

South Pacific Regional Fisheries Management Organisation

3rd Meeting of the Commission
Auckland, New Zealand: 2-6 February 2015

COMM-03-06 (DRAFT)

DRAFT Report of the 2nd Finance and Administration Committee

1. Welcome and Introduction

The participants were welcomed to the meeting by Mr Gordon Neil, Chairperson of the Committee.

2. Administrative Arrangements

- a) **Adoption of the Agenda.** The Provisional Agenda FAC-02-01 was adopted as the meeting's Agenda and is attached as Annex 1.
- b) **Meeting documents.** The Chairperson indicated that the meeting documents were listed in FAC-02-INF-01.

3. Annual Financial Statement for the SPRFMO for the Year Ending 30 June 2014

- a) **Statement of transfers between categories.** The FAC took note of the Statement concerning transfers (FAC-02-02_suppl) in accordance with Financial Regulation (FR) 3.3 presented by the Executive Secretary.
- b) **Availability of appropriations for the following financial year.** The Secretariat explained that the amount remaining in the recruitment budget on 30 June 2014 was transferred to the following financial year in accordance with FR 3.2 to cover the moving expenses of the Executive Secretary as well as outstanding expenses from the move of the Administration Officer incurred in 2013.
- c) **~~Availability of appropriations for the following financial year~~ Accumulated Surplus Account.** The Executive Secretary pointed out that on 30 June 2014 the Accumulated Surplus Account consisted of 522 768 NZD.
- d) **Auditor Report.** The FAC took note of the Auditor's report produced in accordance with FR 9.9 and introduced by the Executive Secretary. The Committee had no comment to forward to the Commission.
- e) **Investment and other income.** The Executive Secretary referred to the Auditor's report, Statement of Financial Position indicating that the non-current assets, consisting of plant and equipment (office equipment and computer equipment), and intangible assets (database) were valued at 33 760 NZD at 30 June 2014.

4. Possible Amendments to the Financial Regulations

- a) **Conditions under which the Chairperson may authorise expenditure from the Accumulated Surplus Account.** In 2014, the Committee requested the Executive Secretary to prepare a proposal for it to consider at its next meeting prescribing conditions under which the Chairperson may authorise expenditures from the Accumulated Surplus Account to meet unforeseen and extraordinary expenses. The Secretariat presented FAC-02-03. The discussion of the treatment of the Accumulated Surplus Account was

~~continued in the context of the Contingency Fund as it was generally agreed that these issues could not be considered separately. Some Members remarked that the Chairperson might also authorise use of the Accumulated Surplus Account for purposes other than emergencies incurred by the Secretariat, e.g. scientific support or projects.~~

- b) **Voluntary Contributions from CNCPS.** Australia and Chile tabled COMM-03-WP-08 which proposed a new paragraph 3(f) of Decision 1.02 and a new paragraph 4.2 (bis) of the Financial Regulations. The FAC agreed to recommend the Commission the following amendment to Decision 1.02: paragraph 3(f) *“a statement of intent to make voluntary financial contributions commensurate with what would be assessed should it become a Member, pursuant to the scheme of contributions established by the Commission in accordance with Article 15(2) of the Convention and particularly in accordance with paragraph 4.7 of the Financial Regulations of the Commission”*. The FAC also agreed to recommend the Commission the following amendment to the Financial Regulations of the Commission: paragraph 4.2 (bis) *“Voluntary contributions offered by non- members may be accepted, subject to agreement by the Commission that the purposes of the contribution are consistent with the policies, aims and activities of the Commission.”* ~~The Committee noted that any voluntary contributions received in this way would not form part of the funding of the ordinary budget.~~
- c) **Contingency Fund.** The Committee welcomed the idea of creating a Contingency Fund. The Secretariat was requested to prepare a paper for the next FAC Meeting in 2016 to (a) clarifying the possible nature and objectives of the contingency fund and any implications for the rules and management of the Accumulated Surplus Account including rules for discretion by the Chair and requirements for consultation, (b) proposing a possible level of the contingency fund as well as sources of funding, (c) advising a possible default process for dealing with the Accumulated Surplus Account after each Annual Meeting, e.g. by using it routinely towards lowering Members’ contributions unless otherwise decided by the Committee, and (d) suggest appropriate wording for the Financial Regulations.

5. Headquarters Agreement and Implementing National Legislation

The Secretariat drew attention to FAC-02-INF-02, informing delegates that there were still some ~~implementation issues being worked through open questions regarding the status of international employees and refunding of GST (Goods and Services Taxes) paid by the Organisation~~. New Zealand confirmed that they had fully implemented the Headquarters Agreement into their national legislation.

6. Staff Rules for the SPRFMO Secretariat

The Chairperson introduced this item and proposed that this item be postponed to the next Commission Meeting in 2016 considering that more information was required to address some questions regarding equal employment conditions for professional staff members from New Zealand and those from other countries, as well as comparability with other RFMOs. He also proposed an intersessional working group for the purpose of discussing the SPRFMO staff regulations. It was also agreed that advice would be ~~sought~~ commissioned by the Chair of the FAC from independent experts on employment conditions including those applicable in New Zealand and in other comparable organisations. He suggested that such a delay of a decision regarding social security regulations should not adversely impact current staff members and that any measure adopted next year would be applied retroactively. A number of members welcomed the proposal by the chairperson and indicated their willingness to join such an intersessional working group. ~~There was consensus~~ The FAC to agreed to recommend that the Commission ~~adopt~~ agreed to the forming of an intersessional working group on staff regulations to be finalised and adopted at the fourth Commission Meeting in 2016.

7. Member Contribution Report

The FAC took notice of the Report of the Collection of Annual Contributions from Members (FAC-02-06), which was drafted by the Secretariat in accordance with FR 4.8. The Secretariat reported that the contributions from two Members have been outstanding for two years, which according to the SPRFMO Convention Article 15.9, has resulted in the loss of their voting rights for the current meeting. The Secretariat mentioned that the Committee could determine that these outstanding amounts are deemed uncollectible and that these Members be removed from the list of contributors. The Committee expressed appreciation for the voluntary contributions made by Chile and China.

8. Future Contributions

- a. **Draft Budget for Financial Years 2015-16 and 2016-17 (FAC-02-07).** The Secretariat presented the draft budget for 2016-17 and the Committee recommended that the Commission adopt the proposed budget for 2015-16.
- b. **Calculation of Contributions for 2015-16 and 2016-17 according to FR 4.7.** The FAC considered the contributions for 2015-16. The FAC noted the budget-contribution formula in the Financial Regulations may not adequately take into account recent changes in pelagic fisheries catch composition and has resulted in a marked change in the pattern of annual contributions amongst Members.

The FAC agreed that the budget-contribution formula in the Financial Regulations should be reviewed at the next meeting of the FAC. The FAC recommended that the Commission task the Secretariat to develop options for a revised budget-contribution formula for the pelagic catch component of the formula, and consider the respective allocations between jumbo squid and other pelagic species. *// [FAROE ISLANDS] The FAC agreed that the contribution formula in the Financial Regulations should be reviewed at the next meeting of the FAC. The FAC recommended that the Commission task the Secretariat to develop options for a revised contribution formula for the pelagic catch component of the formula, and consider the respective allocations between jumbo squid and other pelagic species. It was noted that a revision of the catch component of the contribution formula could alter the negotiated compromise reached upon adoption of the Financial Regulation at the Commission meeting in Auckland in 2013.*

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The FAC requested that the options developed with the support of Members and be circulated well in advance of the meeting so that Members will be able to take account the possible budgetary implications before the fourth meeting of the Commission.

To accommodate the concerns of a few Members about the operation of the contribution formula this year, the FAC agreed as an exception to the Financial Regulations, to recommend to the Commission that Members pay their annual contributions according to table 1 (Annex 2) for this financial year only. This includes a recommendation to the Commission that \$150,000 from the Accumulated Surplus Account be used to offset Member contributions this year.

The FAC agreed that this table does not constitute a precedent for the discussion of the revised formula.

9. Next meeting of the Commission

The delegation of Chile offered to host the next Annual Meeting in Talcahuano, Chile, and proposed the dates of 21-29 January 2016 for the Commission, including the preceding CTC meeting. The FAC thanked Chile for its generous offer which the Committee recommended for adoption by the Commission. It was also considered to extend the CTC meeting to three days and, in order to accommodate that, to shorten the Commission Meeting by one day to four days, but

no conclusion was reached.

10. Other matters

No other matters were discussed.

11. Adoption of Report

The report was adopted by the Committee at

12. Meeting Closure

The meeting closed at

Agenda of the FAC Meeting

Annex 1

1. WELCOME AND INTRODUCTION
2. ADMINISTRATIVE ARRANGEMENTS
 - a. Adoption of the Agenda
 - b. Meeting Documents
3. ANNUAL FINANCIAL STATEMENT FOR THE SPRFMO FOR YEAR ENDING 30 JUNE 2014
 - a. Statement of transfers between categories (FR 3.3)
 - b. Availability of appropriations for following financial year (FR 3.2)
 - c. Accumulated Surplus Account (FR 4.6)
 - d. Auditor Report (FR 9.9)
 - e. Investment and other income (FR 4.11)
4. POSSIBLE AMENDMENTS TO THE FINANCIAL REGULATIONS.
 - a. Conditions under which the Chairperson may authorise expenditure from the Accumulated Surplus Account (requested by the Commission)
 - b. Voluntary Contributions from CNCPs
 - c. Contingency Fund
5. HEADQUARTERS AGREEMENT AND IMPLEMENTING NATIONAL LEGISLATION
(for information purposes only)
6. STAFF RULES FOR THE SPRFMO SECRETARIAT
7. MEMBER CONTRIBUTIONS REPORT
(Including voluntary contributions) (FR 4.8)
8. FUTURE CONTRIBUTIONS
 - a. Draft Budget for financial years 2015/16 and 2016/17
(Convention Article 15 and FR 2)
 - b. Calculation of contributions for 2015/16 and 2016/17 (FR 4.7)
9. NEXT MEETING OF THE COMMISSION (Convention Article 13.2)
10. OTHER MATTERS
11. ADOPTION OF REPORT
12. MEETING CLOSURE

Annex 2
Agreed Member Contributions 2015-16

2015/16 Financial year of the Organisation								
	Base fee	10%	GNI	15%	GNI per capita	15%	Catches	60%
Base catch years = 2011 to 2013								\$ 668,000
<i>Draft budget</i>								
Members	Base fee	Wealth component		Catches			Contribution	
		GNI	GNI per capita	Pelagic	Squid	Demersal		
Australia	\$5,524	\$4,734	\$22,068	\$0	\$0	\$15,377	\$47,703	
Belize	\$3,854	\$5	\$1,570	\$0	\$0	\$0	\$5,428	
Chile	\$5,524	\$838	\$5,130	\$66,486	\$9	\$0	\$77,986	
China	\$5,524	\$27,818	\$2,210	\$54,651	\$90,911	\$0	\$181,114	
Cuba	\$3,854	\$218	\$2,087	\$8	\$0	\$0	\$6,168	
Cook Islands	\$3,854	\$1	\$5,025	\$0	\$0	\$0	\$8,879	
European Union	\$5,524	\$54,279	\$11,549	\$12,527	\$0	\$0	\$83,879	
Faroe Islands	\$5,524	\$8	\$17,078	\$0	\$0	\$0	\$22,610	
Korea	\$5,524	\$4,066	\$8,730	\$20,020	\$2,552	\$0	\$40,892	
New Zealand	\$5,524	\$492	\$11,974	\$0	\$0	\$84,823	\$102,813	
Russian Federation	\$5,524	\$6,211	\$4,668	\$8,137	\$0	\$0	\$24,540	
Chinese Taipei	\$5,524	\$1,528	\$7,057	\$0	\$6,728	\$0	\$20,837	
Vanuatu	\$5,524	\$2	\$1,054	\$38,571	\$0	\$0	\$45,152	
Total	\$66,800	\$100,200	\$100,200	\$200,400	\$100,200	\$100,200	\$668,000	