

Report of the **Finance and Administration Committee**

This document

is confidential

until 10.00 on Monday 22 June 2009

Report of the Finance and Administration Committee

Wednesday 17 June 2009

1. INTRODUCTORY ITEMS

The list of participants is given in Appendix 1.

1.1 Appointment of Chairman

Anthony Liverpool (Antigua and Barbuda) was appointed as Chair of the Committee. He 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 documents available to the Committee are listed in Appendix 2.

2. ADOPTION OF THE AGENDA

Two Contracting Governments identified items that they wished to raise under agenda item 7 'Other Matters'. Australia indicated that it wished to raise the matter of its intended voluntary contribution and Germany indicated that it wished to raise the matter of the timing of the availability of documents.

The agenda was adopted without amendment (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. As last year, 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 if and when the RMS is completed and catch limits set.

3.1.2 *Other*

The item discussed under 'other' was in relation to the follow-up to the Report of the Intersessional Correspondence Group (ICG) on Issues Related to the Scientific Committee (IWC/M09/5)

Background

At the March 2008 Intersessional Meeting on the Future of IWC, a large part of the meeting focused on ways to improve approaches to discussions and negotiations within the organisation (see IWC/607). The role of science was one of seven broad areas addressed.

There was agreement that the provision of sound scientific advice is essential to the functioning of the IWC and that one of the more positive features of the organisation is its strong scientific element. It was noted that the work of the IWC Scientific Committee is internationally recognised as providing the best available knowledge on conservation and management for cetaceans and that the Committee has a good record in achieving consensus on nearly all of its recommendations to the Commission. Nevertheless, comments were made by some participants that the current workload of the Scientific Committee is too high, difficult to prioritise and, mainly because of its timing in conjunction with the Commission, not adequately integrated into the policy work of the Commission. The need to review the composition and function of the Scientific Committee was also suggested (e.g. improving the involvement of scientists from developing countries and the procedures for inviting scientists to the Committee).

With respect to the role of science and the Scientific Committee, the Commission agreed at its 2008 Annual Meeting that there are aspects of the Committee's work and functioning that would benefit from review. It therefore decided to establish an Intersessional Correspondence Group on Issues Related to the Scientific Committee (ICG) to address the following issues: (1) Consideration of the advantages and disadvantages of separating the annual meeting of the Scientific Committee from that of the Commission; (2) Consideration of ways to increase participation in the Scientific Committee of scientists from developing countries in the work of the Scientific Committee; (3) Consideration of ways in which the Scientific Committee can assist in improving the knowledge and technical

capability of scientists from countries where cetacean research is in its infancy so that they can better contribute to the work of the Scientific Committee and to conservation and management issues within their region; and (4) Review of the process for inviting participants to the Scientific Committee.

The ICG's report was well received by the Commission at its intersessional meeting in Rome in March 2009 (IWC/61/7). In summary, the responses received showed that there was general agreement that the Scientific Committee worked effectively and that its processes were sound, but that ways should be investigated to: (a) further identify the advantages and disadvantages of separating the annual meeting of the Scientific Committee from that of the Commission and make recommendations; (b) further identify ways to improve communication between the Scientific Committee and the Commission and make recommendations; (c) facilitate the participation of suitably qualified scientists from developing countries in the priority work of the Scientific Committee and to ensure that the priority work included issues relevant to a broad range of countries and make recommendations; and (d) facilitate capacity building for scientists in developing countries with respect to cetacean conservation and science and make recommendations.

In concluding the discussions at the intersessional meeting, the Chair of the Commission had observed that there was support for the separation of the Scientific Committee and Commission meetings. With respect to a way forward, he proposed that the Scientific Committee and Finance and Administration Committee be requested separately to review the issues in Madeira and to forward their recommendations to the Commission. The Commission would then establish a small group in Madeira to continue the work.

IWC/61

The outcome of the Scientific Committee's discussion on this matter was reported to the F&A Committee by the Scientific Committee's Chair (see section 20.1.2 of IWC/61/Rep 1). Discussion in the F&A Committee focused on the Scientific Committee's discussions on the advantages and disadvantages of separating the meeting of the Scientific Committee from that of the Commission which were as follows:

- (1) *Some separation between the two meetings could have advantages in terms of extra time to finalise the report, and the ability to write an executive summary – both of which could improve communication with the Commission.*
- (2) *However, it also draws the Commission's attention to the disadvantage of additional analyses being undertaken and presented directly to the Commission without the Committee's ability to comment on these – while a Rule of Procedure might be written to try to prevent such analyses being presented to the Commission this might prove difficult to enforce in practice; the greater the gap between the meetings, the greater the likelihood of additional analyses.*
- (3) *Should the Commission decide to separate the two meetings, careful consideration needs to be given to:*
 - (a) *Whether the Scientific Committee meeting is moved back or whether the Commission meeting is moved forward – the present meeting time (May-June) is generally feasible for scientists from both hemispheres but earlier dates may not be suitable for those from the Southern Hemisphere given their summer field season;*
 - (b) *Giving the Scientific Committee advanced warning of at least one meeting, particularly if the meeting is made earlier as this will affect the ability to complete proposed intersessional tasks on time.*
- (4) *The Committee **agrees** that the iterative nature of its work would require Annual Meetings if its present workload remains.*
- (5) *The Committee agrees that the rotation of venues assist in its ability to widen participation, facilitate the attendance of different local scientists (see items below) and include regional issues on its agenda.*
- (6) *The nature of the Committee's work is very different from that of IPCC and it believes that the present model is suitable.*

The discussions focused on bullet (3) above, with several delegations stressing that the current timing of the Scientific Committee works well for scientists from both Southern and Northern Hemispheres. The need for caution in changing the timing was therefore stressed.

Noting (1) the shortage of time to adequately consider the financial and administrative implications of the ICG report and the Scientific Committee's discussions and (2) the decision at the intersessional Commission meeting in March 2009 to establish a small group in Madeira, the F&A Committee requested the Secretariat to develop draft Terms of Reference for the small group for review by the Commission at IWC/62.

3.2 IWC's Website

3.2.1 Introduction by the Secretariat

The Secretariat reported on three issues: (1) progress with the partial translation of the website as agreed by the Commission last year; (2) options for addressing the proposal made by Belgium when commenting on an earlier draft F&A Committee agenda to include the contact details of Commissioners on the IWC website; and (3) recent problems with the website being compromised.

Translation

The Secretariat recalled that at IWC/60 the Commission agreed to start partial translation of its website by: (1) making part of the website available in French and Spanish in a similar way to some other IGOs who have more than one working language, by focusing on the most popular pages viewed by the website's audience; and (2) improving machine translation for those parts of the website not translated. As an initial step, it was agreed that the translated pages would be made available on the website as PDF documents.

The Secretariat reported that the 15 most popular pages on the website (see below) have been translated into French by France and are available as PDF documents on the website as agreed. Spain has provided translations of both the Convention and the Schedule.

The 15 most popular pages on the IWC website (in no particular order)

| | |
|--------------------------------|---|
| Aboriginal subsistence whaling | http://www.iwcoffice.org/conservation/aboriginal.htm |
| Catches and catch limits | http://www.iwcoffice.org/conservation/catches.htm |
| Environmental effects | http://www.iwcoffice.org/conservation/environment.htm |
| Population Estimates | http://www.iwcoffice.org/conservation/estimate.htm |
| The Commission | http://www.iwcoffice.org/commission/iwcmain.htm |
| Lives of whales | http://www.iwcoffice.org/conservation/lives.htm |
| Scientific Permits | http://www.iwcoffice.org/conservation/permits.htm |
| RMP | http://www.iwcoffice.org/conservation/rmp.htm |
| RMS | http://www.iwcoffice.org/conservation/rms.htm |
| Whale Sanctuaries | http://www.iwcoffice.org/conservation/sanctuaries.htm |
| Taxonomy of whales | http://www.iwcoffice.org/conservation/cetacea.htm |
| Welfare issues | http://www.iwcoffice.org/conservation/welfare.htm |
| Whalewatching | http://www.iwcoffice.org/conservation/whalewatching.htm |
| The Convention | http://www.iwcoffice.org/commission/convention.htm |
| The Schedule | http://www.iwcoffice.org/commission/schedule.htm |

The Secretariat further reported that the machine translation service on the website that was used last year has been replaced with an improved version that allows the reader to choose which translation service to use and provides a default choice of 38 languages¹. The default translation service now allows the reader to provide more appropriate suggestions to mistranslated words and phrases, providing a constantly improving vocabulary. This service has been implemented at no further cost despite the estimate of £1000 per year. The Secretariat indicated that it would welcome feedback from speakers of those languages as to the quality of the translations produced.

Commissioners' contact details

In response to Belgium's proposal to include Commissioners' contact details on the IWC website the Secretariat suggested that there are three ways this can be achieved, depending on the level of security and functionality required:

- (1) A publicly available standard web page with contact details with no password protection;
- (2) Password-protected contact list; A page could be created that had a simple list of contact details, that would be maintained by the Secretariat. This would be protected by one shared password.
- (3) Individual login page; this would allow the individual to login with their own discrete password and view their own contact details and any changes would be notified to the Secretariat who would update the details accordingly. This method could also have group email functionality that would enable individual members to email the entire list without having to go through the Secretariat.

The Secretariat noted that method (1) and (2) could be set up immediately at no extra cost, whereas method (3) would take approximately one week and would cost approximately £85 per year for additional software.

Compromising of the website

The Secretariat reported that on the 26th of March the IWC website was compromised by an external hacker who placed a 'spam'-generating program on the host web server which generated illegal spam emails from one of the Secretariat email addresses. As a result of this the Company hosting the site locked the server for five days making the site inaccessible to the outside world. Security measures were put in place immediately, but this prompted a far more aggressive attack which corrupted the host's server. Again the host locked the site for a further week and the whole site had to be removed completely, causing severe disruption to IWC61 registration, publication ordering, document

¹ Arabic, Brazilian Portuguese, Bulgarian, Catalan, Chinese Simplified, Chinese Traditional, Croatian, Czech, Danish, Dutch, Filipino, Finnish, French, German, Greek, Hebrew, Hindi, Hungarian, Icelandic, Indonesian, Italian, Japanese, Korean, Latvian, Lithuanian, Norwegian, Polish, Portuguese, Romanian, Russian, Serbian, Slovak, Slovenian, Spanish, Swedish, Ukrainian, Vietnamese, Welsh

retrieval etc. During this time, the site was mirrored temporarily with another host to keep it visible to the outside world whilst remedial action was taken. It was impossible to determine the source of the attack and whether or not it was performed with malicious intent. To secure the site from further intrusion all of the site's original functionality had to be removed and an external secure form-provider service was adopted at a cost of £387 per year.

The hosting package used by the Secretariat is very basic and one of the cheapest available in the UK (£240 per annum). Due to its basic nature, the Secretariat has very limited administration rights and no control over website security. This presented considerable barriers to overcoming the issue. As a result, the Secretariat indicated that it wished to move the site to a dedicated server over which the Secretariat would have full control and administration rights. It noted that a dedicated server with the same host would cost £1520 per year and would also result in a speeding up of the site, which has slowed since conception due to the site's expansion.

3.2.2 F&A Committee discussions and recommendations

With respect to translation of the website, France thanked the Secretariat for its co-operation in making the French translations of the 15 most popular pages of the website, provided as an in-kind contribution, available on the website as PDF documents in October 2008. It noted that this in-kind contribution was a one-off contribution and that, if agreed by the Commission, the future updating of these pages should be arranged for by the Secretariat. It further noted that while the availability of the translated pages in PDF format is useful it looked forward to them being converted into HTML format in the future. It recognised and was sensitive to the fact that this would require more work from the Secretariat.

With respect to the placing of Commissioners' contact details on the website, concern was expressed by a number of Commissioners regarding posting them on the public site even though this is the practice for some other intergovernmental organisations (e.g. the Antarctic Treaty and CCAMLR). Concerns related particularly to two aspects: (1) that the information governments provide to the Secretariat is to assist communication among Contracting Governments and with the Secretariat and that if a list was to be publicly available, different information may need to be provided; and (2) mass emailing events that can either accidentally or intentionally cause the mailbox of individuals to overflow or overwhelm the server where the email address is hosted resulting in a loss of email service. Contracting Governments recalled that such an event actually happened during IWC/59 in Anchorage.

The Secretariat reported that the current approach is to provide Commissioners and Contracting Governments updated information on contact details following each Annual Meeting (and subsequently on request) and to circulate updated details for individuals as received (e.g. when a new Commissioner is appointed). The Secretariat noted that it provides names and contact details of Commissioners to members of the public on request, noting that some Commissioners prefer not to have their telephone, fax or email details provided.

After further discussion the F&A Committee agreed to continue the *status quo* but requested the Secretariat to circulate details of all Commissioners and Contracting Governments more frequently through the year (e.g. every 3-4 months).

3.3 Amendments to the Rules of Procedure, Financial Regulations and Rules of Debate

3.3.1 Proposal to amend the footnote to Financial Regulations F, Arrears of Contributions

Background

At IWC/55 in Berlin in 2003, the Commission agreed to add the following footnote to Financial Regulation F to clarify what is meant by the phrase 'received by the Commission' as used in Financial Regulation F.1:

'For the purposes of the Financial Regulations the expression 'received by the Commission' means either (1) that confirmation has been received from the Commission's bankers that the correct amount has been credited to the Commission's account or (2) that the Secretariat has in its possession cash, a cheque, bankers draft or other valid instrument of the correct value.'

On further consideration, it was recognised that presentation of a cheque to the Secretariat should not qualify as the annual payment being 'received by the Commission' as a cheque does not guarantee payment unlike a banker's draft or international money order.

At IWC/57 the Commission agreed to revise the footnote as follows:

'For the purposes of the Financial Regulations the expression 'received by the Commission' means either (1) that confirmation has been received from the Commission's bankers that the correct amount has been credited to the Commission's account or (2) that the Secretariat has in its possession cash or bankers draft/international money order of the correct value.'

The proposal

Because of experiences after IWC/60 in Chile last year in which it came to light that having possession of a banker's draft does also not guarantee payment, the Secretariat proposes that the footnote be revised as follows:

‘For the purposes of the Financial Regulations the expression ‘received by the Commission’ means [] (1) that confirmation has been received from the Commission’s bankers that the correct amount has been credited to the Commission’s account via bank transfer, (2) that a cheque, banker’s draft or international money order of the correct value has been paid into the Commission’s bank and cleared, or (3) that the Secretariat has in its possession cash of the correct value.’

The problem that arose last year was that the voting rights of two Contracting Governments were reinstated on the basis of the Secretariat being handed, in Santiago, bankers’ drafts. Unfortunately however, the drafts were subsequently rejected by the Commission’s bank because they did not comply with the clearance criteria required for this type of financial instrument. The Commission’s bank has advised that similar problems may arise with international money orders. While the Secretariat understands that such problems with bankers’ drafts and international money orders are rare, given the implications on voting rights it would be prudent to require that payment by such methods have been cleared in order for them to have been ‘received by the Commission’. Furthermore, in relation to cheques, bankers’ drafts and international money orders, the term ‘credited to the Commission’s account’ has been dropped from the footnote in favour of the term ‘cleared’ since our bankers have also advised us that even if these forms of payment have been credited, it does not guarantee that they will have been cleared.

Given the above, the F&A Committee **recommends** to the Commission that the amendments to the footnote be adopted.

3.3.2 *Proposal to amend the Scientific Committee Rule of Procedure A.5*

At IWC/59 in Anchorage in 2007, the Commission adopted the changes to its Rules of Procedure with respect to the participation of international organisations/NGOs as observers. This change required a corresponding change to the Scientific Committee’s Rule of Procedure A.5 which, due to an oversight, was not done. To bring the Scientific Committee rules into compatibility with those of the Commission, the F&A Committee therefore **recommends** to the Commission that the following amendment to the Rule of Procedure be adopted (amendments in ***bold italics***):

Scientific Committee Rules of Procedure A.5

| From: | To: |
|---|---|
| A5. Any other international organisation sending an accredited observer to a meeting of the Commission may nominate a scientifically qualified observer to be present at meetings of the Scientific Committee. Any such nomination must reach the Secretary not less than 60 days before the start of the meeting in question and must specify the scientific qualifications and relevant experience of the nominee. The Chair of the Scientific Committee shall decide upon the acceptability of any nomination but may reject it only after consultation with the Chair and Vice-Chair of the Commission. Observers admitted under this rule shall not participate in discussions but the papers and documents of the Scientific Committee shall be made available to them at the same time as to members of the Committee. | A.5. Any <i>non-governmental</i> organisation sending an accredited observer to a meeting of the Commission may nominate a scientifically qualified observer to be present at meetings of the Scientific Committee. Any such nomination must reach the Secretary not less than 60 days before the start of the meeting in question and must specify the scientific qualifications and relevant experience of the nominee. The Chair of the Scientific Committee shall decide upon the acceptability of any nomination but may reject it only after consultation with the Chair and Vice-Chair of the Commission. Observers admitted under this rule shall not participate in discussions but the papers and documents of the Scientific Committee shall be made available to them at the same time as to members of the Committee. |

3.3.3 *Clarification of rules applying to the election of the Scientific Chair and Vice-Chair*

The Secretariat explained that while the Scientific Committee has clear rules on how to conduct the Vice-Chair vote (Scientific Committee Rule of Procedure C.5); its own rules do not address voting rights and suspension of voting rights if financial contributions have not been received from Contracting Governments. This was an issue during the election this year of a new Scientific Committee Vice-Chair which is conducted by the Heads of Delegation to the Scientific Committee.

The Secretary’s interpretation that she provided to the Heads of Delegation was that the rules used by the Commission apply (Rule of Procedure E.2) in the absence of a specific Scientific Committee rule. Not all Heads of Delegation to the Scientific Committee agreed with this interpretation and the Secretary was requested to consult with the Chair of the Commission for his view.

The outcome of this consultation was that it is the view of the Chair of the Commission that a country whose voting rights have been suspended cannot vote in the Scientific Committee in the absence of a specific Scientific Committee rule stating otherwise. The election of the new Vice-Chair of the Scientific Committee therefore proceeded on this basis.

The Chair did however recommend that the procedure be clarified either by: (1) amending the Scientific Committee rules, or (2) adding an editorial note to Scientific Committee Rule of Procedure C.5 referencing back to Rule of Procedure E.2.

In the F&A Committee, the interpretation of the Commission Chair was upheld and the Secretariat was requested to draft an editorial footnote to Scientific Committee Rule of Procedure C.5.

3.3.4 Confirmation of when changes to Rules of Procedure agreed at IWC/60 come into effect

The Secretariat reminded the meeting that at IWC/60 in Chile last year, a number of amendments to the Commission's Rules of Procedure were agreed, although only that on introducing French and Spanish as working languages came into effect after IWC/61 (i.e. Rule of Procedure N.1). This was the only one for which there had been the required 60-days notice. The Commission agreed that the others would come into effect at the next meeting.

The Secretariat noted that more precise timing of when the other Rules of Procedure would come into effect was discussed at the private meeting of Commissioners at the intersessional meeting to discuss the future of the organisation held in Rome in March 2009. At that meeting, the Commission agreed: (1) that it would be useful for the amendments relating to handling of a meeting (e.g. the new chapeau to Rule of Procedure E and new Rule of Debate 3) be put in place at the beginning of the plenary; and (2) that the other amendments referring to content and deadlines for submission of Schedule amendments, Resolutions etc. and voting rights of new countries will apply after IWC/61, i.e. these would be the rules applying at the next Commission meeting (see Appendix 4) .

The F&A Committee noted the outcome of the Commission's agreement in Rome.

3.4 Carbon-neutral study

Last year the Commission agreed that the Secretariat should undertake a study to be presented at the 2009 Annual Meeting on the feasibility and associated costs of off-setting the carbon emissions of the operation of the Secretariat and the meetings of the IWC and thus to become carbon-neutral.

The Secretariat reported that while it had done some preliminary work towards a feasibility study it had not done the study itself due to other commitments. It stressed that it took the matter seriously and that it would undertake the study and report to the F&A Committee next year. The F&A Committee agreed to this approach.

4. FINANCIAL ASSISTANCE FOR DEVELOPING COUNTRY MEMBERS

4.1 Background

At the short private meeting of Commissioners on Monday 9 March in Rome, just prior to the Intersessional Meeting of the Commission on the Future of IWC, there was a discussion regarding the provision of financial assistance to developing countries. This matter had arisen because of the high level of intersessional activity created by discussions on the future of the organisation and the financial burden this has created for developing country members of IWC in particular.

It was noted that financial assistance could come in the form of:

- changes to the financial contributions scheme that would reduce contributions due from developing countries; and/or
- providing financial assistance for attendance at meetings.

While the former could be addressed as part of the discussions on IWC's future in relation to element 18 (financial contributions) of the 33 elements/issues identified as important, the latter would not comply with Article III.5 of the Convention that states: *'The expenses of each member of the Commission and his experts and advisers shall be determined and paid by his own Government'*.

Contracting Governments were urged to give this matter some thought prior to IWC/61.

4.2 Report from the Budgetary Sub-committee (BSC)

The Chair of the BSC reported that the BSC had brief discussions on this matter. It was noted that one possibility was to further reduce financial contributions (i.e. beyond the reduction provided by the Interim Measure). It was also noted however that the money saved by this measure would not necessarily be made available to assist participation in

meetings. A suggestion was made that the full financial contribution due would be payable, and part of this could be returned directly to those individuals involved in IWC meetings. A further suggestion was made that a Voluntary Trust Fund might be established to accept voluntary contributions and then distribute them to countries with greatest need (e.g. using UN development criteria).

4.3 F&A Committee discussions

The F&A Committee noted the report from the BSC. One member noted that there are two different aspects to consider in providing support to developing countries. One being legal and procedural (e.g. the requirements of Article III.5 of the Convention) the other being that additional sources of finance would need to be found.

Given that because of the re-scheduling of the meeting it was likely that not all Contracting Governments interested in this issue had arrived, the F&A Committee recommended that this issue be placed on the agenda of the private meeting of Commissioners at IWC/61 on 21 June in order that they would have an opportunity to contribute to the debate.

5. FORMULA FOR CALCULATING CONTRIBUTIONS AND RELATED MATTERS

5.1 Updating cut-off points defining capacity-to-pay groups

5.1.1 Background

Last year the Commission agreed that the cut-off points defining the four capacity-to-pay groups within the Interim Measure used to calculate financial contributions should be updated each year by the Secretariat and that this should be done prior to the calculation of the following year's financial contributions. The Secretariat reported on the update and on any effects to the allocation of Contracting Governments to the capacity-to-pay groups.

The "cut-off points" defining "capacity to pay groups" are shown in Appendix 5).

The Secretariat noted that the World Bank data for GNI and GNI per capita available in December 2008 (to be used in the calculation of Financial Contributions for 2009-2010) were published in September 2008 and refer to 2007. For the current cut off points be consistent with the published World Bank data (i.e. to 2007) they should be adjusted from 2005 to 2007 levels.

The application of the inflation adjusted "cut-off points", together with World Bank data published in September 2008 (and available for use in December 2008) result in some revised allocations to capacity to pay groups. Estonia and the Czech Republic move from Group 2 to Group 3 and Spain from Group 3 to Group 4.

5.1.2 F&A Committee discussions and recommendations

Spain noted that its reclassification as a Group 4 country and the consequent projected increase in its Financial Contribution of around 2.5 times from 2008-2009 to 2009-2010 created concern particularly in the current economic climate. It requested the Secretariat to provide the World Bank data used to update the cut-off criteria so that it could be passed back to its capital. Spain also noted the facility in Financial Regulations (Rule E.2) to delay the payment of any increased portion of Financial Contribution to 31 August following the standard "due date" of 28th February and asked the Secretariat to confirm that this was so. The Secretariat subsequently confirmed to Spain that its understanding was that Financial Regulation E.2 would apply. [Note that the Secretariat suggests that this be confirmed by the Commission to avoid any misunderstandings that may arise at a later date.]

5.2 Due date for financial contributions

5.2.1 Background

The due date for financial contributions is 28 February (Financial Regulation E.2). If dues are not received by the Commission by this date, a 10% penalty charge is added (Financial Regulation F.1).

At last year's Commission meeting, Cameroon noted that because of a conflict between the 28 February deadline and its own national budgetary cycle it usually has to make late payments which attract a penalty charge. It asked whether it would be possible for the Commission to change the deadline. The Chair of the Commission indicated that this should be considered at the 2009 Annual Meeting.

5.2.1 F&A Committee discussions and recommendations

Cameroon was invited to propose any changes that might improve its position. Cameroon had no proposal in mind and looked to the Commission for constructive suggestions.

One member expressed sympathy with those countries with financial cycles that differed from the IWC, but thought it impractical to change the due date used within Financial Regulations because of the widespread effects this might

have. However it was proposed that the Secretariat might explore the implications of changing the date on which penalty interest is charged for late payment of Financial Contributions from the current due date. This proposal was supported by other members and the Secretariat asked to report back in time for IWC/62.

The F&A Committee therefore **recommends** to the Commission that the Secretariat explore the implications of changing the date on which penalty interest is charged for late payment of Financial Contributions from the current “due date” and to report back in time for IWC/62.

5.3 Other

At last year’s meeting, St. Vincent and The Grenadines gave notice to the Commission that it intended to propose a reasonable reduction in its contributions at the 2009 Annual Meeting.

It was noted that St Vincent and The Grenadines had not yet provided any proposals on this matter and was not present at the meeting. However, it had the option to raise the matter at the private meeting of Commissioners at IWC/61 on 21 June.

6. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE

6.1. Review of the Provisional Financial Statement, 2008-2009

6.1.1 Report of the Budgetary Sub-committee

The report of the Budgetary Sub-committee was introduced by its Chair Andrea Nouak. The Provisional Financial Statement presented in IWC/61/5rev had been circulated to the Sub-committee in April 2009. It had been accompanied by fairly extensive notes and explanations. No comments had received prior to the meeting. It drew attention to the key points made in that statement as shown below:

Income and Expenditure Account

Income – exceeds budget by £41k the chief factors being: (1) Financial Contributions from new members; (2) interest on late contributions; and (3) increase in voluntary contributions.

Expenditure - is projected to exceed budget by £ 128k due to increases in Other Meeting Costs of £ 112k, Small Cetacean costs of £ 6k and Secretarial Costs of £ 10k.

Provisions—are projected to be under budget by £ 11k.

Result for the year —a projected excess of expenditure over income of £ -251k which, after transfers between funds, translates into a deficit of £ -283k.

The balance on the General Fund is projected at about £ 1,092k at the end of the current financial year (31 August 2009). This represents about 106% of the target level (6 months expenditure: £ 2,055k x 50%).

The Secretariat then commented briefly on changes that had occurred since the Provisional Financial Statement was prepared. It reported that increases in income are anticipated from:

- Financial Contributions of New Member £ 3.5k (Poland)
- Voluntary Contributions

(1) EUR 20k is expected from Belgium towards ship-strike work arising from the Conservation Committee. The voluntary contribution and associated expenditure for Conservation Committee work will be regarded as part of the General Fund and as such will not be shown in the financial statements but will be reported as a note to the accounts.

(2) Australia has stated its intention to make a voluntary contribution of AUD \$1.5 million to support the activities of IWC in the following areas: (a) Conservation Management Plans; (b) the Southern Ocean Research Partnership; and (c) small cetacean conservation research.

It should be noted that Australia intends to seek formal approval at IWC/61 to establish three new funds to support these activities and to work with the Secretariat and the Commission to formalise a process by which the funds are to be managed (but see section 7.1).

A release from provision for doubtful debts is anticipated in the final accounts for 2008-2009 of approximately £ 83k (Costa Rica £ 67k + Uruguay £ 16k) but this may be reduced by provision made at the financial year end for any current debts still outstanding.

The BSC noted that the projected out-turn for 2008-2009 is a generally satisfactory situation as currently presented with no problems foreseen. It accordingly recommended to the Finance and Administration Committee that the Provisional Financial Statement (Appendix 6) is forwarded to the Commission with a recommendation that it be approved subject to audit.

6.1.2 Secretary's report on the collection of financial contributions

The Chair of the Budgetary Sub-committee referred to document IWC/61/F&A 6 and reported that several countries on the list had indicated that they were trying to pay. During the BSC meeting, it was suggested that the experience of other organizations might be explored to see if any improvements might be made to the collection of financial contributions. The Secretariat had noted however that the repayment schedules as allowed by current Financial Regulations had been successful in encouraging several Contracting Governments to clear long-standing debts. Nevertheless, the Secretariat was asked to keep in close contact with countries with outstanding contributions and to provide what support it could to their endeavours to pay.

The Secretary's report on the collection of financial contributions as presented by the BSC Chair was noted.

6.1.3 Summary of Recommendations to the Commission

The F&A Committee **recommends** that the Provisional Financial Statement (Appendix 6) is approved by the Commission subject to audit and further **recommends** that the Commission takes note of the "Secretary's report on the collection of financial contributions".

6.2 Secretariat offices

6.2.1 Report of the Budgetary Sub-committee

Introduction to the BSC by the Secretariat

The lease on the Secretariat's current offices (The Red House) expired on 17 March 2009. Last year the Commission agreed that the lease should be re-negotiated. As of 1 June, negotiations are not complete but interim arrangements are allowed by UK law to permit the continued occupancy of the Red House by the Secretariat after 17 March 2009 while a new lease is negotiated. Discussions with the owner of the property are therefore on-going regarding the terms of the renewal (the Secretariat is trying to negotiate much more favourable terms, particularly in relation to the rental charge).

The Secretariat reported that the two parties were part-way through a timetable defined by the court, which requires documents to be exchanged and provides a framework to reach agreement on terms. If no agreement can be reached then there is the option to refer the matter to arbitration, where both parties agree to settle on the basis of a decision by a Real Estate Expert.

If an arbitrator cannot be agreed by the two parties, then the matter would be referred to the court for the judge to make the final decision (a) with regard to rent and possibly (b) with regard to the detailed technical terms of the lease.

Budgetary Sub-commission discussions and recommendations

The question was raised as to the likely size of the new rent. The Secretariat noted that the current rent of £ 75,000 per annum was regarded as unrealistic in current market conditions. The owner of the property has made an initial offer of a starting rent of £ 67,500. The IWC's real estate advisors again regard this as unrealistic in current market conditions.

Another question was raised concerning the timeframe for negotiations. The Secretariat noted that there is no set time table and that it is possible for the process to drag on for a considerable time, during which period the IWC is obliged to pay the current level of rent (£ 75,000 per annum) until a new rent is agreed. The Secretariat understands that when a new rent is agreed, any difference between the new rent and the old rent which has been paid by the IWC from the date of expiry of the old lease will be refunded to the IWC (if the new rent is lower) or paid to the owner (if the new rent is higher). The law gives the Secretariat security of continued occupation during the period the lease is re-negotiated.

Following these discussions the Budgetary Sub-committee agreed to recommend that the F&A Committee take note of the progress reported by the Secretariat.

6.2.2 F&A Committee discussions and recommendations to the Commission

The F&A Committee noted the report of the Budgetary Sub-committee and **recommends** that the Commission take note of the progress reported by the Secretariat on the re-negotiation of the lease of the Red House.

6.3 Consideration of estimated budgets, 2009/2010 and 2010/2011, including the budget for the Scientific Programme

6.3.1 Report of the Budgetary Sub-committee

Review of the Proposed Budget for 2009-2010 and the forecast budget 2010-2011(Appendix 7).

This aspect of the work done by the BSC was introduced by its Chair Andrea Nouak. She highlighted the main factors affecting their formulation as follows:

Proposed Budget 2009-2010

Income and Expenditure Account

Income – is projected to increase overall by about 3% (from £ 1,764k in the 2008-2009 Approved Budget to £ 1,817k in the proposed budget for 2009-2010). This is largely made up of increases in Financial Contributions and staff assessments offset by a reduction in bank interest receivable.

Poland adhered to the International Convention for the Regulation of Whaling, effective 17 April 2009. Due to the very recent nature of this news, Poland's Financial Contributions for 2009-2010 could not been included in time for circulation to the Commission.

Contracting Government Contributions - the total contributions required from Contracting Governments is increased for 2009- 2010 to £ 1,533k (from £ 1,460k in the 08/09 Forecast Out-turn). This represents a total increase of 5.0%, but due to an increase in the number of member countries and movements of three countries to higher "capacity to pay groups", the majority of contribution changes per country will be less than this.

The forecast budget is increased for 2010-2011 by 8 %.

Expenditure – 1.0% has generally been used to allow for cost increases for 2009–2010 (and for 2010-2011) except where there are positive indications that different levels are required. This reflects current levels of inflation in the UK. Expenses are generally expected to be much the same as last year, with the exception of a proposed allocation of £ 150k for intersessional meetings and activities relating to discussions on the future of the IWC.

The forecast budget is intended to show the general trend in reserve levels where budget deficits are shown in both years.

Projected result for the year(s)

| | <u>2009-2010</u> | <u>2010-2011</u> |
|--|------------------|------------------|
| Balance of income and expenditure (deficit) | -290,100 | -22,900 |
| Surplus/ (Deficit) after transfers between Funds | -296,550 | -29,150 |

General Fund Reserves

| | <u>2009-2010</u> | <u>2010-2011</u> |
|---|------------------|------------------|
| Projected balance on General Fund at year-end | 795,200 | 766,050 |
| Target level – approximately 6 months costs | 1,053,200 | 982,800 |
| % of Target level | 76 | 78 |

Reserves

Concern was expressed at IWC57 in 2005 that the level of reserves should be brought more in line with the "target level" of 50% of operating expenditure in any year (at that time the reserves were well above the target level). This has resulted in the adoption by the Commission of deficit budgets since then.

In recent years the reserves have been in excess of the target level due mainly to new governments adhering to the Convention each year after budgets have been agreed, interest received from late-paying governments,

favourable levels of bank interest received and re-payments of old debts by existing members. Despite the Commission adopting deficit budgets with the intention of reducing the reserves to the target level, the actual results for the past few years have continued to produce surpluses because of the factors mentioned above.

However the Forecast Out-Turn for the current financial year 2008/09 predicts a larger deficit than planned in the approved budget, principally because of costs incurred by the discussions on the future of IWC. This will have the effect of bringing the reserves to near the target level for this financial year, i.e. a year earlier than anticipated.

The effect of the reserves in 2008/09 being reduced to near the target level of 50% of operating costs is that, as predicted, expenditure for 2009/10 and 2010/11 will have to be mainly funded by Financial Contributions, i.e. if reserves are to be maintained, they will not be available to use to fund expenditures.

If the IWC is to hold further intersessional meetings in 2009/10 to discuss the future of the organisation and other expenditure is expected to rise broadly with inflation, then Financial Contributions would have to rise significantly over the next two to three years to keep reserves at or near the target level of 50% of operating costs in a given financial year.

To try to strike a balance between affordability for member governments and viability for the IWC (i.e. maintaining adequate reserves), gradual increases in total financial contributions over a three year period have been included for the proposed and forecast budgets. Total Financial Contributions for 2009/10 are based on the 2008/09 Forecast Out-turn level plus 5%, with 2010/11 being increased by 8% and 2011/12 being increased by 10%. The predicted level of reserves based on these total financial contributions over the three years is 76%, 78% and 89% of the current target level.

This three-year scenario would depart from the Commission's policy of setting the reserves at 50% of operating costs per financial year and significantly defers achieving this level. However, any decline in the level of reserves even of a temporary nature should be considered in the context of the effective running of the IWC and its ability to meet unplanned/unexpected expenditure.

During discussions one BSC member indicated that: (1) the Commission should be adopting balanced rather than deficit budgets and that the structure of expenditure should therefore be analysed; (2) that there should be zero increase in financial contributions; and (3) that the IWC's reserves were too high and should be considered in more depth. With respect to the former, the member noted that the reason for the deficit foreseen for 2008-2009 was caused largely by expenditure on work associated with discussions on the future of the IWC. While the need for the discussions on IWC's future was not questioned, it was suggested that as this is a temporary expenditure it could be financed (at least in part) by other means (e.g. by using the reserves) rather than through financial contributions. With respect to the level of reserves the member noted the high level of IWC's reserves (target of 6 months expenditure) compared with those of UN organisations which are typically 1-2 months operating costs and proposed that a level of 15-25% for IWC would be more appropriate. In response to this suggestion, the Secretariat noted that the predicted level of reserves resulting from the proposed and forecast budgets already showed a significant reduction from target. It advised that if the Commission wished to reduce its level of reserves, this be done in a gradual rather than sudden manner. The Secretariat also reported that at least some Fisheries Management Organisations have reserves at a similar level to that of IWC and questioned whether UN bodies are able to have such low levels of reserves because they have access to other funds in times of emergency not available to autonomous bodies like IWC and some fisheries organisations. The IWC has only its General Fund to fall back on. There was also the suggestion that different organisations have different levels of reserves because of different patterns of peaks in income and expenditure. The Secretariat noted that there was no legal requirement to maintain reserves at a particular level.

In response to a question as to why IWC set its reserves at 6 months operating costs, the Secretariat reported that to the best of its knowledge, the target level was established based upon experience of a period of considerable financial instability in the past when many Contracting Governments were either slow to pay their Financial Contributions and/or did not pay at all. The organisation's cash flow therefore became difficult to manage. The target level of reserves of 6 months operating costs was judged to be the level sufficient to bring stability to the organisation's finances.

The Secretariat acknowledged that reserve levels might be eroded by Contracting Governments failing to pay Financial Contributions due to economic difficulties – a particular concern in the current economic climate. The Secretariat noted that the scale of operations of the organisation had increased in recent years to support an increase in membership. It suggested that if more services are considered desirable and increases in Financial Contributions to fund them are resisted, the temptation to run-down reserves is obvious. Concern was expressed by another member at the number of Contracting Governments remaining to pay Financial Contributions for 2008-2009 and that the trend

towards decision making by consensus could weaken the incentive to pay promptly when the loss of voting rights was not as relevant as has been the case in the past.

The BSC recommended the proposed budget as presented in the Financial Statements document IWC61/5rev to the Commission via the F&A Committee for approval noting the strong views of one member regarding the level of reserves.

With respect to the Research Budget for 2009-2010 (Appendix 8), the BSC Chair invited Arne Bjorge, Chair of the Scientific Committee (SC), to introduce the Committee's proposals for research funding for 2009-2010. He noted that the Scientific Committee had identified projects totalling £308,320 which it considered necessary to properly carry out the Commission's requirements. In reviewing the request, one member noted that while item 9 (see Appendix 8) is related to in-depth assessments in the context of Japanese coastal whaling, as part of the on-going discussions about the future of the organisation extra funding might be needed. The SC Chair drew particular attention to the value for money of the proposed budget allocation of £ 64,000 for invited participants (item 20) who provide their time free of charge and only require funding for travel and subsistence.

The Sub-committee accepted the request from the Scientific Committee for the proposed budget and recommended this to the F&A Committee.

Regarding **fees for observers**, the Secretariat noted that in 1992 the Commission decided that fees for Observers from non-member Governments and intergovernmental organisations should be held constant at £800 while the fee for NGO observers should increase annually. A new procedure for setting NGO registration fees was agreed at IWC59 (i.e. per individual observer rather than per organization), and it was accepted that the level of fees set for IWC60 be used also for 2008/09. In previous years NGO fees were increased in line with UK inflation. For 09/10 it is proposed that NGO fees again increase in line with UK inflation set at 1%. Thus the NGO registration fee for 2009/10 would be set at: **£505** for the first observer and **£253** for each additional observer. There will be no charge for interpreters (each NGO will normally be restricted to one interpreter per organization). The Secretariat indicated that the new procedure was budget neutral with no decline in revenue for the year 2007-2008.

The BSC supported the proposal to set the fee for the first observer at £ 505 and £ 253 for each additional observer,

Regarding **press fees**, the BSC also supported the increase proposed by the Secretariat from £ 55 to **£60**.

Having reviewed the proposed budget for 2009-2010, including the research budget and the level of fees for NGOs and press, the BSC recommended that this be adopted by the Commission, subject to consideration by the F&A Committee.

6.3.2 *F&A Committee discussions and recommendations*

One F&A member emphasized his concerns regarding reserves as discussed at length in the BSC (see 6.3.1 above).

The F&A Committee noted the strong views expressed by one member regarding reserve levels but decided by consensus to **recommend** the proposed budget as presented in the Financial Statements document IWC61/5rev to the Commission for approval

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

- the proposed budget for 2009-2010 (Appendix 7) be forward to the Commission for its adoption;
- that the Commission takes note of the Forecast Budget for 2010-2011;
- that for 2009-2010, the NGO fee continue to be set at **£505** for the first observer from an organisation and at **£253** for each additional observer and the media fee be set at **£60**.

6.4 Other

6.4.1 *Report of the Budgetary Sub-committee*

The debt owing to IWC by of St Kitts and Nevis following the Annual Meeting in 2006.

The Secretariat reminded the BSC that since IWC/58, St Kitts and Nevis has had a debt outstanding with the IWC of £ 14.5k. This was because during IWC58, the IWC incurred expenditure on behalf of St Kitts and Nevis to facilitate the smooth running of the Annual Meeting. St Kitts and Nevis received voluntary contributions from other IWC members to make good the short-fall in the running costs of the meeting but these were insufficient to cover the balance owed to the IWC.

The Secretariat noted that when a host government invites the IWC to hold an Annual Meeting on its territory, it is expected to meet the full costs of running the meeting in excess of the contribution paid directly to them by the IWC.

St Kitts and Nevis still has to complete this obligation. The BSC was invited to consider whether (a) the residual liability of St Kitts and Nevis to the IWC for IWC58 of £ 14.5k should be written off against reserves or (b) whether St Kitts and Nevis might be encouraged to enter into an agreement with the IWC to pay off this debt in instalments over a period of say 3 years.

The question was raised as to the effect on reserves if the debt was written off. The Secretariat noted that the effect would be small. However, the BSC agreed that writing off the debt might set a bad precedent and that St Kitts and Nevis should be approached by the Secretariat with the aim of setting up a repayment plan.

Budgetary Sub-committee operations

Walter Deubner had resigned as Vice-Chair, having been assigned to a new role by his government. Thomas Schmidt (Germany) was elected by consensus to serve as Vice Chair for the next two years.

A table prepared by the Secretariat showed the provisional membership of the BSC up to 2011–2012 (see Appendix 9).

Of the countries shown in the table, Panama, Peru, Cyprus and Greece were approached by the Secretariat in late May to see if they were interested in participating in the work of the BSC. No acceptances or rejections had been received by the time the BSC met.

The BSC Chair noted that there are two open seats available to Contracting Governments on the BSC and called for expressions of interest from F&A members.

6.4.2 F&A Committee discussions and recommendations

The Committee noted the report on these items.

The Chair of the F&A Committee thanked the BSC Chair for her report and encouraged members to think about occupying the Open Seats available on the BSC.

7. OTHER MATTERS

7.1 Australian Voluntary Contribution

Australia informed the F&A Committee that it intended to make a voluntary contribution to IWC of AUD \$1.5 million to be divided equally to support activities in three areas: (1) Conservation Management Plans; (2) The Southern Ocean Research Partnership; and (3) small cetacean conservation research. It believed that the issue germane to the F&A Committee was the way in which to best handle the funds within the Commission's rules.

Australia noted that the money to support small cetacean conservation research would be donated to the existing Voluntary Fund for Small Cetaceans. For the remainder of the voluntary contribution, it saw two possibilities, i.e. amending the Commission's Financial Regulations to create two trust funds, or transferring the money to the General or Research Funds and ear-marking them for work in the appropriate areas. While Australia's preference was for the former, as it hoped to see these items as on-going work for the Commission to which other governments may also wish to contribute, it welcomed the views of others. If the two fund route was to be followed, Australia indicated that it would develop specific proposals for review by the Commission. It further noted that if there were strong feelings against this option, it was willing to pursue the second possibility identified.

Delegations welcomed the generous contribution from Australia. However, concerns were raised by several Contracting Governments in relation to: (1) the potential influence on IWC's agenda that may result from voluntary contributions (particularly given the specific focus indicated by Australia in this instance and the amount involved); (2) the need to retain the independence of IWC's Scientific Committee and not to overburden it unduly or divert it from other priority areas; (3) the need for clarity on Australia's ideas for a governance structure; (4) the request to the Secretariat to receive the funds before the Commission had had an opportunity to discuss the matter; and (5) that if new funds were to be created, the Commission is being asked to make decisions on issues that are the subject of ongoing discussions on IWC's future before those discussions are completed, which is inappropriate. In relation to (5), one Contracting Government suggested that it would be preferable to defer handling of the contribution for one year.

Australia understood that its voluntary contribution might raise concerns but believed these could be assuaged. It noted that work in the three areas targeted for funds is already ongoing within the Scientific Committee and it envisioned that the funds would be spent in accordance with procedures approved by the Commission. With regard to timing, Australia explained that the urgency of transferring funds related to the fact that it was approaching the end of its budgetary cycle and that if the money had not been transferred before 30 June it would have been lost.

Other Contracting Governments expressed no concerns over the voluntary contribution, including the creation of two new funds and believed that Australia's generosity should be recognised. The lack of IWC funding for cetacean conservation issues was noted by these governments who also stressed that the ongoing discussions on IWC's future should not be used to stall important conservation efforts. The importance of the contribution towards work in the Southern Ocean was noted by several Southern Hemisphere countries and one member particularly welcomed the proposed contribution to the Voluntary Fund for Small Cetaceans which is never replete with funds. One member hoped that agreement could be found regarding the way to handle the contribution fearing that otherwise it might be lost.

Noting that there was no consensus, at the suggestion of the chair of the F&A Committee, the Committee **recommends** that the matter be forward to plenary for further discussion. The F&A Committee Chair urged consultation among Contracting Governments prior to plenary.

7.2 Timing of availability of documents

Noting that some of the documents for the meeting had only just been made available, one member requested that to the extent possible, documents be made available to delegates at least 12 hours in advance of the session in which they will be discussed.

8. ELECTION OF NEW CHAIR

This was Anthony Liverpool's third meeting as Chair of the F&A Committee. Practice within the Commission is to change Chairs of Commission sub-groups every three years. Given that the F&A Committee had been held a day earlier than planned due to the need to re-schedule sessions to discuss the future of IWC and that some Contracting Governments had not yet arrived, the F&A Committee agreed to postpone the election of a new Chair to allow adequate time for consultation. It **recommends** that the matter be discussed at the private meeting of Commissioners on Sunday 21 June.

9. ADOPTION OF REPORT

The Report was adopted 'by post' on 21st June 2009.

Appendix 1
List of Participants

ARGENTINA

Miguel Iñiguez

AUSTRALIA

Donna Petrachenko

David Dutton

Nick Gales

Pam Eiser

Nicola Beynon

Andrew McNee

Lesley Gidding

AUSTRIA

Andrea Nouak

BELGIUM

Alexandre de Lichtervelde

BRAZIL

Andre Tenorio Mourao

Jose Truda Palazzo Jr.

CAMEROON

Baba Malloum Ousman

CHILE

Barbara Galletti

Francisco Ponce

FINLAND

Esko Jaakkola

Penina Blankett

FRANCE

Stéphane Louhaur

Martine Bigan

GERMANY

Thomas Schmidt

ICELAND

Tomas H. Heidar

ITALY

Michele Alessi

Plinio Conte

JAPAN

Joji Morishita

Dan Goodman

Toshinori Uoya

Midori Ota (I)

Hideaki Okada

Kayo Ohmagaki

Yasuo Iino

KOREA, REP. OF

Hyun-Jin Park

Jeong-Seok Park

Zang Geun Kim

LUXEMBOURG

Pierre Gallego

MEXICO

Lorenzo Rojas-Bracho

NETHERLANDS

Maaïke Moolhuijsen

NEW ZEALAND

Geoffrey Palmer

Mike Donoghue

Ara Tai Rākena

NORWAY

Karsten Klepsvik

Hild Ynnesdal

Ole-David Stenseth

Einar Tallaksen

ST. LUCIA

Jeannine Rambally-Compton

SOUTH AFRICA

Herman Oosthuizen

SPAIN

Carmen Asencio

SWEDEN

Bo Fernholm

Stellan Hamrin

SWITZERLAND

Martin Krebs

USA

Doug DeMaster

Lisa Phelps

Bob Brownell

DJ Schubert

UK

Trevor Perfect

James Gray

Claire Bass

Mark Simmonds

SCIENTIFIC COMMITTEE

Arne Bjorge

SECRETARIAT

Sean Moran

Sandra Holdsworth

Nicky Grandy

Greg Donovan

Mark Tandy

Appendix 2
List of Documents

| F&A Committee documents | | | Agenda item |
|------------------------------------|------|--|--------------------|
| IWC/61/F&A | 1rev | Revised Draft Agenda | |
| | 2 | List of Documents | |
| | 3 | Secretariat proposal to revise the definition of the <i>phrase ‘received by the Commission’</i> in the context of Financial Regulations F ‘Arrears of Contributions’ | 3.4 |
| | 4 | Scientific Committee Invited Participants 2009 | 7 |
| | 5 | Report of the Budgetary Sub-committee | 6 |
| | 6 | Secretary’s report on the collection of financial contributions for 2008-2009 | 6.1.2 |
| | 7 | Proposed amendment to the Scientific Committee Rule of Procedure | 3.3 |
| Commission Documents | | | |
| IWC/61/Rep | 1 | (Extract from the) Report of the Scientific Committee Item 24 (as submitted to Budgetary Sub-Committee) | 6.3 |
| | | (Extract 2 from the) Report of the Scientific Committee Item 20.1 (as submitted to Budgetary Sub-Committee) | 3.1.2 |
| IWC/61/ | 5rev | Financial Statements | 6 |
| IWC/M09/ | 5 | Report of the Intersessional Correspondence Group on Scientific Committee | 3.1.2 |

Appendix 3
Agenda

1. INTRODUCTORY ITEMS
 - 1.1 Appointment of Chair
 - 1.2 Appointment of Rapporteurs
 - 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 Other
 - 3.2 Website
 - 3.3 Amendments to the Rules of Procedure, Financial Regulations and Rules of Debate
 - 3.4 Carbon-neutral study
4. FINANCIAL ASSISTANCE FOR DEVELOPING COUNTRY MEMBERS
5. FORMULA FOR CALCULATING CONTRIBUTIONS AND RELATED MATTERS
 - 5.1 Updating cut-off points defining capacity-to-pay groups
 - 5.2 Due date for financial contributions
 - 5.3 Other
6. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE
 - 6.1 Review of the provisional financial statement, 2008/2009
 - 6.1.1 Report of the Budgetary Sub-committee
 - 6.1.2 Secretary's report on the collection of financial contributions
 - 6.1.3 F&A Committee discussions and recommendations
 - 6.2 Secretariat offices
 - 6.2.1 Report of the Budgetary Sub-committee
 - 6.2.2 F&A Committee discussions and recommendations
 - 6.3 Consideration of the proposed budget for 2009/2010, including the budget for the Scientific Programme, and the forecast budget for 2010/2011
 - 6.3.1 Report of the Budgetary Sub-committee
 - 6.3.2 F&A Committee discussions and recommendations
 - 6.4 Other
7. OTHER MATTERS
8. ELECTION OF NEW CHAIR
9. ADOPTION OF THE REPORT

Appendix 4

Rules of Procedure agreed at IWC/60, Chile, 2008

(Extract from IWC/60/24, Annex A: Reforming the working procedures of the IWC)

At its 60th annual meeting, the International Whaling Commission considered improvements to its working practices and procedures in the context of deliberations on the future of the Commission.

The Commission agreed that it would make every effort to reach consensus on all matters of substance and that voting should be a last resort. To this end, the Commission recognised that increased dialogue between Contracting Governments and greater use of informal meetings would improve the prospects of achieving consensus. The Commission agreed that the work of the Commission should be organised to provide sufficient opportunities for all proposals to be discussed informally between Contracting Governments before action was taken by the Commission. The Commission also recognised the importance of ensuring that its proceedings took place in an environment of mutual respect, notwithstanding the differing views and perspectives among Contracting Governments.

The Commission therefore decided to amend the chapeau of Rule E of its Rules of Procedure as follows:

E. The Commission ~~should seek~~ shall make every effort to reach its decisions by consensus. ~~Otherwise, If all efforts to reach consensus have been exhausted and no agreement reached~~, the following Rules of Procedure shall apply:...

The Commission also decided to amend its Rules of Debate by adding a new rule as follows:

C.3. Notwithstanding anything in these Rules, the Chair may suspend the meeting for a brief period at any time in order to allow informal discussions aimed at reaching consensus consistent with Rule E of the Rules of Procedure.

In order to maximise the prospects of reaching consensus, the Commission also agreed that all proposals for action by the Commission should be circulated to Contracting Governments well in advance of the annual meeting. The Commission therefore decided to amend Rule J of its Rules of Procedure as follows:

J. Schedule amendments ~~and~~, recommendations under Article VI and Resolutions

1. No item of business which involves amendment of the Schedule to the Convention, ~~or~~ recommendations under Article VI of the Convention, **or Resolutions of the Commission**, shall be the subject of decisive action by the Commission unless the ~~subject-matter~~ **full draft text** has been ~~included in the annotated provisional agenda~~ circulated to the Commissioners at least 60 days in advance of the meeting at which the matter is to be discussed.

2. Notwithstanding the advance notice requirements for draft Resolutions in Rule J.1, at the recommendation of the Chair in consultation with the Advisory Committee, the Commission may decide to consider urgent draft Resolutions which arise after the 60 day deadline where there have been important developments that warrant action in the Commission. The full draft text of any such Resolution must be circulated to all Commissioners prior to the opening of the meeting at which the draft Resolution is to be considered.

The Commission also decided to amend Rule R.1 of its Rules of Procedure, to require the full text of proposed amendments to the Rules of Procedure and Rules of Debate to be circulated well in advance of the annual meeting, as follows:

R.1. These Rules of Procedure and the Rules of Debate may be amended from time to time by a simple majority of the Commissioners voting, but ~~notice of any proposed amendment shall be despatched by the most expeditious means available~~ the full draft text of any proposed amendment shall be circulated to the Commissioners by the Secretary to the Commission not less than at least 60 days in advance of the meeting at which the matter is to be discussed.

The Commission agreed that reducing the uncertainty over the voting intentions of new Contracting Governments would improve the predictability of the Commission's annual meetings. It therefore decided to amend its Rules of Procedure as follows:

E.2.(b) The Commissioner of a new Contracting Government shall not exercise the right to vote either at meetings or by postal or other means:

(i) until 30 days after the date of adherence, although they may participate fully in discussions of the Commission; and

(ii) unless the Commission has received the Government's financial contribution or part contribution for the year prescribed in Financial Regulation E.3

Recognising that French and Spanish are the primary languages of many Contracting Governments, the Commission also emphasised the importance of enabling effective participation in its affairs and widely disseminating information to the public through the use of French and Spanish as working languages of the Commission. It therefore decided to amend the Rules of Procedure as follows:

N. Languages of the Commission

1. English shall be the official ~~and working~~ **language of the Commission. English, French and Spanish shall be the working languages of the Commission.** Commissioners may speak in any other language, if desired, it being understood that Commissioners doing so will provide their own interpreters. All official publications and communications of the Commission shall be in English. **Agreed publications and communications shall be available in English, French and Spanish.**²

The Commission further recognised the importance of ensuring accurate and timely information on the Commission's work was provided to the media. It therefore encouraged the Chair, Secretary and Head of Science to provide regular briefings to the media at the meetings of the Commission.

The Commission decided to implement the use of French and Spanish as working languages of the Commission beginning with its sixtieth Annual Meeting and that the other amendments to the Rules of Procedure contained in this statement would come into effect at the next meeting of the Commission.

² As agreed at IWC 59 in Anchorage in 2007 : i.e. simultaneous interpretation in French and Spanish in IWC Plenary and private meetings of Commissioners, and translation into French and Spanish of: (1) Resolutions and Schedule amendments; (2) the Chair's summary reports of annual meetings; (3) Annotated Provisional Agendas; and (4) summaries of the Scientific Committee and working group reports.

Appendix 5

Economic data and 'Capacity to Pay' Groups

| Economic data and 'Capacity to Pay' Groups (2002-03 to 2007-08) | | | | | | Countries in group |
|--|-----|--------------------------------|-----|------------|---------------------|--------------------|
| Group 1 | GNI | Less than 10,000,000,000 | and | GNI/capita | less than 10,000 | |
| Group 2 | GNI | greater than 10,000,000,000 | and | GNI/capita | less than 10,000 | |
| Group 3 | GNI | less than 1,000,000,000,000 | and | GNI/capita | greater than 10,000 | |
| Group 4 | GNI | greater than 1,000,000,000,000 | and | GNI/capita | greater than 10,000 | |
| | | | | | Total | |
| Economic data and 'Capacity to Pay' Groups (2008-09) | | | | | | |
| Group 1 | GNI | less than 11,850,000,000 | and | GNI/capita | less than 11,850 | 28 |
| Group 2 | GNI | greater than 11,850,000,000 | and | GNI/capita | less than 11,850 | 27 |
| Group 3 | GNI | less than 1,185,000,000,000 | and | GNI/capita | greater than 11,850 | 20 |
| Group 4 | GNI | greater than 1,185,000,000,000 | and | GNI/capita | greater than 11,850 | 6 |
| | | | | | Total | 81 |
| Economic data and 'Capacity to Pay' Groups (2009-10) | | | | | | |
| Group 1 | GNI | less than 12,650,000,000 | and | GNI/capita | less than 12,650 | 29 |
| Group 2 | GNI | greater than 12,650,000,000 | and | GNI/capita | less than 12,650 | 27 |
| Group 3 | GNI | less than 1,265,000,000,000 | and | GNI/capita | greater than 12,650 | 21 |
| Group 4 | GNI | greater than 1,265,000,000,000 | and | GNI/capita | greater than 12,650 | 7 |
| | | | | | Total | 84 |

Appendix 6

Provisional Financial Statement 2008-2009

Income and Expenditure Account

| Income | Approved Budget | | Projected Out-turn | |
|---|------------------|------------------|--------------------|------------------|
| | £ | £ | £ | £ |
| Contracting Government contributions | | 1,442,400 | | 1,460,100 |
| Recovery of Arrears | | 0 | | 0 |
| Interest on overdue financial contributions | | 0 | | 25,200 |
| Voluntary contributions | | 2,000 | | 31,100 |
| Sales of publications | | 18,750 | | 18,750 |
| Sales of sponsored publications | | 1,050 | | 1,050 |
| Observers' registration fees | | 49,800 | | 49,800 |
| UK taxes recoverable | | 22,800 | | 26,400 |
| Staff assessments | | 169,000 | | 165,650 |
| Interest receivable | | 56,950 | | 26,500 |
| Sundry income | | 1,000 | | 0 |
| | | <u>1,763,750</u> | | <u>1,804,550</u> |
| Expenditure | | | | |
| Secretariat | 1,097,100 | | 1,107,050 | |
| Publications | 38,000 | | 38,150 | |
| Annual meetings | 362,100 | | 362,100 | |
| Other meetings | 100,600 | | 213,000 | |
| Research expenditure | 305,400 | | 305,400 | |
| Small cetaceans | 1050 | | 6,500 | |
| Sundry | 0 | | 0 | |
| | <u>1,904,250</u> | | <u>2,032,200</u> | |
| Provisions | | | | |
| Unpaid interest on overdue contributions | 0 | | 5,400 | |
| Severance Pay Provision | 33,600 | | 17,750 | |
| Provn for other doubtful debts | <u>0</u> | | <u>0</u> | |
| | | <u>1,937,850</u> | | <u>2,055,350</u> |
| Excess of expenditure over income | | -174,100 | | -250,800 |
| Net Transfers from or to (-): | | | | |
| Sponsored Publications Fund | | -2,050 | | -1,400 |
| Research Fund | | -6,350 | | -30,500 |
| Small Cetaceans Fund | | <u>-50</u> | | <u>-800</u> |
| Surplus/Deficit (-) for the year after transfers | | <u>-182,550</u> | | <u>-283,500</u> |

Appendix 7

Proposed Budget 2009 - 2010; Forecast 2010 - 2011

Income and Expenditure Account

| | Proposed Budget 2009-2010 | | Forecast Budget 2010-2011 | |
|---|------------------------------|------------------|------------------------------|------------------|
| Income | £ | £ | £ | £ |
| Contracting Government contributions | | 1,533,000 | | 1,655,600 |
| Recovery of Arrears | | 0 | | 0 |
| Interest on late financial contributions | | 0 | | 0 |
| Voluntary contributions | | 2,000 | | 2,000 |
| Sales of publications | | 18,900 | | 19,100 |
| Sales of sponsored publications | | 1,000 | | 1,100 |
| Observers' registration fees | | 50,300 | | 50,800 |
| UK taxes recoverable | | 22,000 | | 22,200 |
| Staff assessments | | 172,500 | | 176,600 |
| Interest receivable | | 16,200 | | 14,800 |
| Sundry income | | 500 | | 500 |
| | | <u>1,816,400</u> | | <u>1,942,700</u> |
| Expenditure | | | | |
| Secretariat | 1,153,300 | | 1,176,300 | |
| Publications | 38,500 | | 38,900 | |
| Annual meetings | 365,700 | | 369,400 | |
| Other meetings | 198,000 | | 41,400 | |
| Research expenditure | 308,500 | | 311,500 | |
| Small cetaceans | 1,000 | | 1,000 | |
| Sundry | 0 | | 0 | |
| | <u>2,065,000</u> | | <u>1,938,500</u> | |
| Provisions | | | | |
| Unpaid interest on overdue contributions | 0 | | 0 | |
| Severance Pay Provision | 41,500 | | 27,100 | |
| Provn for other doubtful debts | 0 | | 0 | |
| | | <u>2,106,500</u> | | <u>1,965,600</u> |
| Excess of expenditure over income | | -290,100 | | -22,900 |
| Net Transfers from or to (-): | | | | |
| Sponsored Publications Fund | | -1,700 | | -1,700 |
| Research Fund | | -4,600 | | -4,400 |
| Small Cetaceans Fund | | -150 | | -150 |
| Surplus/Deficit (-) for the year after transfers | | <u>-296,550</u> | | <u>-29,150</u> |

Appendix 8
Scientific Committee funding requirements for 2009-2010

| Plenary Item first | Short title | Requested (£) |
|----------------------------------|--|----------------|
| RMP | | |
| 1 Item 5.1; Annex D | RMP MSY intersessional workshop. | 17,500 |
| 2 Item 6.4; Annex D | computing support for North Pacific minke whale analyses | 17,500 |
| AWMP | | |
| 3 Item 8.1; Annex E | Workshop to continue assessment of common minke whales off West Greenland. | 10,000 |
| 4 Item 8; Annex E | AWMP developers fund. | 8,000 |
| IA | | |
| 5 Item 10.8; Annex G | IDCR/SOWER biopsy and photo-identification records database. | 12,000 |
| 6 Item 10.1.1; Annex G | Abundance estimates of Antarctic minke whales using SOWER data. | 5,000 |
| 7 Item 10.1.1; Annex G | Import of 2008/09 SOWER data and assist abundance working group. | 7,100 |
| 8 Item 10.8.2; Annex G | SOWER 2009/10 cruise and planning meeting; NP sighting survey meeting. | 71,000 |
| IANP | | |
| 9 Item 6.4, Annex G1 | Intersessional workshop on North Pacific minke whales | 20,000 |
| 10 Items 10.2.1, 10.2.2; Annex G | Updated simulations of dispersal for western North Pacific minke whales. | 10,000 |
| SH | | |
| 11 Item 10.3; Annex H | Modelling of Southern Hemisphere Humpback Populations. | 3,500 |
| 12 Item 10.3; Annex H | Interchange analysis, migratory connections, and mixing in Antarctic Feeding Grounds for Southern Hemisphere humpback whales Breeding Stock B. | 10,000 |
| 13 Item 10.3; Annex H | Antarctic humpback whale catalogue. | 15,000 |
| 14 Item 10.3; Annex H | Estimating abundance of Oceania humpback whales. | 8,200 |
| 15 Item 10.4; Annex H | IWC-SOWER blue whale photo-identification continuation of archival and analysis. | 3,500 |
| BC | | |
| 16 Item 7.6; Annex J | Further development and maintenance of the IWC ship strike database | 10,000 |
| 17 Item 7.2; Annex J | Progress with bycatches and the Fisheries Resource Monitoring System (FIRMS). | 4,000 |
| E | | |
| 18 Item 12.2; Annex K | Modelling workshop: Pollution in the 21st century. | 9,020 |
| 19 Item 12.3; Annex K | State of the Cetacean Environment Report (SOCER). | 3,000 |
| ALL | | |
| 20 | Invited Participants to the 2010 Annual Meeting. | 64,000 |
| | Total | 308,320 |

Appendix 9

Current and future membership of Budgetary Sub-committee as of 01 June 2009 compared to 01 June 2008

Current membership of Budgetary Sub-committee
based on Contracting Governments as of

| 01 June 2008 | | | |
|---------------------|----------------------------|---------------------------------|-------------------------|
| | Term of membership (years) | Current membership* 2007-2008 | Participants at IWC60 |
| Group 1 | 3 | Benin(3) Gabon(3) | no no |
| Group 2 | 3 | Morocco(1) Monaco (resigned) | no no |
| Group 3 | 3 | Belgium(2) Denmark(2) | Belgium no |
| Group 4 | 3 | Germany(3) Japan USA | Germany Japan USA |
| Open seats | 2 | <i>Vacant</i> | no |
| Chair | | Joji Morishita (Japan) | (Japan) |
| Vice-Chair | | Andrea Nouak (Austria) | (Austria) |

* Number in brackets indicates how many years a country has already been a member.

Current and future membership of Budgetary Sub-committee
based on Contracting Governments as of

| 01 June 2009 | | | | | | |
|---------------------|----------------------------|---|---|---|---|------------------------------------|
| | Term of membership (years) | Current membership (as per rota) | Current (effective) membership* | Future membership assuming no country declines to serve | | |
| | | | | 2009-2010 | 2010-2011 | 2011-2012 |
| Group 1 | 3 | Gambia the (!!) Grenada (!!) | Gambia the (1) Grenada (1) | Gambia (the) Grenada | Gambia (the) Grenada | Guinea Guinea-Bissau |
| Group 2 | 3 | Morocco (#) Oman (#) | | Panama Peru | Panama Peru | Panama Peru |
| Group 3 | 3 | Belgium Denmark (#) | Belgium(3) | Cyprus Greece | Cyprus Greece | Cyprus Greece |
| Group 4 | 3 | Italy (!!) Japan USA | Italy (1) Japan USA | Italy Japan USA | Italy Japan USA | UK Japan USA |
| Open seats | 2 | <i>Vacant</i> | <i>Vacant</i> | <i>Vacant</i> | <i>Vacant</i> | <i>Vacant</i> |
| Chair | | Andrea Nouak (Austria) Walter Duebner (Germany) (^^) | Andrea Nouak (Austria) To be elected | Andrea Nouak (Austria) To be elected | Andrea Nouak (Austria) To be elected | To be elected To be elected |
| Vice-Chair | | | | | | |

(!!) Willing to participate when asked during IWC60
(#) Declined to participate when asked during IWC60
(^^) No longer involved with IWC. New election required.

* Number in brackets indicates how many years a country has already been a member.