

## Annex K

# Report of the Finance and Administration Committee

Friday 16 July 2004, Sorrento, Italy

### 1. INTRODUCTORY ITEMS

The meeting took place at the Hilton Sorrento Palace Hotel, Sorrento, Italy on 16 July 2004. A list of participants is given in Appendix 1.

#### 1.1 Appointment of Chair

Halvard Johansen (Norway) was appointed as Chair of the Committee.

The Chair noted that attendance at the Finance and Administration Committee was limited to delegates and that observers were not permitted to attend.

#### 1.2 Appointment of Rapporteur

The Secretariat agreed to act as rapporteurs.

#### 1.3 Review of documents

The Chair indicated that most documents had been pre-circulated but that some additional papers were newly available. The Chair briefly reviewed all the documents available to the Committee (Appendix 2). Document IWC/56/Rep1 (Extracts from the) Report of the Scientific Committee was not available since summary information on the Scientific Committee's proposed research expenditure for 2004-2005 was included in the Report of the Budgetary Sub-committee (IWC/56/F&A 3).

### 2. ADOPTION OF THE AGENDA

The Chair noted that under Item 6 (Other Matters), the Advisory Committee had submitted a paper to explore possible changes to NGO participation and that Brazil had requested a new item be similarly added regarding the on-going costs for delegations attending the Annual Meeting. Noting all the above changes, the Finance and Administration Committee adopted the agenda (Appendix 3).

### 3. ADMINISTRATIVE MATTERS

#### 3.1 Annual Meeting arrangements and procedures

##### 3.1.1 Need for a Technical Committee

The Chair reminded the Committee that no provision had been made for the Technical Committee to meet at Annual Meetings since IWC/51. However, the Commission had agreed to keep the need for a Technical Committee under review. He suggested that it would be appropriate to maintain the status quo, i.e. keep this item on the agenda since, as previously noted, the Technical Committee may have a role to play when the RMS is completed and catch limits set. The Committee agreed.

##### 3.1.2 Use of simultaneous translation

The Chair recalled that at last year's meeting the Commission adopted by consensus, Resolution 2003-4 on the use of simultaneous interpretation at Annual Meetings of the International Whaling Commission. He invited the

Secretary to present the report of the Working Group established at IWC/55 (document IWC/56/F&A 2).

#### REPORT FROM THE WORKING GROUP ON SIMULTANEOUS INTERPRETATION

The Secretary reminded the Committee that through Resolution 2003-4, the Commission had decided to establish a Working Group to explore the various implications for the provision of technical components for simultaneous interpretation and to make recommendations on how provision of technical components for simultaneous interpretation may be provided at the IWC to accommodate the needs of contracting parties for whom English is a second language. The Working Group was to be guided by the following Terms of Reference:

- (a) to review and consider the costs as set out in document IWC/55/F&A 2 and to identify ways in which these costs could be apportioned or reduced;
- (b) to recommend options and scope for the provision of technical components for simultaneous interpretation;
- (c) to determine the operations and costs of other international organizations providing such components; and
- (d) to consult with member states on these issues.

It was agreed that the Working Group should be open to any Contracting Government, but that it should ideally remain small and conduct its work by email. After the meeting Antigua and Barbuda, Benin, France, Gabon, Republic of Guinea, Japan, Senegal and Spain indicated that they wished to join the group. To initiate the work required, the Secretariat developed a paper for review by the Group that included:

- (a) information on interpretation facilities provided by other comparable intergovernmental organisations, and costs of such provision;
- (b) descriptions of different possible arrangements for providing equipment for simultaneous interpretation at IWC Annual Meetings;
- (c) cost estimates for providing the different arrangements (based on cost information from Berlin, Sorrento, Ulsan and a hypothetical venue in London); and
- (d) options for how such costs for IWC meetings could be met.

Although the Working Group members expressed a wide range of views in response to the Secretariat's paper regarding the extent of the service that should be provided, it was able to develop a consensus proposal on the basis that facilities for simultaneous interpretation be introduced in a phased manner. In introducing the Working Group's proposal, the Secretary noted that in accordance with previous discussions within the Commission and with Resolution 2003-4, the proposal referred only to the provision of the technical components for simultaneous

interpretation, and not provision of interpreters and document translation.

In summary, the Working Group proposed that:

- initially facilities for 3 languages be provided (French, Spanish and Japanese). Japanese was proposed since most Japanese delegates speak in their mother tongue at the meetings. French and Spanish were proposed since, out of IWC's membership as of 2 July 2004, 15 countries are French-speaking and 16 countries are Spanish-speaking. In addition, requests have been made in the past for interpretation into these languages. It was further proposed that provision for additional languages could be considered at a later date (e.g. after two years).
- initially, to help reduce costs, the technical set-up used would be that where headsets would be provided only for those national delegations using simultaneous interpretation, but with a view to moving toward the usual set up where headsets are provided to all delegates.
- initially simultaneous interpretation be provided only for the Commission plenary. Provision at other meetings (i.e. Commission sub-groups and private Commissioners' meetings) could be considered at a later date (e.g. after two years). It would seem prudent, both financially and technically to have a phased approach to provision of simultaneous interpretation.
- the Commission would meet most of the costs through an increase in the budget provision for the Annual Meeting (approx. 2% initially). If costs are in excess of this, then the host government would cover additional expenses. In the case where the Annual Meeting is arranged by the Secretariat in the UK (in the absence of an offer from a Contracting Government), the Working Group proposed that any additional costs to provide simultaneous interpretation equipment be met by drawing on the Commission's reserves.

The Chair thanked the Secretary for presenting the report and invited members of the Working Group to comment. In doing so, they stressed the importance of this issue so as to enable effective participation of all countries regardless of their mother tongue and urged that the Commission take action.

#### F&A COMMITTEE DISCUSSIONS

The Committee welcomed the Working Group report, recognised the importance of this issue and agreed that some action should be taken to facilitate the participation of delegates for whom English is not their first language so as to put all member countries on the same footing. There was general agreement that the costs of providing the technical facilities for simultaneous interpretation should be met by the Commission, although a suggestion was made that, in addition, the Commission may also wish to seek voluntary contributions to support this provision.

Some members supported the approach proposed by the Working Group, although the view was expressed that if possible (e.g. by restricting the number of languages for which interpretation facilities would be provided to two rather than three), it would be desirable to extend provision of simultaneous interpretation facilities to the Commission sub-groups (not including the Scientific Committee) and the private Commissioners' meetings. Others felt that, with the increasing membership and increasing number of languages spoken by members, it would be appropriate for the Commission to take broader steps, allocating a higher

percentage of the budget so as to provide, for example (and perhaps even in time for IWC/57 in Ulsan), interpretation for a greater number of languages and the translation of documents - as is the case in some other intergovernmental organisations. A number of members, however, expressed concern regarding the proposal to include translation of documents before the implications, particularly of cost, could be properly assessed. They did not believe there was sufficient time to make this assessment during IWC/56.

After a further exchange of views, the Chair proposed the following compromise:

- (1) That the Committee acknowledges the importance of facilitating the effective participation of all Contracting Governments in the work of the Commission and that no government should be disadvantaged by language.
- (2) That in the first instance, equipment facilities for the provision of simultaneous interpretation facilities be provided for French and Spanish for the Commission's sub-groups (but not the Scientific Committee), the Commission plenary and private Commissioners' meetings. This would come into effect in time for IWC/57 in Ulsan next year.
- (3) That the budget provision for the Annual Meeting would be increased by 2%, as recommended by the Working Group.
- (4) That the Secretariat should work intersessionally, with a small Task Force (composition to be decided), to develop cost estimates and implications for the provision of document translation at Annual Meetings and to report to the F&A Committee at IWC/57 in Ulsan for possible decision-making.

The Committee agreed to recommend this to the Commission.

### 3.2 Amendments to the Rules of Procedure

#### 3.2.1 Election of the Chair and Vice-Chair of the Commission

Japan introduced the following proposals concerning Rules of Procedure F.1 and G.1:

Amendment of Rule F.1: that the text be amended such that the Chair may be elected from among the Commissioners and Alternate Commissioners. The specific text of this proposal is that line 1 of rule F.1. be amended to read: *The Chair of the Commission shall be elected from time to time from among the Commissioners and Alternate Commissioners and shall...*

Amendment of Rule G.1: that the text be amended such that the Vice-Chair may be elected from among the Commissioners and Alternate Commissioners. The specific text of this proposal is that line 1 of rule G.1 be amended to read: *The Vice-Chair of the Commission shall be elected from time to time from among Commissioners and Alternate Commissioners and...*

A number of governments indicated that while they appreciated and understood the motivation behind the proposed amendments, they considered - as pointed out when this same matter was raised at IWC/54 in Shimonoseki - that the proposal was contrary to Article III.2 of the Convention and therefore illegal.

Japan noted this position. It indicated that it did not wish to pursue the matter any further now, but may raise it in the Plenary.

### 3.2.2 Other – appointment of the Chair and Vice-Chair of the Scientific Committee

#### PROPOSAL FROM THE SCIENTIFIC COMMITTEE

At the 2002 Scientific Committee meeting, the Scientific Committee developed a proposed procedure and amendment to the Rules of Procedure for the Scientific Committee regarding the appointment of its Chair and Vice-Chair. It was proposed that a second paragraph be added to Rule of Procedure C.5 of the Scientific Committee as follows (proposed new text in *italics*):

#### C. Organisation

5. The Committee shall elect from its members a Chair and Vice-Chair who will normally serve for a period of three years. They shall take office at the conclusion of the annual meeting at which they are elected. The Vice-Chair shall act for the Chair in his/her absence.

*The election process shall be undertaken by the heads of national delegations who shall consult widely before nominating candidates. Under normal circumstances, the Vice-Chair will become Chair at the end of his/her term, and a new Vice-Chair will then be elected. If the election of the Chair or Vice-Chair is not by consensus, a vote shall be conducted by the Secretary and verified by the current Chair. A simple majority shall be decisive. In cases where a vote is tied, the Chair shall have the casting vote. If requested by a head of delegation, the vote shall proceed by secret ballot. In these circumstances, the results shall only be reported in terms of which nominee received the most votes, and the vote counts shall not be reported or retained.*

The rationale of the Scientific Committee for this recommendation was that a reporting of the actual vote has the potential to erode the confidence the Scientific Committee would have for the new Chair. It was also recognized that where three or more candidates were nominated, the potential for multiple votes exists and again the potential exists to erode the confidence the Scientific Committee would have for the new Chair.

In the Scientific Committee Report, it was also noted that in years when elections are required, the Chair will indicate a provisional date for the election in the initial draft agenda circulated to the Scientific Committee. The election process, as noted above, will be undertaken by the heads of the national delegations. (*J. Cetacean Res. Manage* 5 (suppl.): 450)

In 2002 when the proposed amendment to the Scientific Committee's Rules of Procedure were submitted to the Commission's Finance and Administration Committee, concern was expressed by a number of governments regarding the proposal that results from secret ballots would only be reported in terms of which nominee received the most votes and that the vote count would not be reported or retained. Given that the F&A Committee was evenly divided on the issue and that another election was unlikely to arise in the next three years, it agreed to refer the issue back to the Scientific Committee for further consideration. The Commission agreed.

The Heads of Delegation met during the IWC/56 Scientific Committee meeting and reconfirmed by consensus the Committee's support for its earlier position regarding secret ballots. They also agreed that the proposed Rule of Procedure should be revised to indicate that it was expected that the Vice-Chair would become Chair at the end of his/her term unless he/she declined.

The Heads of Delegation to the Scientific Committee therefore recommend that the following amended text be put forward to the Commission via the F&A Committee for adoption (proposed new text in ***bold italics***):

*The election process shall be undertaken by the heads of national delegations who shall consult widely before nominating candidates. Under normal circumstances, The Vice-Chair will become Chair at the*

end of his/her term (***unless he/she declines***), and a new Vice-Chair will then be elected. ***If the Vice-Chair declines to become Chair, then a new Chair must also be elected.*** If the election of the Chair or Vice-Chair is not by consensus, a vote shall be conducted by the Secretary and verified by the current Chair. A simple majority shall be decisive. In cases where a vote is tied, the Chair shall have the casting vote. If requested by a head of delegation, the vote shall proceed by secret ballot. In these circumstances, the results shall only be reported in terms of which nominee received the most votes, and the vote counts shall not be reported or retained.

A notification of the proposed changes in the Rules of Procedure of the Scientific Committee was included in the draft agenda for the Scientific Committee and circulated to all Scientific Committee delegates in advance of the meeting. Therefore, if approved by the Commission, the proposed changes to the Scientific Committee Rules of Procedure would go into effect at SC/57.

#### F&A COMMITTEE DISCUSSIONS

The F&A Committee endorsed the Scientific Committee's proposal and recommends that it be adopted by the Commission.

## 4. FORMULA FOR CALCULATING CONTRIBUTIONS

The Chair recalled that at its meeting last year, the Commission agreed that the Contributions Task Force should meet again prior to IWC/56 to try to finalise a proposal for a revised contributions formula and that the Task Force had been scheduled to meet in late May 2004. He noted however, that the Commission had also agreed to allow Henrik Fischer, Chair of the Commission, to convene a small group to explore ways of taking the RMS process forward. This included a discussion on how RMS costs might be apportioned. It was noted that the Commission has always recognised the interaction between the work of the Task Force and RMS cost discussions, but that until now, the Task Force has been asked to develop a contributions formula that does not take future RMS costs into account. However, given the intersessional work of the Commission Chair and its potential implications for any revised contributions formula, Henrik Fischer believed that it would be prudent to delay further work of the Task Force until these implications could be assessed. Consequently, while continuing to recognise the high priority the Commission gives to the development of a revised contributions formula, it was decided to postpone the Task Force meeting after consultation with the Task Force members and with the Advisory Committee.

While recognising the sense of postponing the May 2004 Task Force meeting, a number of delegations stressed the importance of completing the work on a revised financial contributions formula expeditiously.

There was some discussion regarding the Chair of the Task Force, given that Daven Joseph (Antigua and Barbuda) was no longer Commissioner or representing Antigua and Barbuda. There was some debate as to whether Chairs are appointed as individuals or as countries and whether Task Force Chairs should be appointed by the Commission or elected by the group itself. Noting these different views, the F&A Committee Chair proposed that the new Commissioner for Antigua and Barbuda convene a meeting of Task Force members over lunch to elect a Chair. The Committee agreed with this proposed approach and, following the short Task Force meeting, the convenor was able to report that by consensus, the Task Force recommended that, if the Commission so wishes, the Task

Force continue with the Commissioner for Antigua and Barbuda (Anthony Liverpool) as Chair and with the Commissioner for Argentina (Eduardo Iglesias) as Vice-Chair.

The F&A Committee agreed to recommend this to the Commission.

## 5. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE<sup>1</sup>

### 5.1 Review of the Provisional Financial Statement, 2003/2004

#### 5.1.1 Report of the Budgetary Sub-committee

The report of the Budgetary Sub-committee (IWC/56/F&A 3) was introduced by its Chair Jean-Pierre Plé.

The Sub-committee had discussed intersessionally the Provisional Financial Statement presented in IWC/56/14.

The Secretariat introduced updated tables for IWC/56/14 and reviewed briefly the changes that had occurred to produce an updated out-turn for 2003/04. Total income has risen from £1.624m to £1.657m mainly due to financial contributions from new members and additional penalty interest. Operational expenditure has risen from £1.501m to £1.526 m due to increases in Secretariat costs (£6.1k - mainly maintenance) and £19.1k in research expenditure (mainly items deferred from previous financial years which had already been funded). This gives an increase in the surplus of income over expenditure (before movement to/from reserves) from £78.6k to £86.0k (i.e. a net increase of £7.4k).

#### 5.1.2 Secretary's report on the collection of financial contributions

The Secretariat referred to document IWC/56/F&A 4. Total financial contributions and interest outstanding amounted to £592k, of which £138k referred to former members and £453k referred to current members. The majority of the debt of current members relates to three countries, i.e. Costa Rica, Kenya and Senegal. The Secretariat reported that the majority of countries with arrears had made significant efforts to clear their debts with Kenya entering into a repayment schedule. The Secretariat stressed that the information in IWC/56/F&A 4 was subject to rapid change and was in fact already out of date since further funds had been received just prior to the meeting.

The Secretariat noted that approximately 90% of financial contributions for the Financial Year 2003-04 had been received by the due date for settlement (28 February 2004). The charging of penalty interest of 10% for late payments and the loss of voting rights has provided a strong incentive for members to pay on time.

#### 5.1.3 F&A Committee discussions and recommendations

The Committee noted that the provisional statement shows a generally satisfactory situation and accordingly recommends to the Commission that the Provisional Financial Statement (Appendix 4) be approved subject to audit.

The Secretary's report on the collection of financial contributions was noted by the Committee. Concern was

expressed that the 10% penalty interest charge presented difficulties to developing countries. The fixed rate of 10% interest was questioned at a time when market rates of interest are much lower. However, it was noted that the penalty interest provides a strong incentive to some national finance ministries to pay on time. The Chair commented that these conditions are included within the Financial Regulations, but noted the request from some Committee members that the continued use of penalty interest be reviewed by the Commission. An inquiry was received regarding the status of repayment schedules allowed by Financial Regulations, which allow members to regain voting rights. The Secretariat indicated that Financial Regulation F5(e) detailed the relevant procedures. It was noted that the relationship between financial contributions and voting rights would be one of the issues addressed at the private Commissioners' meeting on Sunday 18 July.

### 5.2 Consideration of estimated budgets, 2004/2005 and 2005/2006, including the budget for the Scientific Programme

#### 5.2.1 Report of the Budgetary Sub-committee

##### REVIEW OF PROPOSED BUDGET 2004-2005 AND FORECAST 2005-2006

This aspect of the work done by the Budgetary Sub-committee was introduced by its Chair Jean-Pierre Plé. He highlighted the main factors affecting the formulation of the 2004/05 proposed budget which were as follows:

**Income:** The total amount required from Contracting Governments to 'balance' the budget does not necessarily mean a zero deficit or surplus for the year, rather that the resulting deficit or surplus is in line with the Commission's decisions.

Two scenarios were presented to the Budgetary Sub-committee intersessionally. An increase in financial contributions of 7.9% would have allowed income to equal expenditure (before transfers to/from reserves). An increase in financial contributions of 4.9% would result in expenditure exceeding income (before transfers to/from reserves) but would still leave the General Fund at the target level of 50% of operating costs. The lower increase was regarded more favourably and was used in the proposed 2004-2005 budget in document IWC/56/14.

**Expenditure:** The proposed 4.9% increase in Financial Contributions is due to necessary increases in expenditure on items deferred from previous years (e.g. essential repairs and renewals to fixtures and fittings and computer equipment) and scale increments allowed within staff contracts. It also includes costs for the construction of a new meeting room (to allow more intersessional meetings to be held at the Secretariat and so reduce costs for the Commission). Much of this expenditure is specific to 2004/05 only, which accounts for the reduction in expenditure in the 2005/06 forecast.

The Budgetary Sub-committee Chair noted that the response of the Sub-committee to these main items of income and expenditure in the 2004/05 proposed budget were as follows:

- The proposed increase in Financial Contributions of 4.9% (in the context of the proposed one off expenditure referred to previously) was regarded as being broadly acceptable. Attention was drawn to the fact that the total increase of 4.9% did not apply uniformly to contributing

<sup>1</sup> £k denotes thousands ('000); £m denotes millions ('000,000).

countries once the effects of the Interim Measure are taken into account. It was further noted that as 2004/05 completes the series of reductions put into effect by the Interim Measure, increases for 2005/06 onwards would affect all countries uniformly.

- The replacement of the boiler was considered essential.
- The concept of the meeting room was well received with the following observations being made:
  - (i) The immediate benefit of the meeting room will depend on the decisions reached in Plenary regarding the need for intersessional meetings in association with the Revised Management Scheme (RMS) and the Contributions Task Force.
  - (ii) Construction of the meeting room, if approved, should commence as soon as possible.
  - (iii) All future intersessional meetings should be held in the new Secretariat meeting room, whenever possible, to maximise the use of the resource and thereby minimise costs to the Commission.
  - (iv) The lease of the Red House will be open to re-negotiation in 5 years time. Even if the meeting room is only used for those 5 years, the future savings would still far exceed the modest outlay of £8.75k in 2004/05.
  - (v) The Scientific Committee should be encouraged to use the new meeting room for its intersessional meetings when ever practicable.
  - (vi) The new meeting room should be wired to take advantage of the new ASDL service (fast inter-net access) and thereby allow visitors access to an increasingly necessary facility.
- The Sub-committee recognised that the proposed budget did not reflect a potential 2% increase in the Annual Meeting budget proposed by the Working Group on Simultaneous Interpretation to cover costs for the provision of interpretation facilities.

Given the above, the Sub-committee considered that, pending detailed consideration of the funding request from the Scientific Committee for research, the proposed budget for 2004-2005 was acceptable. It also considered the forecast for the following year appropriate - the forecast budget for 2005/06 used the proposed budget for 2004/05 as its base, with expenditure increased by an assumed UK inflation rate of 3% where applicable. Financial Contributions were increased by 1.7% over the proposed 2004/05 level to produce a balanced budget (before transfers to/from reserves).

The Chair of the Sub-committee reminded the Finance & Administration Committee that it was required to make a specific recommendation on the level of NGO and media fees for 2004/05. The Secretariat had used levels of £590 and £35 respectively based on the procedure used in 2003/04 for determining the level of increase in these fees by linking them to the rate of UK inflation (3% used for budgeting purposes). The Sub-committee agreed that the levels originally outlined by the Secretariat should be adopted. Accordingly the Sub-committee **recommended** that for 2004/05 the NGO fee be set at £590 and the media fee at £35.

#### RESEARCH EXPENDITURE PROPOSED BY THE SCIENTIFIC COMMITTEE FOR 2004-2005

The Budgetary Sub-committee Chair explained that the Scientific Committee had identified projects totalling £374.35k, which it considered necessary to properly carry out the Commission's requirements. However, he noted that the Committee recognised the financial constraints that applied, and accordingly had prepared a reduced list of items to get as near as possible to the target, which had been set at £238k. The Scientific Committee had developed a reduced budget of £240.85k and 'strongly recommended that, at a minimum, the Commission accepts its reduced budget of £240.85k'.

The Budgetary Sub-committee Chair drew attention to the generous voluntary contribution from Japan of £32k towards the SOWER cruise series, without which key equipment would not be purchased or Invited Participants funded to attend an important intersessional meeting to review results to date and to plan future work. He further noted that the priorities of the Scientific Committee were accepted by the Sub-committee, and that the Sub-committee agreed to include the Scientific Committee's £240.85k 'package' in the proposed budget for 2004-2005 (Appendix 6).

The Sub-committee therefore **recommended** that the Finance and Administration Committee consider and forward the proposed budget for 2004-2005 (Appendix 5) to the Commission with a recommendation that it be adopted, together with the indicated level of financial contributions from Contracting Governments. (A preliminary estimate of the contribution to be requested from individual governments is given in Appendix 7. Note however, that this is indicative only and subject to adjustment and confirmation in the light of e.g. actual meeting attendance).

#### 5.2.2 F&A Committee discussions and recommendations

##### 2004-2005 PROPOSED BUDGET

The 2004-2005 proposed budget was generally acceptable to the Committee.

Norway considered that the proposed increase in contributions of 4.9% was too high while Germany regretted that the proposed budget showed any increase at all. The necessity for annual meetings was also questioned (Germany, Norway, Ireland) with bi-annual or even tri-annual meetings suggested as alternatives. Ireland noted its intention to submit a Resolution to Plenary on this matter. The need to build a meeting room was questioned by Norway who believed that intersessional meetings should be reduced as far as possible.

With regard to the 2004-2005 proposed budget for research expenditure, the inclusion of £14.5k to support a workshop on the use of market sampling to estimate bycatch was not supported by Japan and Norway. Others believed this to be a very important piece of work related to the RMS, and asked that the Scientific Committee Chair or Head of Science provide further explanation. The Secretariat's Head of Science noted that there is a requirement in the Scientific Committee when recommending a catch limit to adjust downwards the safe removals level calculated by the Catch Limit Algorithm by expected levels of anthropogenic removals such as bycatch. In recent years the Committee has received a number of papers using a market sampling approach and it has never been able to reach agreement over whether or not market based approaches are useful for estimating bycatch levels in

an RMP context. The Scientific Committee therefore believes it to be important to try to resolve this issue and that the best way to achieve this is through a dedicated workshop. The objectives of this methodological workshop are to:

- (1) Review available methods that have been used to provide estimates of large cetacean bycatches via market samples, including a consideration of their associated confidence intervals in the context of the RMP.
- (2) Provide advice as to whether market-sampling-based methods can be used to reliably estimate bycatch for use in addressing the Commission's objectives regarding total removals over time and, if so, the requirements for such methods.

The Head of Science emphasised that the terms of reference for the proposed workshop limited interest in the question of markets to the context of an evaluation of whether or not market data can be used to provide reliable estimates of bycatches. However, Japan thought that what might start as a methodology might rapidly become unworkable. Japan also believed that the market approach would not be useful and in addition was outside the Terms of Reference of IWC.

#### NGO AND PRESS FEE

The recommendation to set fees for 2004-2005 of £590 for NGOs and £35 for media was agreed by the Committee. The Chair of the Budgetary Sub-committee clarified that these increases were based on the UK inflation rates used in the 2004-2005 budget.

#### 2005-2006 FORECAST BUDGET

The 2005-2006 forecast budget was noted by the Committee.

#### SUMMARY OF RECOMMENDATIONS TO THE COMMISSION

The F&A Committee **recommends** that:

- the proposed budget for 2004-2005 (Appendix 5) be forward to the Commission for its consideration and with a recommendation that it be adopted, noting the reservations of Norway, Japan and Germany;
- that for 2004-2005, the NGO fee be set at £590 and the media fee at £35; and
- that the Commission takes note of the Forecast Budget for 2005-2006.

### 5.3 Secretariat offices

#### 5.3.1 Report of the Budgetary Sub-committee

The Chair of the Budgetary Sub-committee reminded the Committee that at IWC/55, the Sub-committee had recommended that the Secretariat explore a range of alternatives, including:

- (1) continuing to rent the Red House;
- (2) purchasing the Red House or another suitable property in Cambridge or elsewhere in the UK; or
- (3) relocation of the Secretariat to another member country and report back to the Budgetary Sub-committee.

He noted that the background to this is that the cost of the Secretariat represents a significant percentage of the IWC's budget (i.e. £958k out of £ 1,623k of operating expenditure - as per the 2002-03 audited accounts). The rental of Red House (i.e. £69k) represents 4.3% of the £1,623k of operating expenditure, while salaries, and allowances (i.e. £622k) represent 38% of the £1,623k of expenditure.

The Red House is a large suburban house, which has been converted to office use with a warehouse added, giving a total area of 552 square metres (5,946 square feet). The building provides a functional environment for the work of the Secretariat. As this type of property has successfully met the needs of the organisation since 1976, the use of similar property in other parts of the world seemed an appropriate basis for comparison. Two countries were selected from each of the economic groupings used to assess capacity to pay as part of the calculation of Financial Contributions. Countries were further selected to reflect the geographical distribution of the membership. Properties in suburban locations of the capital cities of the selected countries were sought (or a comparable international location). A variety of property types and locations within the UK were selected to demonstrate the choice available and associated costs. The countries chosen for this comparison included: Argentina, Australia, Japan, Panama, Senegal, South Korea, Switzerland and the USA.

An assessment for the purchasing of property in the UK and other countries had not been included in the review. Differences in property law, methods of selling, availability and taxation made the accumulation of sufficient information very difficult to allow a meaningful comparison of property purchases to be made in the time available. In the case of renting property, there was sufficient information available to allow a broad comparison to be made.

The report examined the criteria for relocation within the UK and overseas and the associated variables (rents, wind-up costs, set-up costs, transition costs, loss of expertise and effects on organisational effectiveness etc). It concluded that:

- Currently there are savings to be made from relocating the IWC abroad, both in terms of lower rental costs and local salaries. The savings however may be sensitive to currency/economic fluctuations. Savings in expenditure in the early years of relocation could easily revert to additions to expenditure in later years.
- Over the transition period it is possible that transition costs (e.g. paying rent on two properties – if relocation occurred before the current lease expired) would equal or even exceed cost savings.
- If the current lease is continued until 2009, the rent will be capped at around £73,700 per annum from June 2005. This will give stability to costs and still provide a competitive rent in relation to alternative sites in the Cambridge area.
- The renewal of the lease in 2009 offers the chance to re-negotiate the current terms. The current lease only allows increases in rent. The chance to reduce the rent and allow rent decreases at each 5 yearly rent review could be explored.
- The focus of much of this paper has been on the relative costs of property and the relative costs of operating in various parts of the world. The costs associated with losing staff with the operational expertise and relationships that have been developed over many years should also be taken into consideration.
- The volatility of international markets make budgeting over a long time frame problematic. An effective Secretariat needs stability to function effectively and so its location should be considered within a long-term perspective. A country that can offer a stable cost base

allied to operational effectiveness should give an acceptable balance between value and performance in the face of fluctuations in the world economy.

The Sub-committee had acknowledged that rent represented approximately 4% of the total budget, and was not an excessive cost. The need to retain expertise within the Secretariat was recognised and that this would be lost if the Secretariat were moved away from the Cambridge area. As there is still over 5 years until the current lease expires, the Sub-committee recommended that the Secretariat explore alternatives within the Cambridge area which might include:

- To ask the NASCO (North Atlantic Salmon Conservation Organisation) Secretariat in Edinburgh, Scotland how it managed to purchase its Headquarters building in terms of funding and what effect their status as an International Organisation had in buying property. (Financing any purchase would have to be carefully considered in the context of minimising the effects on Financial Contributions).
- Near the date of renewal of the lease, to see if there might be any scope for the owners of Red House to 'gift' the property to the IWC. This might be an option if the inheritance tax status of the owner made this option advantageous.
- To keep the property market in Cambridge under active review to allow the early assessment of rental or purchase alternatives.
- If new property was acquired, to assess the possibility to renting part of that property as a means of minimising total property costs.

### 5.3.2 F&A Committee discussions and recommendations

The Committee accepted the report as presented and recommends to the Commission that the Secretariat be asked to investigate the feasibility and options for purchasing/acquiring premises suitable for office accommodation in the Cambridge area and to report back to the Budgetary Sub-committee next year.

## 5.4 Budgetary Sub-committee rota

### 5.4.1 Report of the Budgetary Sub-committee

The Sub-committee Chair recalled that at IWC/54 in Shimonoseki in 2002, the Commission adopted a rota for membership of the Budgetary Sub-committee. In summary:

- using the same country groupings as the Interim Measure for Financial Contributions<sup>2</sup>, membership comprises:
  - 2 members from Group 1
  - 2 members from Group 2
  - 2 members from Group 3
  - Japan, USA + one other from Group 4
- membership is for 2 years (except for Japan and the USA who have a 'permanent' place since they are likely to be the two highest paying contributors under almost any formula for the calculation of financial contributions for the foreseeable future being the highest payers now and probably in the future);

- any member that declines to serve to be replaced by the next member in alphabetical sequence within its Group;
- new members of the Commission to be fitted into the cycle at the nearest alphabetical point after they have had a period in which to familiarise themselves with the organisation; and
- the appointment of the Sub-committee Chair should be handled by the Chair of the Commission and the Advisory Committee.

He noted that at its meeting at IWC/55 last year, the Commission agreed that the Secretariat review the current rota system with a view to:

- (1) making it more attractive for countries to serve on the Sub-committee;
- (2) providing greater continuity;
- (3) improving the process for selection of the Sub-committee Chair; and
- (4) reporting back to the Budgetary Sub-committee for further action as appropriate.

At its meeting this year, the Sub-committee reviewed a variety of options put forward by the Secretariat for consideration regarding items (1) to (3) above and recommended to the F&A Committee that the following be incorporated into the membership rota system:

#### TO ENCOURAGE PARTICIPATION IN THE SUB-COMMITTEE:

- A. When inviting countries to serve, stress not only the importance of the work of the Sub-committee (it really does make the job of the F&A Committee much easier and more efficient), but also that the workload is not high - either intersessionally or at Annual Meetings. The Sub-committee is only active during the period from March to when the annual meeting is held - and this only involves responding to documents/proposals from the Secretariat. All intersessional work is done by email/fax and no intersessional meetings are involved. At annual meetings, the Sub-committee generally meets for only 1-2 sessions.
- B. Undertake to schedule meetings of the Budgetary Sub-committee when other Commission sub-groups are not meeting and try to avoid scheduling the Budgetary Sub-committee at the beginning of the series of Commission sub-group meetings (because not all delegations arrive in time to otherwise participate).
- C. Keep the four economic groups, but add two 'open seats' (i.e. for any interested countries) as a fifth category. Countries filling the two open seats would need to be identified and agreed at the meeting of the Finance and Administration Committee. Formalise the current informal arrangement allowing Contracting Governments not members of the Budgetary Sub-committee to attend meetings as observers.

#### TO PROVIDE GREATER CONTINUITY:

- D. Extend the term of members from 2 to 3 years.
- E. Appoint not only a Sub-committee Chair but also a Vice-Chair. Under normal circumstances, the Vice-Chair would replace the outgoing Chair. This would have the effect of 2 Sub-committee members serving for either 4 years (under the

<sup>2</sup> It is recognised that these country groupings were developed solely for the purposes of the Interim Measure for calculating financial contributions and may need revision when a new formula is adopted.

current system) or 6 years if the term of all members was extended as proposed in D above.

#### **IMPROVING THE PROCESS FOR THE SELECTION OF THE SUB-COMMITTEE CHAIR AND VICE-CHAIR**

- F. That the Sub-committee elects its own Chair (as is the case in other Commission sub-groups – and indeed the Commission itself);

#### *5.4.2 F&A Committee discussions and recommendations*

Several countries expressed an interest to join or continue participating in the work of the Budgetary Sub-committee. The question was raised as to how long an ‘open seat’ as proposed in C above might be open to an interested country and clarification was sought as to the status of observers. It was agreed that both these aspects required clarification and that the Budgetary Sub-committee should be asked to do this intersessionally (see recommendations below).

The F&A Committee therefore recommends to the Commission:

- That items A to F in section 5.4.1 above be incorporated into the membership rota system with the aim of: making it more attractive for countries to serve of the Sub-committee; providing greater continuity; and improving the process for the selection of the Sub-committee Chair (and now Vice-Chair).
- That Germany and Norway be invited to take the ‘open seats’ commencing immediately following IWC/56.
- That the Budgetary Sub-committee provide clearer guidelines for its operation and to report back its conclusions to the F&A Committee next year.

The proposed rota for the budgetary Sub-committee for 2004/05 onwards is given as Appendix 8.

## **6. OTHER MATTERS**

### **6.1 NGO participation**

#### *6.1.1 Discussion document from the Advisory Committee*

Richard Cowan (UK) introduced document IWC/56/F&A 6 ‘Discussion paper on rules governing participation of non-governmental organisations in the International Whaling Commission’ on behalf of the Advisory Committee. He explained that in September last year, the Secretariat had been approached by a representative of one of the large environmental NGOs regarding changes that a number of them would like to rules of NGO accreditation in particular but also in their level of participation in Commission affairs. The Secretariat had brought this matter to the attention of the Advisory Committee to seek advice on the best way to proceed. The Advisory Committee agreed that this issue should be brought to the attention of the Finance and Administration Committee, and that the best way to do this was for it to develop a paper outlining the issues raised and the potential implications of these. He noted that the focus of the paper is on NGO participation in the Commission and its sub-groups excluding the Scientific Committee, and that the intention was for the F&A Committee to have a general discussion on the matter at this year’s Annual Meeting and further that if changes are suggested, decisions could be taken at IWC/57 next year, as appropriate.

It was noted that the discussion document addressed the four following issues:

- (1) Removal of the requirement that non-governmental organizations maintain offices in more than three countries.
- (2) Allowing accredited NGOs to send up to [five?] representatives to IWC meetings as observers with the possibility of all observers being in the meeting room at any one time.
- (3) Revising the fee structure for NGOs, such that the effect of the changes listed above is fee-neutral (cost-neutral?) in the year of its introduction and that thereafter, fees should not in general increase by more than such an amount as is necessary to keep pace with inflation in the UK (as host country to the IWC).
- (4) Formally confirming the right of NGO representatives to speak at IWC meetings, but with some limitation on the number of interventions that could be made.

Richard Cowan stressed that, should the Commission decide to consider whether, and if so how, its Rules of Procedure might be amended to accommodate the wishes of some NGOs for more active participation, certain requirements are paramount, i.e. that changes in the rules should not:

- impede the orderly and timely conduct of business in meetings of the Commission or its subsidiary bodies;
- result in an increase in the IWCs costs nor a diminution in its income;
- significantly increase either the number of NGO observers present at meetings, nor the volume of documentation which the IWC Secretariat is required to produce to accommodate them.

#### *6.1.2 F&A Committee discussions*

A range of views were expressed by members of the Committee. Some believed that NGOs have a valuable contribution to make, supported strongly a move to liberalise the rules for NGO participation in the IWC, and considered that each of items 1-4 listed above should be further investigated. They considered that transparency of decision-making at an international level is important and particularly important now with respect to IWC. Removal of the requirement for NGOs to have offices in at least four countries and allowing NGOs to have more than one observer present in the meeting room (items 1 and 2) were particularly supported as this should remove the tendency for some NGOs to participate under ‘flags of convenience’ organisations.

While not proposing to exclude NGOs, others noted that the IWC is an organisation of governments, that NGOs already have sufficient influence and that the current rules are adequate. They were concerned that the changes related to items 1 and 2 would lead to a significant increase in the numbers of NGO representatives attending meetings (with significant cost implications) and noted that governments are at liberty to include NGOs in their delegations. On this last point, others noted that since NGOs included on national delegations are required to abide by that government’s position, it is important that NGOs also be allowed to attend as observer organisations.

Given the discussions, the Chair concluded that IWC is already transparent since it is open to observers from non-member governments, other intergovernmental organisations, NGOs and in the case of the Plenary, also to the media. He noted that some members had serious concerns regarding the granting of speaking rights to NGOs, but suggested that further consideration might be given to items

1 to 3 above. He therefore proposed that the Secretariat work with the Advisory Committee intersessionally to explore how items 1-3 might be implemented and to report to the F&A Committee next year, together with any recommendations as appropriate. He noted that it would be necessary for the Secretariat to consult with NGOs on this issue. He suggested that the issue of speaking rights be set aside for the time being. The Committee supported this proposed approach and agreed to recommend it to the Commission. The Committee also supported the suggestion that if Contracting Governments do not consider that the pre-conditions listed under the three bullet points above cover all of their concerns, they should be invited to contribute proposals for further pre-conditions that would help in limiting/better defining NGO attendance.

## 6.2 Costs involved in participation at Annual Meetings

Brazil briefly drew attention to its concern regarding the costs incurred to Contracting Governments, especially those of developing countries, of sending delegations to Annual Meetings, particularly given the length of the meeting series. It hoped that host governments and the Secretariat could take such concerns into account when determining the timing and location of Annual Meetings. This was supported by a number of other governments.

The Committee took note of this concern and agreed to draw it to the attention of the Commission.

At the end of the meeting, St Kitts and Nevis announced that it intends to offer to host the Annual Meeting in 2006.

## Appendix 1

### LIST OF PARTICIPANTS

#### **Antigua and Barbuda**

Anthony Liverpool

#### **Argentina**

Raul Comelli  
Miguel Iniguez  
Eduardo Iglesias

#### **Australia**

Nicola Beynon  
Pam Eiser  
Conall O'Connell  
Stephen Powell

#### **Austria**

Andrea Nouak

#### **Belgium**

Alexandre de Lichtervelde  
Koen Van Waerebeek

#### **Belize**

Beverly Wade

#### **Benin**

Lucie Kouderin  
Bantole Yaba  
Sogan Simplicie

#### **Brazil**

Regis Pinto de Pinto  
Jose Truda Palazzo

#### **Denmark**

Amalie Jessen  
Maj Friis Munk  
Ole Samsing

#### **Dominica**

Andrew Magloire

Lloyd Pascal

#### **Finland**

Esko Jaakkola

#### **Germany**

Peter Bradhering  
Marlies Reimann

#### **Grenada**

Justin Rennie  
Frank Hester

#### **Republic of Guinea**

Amadou Telivel Diallo  
Sidiki Diane

#### **Iceland**

Stefan Asmundsson  
Ragnar Baldursson  
Asta Einarsdottir

#### **Ireland**

Chris O'Grady

#### **Italy**

Rosa Caggiano

#### **Japan**

Dan Goodman  
Yasuo Iino  
Toshiyuki Iwado  
Atsushi Kato  
Hidehiro Kato  
Masayuki Komatsu  
Akihiro Mae  
Minoru Morimoto  
Joji Morishita  
Shuya Nakatsuka  
Kayo Ohmagari

Midori Ota

Hirohiko Shimizu  
Akiko Tomita

#### **Republic of Korea**

Chang Moyeng Byen  
Zang Geun Kim  
Oh Seyng Kwon  
Sung Kwon Soh

#### **Mexico**

Lorenzo Rojas-Bracho

#### **Netherlands**

Henk Eggink  
Giuseppe Raaphorst  
Anne-marie van der Heijden

#### **New Zealand**

Chris Anderson  
Mike Donoghue  
Nigel Fyfe  
Al Gillespie  
Geoffrey Palmer

#### **Nicaragua**

Miguel Marengo

#### **Norway**

Turid Eusebio  
Bengt Johansen  
Halvard Johansen (Chair)  
Hild Ynnesdal

#### **Panama**

Epimenides M. Diaz

#### **Russian Federation**

Rudolf Borodin  
Olga Gogoleva

Valentin Ilyashenko  
Valery Knyazev

**St. Kitts and Nevis**  
Joseph Simmonds  
Daven Joseph

**St. Lucia**  
Vaughn Charles

**St. Vincent & The Grenadines**  
Raymond Ryan

**Solomon Islands**  
Sylvester Diake  
Paul Maenuu

**South Africa**  
Herman Oosthuizen

**Spain**  
Carmen Asencio

**Suriname**  
Deuwperkaas Jairam

**Sweden**  
Bo Fernholm  
Stellan Hamrin  
Anna Roos

**Switzerland**  
Tom Althaus  
Martin Krebs

**UK**  
Richard Cowan  
Geoff Jasinski  
Jenny Lonsdale

Trevor Perfect  
Mark Simmonds

**USA**  
Nancy Azzam  
Robert Brownell  
Roger Eckert  
Jean-Pierre Plé  
Mike Tillman  
Chris Yates

**Chair of SC**  
Doug DeMaster

**Secretariat**  
Nicky Grandy  
Sean Moran  
Sue Morley  
Greg Donovan

## Appendix 2

### LIST OF DOCUMENTS

IWC/56/F&A

1. Revised Draft Agenda
2. Report of the Working Group on Simultaneous Interpretation
3. Report of the Budgetary Sub-committee
4. Secretary's report on the collection of financial contributions
5. Reconsideration of Rules of Procedure for the appointment of Chair and Vice-Chair of the Scientific Committee

6. Discussion paper on rules governing participation of non-governmental organisations (NGOs) in the International Whaling Commission
7. Invited Participants to the Scientific Committee 2004

IWC/56/Rep 1 (Extracts from the) Report of the Scientific Committee

IWC/56/14 Financial Statements

## Appendix 3

### AGENDA

1. Introductory items
  - 1.1 Appointment of Chair
  - 1.2 Appointment of Rapporteur
  - 1.3 Review of Documents
2. Adoption of the Agenda
3. Administrative matters
  - 3.1 Annual Meeting Arrangements and Procedures
    - 3.1.1 Need for a Technical Committee
    - 3.1.2 Use of simultaneous translation
    - 3.1.3 Other
  - 3.2 Amendments to the Rules of Procedure, Financial Regulations and Rules of Debate
4. Formula for calculating contributions
  - 4.1 Report of the Contributions Task Force
  - 4.2 F&A Committee discussions and recommendations
5. Financial statements, budgets and other matters addressed by the Budgetary Sub-committee
  - 5.1 Review of the provisional financial statement, 2003/2004
    - 5.1.1 Report of the Budgetary Sub-committee

- 5.1.2 Secretary's report on the collection of financial contributions
- 5.1.3 F&A Committee discussions and recommendations
- 5.2 Consideration of estimated budgets, 2004/2005 and 2005/2006, including the budget for the Scientific Programme
  - 5.2.1 Report of the Budgetary Sub-committee
  - 5.2.2 F&A Committee discussions and recommendations
- 5.3 Secretariat offices
  - 5.3.1 Report of the Budgetary Sub-committee
  - 5.3.2 F&A Committee discussions and recommendations
- 5.4 Budgetary Sub-committee membership rota
  - 5.4.1 Report of the Budgetary Sub-committee
  - 5.4.2 F&A Committee discussions and recommendations
6. Other matters
7. Adoption of the Report

**Appendix 4****PROVISIONAL FINANCIAL STATEMENT 2003 -2004****Income and Expenditure Account**

	Approved Budget		Projected Out-turn	
	£	£	£	£
<b>Income</b>				
Contracting Government contributions		1,274,000		1,282,189
Recovery of arrears		28,400		0
Interest on overdue financial contributions		0		44,049
Voluntary contributions for research, small cetaceans work and publications		16,000		62,183
Sales of publications		12,500		10,000
Sales of sponsored publications		4,100		2,000
Observers registration fees		60,200		60,200
UK taxes recoverable		18,730		29,979
Staff assessments		130,600		128,579
Interest receivable		40,000		38,160
Sundry income		0		0
		<u>1,584,530</u>		<u>1,657,340</u>
<b>Expenditure</b>				
Secretariat	907,300		908,675	
Publications	50,200		50,200	
Annual meetings	300,000		300,400	
Other meetings	0		827	
Research expenditure	231,073		263,748	
Small cetaceans	23,000		2,300	
Sundry	0		400	
	<u>1,511,573</u>		<u>1,526,150</u>	
<b>Provisions</b>				
Unpaid contributions	36,750		0	
Unpaid interest on overdue contributions	0		24,464	
Severance pay provision	32,500		28,112	
Provision for other doubtful debts	0		-7,356	
		<u>1,580,823</u>		<u>1,571,370</u>
<b>Surplus of income over expenditure</b>		<b>3,707</b>		<b>85,970</b>
Net transfers from or to (-):				
Sponsored publications fund		-2,280		448
Small cetaceans fund		6,600		31,027
Research fund		11,727		264
<b>Surplus/Deficit (-) for the year after transfers</b>		<b>19,754</b>		<b>54,230</b>



## Appendix 6

### PROPOSED BUDGETARY SUB-COMMITTEE ROTA FOR 2004/05 ONWARDS

The table below shows a possible rota that would result from the proposals made in section 5.4.1 of the F&A report. This rota incorporates the existing structure as modified by the proposed changes.

Membership would consist of:

- 2 members from Group 1.
- 2 members from Group 2.
- 2 members from Group 3.
- Japan, USA + one other from Group 4.
- Membership is for 3 years (except for Japan and the USA who have a 'permanent' place since they are likely to be the two highest paying contributors under almost any formula for the calculation of financial contributions for the foreseeable future, being the highest payers now and probably in the future).
- Any member that declines to serve to be replaced by the next member in alphabetical sequence within its Group.
- New members of the Commission to be fitted into the cycle at the nearest alphabetical point after they have had a period in which to familiarise themselves with the organisation.
- Keep the four economic groups, but add two 'open seats' (i.e. for any interested countries) as a fifth category. Countries filling the two open seats would

need to be identified and agreed at the meeting of the F&A Committee.

The Table below shows the provisional rota for the Budgetary Sub-committee membership for 2004-05 to 2007-08 (assuming no-one declines to serve).

2004-2005 (current year)	2005-2006	2006-2007	2007-2008
<b>Group 1</b>			
Antigua and Barbuda	Belize	Belize	Belize
Dominica	Benin	Benin	Benin
<b>Group 2</b>			
Korea, Rep of	Korea, Rep of	Hungary	Kenya
Hungary	Hungary	Kenya	Mexico
<b>Group 3</b>			
Austria	Belgium	Belgium	Belgium
Finland	Finland	Denmark	Denmark
*Norway			
<b>Group 4</b>			
France	Germany	Germany	Germany
Japan	Japan	Japan	Japan
USA	USA	USA	USA
*Germany			

\*Open seats for Norway and Germany have been proposed. Determination of the period the open seats will be open to interested parties, will be clarified by the Budgetary Sub-committee intersessionally.