is USD80,000 for WCPFC Sect travel to 'authorise' observer providers to the ROP and ensure that national and subregional programmes maintain standards, training courses in some developing members, hardware and workbook development, IATTC confer trip.

- Indicative expenditure of USD 50,000 in 2009 is similar travel to above, and travel to specialised debriefers training, and CCAMLR confer trip.
- In 2008 the general account fund will include travel for SIDs and meeting support: USD 60,000 – this is for the anticipated IWG-ROP meeting in 2008.

#### *Commission VMS*

- The 2008 budget and indicative for 2009 and 2010, assumes that the Commission VMS will not be up and running until sometime late in 2009 and probably not until 2010.
- VMS staff are assumed to come on board first with VMS manager in late 2008, then in early 2009 two VMS Operators are hired as support staff. The focus of the work of these staffs activities in 2009 appears to be getting the Commission VMS established and operational.
- The total cost for establishing the Commission VMS is estimated at TCC3 to be USD850,000 (this will come from 2008 and 2009 budgets).
- There currently is no provision for the USD350,000 that was estimated to be required for the disaster recovery site. On-going operational costs don't appear to start until 2010 (USD400,000).

*For further detail please see FFA brief to WCPFC4 Agenda 6.4 (p64), and specifically on Commission VMS p67 and on Regional Observer Programme p146.*

#### ***Proposed approach***

7. FFA members support the proposed budget for 2008 and indicative budget for 2009 and 2010, and the proposed assessed contributions for 2008-2010.

## **AGENDA ITEM 10. EXTERNAL AUDITOR APPOINTMENT**

1. The two year term of the current auditor will expire in December 2007. Last year the Ad Hoc Finance and Administration Group recommended that the WCPFC Secretariat seek to negotiate with Deloitte and Touche LLP of Guam a two year reappointment as the Commission's external auditor. The provisional annotated agenda notes that the FAC to note the reappointment of Deloitte and Touche LLP of Guam following a successful negotiation.

### ***Proposed approach***

2. FFA members should note the successful negotiation of Deloitte and Touche LLP for another two year term.

## **AGENDA ITEM 11. OTHER MATTERS**

*At the time of writing the FFA Secretariat was unaware of any other matters.*

**Excerpt from Korea proposal on Financial Regulations to PrepCon (WCPFC/PrepCon/Dp.9)**

*Proposed text for inclusion in WCPFC Financial Regulations*

There is hereby established a Standing Committee on Finance and Administration to provide advice and recommendations to the Commission on matters related to the finance and administration of the Commission. The Committee shall be composed of one representative from each of the four members which are located in the area north of the 20 degree parallel of north latitude and which are elected by the members situated in the area, and from each of the four members which are located in the area south of the 20 degree parallel of north latitude and which are elected by the member states situated in the area.

Before the Commission decides upon the annual budget, it shall hear the recommendations of the Standing Committee on Finance and Administration.

The Commission, the Scientific Committee, and the Technical and Compliance Committee shall report to the Standing Committee on Finance and Administration on anticipated cost for the conduct of their business.

The Standing Committee on Finance and Administration shall meet during each annual meeting to examine the budget estimates and submit its report to the Commission during the annual meeting. After consideration of the report, and after any adjustments or revisions have been made, the Commission shall adopt the budget.

*Explanatory note: for text above relating to the Standing Committee of Finance and Administration*

*1. Introduction*

It is proposed that a Standing Committee of Finance and Administration shall be established to advise the Commission and the Executive Director on the finance and administration of the Commission. In connection with this proposal, three potential issues may arise: first, the rationale for the establishment of the Committee; second, the composition of the Committee; and third, functions of the Committee.

*2. Rationale for the Standing Committee*

At least, five strong reasons can be considered.

First, although the Convention established two subsidiary committees responsible for scientific matters and technical and compliance issues, it has not created any subsidiary bodies responsible for finance and administration. However, it is envisaged that the Commission may establish other subsidiary bodies as needed (Article 11.6).

Second, many international organizations established a board of directors to provide advice and recommendations to the governing body (Commission) and the Executive Director on matters related to day-to-day operations, in particular on administration and finance. However, the WCPFC does not have any board of directors. And it is costly and cumbersome to convene a special meeting of all members to review, discuss or make decisions on the day-to-day administration and finance matters of the commission (Article 9.3). It will be convenient to establish a standing committee responsible for finance and administration as a subsidiary body of the Commission.

Third, the practice of check and balance between the legislative and executive branches of any organization has proved sound and healthy. The WCPFC would benefit from the same organizational principle and practice by establishing a standing committee on finance and administration, which will oversee day-to-day administration and finance of the Executive Director.

Fourth, there may be potential tensions between members of WCPFC. It is composed of members who are situated north and south of the 20 degree parallel of north latitude in the Convention Area (Articles 3.1 and 36); who are actively fishing with advanced technology and less actively fishing with lagged technology; who are rich and poor in national wealth; who are advanced and developing in terms of the stage of economic development; and who are large and small island economies. Consequently, there may be potentially conflicting situations in the conservation and management of fishery resources. The convention recognizes these potential tensions among member countries situated north and south of the 20-degree parallel of north latitude (Articles 11.7 and 36.1). Such potential tensions would not be easily resolved at a meeting with the participation of all members. It would be more efficient to establish a standing committee with a relatively small number of members representing different points of view and work out the differences to provide recommendations to the Commission and advise the Executive Director.

Fifth, other international fishery organizations have also adopted a similar committee system (e.g. IOTC, NAFO, NPAFC, CCAMLR).

### *3. Composition of the Standing Committee*

Because of the potentially different views and interests among members of the Commission, it would be wise to allocate the membership in accordance with the potentially different views and interests. The Convention has already recognized this potentially different views and interests among members and made several provisions on the basis of such differences (e.g. Articles 7.2; 11.7; 18.2; 20.2; 30; 36). For example, on the one hand, those members situated north of the 20 degree of the north parallel in the Convention Area or non-FFA members have relatively poorer fish stocks, relatively larger economies with richer national wealth, and are actively fishing with more advanced technology. On the other hand, those members situated south of the 20 degree of the north parallel in the Convention Area or FFA members have relatively more abundant fish stocks, relatively small economies with poorer national wealth, and are less actively fishing with lagged technology. Therefore, it is proposed that members of the Convention would be divided into two groups by some agreed criteria, and on the one hand, four members of one group would be elected among members of that group for the membership of the Committee; on the other hand, four members of other group would be elected to the Standing Committee. The specific criteria to be chosen will need to be discussed more.

### *4. Functions of the Standing Committee on Finance and Administration*

- Transfer of budgets between items (Regulation 4.10)
- Transfer of surpluses to special funds (Regulation 6.1)
- Recommendations on annual budgets (Regulations 3.10-3.11)
- Use of the Special Fund for Developing members (Regulation 6.1 (e))
- Establishment of trust or special funds (Regulation 6.2)
- Voluntary contributions by non-members (Regulation 7.2)
- Banks where the funds are kept (Regulation 7.3), Long-term investments (Regulation 8.2)
- Writing-off of assets (Regulation 9.3)
- Annual financial statements (Regulation 10.2)
- Annual audit reports (Regulation 11.5), Special audit reports (Regulation 11.7)
- Interpretation and application of Financial Regulations (Regulation 14.1)