

5th Meeting of the Finance and Administration Committee Lima, Peru, 30 January to 3 February 2018

FAC 5 – REPORT

1. WELCOME AND INTRODUCTION

Members and CNCs were welcomed to the 5th meeting of the SPRFMO Finance and Administration Committee (FAC) by Ms Kerrie Robertson (Australia), Chairperson of the Committee, and the meeting was declared open.

2. ADMINISTRATIVE ARRANGEMENTS

a. Adoption of the Agenda.

The FAC adopted the agenda (ANNEX 1).

b. Meeting Documents.

The Chairperson briefly introduced the documents submitted to the meeting and listed in FAC5 Doc02Rev1.

3. ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

The Executive Secretary presented the 2016-17 Annual Financial Statements of the Commission (FAC5-Doc03). With regard to the expenses, it was reported that in 2016-17, the organisation spent NZ\$810 730, almost 98% of the total budget for that year. This includes costs incurred for fixed assets, which are capitalised for accounting purposes and thus not showing in the Expenses Category of the Annual Financial Report. The FAC recommended that the Commission accept the Annual Financial Statements.

Furthermore, the FAC was informed about the following items:

a) **The Status of the Accumulated Surplus Account:** The FAC reviewed the amount available in the Accumulated Surplus Account in accordance with Financial Regulation 4(3).

The FAC noted the balance of Accumulated Surplus as at 30th June 2017 was \$477 325. It was noted that in January 2017, the Commission decided to use funding from of the Accumulated Surplus Account in 2017-2018 to cover the costs associated to the retirement procedure of the position of Executive Secretary estimated at NZD\$225 000 (See COMM5-Report, section 4.c).

The FAC also noted that three months operational costs, i.e. NZD\$228 000 should be retained in accordance with Financial Regulation 4.5, *“the Commission ...shall attempt to maintain the Accumulated Surplus Account at a level sufficient to finance operations during the first three months of the financial year. Any additional funds credited to the Accumulated Surplus Account that exceed this level shall be returned to the Members of the Commission unless decided otherwise by the Commission.”*

Considering these two provisions, the FAC noted that the amount available from the Accumulated Surplus Account was NZD\$24 327. The FAC recommended that this amount be transferred to the Contingency Fund in accordance with ANNEX 2 of the Financial Regulations.

- b) **Auditor Report:** The FAC noted that the auditor's report was presented together with the Annual Financial Statements in FAC5-DOC 3 and noted that the auditors did not identify any issues or concerns. The FAC noted that in the view of the auditors' annual financial statements for the 2016/17 Financial Year 2017 were prepared in accordance with the Financial Regulations of the Commission
- c) **Investment and income.** The Executive Secretary reported on this item in accordance with Financial Regulations 4.11. and 7. (see further details in agenda item 7 below).
- d) **Statement of transfers between categories.** The FAC noted that no transfers of appropriations were made during the Financial Year 2016-2017 (FAC5-Doc03 Suppl. 1).
- e) **Statement of written down losses.** Upon the Commission's request on 2017, the Executive Secretary undertook additional efforts to collect an outstanding debt of NZD \$27 823 from Belize following its withdrawal from the Convention in May 2016. The FAC agreed that the Secretariat's efforts had been satisfactory and that no further action by the Secretariat was required. The FAC also noted that the annual financial statements confirmed that there were no bad debts in the 2016-17 financial year.
- f) **SPRFMO Contingency Fund.** The FAC reviewed the amount available in the SPRFMO Contingency Fund in accordance with Annex 2 of the Financial Regulations (FAC5-Doc03, Suppl3). The FAC noted that the balance of the contingency fund was \$25 000 and agreed to transfer an additional \$24 327 to the contingency fund.

4. SECRETARIAT REPORT ON ACTIVITIES IN THE 2017 INTERSESSIONAL PERIOD

The Executive Secretary presented the Secretariat's Administrative Report for 2017 (COMM6-INFO2), which provides a summary account of the Commission's membership, office holders, collaboration with other organisations including meetings attended on behalf of SPRFMO by staff and delegates, and other important information about the organisation and its activities in 2017. The FAC thanked the Secretariat for this report.

5. MATTERS CONCERNING THE FINANCIAL REGULATIONS

- a. [Review of the formula for the calculation of contributions \(COMM6-Prop10 Chairperson's Proposal to amend the Budget Formula\)](#)

The FAC Chairperson introduced COMM6-Prop10 to amend Regulation 4.7(a) of the SPRFMO Financial Regulations which proposed amendments that were designed to reduce volatility and improve stability in Member contributions while still maintaining the principle that the beneficiaries pay.

The Chairperson highlighted the Secretariat's strong support during the intersessional period to develop this proposal and thanked them for their efforts. Members thanked the Chairperson for the intersessional work and expressed their general support for the proposed formula.

The FAC recommended that the Commission adopt COMM6-Prop10, Revision 2 which described a new budget formula to apply from January 2019, as well as a commitment to review the formula at the 2020 Annual Meeting.

- b. [Any other matter or proposal concerning the Financial Regulations](#)

The Commission FAC presented COMM6-Prop11 to amend the Financial Regulations to require a travel plan to be developed as part of the budget-setting process. The FAC noted that this travel plan would enable the Secretariat and the Commission to plan its commitments for the year ahead and assist the Commission to make strategic choices and prioritise its presentation in multilateral and other forums. The FAC recommended that the Commission adopt this proposal.

6. MATTERS CONCERNING THE SECRETARIAT AND THE STAFF REGULATIONS

a. General matters relating to the implementation of the Staff Regulations

The Chairperson of the FAC introduced COMM6-Prop12 to amend the Staff Regulations in relation to leave, travel and separation from service to address some administrative gaps and clarify the application of those provisions. The FAC recommended that the Commission adopt the proposal with minor amendments.

b. SPRFMO secondments and internships

The Chairperson of the Commission introduced COMM6-Prop13 for an Internship and Secondment policy for SPRFMO. The FAC noted that the purpose of this proposal was to provide governance and administrative oversight for secondments and internships undertaken in the Secretariat. The FAC noted that the objectives of this policy were to ensure proper process, transparency and ensure that confidentiality was appropriately maintained. The FAC recommended that the Commission adopt a revised version of this proposal (Revision 1).

The FAC considered a proposal from the Ministry of Oceans and Fisheries of the Republic of Korea proposing to second one of its staff members to the Secretariat for a period of up to two years. The FAC recommended that the Commission approve this proposal, and further recommended that the Secretariat ensure the proposed secondment was undertaken with the new policy for the secondment of internships.

c. Contract for the ES and related matters

The FAC noted that the contract for the Executive Secretary was reviewed by Heads of Delegation and would be finalised by the Commission.

7. FINANCIAL CONTRIBUTIONS REPORT (including voluntary contributions)

The Secretariat reported on financial contributions received from Members, voluntary contributions received for the Special Requirements Fund, CNCP contributions, interest earned and moneys received from the European Union for SPRFMO projects (FAC5-Doc04).

The FAC noted that the adopted budget for 2016-17 was NZD\$830 000. The FAC further noted that contributions were received in full by all Members in 2016/17 which included NZD\$22 003 from the USA for their membership of 4 months in 2016-17¹. The FAC was informed that SPRFMO received a voluntary contribution from China of NZD\$27 251, and of NZD\$13 455 from CNCPs (Liberia and Panama).

It was also noted that SPRFMO earned interest amounting to NZD\$9 150 and received a total of NZD\$18 321 owed from two previous grants by the European Union (FAC5-Doc04 Suppl. 1). Furthermore, the FAC recognised that the current level of the “Special Requirements Fund” is NZ\$ 81 931 and that no request for its use has been received so far. The FAC also noted that SPRFMO earned interest in the amount of NZD \$9 150 from its bank.

8. FUTURE BUDGETS AND CONTRIBUTIONS

a. Draft Budget for financial years 2018–2019 and 2019–2020

The draft budget (see FAC5-Doc05) was reviewed by the FAC, supported by four supplementary information documents prepared by the Secretariat to explain details of the proposed budget items including additional staffing, premises and database development.

The FAC substantially progressed the development of a 2018-19 budget but recommended that the Commission continue work on this matter to finalise the budget.

The FAC also took note of the forecasted budget for the financial year 2018-19 and recommended that the Commission consider this forecast.

¹ accredited on 18th February 2017

b. Calculation of contributions for 2018–2019 and tentative estimate of contributions for 2019–2020

The Secretariat prepared a schedule of contributions (table 3 in FAC5-Doc05) in accordance with Financial Regulation 4.7.

However, during the meeting, the FAC agreed on a new budget formula which, although the new formula was to apply from January 2019, was to form the basis of the schedule of contributions for 2018-19. The FAC Chairperson recommended that the Commission apply the principles contained in the FAC3 meeting report to establish the schedule of contributions.

9. NEXT MEETINGS OF THE COMMISSION

The FAC recalled European Union’s offer to host the next meeting of the Commission in 2019 and noted the proposed venue and date: The Hague, Netherlands from 19 to 27 January 2019 (CTC 19-21 January, Commission including FAC 23-27 January). The FAC recommended the Commission agree to these proposed dates.

No offers were made to host the 2020 meeting of the Commission. The FAC encouraged any Members interested in hosting the 2020 meeting of the Commission to engage intersessionally on this issue.

10. OTHER MATTERS

No other matters were brought to the attention of the Secretariat or the Chairperson.

11. ADOPTION OF REPORT

The FAC adopted the report on 3 February 2018 at 20:00 hrs.

12. MEETING CLOSURE

The meeting was closed on 3 February 2018 at 20:00 hrs.

FAC 5 - Report ANNEX 1 AGENDA

(FAC5-Doc01)

1. WELCOME AND INTRODUCTION
2. ADMINISTRATIVE ARRANGEMENTS
 - a) ADOPTION OF AGENDA (FAC5-Doc01 and FAC5-Doc01 supp.)
 - b) Meeting Documents (FAC5-Doc02)
3. ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 30 JUNE 2017 (FAC5-Doc03)
 - a) Accumulated Surplus Account
 - b) Auditor Report
 - c) Investment and other income
 - d) Statement of transfers of appropriations (FAC5-Doc03 Suppl. 1)
 - e) Statement of written down losses (FAC5-Doc03 Suppl. 2)
 - f) SPRFMO Contingency Fund (FAC-Doc03 Suppl. 3)
4. SECRETARIAT REPORT ON ACTIVITIES IN THE 2017 INTERSESSIONAL PERIOD (COMM6-INF02)
5. MATTERS CONCERNING THE FINANCIAL REGULATIONS
 - a) Review of the formula for the calculation of contributions (COMM6-Prop10 Chairperson's Proposal to amend the Budget Formula)
 - b) Any other matter or proposal concerning the Financial Regulations
6. MATTERS CONCERNING THE SECRETARIAT AND THE STAFF REGULATIONS
 - a) General matters relating to the implementation of the Staff Regulations
 - b) SPRFMO secondments and internships
7. FINANCIAL CONTRIBUTIONS REPORT (including voluntary contributions) (FAC5-Doc04)
8. FUTURE BUDGETS AND CONTRIBUTIONS
 - c) Draft Budget for financial years 2018–2019 and 2019–2020 (FAC5-Doc05)
 - d) Calculation of contributions for 2018–2019 and tentative estimate of contributions for 2019-2020 (FAC5-Doc05)
9. NEXT MEETINGS OF THE COMMISSION (Convention Article 13.2)
 - a) Date and Venue for 2019:
 - b) Offers to host 2020
10. OTHER MATTERS
11. ADOPTION OF REPORT
12. CLOSE OF MEETING