

Financial Statements

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Introduction

At its 54th Annual Meeting in Shimonoseki, Japan, May 2002, the Commission adopted a process, beginning with the year commencing 1 September 2002, to bring income and expenditure into better balance and to eliminate budget deficits as soon as possible by considering both increases in the level of Contracting Government and NGO contributions and short-and long-term reductions in the level of expenditure. This was combined with a requirement that individual contributions should increase no more than necessary to maintain approved budget levels. This is set against the agreement that the level of reserves in the General Fund be set at 6 months operating costs.

These requirements have for the most part been met.

Financial Contributions

Also at the 54th Annual Meeting, the Commission adopted the Interim Measure proposed by Argentina and Antigua and Barbuda for calculating the financial contributions from Contracting Governments beginning with the financial year commencing 1 September 2002. This has the effect of alleviating the financial burden of developing countries. Countries are divided into 4 groups depending on their 'capacity to pay'¹. The Interim Measure takes the 'old' pre-September 2002 formula for calculating contributions as its starting point and then modifies the resulting amounts for each Contracting Government by factors relating to capacity to pay and a further factor for involvement in whaling. For the years 2002/03 and 2003/04, Group 1 and 2 countries were subject to reductions of 50% and 25% respectively. The shortfall was redistributed among whaling countries, and Group 3 and 4 countries by 10%, 30% and 60% respectively. In the third year, i.e. 2004/05, the Interim Measure provided for further reductions of 25% and 10% for Group 1 and 2 countries.

The factors relating to "capacity to pay" are based on data from the World Bank (Gross National Income (GNI) and Gross National Income per Capita (GNIPC)). Specific combinations of these two statistics are used to place countries into economic groups, with Group 1 paying the lowest level of Financial Contribution and Group 4 paying the highest. The World Bank data are published around April each year. The practice up to IWC59 was to use the April data to calculate the Financial Contributions to be agreed at the Annual Meeting one or two months later.

The "ability to pay criteria" centre around specific levels of GNI and GNIPC. These levels or "cut-off points" were agreed at IWC54 and have been unchanged since that time. During IWC59, the then accepted procedure resulted in the sudden promotion of three countries to higher economic groups and therefore exposed them to a higher level of Financial Contribution for which they had very little notice and consequently no time in which to make budgetary allowance. Two proposals were made at IWC59 to avoid Contracting Governments being exposed to sudden large increases in Financial Contributions:

(a) To use World Bank data that were available in the December prior to the Annual Meeting (this would provide more time for governments to make sufficient budgetary provision, and avoid situations like that occurring at IWC59 last year).

(b) To update the specific levels of GNI and GNIPC used to determine the "cut-off points" defining capacity to pay groups that were agreed at IWC54 and that have not been changed since to take account of inflation.

Proposal (a) was accepted by the Commission at IWC59 and was used to calculate the Financial Contributions for 2007-2008. Regarding proposal (b), the Secretariat was asked to update the "cut-off" points and to report back to IWC60 with a view to decision making.

As proposal (a) has been accepted by the Commission and proposal (b) still has to be approved, it is appropriate to show illustrations of two scenarios for the Proposed Budget for 2008/09 within this paper.

¹ Group 1: GNI<US\$10,000 million and GDI per capita <US\$10,000
 Group 2: GNI>US\$10,000 million and GDI per capita <US\$10,000
 Group 3: GNI<US\$1,000,000,000,000 and GDI per capita >US\$10,000
 Group 4: GNI>US\$1,000,000,000,000 and GDI per capita >US\$10,000

Provisional Financial Statement 2007-2008**Key Points and Action Summary****Key Points****Income and Expenditure Account (Table 1)**

Income – exceeds budget by £35k the chief factors being: (1) Financial Contributions from new members; (2) interest on late contributions; and (3) increase in interest receivable.

Expenditure - is projected to exceed budget by £ 13k. Increases in Other Meeting Costs of £ 20k, Small Cetacean costs of £3k and Publication costs of £ 1k were offset by savings in Secretarial Costs of £ 11k.

Provisions—are projected to be under budget by £7k.

Result for the year –a projected excess of expenditure over income of £ -61k which, after transfers between funds, translates into a deficit of £ -68k.

The balance on the General Fund is projected at about £ 1,309k at the end of the current financial year (31 August 2008). This represents about 143% of the target level (6 months expenditure: £1,829k x 50%).

Action

1. **Finance and Administration Committee** to receive the report of the Budgetary Sub-committee and, in the light of its conclusions, recommend approval (or otherwise) of the Provisional Financial Statement.
2. **Commission** to approve the Provisional Statement, subject to audit.

Proposed Budget 2008-2009 and *Forecast Budget 2009-2010*

Key Points And Action Summary

Key Points

Income and Expenditure Account (Table 7)

Income – is projected to increase overall by about 1.8% (from £ 1,732 k in the 2007-2008 Approved Budget to £ 1,764k in the proposed budget for 2008-2009). This is due to increases in Financial Contributions, registration fees, staff assessments and a reduction in bank interest receivable.

Contracting Government Contributions (Table 13) - the total contributions required from Contracting Governments is increased for 2008- 2009 to £ 1,442k (from £1,407k). This represents a total increase of 2.5%, but due to an increase in the number of member countries the majority of contribution changes per country will be less than this.

The forecast budget is increased for 2009-2010 by 2%.

Expenditure – 4.1% has generally been used to allow for cost increases for 2008–2009 (*and for 2009-2010*) 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.

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) (see Table 7)

	2008-2009	2009-2010
Balance of income and expenditure (deficit)	-169,100	-131,500
Surplus/ (Deficit) after transfers between Funds	-177,550	-140,550

General Fund Reserves (see Table 12)

	2008-2009	2009-2010
Projected balance on General Fund at year-end	1,131,700	991,300
Target level – approximately 6 months costs	966,500	968,100
% of Target level	117	102

Reserves

Concern was expressed at IWC57 that the level of reserves should be brought more in line with the “target level” of 50% of operating expenditure in any year. The proposed budget as currently drafted produces an operating deficit. At this point it may be useful to briefly re-state the relationship between annual operating surpluses or deficits and the level of reserves.

It is recognised that the most prudent method to keep the General Fund at or above the “target level” is for income to match expenditure in any year. However because expenditure can be delayed or deferred to a later period, a surplus may result in one year when a break-even was expected. Timing differences can be dealt with by ensuring that the General Fund is maintained at or above the “target level”. This means that expenditure can exceed income in a given year but still maintain the General Fund at or above the “target level”. Unforeseen expenditure can obviously reduce the General Fund below the “target level” in a given year, which would then require higher Financial Contributions in the following year to bring the General Fund back to the “target level”.

The forecast budget shows an increase in Financial Contributions of 2% and shows the cumulative effect on reserves of prudently moving towards the “target level”.

A proposed deficit budget (before transfer from/to reserves) that still allows the General Fund to be maintained at or above target levels is sustainable. A deficit budget that allows the reserves to fall substantially below target levels is unsustainable. The latter would require larger increases in Financial Contributions in subsequent years to restore reserve levels. Reserves can be lowered if expenditure is lowered, but this must be judged in the context of the continued unimpaired running of the Commission.

The projected levels of the reserves at 117% and 102% indicate that deficit budgets for 2008/09 and 2009/10 are feasible, but that higher levels of Financial Contributions may be needed in future years in order to maintain reserves at the target level of 50% of operating costs (the General Fund being projected to have reached 102% of this target by the end of 2009/10).

Action

Finance and Administration Committee

1. To receive the report of the Budgetary Sub-committee and, in the light of its conclusions;
2. To recommend the level of registration fee for observers (see Table 7, note 5);
3. To recommend the budget for 2008-2009, (as proposed in Table 7 or as amended by the Budgetary Sub-committee or Finance and Administration Committee), including the consequent level of financial contributions;
4. *To note/comment upon the Forecast Budget 2009-2010.*

Commission

1. To adopt the budget for 2008-2009 (as proposed in Table 7 or amended by the Finance and Administration Committee);
2. *To note/comment upon the Forecast Budget 2009-2010.*

Table 1

Provisional Financial Statement 2007-2008

Income and Expenditure Account

	Approved Budget		Projected Out-turn		Note
Income	£	£	£	£	
Contracting Government contributions		1,407,000		1,414,080	1
Recovery of Arrears		0		0	2
Interest on overdue financial contributions		0		20,300	3
Voluntary contributions		2,000		2,000	4
Sales of publications		17,500		18,000	5
Sales of sponsored publications		1,500		1,000	6
Observers' registration fees		48,400		47,900	7
UK taxes recoverable		24,700		21,920	8
Staff assessments		162,800		162,800	9
Interest receivable		67,600		78,500	10
Sundry income		<u>1,000</u>		<u>1,000</u>	
		1,732,500		1,767,500	
Expenditure					
Secretariat	1,041,900		1,030,560		Table 1A
Publications	37,700		38,750		11
Annual meetings	347,900		347,900		12
Other meetings	79,800		99,840		13
Research expenditure	293,350		293,350		14
Small cetaceans	1,000		4,280		15
Sundry	0		0		
	<u>1,801,650</u>		<u>1,814,680</u>		
Provisions					
Unpaid interest on overdue contributions	0		0		16
Severance Pay Provision	21,300		14,000		Table 5
Provn for other doubtful debts	<u>0</u>		<u>0</u>		17
		<u>1,822,950</u>		<u>1,828,680</u>	
Excess of expenditure over income		-90,450		-61,180	
Net Transfers from or to (-):					
Sponsored Publications Fund		-2,800		-2,000	Table 2
Research Fund		-5,300		-8,050	Table 4
Small Cetaceans Fund		<u>-600</u>		<u>2,770</u>	Table 3
Surplus/Deficit (-) for the year after transfers		<u>-99,150</u>		<u>-68,460</u>	Table 6

Notes to Table 1

1. Budgeted (i.e. invoiceable contributions) were set at £ 1,407k. New member (Uruguay) has provided an additional contribution of £ 7k. (Please note: the late entry of Romania to the IWC means that their Financial Contribution of £ 3.5k has not been included in the projected out-turn)

Total Financial Contributions per Out-turn £ 1,414k

2. A recovery of arrears is shown as a write-back of provision for doubtful debts.

3. The budget does not allow any provision for interest on late contributions. The Commission has determined that the budget should be developed on the basis that all Contracting Governments will pay in good time.

4. Voluntary Contributions. The out-turn figure has been left at a notional £ 2k (as per budget).

5. The budget was set at a level consistent with previous years. The out-turn projection has been increased slightly in anticipation of an increased sales effort.

6. Conservative estimate.

7. Conservative estimate. Actual revenue is dependent upon the numbers of observers attending the 2008 Annual Meeting. Reliable information is not yet available.

8. Recoveries of primarily VAT but also Airport Departure Tax and Insurance Premium Tax. Conservative estimate for the out-turn projection.

9. Recoveries of Staff Assessments are broadly proportionate to salary costs.

10. Increases in the size of deposits and the rates offered thereon have led to an increase in the out-turn projection of interest receivable above the budget level.

11. Recent rises in printing costs have been reflected in the out-turn.

12. Any costs additional to those budgeted will be met by the host government.

13. The intersessional meeting held at the Renaissance Hotel, Heathrow, London in March 08 concerning the future of the IWC, added approximately £ 20k to the budget allocation of £ 40k. Part of the budget approved for 07/08 will be allocated to meeting costs of translation and interpretation at IWC60, as agreed by the Commission at IWC59.

14. Research expenditure in the out-turn projection agrees with the budget. (See Table 4A)

15. Small Cetaceans expenditure anticipated to exceed budget. (See Table 3)

16. Where a country has long-term arrears (even as limited by decisions at IWC54) interest is still charged annually on balances outstanding.

17. Review of provision for doubtful debts takes place periodically. No provision has been made at this stage.

Table 1A
Analysis of Secretariat Costs 2007-2008

	Approved Budget	Projected Out- turn	Note
Salaries and allowances	671,900	667,900	1
Retirement and other benefit schemes	144,300	148,400	2
Travelling expenses	5,800	6,110	3
Office rent, heating and maintenance	113,200	111,710	4
Insurance	6,300	4,330	5
Postage and telecommunications	17,000	17,050	6
Office equipment and consumables	51,700	47,630	7
Professional fees	15,000	15,000	8
Training and Recruitment	7,000	5,000	9
Photocopying	5,500	3,250	10
Sundry	4,200	4,180	11
TOTAL	1,041,900	1,030,560	

Notes

1. There is a reduction in the projected out-turn due to changes in patterns of work.
2. Higher management charges and pension-scheme compliance costs are shown in the increased out-turn projection.
3. In line with budget.
4. Reductions in expected maintenance costs exceeded increases in Health & Safety compliance costs.
5. Lower premiums for “general insurance” are shown in the reduced out-turn projection.
6. In line with budget.
7. This item includes equipment-leasing costs for which a reduction compared to budget is expected. The general provision for replacement/upgrading of hardware and software expected to be within budget.
8. Provision is made for Professional Advice or Consultancy on a contingent basis.
9. Provision is made for Training and Recruitment on a contingent basis.
10. Result entirely dependent upon volume of copying required.
11. The costs of bank charges, loss on exchange etc are included here.

Table 2
Sponsored Publications Fund 2007-2008 (Note 1)
Income and Expenditure Account

	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Income					
Voluntary contributions		0		0	
Sales		1,500		1,000	2
UK tax recoverable		0		0	
Bank Interest		1,300		1,000	3
Sundry income		<u>0</u>		<u>0</u>	
		2,800		2,000	
Expenditure					
Special Issues: (None planned in year)	0		0		
Other (re-prints etc.)	<u>0</u>		<u>0</u>		4
		<u>0</u>		<u>0</u>	
Net transfer from or to (-) I&E Account		2,800		2,000	
Opening Balance brought forward		<u>37,100</u>		<u>36,710</u>	5
Projected Closing Balance		<u>39,900</u>		<u>38,710</u>	

Notes

1 The Sponsored Publications Fund exists primarily to receive voluntary contributions towards publication of IWC Special Issues, contributors often specifying that the revenue from sales of publications funded by their donations should be used towards future publications and not for general expenditure. The Commission has also made allocations of money towards publication of some Special Issues. Proceeds of volumes for which the IWC has provided funds wholly or in part are allocated to the General Fund and the Sponsored Publications Fund in due proportion. No IWC funds are expended in the production of volumes relating to small cetaceans. These are funded solely from contributed funds and interest accrued thereon.

2 A conservative estimate shows a reduction in sales for the projected out-turn.

3 A conservative estimate shows a reduction in bank interest for the projected out-turn.

4 No re-prints etc are anticipated for the remainder of 2007-2008.

5 The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

Table 3

Small Cetaceans Fund 2007 – 2008 (Note 1)

Income and Expenditure Account

	Approved Budget		Projected Out-turn		Note
Income	£	£	£	£	
Voluntary contributions		1,000		1,000	2
UK tax recoverable		0		0	
Bank Interest		700		500	
Sundry income		<u>0</u>		<u>0</u>	
		1,700		1,500	
Expenditure					
Invited participants	1,000		1,000		3
By Catch Reduction	0		3,170		
Common Dolphin in S America	0		0		
Bank Charges	100		100		
Sundry expenditure	<u>0</u>		<u>0</u>		
		1,100		4,270	
Net transfer from or to (-) I&E Account		600		-2,770	
Opening Balance brought forward		<u>11,900</u>		<u>9,300</u>	4
Projected Closing Balance		<u>12,500</u>		<u>6,530</u>	

Notes

1. The Commission established the IWC Voluntary Fund for Small Cetaceans in 1994 'to allow for the participation from developing countries in future small cetaceans work ...' and called upon 'Contracting Governments and non-Contracting Governments, intergovernmental organisations and other entities as appropriate, in particular those most interested in scientific research on small cetaceans to contribute ...'. (IWC Resolution 1994 - 2 *Rep. int. Whal. Commn* 45:41.)

2. Voluntary Contributions: A notional amount of £ 1,000 was included in the budget for Invited Participants.

3. The projected out-turn assumes that the notional Voluntary Contribution for Invited Participants of £ 1,000 is received and spent in addition to payments of £3k for Bycatch Reduction work funded by a grant from WWF.

4. The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

Table 4**Research Fund 2007 – 2008 (Note 1)****Income and Expenditure Account**

	Approved Budget	Projected Out- turn	Note
Income	£	£	
Allocation	290,700	293,350	2
Voluntary contributions	1,000	1,000	3
UK tax recoverable	0	50	4
Bank Interest	6,950	7,000	5
Sundry income	<u>0</u>	<u>0</u>	
	298,650	301,400	
Expenditure	<u>-293,350</u>	<u>-293,350</u>	Table 4A
Net transfer from or to (-) I&E Account	5,300	8,050	
Opening Balance brought forward	<u>152,700</u>	<u>143,400</u>	6
Projected Closing Balance	<u>158,000</u>	<u>151,450</u>	

Notes

1 The Research Fund exists to receive voluntary contributions and any such monies as the Commission may allocate for research and scientific investigation and is charged with expenditure of this nature.

2 The 'Allocation' comprises the allocation of new money for new or existing programmes. During IWC 59 the Head of the Scientific Committee requested that the allocation in the then proposed budget for 2007/08 be increased by £ 2,650 to match the "reduced Research Budget" presented to the Budgetary Sub-committee (BSC). The funding of this request from the General Fund was recommended by the BSC and the Finance & Administration Committee and approved by the Commission but was not reflected in the 2007/08 approved budget as published. The out-turn projection for 2007/08 now includes the £ 2,650 as originally intended.

3 A notional figure of £ 1k was included in the budget and remains in the out-turn projection.

4 Recovery of VAT and Airport Departure Tax.

5 Estimates for the out-turn projection show Bank Interest receivable above budget.

6 The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

A full analysis of research expenditure is given in Table 4A.

Conservation Committee Work This Committee is advised by the Scientific Committee regarding research priorities. Voluntary Contributions towards Conservation Committee work (and any associated expenditure) are treated as part of the General Fund and are reported separately from funding specific to the work of the Scientific Committee.

In June 2007 a Voluntary Contribution of £ 12,300 was received from the Australian Government towards the IWC Conservation Committee work on the impact of ship strikes on cetaceans. The majority of this money has been spent with approximately £ 800 left as a residual balance as at 31 March 2008.

Table 4A

Research Expenditure 2007 - 2008		
Note	Approved Budget	Projected Out-turn
RMP (Annex D)		
1 Audit western NP Bryde's whale survey data	2,000	2,000
2 Computing support for <i>Implementations</i>	20,000	20,000
3 NA Fin Whale <i>Implementation</i> - technical meeting	5,000	5,000
4 1st Intersessional Workshop for the NA Fin whale <i>Implementation</i>	10,000	10,000
5 Workshop to review MSY rates	6,000	6,000
AWMP (Annex E)		
6 Assistance for <i>SLA</i> developers	10,000	10,000
7 Workshop on Greenland fisheries	10,000	10,000
BRG (Annex F)		
8 W. North Pacific gray whale telemetry, contingent on meeting the requirements in Annex F	2,000	2,000
IA (Annex G)		
9 SOWER 2007/08 cruise and planning meeting	66,750	66,750
10 SOWER abundance estimate workshop	4,000	4,000
11 Travel for earplug ageing expert in calibration experiment	2,000	2,000
12 Analysis of the BT mode data and importation of 2006/07 SOWER data into DESS	10,000	10,000
13 Continue development of statistical catch-at-age estimators for Antarctic minke whales	6,000	6,000
SH (Annex H)		
14 Finalise assessment of humpback whale Breeding Stocks C and D	23,000	23,000
15 Antarctic humpback whale photo-identification catalogue maintenance	6,600	6,600
16 Initiate assessment of Antarctic blue whales	3,300	3,300
SD (Annex I)		
17 TOSSM development – programming assistance	9,000	9,000
E (Annex K)		
18 Scoping meeting for POLLUTION 2000+ Workshop	5,000	5,000
19 Scoping meeting for Climate Change Workshop	6,000	6,000
20 Workshop to review of skin diseases in cetaceans of S. America	2,000	2,000
EM (Annex K1)		
21 CCAMLR/IWC Workshop in July 2008	36,000	36,000
WW (Annex M)		
22 Workshop for strategic planning of large-scale whalewatching research	6,000	6,000
DNA (Annex N)		
23 Validate mtDNA control-region sequences in GenBank for large baleen whales	2,700	2,700
24 Invited Participants to the 2008 Annual Meeting	40,000	40,000
TOTAL		
	£293,350	£293,350

Table 4A Notes

Abbreviations

AWMP	Sub-committees of the Scientific Committee	Aboriginal Subsistence Whaling Management Procedure	
BRG		Bowhead, Right and Gray Whales	
DNA		Deoxyribo Nucleic Acid	
E		Environmental Concerns	
EM		Ecosystem Modelling	
IA		In-depth Assessment	
RMP		Revised Management Procedure	
SH		Other Southern Hemisphere Whales	
SD		Stock Definition	
WW		Whale Watching	
B-C-B	Bering-Chukchi-Beaufort	JSV	Japanese Scouting Vessel
BT	Buckland and Turnock	MSY	Maximum Sustainable Yield
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources	NA	North Atlantic
CPII/III	Circumpolar Survey II / III	SLA	Strike Limit Algorithm
DESS	(IWC) Database and Estimation Software System	SOWER	Southern Ocean Whale & Ecological Research
IDCR	International Decade of Cetacean Research	TOSSM	Testing of Spatial Structure Model
JARPA	Japanese Whale Research Programme under Special Permit in the Antarctic	VPA	Virtual Population Analysis

Insufficient information is available at the time of preparation of this statement to develop a more informed estimate of projected out-turns of the various projects, but there is no reason to assume any significant variation from budget.

The following notes are taken from the document prepared by the Chair of the Scientific Committee for the Finance & Administration Committee and were used to justify and explain the budget proposed for 2007-2008.

Revised Management Procedure**(1) North Pacific Bryde's Whale – audit survey data** (Item 6.1; Annex D, App. 6)

The Commission has endorsed the Committee's 'Requirements and Guidelines for Surveys' for use in the RMP. As part of the process, the survey data must be audited. This funding is to allow this process to happen via contract.

(2) - (4) Technical and first intersessional workshop for the NA Fin Whale Implementation

(Item 6; Annex D)

The Commission has endorsed the process recommended three years ago by the Committee with respect to the time schedule if an *Implementation* begins (IWC, 2005c, pp.84-92). Last year, the Commission agreed with the Committee's proposal to begin the North Atlantic fin whale *Implementation* after completion of the North Pacific Bryde's whale *Implementation*. As discussed in Annex D, Appendix 9, Items (2) and (3) are to cover the cost a technical preparatory meeting before the first workshop and to ensure appropriate programming assistance is available. This is especially important because it is unreasonable to expect the invaluable free intersessional work that Punt has done over a decade to have continued. Workshop funding is required for invited participant costs; Iceland has kindly offered to host the Workshop which will probably take place in Reykjavik in Spring 2008.

(5) Workshop to review MSY rates (Item; 5.2; Annex D, Item 5.5)

The workshop is to enable sufficient progress to be made to be able to have a thorough review of and perhaps to revise the range of plausible MSY rates (currently $MSYR_{(mat)} = 1\%$ to 7%) for use in RMP trials by the 2008 meeting.

Aboriginal Subsistence Whaling Management Procedure

(6) AWMP Developers Fund *(Items 8, 9.4, 9.6; Annex E)*

The developers fund has been invaluable in the work of *SLA* development and other essential tasks of the Standing Working Group. It has been agreed as a standing fund by the Commission. The primary development tasks facing the SWG are for the Greenlandic fisheries. These tasks are of high priority to the Committee which has frequently expressed its great concern at its inability to provide management advice on safe catch limits (see Items 8.1 and 9.4). The fund is essential to allow progress to be made.

(7) Workshop on management of greenlandic fisheries

(Items 8, 9.4, 9.6; Annex E, Items 3-5)

The Committee remains unable to provide satisfactory management advice on the effects of aboriginal subsistence whaling on the common minke whale stocks off West Greenland, despite major advances in recent years. There has been a fundamental difficulty in the AWMP discussions as to whether sex ratio data alone are a sufficient basis for management advice and for the development of an *SLA* for common minke whales. It is essential that this issue be resolved. The success of developing an assessment method for fin whales this year means that work can begin immediately on developing an *SLA* for this stock. There are also a number of questions remaining with respect to assessing humpback whales. An intersessional Workshop is essential to maintain momentum.

Bowhead, right and gray whales

(8) Telemetry studies on the western gray whale *(Item 10.7; Annex F, Item 6.2)*

The western gray whale is one of the most critically endangered populations of great whales. It is vulnerable throughout its range to bycatch and/or ship strikes and vulnerable in its feeding grounds to oil and gas development activities. Telemetry data can provide information on its poorly known migratory routes and breeding grounds to aid in developing measures to mitigate anthropogenic risks throughout the range of the animals (which includes the waters of China, Republic of Korea, People's Republic of Korea, Japan and the Russian Federation). The Committee has recommended that the IWC acts as a co-ordinator for a telemetry project *inter alia* to ensure that it is carried out in as risk averse manner as possible and a number of safeguards and provisos have been developed. Although detailed costings can not be made at this time, it is clear that the total budget may exceed US\$1M. Therefore, the Committee agreed that this project be included in the Committee's budget but with a token funding request and a recommendation that individual governments or others consider making voluntary contributions to the IWC research fund, specified for this purpose.

In-depth assessments

(9) SOWER circumpolar cruise *(Item 10.2, 10.11; Annex G; App. 2)*

The Committee and the Commission have both given high priority to obtaining agreed abundance estimates for Antarctic minke whales and for explaining the differences between CPII and CPIII. The high priority plans for this year's survey are directed at experiments to address these problems including a co-operative study with an Australian aerial survey over the ice. In addition there will be continued work related to: (1) improving estimates of distance/angle estimation; (2) research on blue whales and humpback whales which are the subject of a comprehensive assessment. The funding is for planning, equipment and participation by international scientists. The vessel is generously provided by the Government of Japan.

(10) Antarctic minke whale abundance estimation workshop *(Item 10.2.1; Annex G, App. 3)*

The Committee and the Commission have both given high priority to obtaining agreed abundance estimates for Antarctic minke whales and for explaining the differences between CPII and CPIII. The in-depth assessment of Southern Hemisphere minke whales has already taken much longer than anticipated, and if the Committee is going to finish this soon, then an intersessional technical workshop to develop abundance estimates using the three proposed methods is essential. After such a workshop (and some associated intersessional email correspondence), the Committee in 2008 should be able to quickly come to an agreement on best available estimates, leaving enough time during the 2008 meeting for discussion of interpretation.

(11) Travel for earplug ageing expert in calibration experiment *(Item 10.2.3; Annex G, App. 6)*

The Committee has encountered a number of difficulties arising from differences in age distributions between commercial and scientific catches. It is important to determine how much, if any, can be explained by ageing errors. The Committee has agreed a process to investigate this, of which one aspect requires funding: the travel and subsistence cost for an independent expert to visit Tokyo.

(12) Analysis of the BT mode data and importation of 06/07 SOWER data into DESS

Last year, a considerable amount of new experimental data was collected. Collection of BT mode data as part of a feasibility study was given high priority, since it can potentially incorporate estimates of $g(0)$ and incorporate reactive movement (if there is any) into abundance estimates of Antarctic minke whales. It is essential that this is incorporated promptly into the IWC-DESS database so that appropriate analyses can be carried out, preferably before the Planning Meeting in Tokyo at the end of September. This work will be undertaken by the IWC Secretariat in conjunction with Burt. *(Item 10.2, 10.11 Annex G, Item 6.2)*

(13) VPA analysis and catch-at-age analysis (Item 10.2.3; Annex G, Item 7.4)

This work has been recommended by the Committee in the past and is essential in furthering the work on exploring the reasons for differences in Antarctic minke whale abundance from CPII and CPIII and working towards an in depth assessment. The data have been generously been made available by the Institute of Cetacean Research (Tokyo) under the Data Availability Agreement.

Southern Hemisphere humpback and blue whales**(14) Finalise assessment of humpback whale Breeding Stocks B and C** (Item 10.5; Annex H, App. 3)

The Committee has placed high priority on completing the Comprehensive Assessment of Southern Hemisphere humpback whales. This work should allow for completion of assessments for Breeding Stocks B and C or at least further the work considerably. The money will fund photo-identification, genetic and modelling work. The former are related to both answering questions about stock structure and providing reliable estimates of abundance. The reduced funding will still allow progress to be made and priorities for the work are being set.

(15) Antarctic humpback whale catalogue (Item 10.5; Annex H, Item 6)

The Committee is already committed to funding this project, which represents only a partial cost of running the catalogue and is of great benefit to its in-depth assessment of Southern Hemisphere humpback whales. The work required to *inter alia* make the IWC/SOWER photographs more accessible is being carried out. The funds are mainly required for database management.

(16) Initiate assessment of Antarctic blue whales (Item 10.6; Annex H, App. 4)

The Committee has agreed to begin an in-depth assessment of Southern Hemisphere blue whales. There is also considerable interest within the Commission with respect to the status of this species. The work will involve: (1) updating the catch series for this subspecies by splitting the historical catches between Antarctic and pygmy blue whales; (2) updating a biological informative prior for the maximum rate of increase based on new data for biological parameters for blue whales; and (3) conducting an assessment of the population incorporating the revised IDCR/SOWER, JARPA and JSV data.

Stock definition**(17) TOSSM development: specialist programmer** (Item 11.2; Annex I, App. 4)

Great progress that has been made with TOSSM over the past year; the results are starting to make an impact the Committee's work. Apart from the generic insights into tools such as STRUCTURE, the programming of TOSSM greatly facilitated the development of the individual-based simulations used in case-specific B-C-B bowhead whale discussions this year. The substantial tasks identified in Annex I need to be implemented intersessionally. This year's progress has been made possible by the employment of a full-time TOSSM technical assistant (part-funded by IWC). This funding request will cover the gap between March 2008 and May 2008; other sources for funding beyond that date are being sought. Continuity in the technical assistant position is crucial to making efficient progress with TOSSM and bringing forward the results into the Committee's work.

Environment**(18) Scoping Meeting for Pollution 2000 + Workshop** (Item 12.2; Annex K, App. 3)

The Committee has agreed that it will be valuable to begin Phase II of POLLUTION 2000+. The initial work will concentrate on developing: (1) an integrated modelling framework for examining the effects of pollutants on cetacean populations; and (2) a protocol for validating the use biopsy samples in pollution related studies. An important component of this work will be to identify suitable focal populations for future work. The work will be expedited by the holding of a multidisciplinary workshop to address both items and to evaluate candidate populations. However, such a multidisciplinary workshop is very ambitious in scope and it is essential that thorough planning occurs, including the holding of a scoping meeting. It is particularly important to ensure that preparatory analyses and key papers are produced in good time. It is assumed that the full Workshop will occur after the 2008 meeting and will be funded in next year's budget.

(19) Scoping meeting for Climate Change Workshop (Item 12.6.1; Annex K, App. 4)

The IWC last convened a workshop focused on impacts of climate change on cetaceans in 1995 (IWC, 1996). Since then, much has been learnt about both how climate change is manifesting its impacts in the oceans and how to extrapolate those impacts at temporal and spatial scales relevant to cetaceans. With the release of the latest IPCC report in March 2007 and growing evidence of changes to cetacean habitats, particularly at high latitudes, it is now timely to revisit and review this important matter. However, such a multidisciplinary workshop is very ambitious in scope and it is essential that thorough planning occurs, including the holding of a scoping meeting. It is particularly important to ensure that preparatory analyses and key papers are produced in good time. It is assumed that the full Workshop will occur after the 2008 meeting and will be funded in next year's budget.

(20) Workshop to review skin diseases in cetaceans of South America *(Item 12.1; Annex K, Item 6)*

This will provide seed funding for a workshop on skin diseases with an emphasis on South America. Many of these diseases are of unknown aetiology, have been reported in cetaceans from scattered locations worldwide and, so far, have been predominantly encountered in cetaceans occupying or transiting coastal habitat, suggesting anthropogenic causes or contributing factors. The review will take into account: visual assessments of skin disease using high-definition digital imaging in addition to traditional assessments from necropsy; and utilisation of existing archives of photo-identification images world-wide, many of which may allow a long-term retrospective trends analysis. In addition to the participation of local scientists, other international experts will be identified and included as Invited Participants to assess and review the information presented to help focus further investigations.

(21) Joint IWC-CCAMLR workshop on modelling Antarctic krill predators in July 2008*(Item 13.1; Annex K1, Item 1.2)*

Ecosystem modelling is becoming more important to the Committee's work, particularly in attempting to understand what may have happened in the Antarctic as a result of intensive exploitation of whales and other marine mammals. The Committee agreed that a collaborative effort with CCAMLR would make an important contribution to its work. The funds are requested as the IWC contribution to the Workshop that will be held in Hobart, Tasmania, probably in July 2008.

(22) Workshop for strategic planning of large-scale whale watching research*(Item 15.3.2; Annex M, Item 7.2)*

Last year, the Committee agreed that it was necessary to concentrate research effort on understanding the interactions between whale watching impacts on cetaceans and other anthropogenic disturbances and ecological factors. To do so, the Committee proposed the holding of a dedicated workshop to develop a global scale research design. Detailed planning has taken place for a two-day pre-meeting workshop at the 2008 Annual Meeting.

(23) Validate mtDNA control-region sequences in GenBank for large baleen whales*(Item 16.1; Annex N, App. 2)*

Last year, the Committee agreed to continue with the development of plans for sequence validation in GenBank. This funding is for the first year of the project and will provide a contract to Dr Ross of New Zealand. Validation will take the form of a report with the following provisions: (1) List the *GenBank* accession number and species identity of each mysticete control region sequence with the species identity as determined using the most recent version of the Witness for the Whale reference sequence alignments (see SC/59/SD5) and the DNA Surveillance software engine; (2) The above list to be supported by phylogenetic trees, one per sequence, showing the placement of the *GenBank* sequence in relation to the reference sequence; (3) an evaluation of the types of inconsistencies/errors (quality of submitted sequences, accuracy of species identification and accuracy of geographical location).

(24) Invited participants fund

The Committee draws attention to the essential contribution made to its work by the funded IPs. The IWC-funded IPs play an essential role in the Committee's work including the critically important roles of chairs and rapporteurs. They represent excellent value as they receive only travel and subsistence costs and thus donate their time, which is considerable. As was the case for previous meetings, where possible, effort will be made to accommodate scientists from developing countries

Table 5
Severance Pay Provision 2007 – 2008 (Note 1)

	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Opening Balance 1 September 2007		390,800		391,700	2
Provision for year		<u>21,300</u>		<u>14,000</u>	
Projected Closing Balance		<u>412,100</u>		<u>405,700</u>	3

Notes

1 In accordance with the practice of other intergovernmental organisations the Commission provides an indemnity to staff in the event of their appointments being terminated upon the abolition of their posts. The indemnity increases according to length of service and therefore an annual provision is made to bring the total provision to the level of the maximum contractual liability.

2 The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

3 The Projected Closing Balance is equal to the maximum projected liability (by way of the process described in note 1). The reduction in the provision for the year and therefore the projected closing balance has arisen due to a reduction in working hours of some staff members.

Table 6
General Fund 2007 – 2008 (Note 1)

	Approved Budget	Projected Out-turn	Note
Opening Balance 1 September 2007	1,256,700	1,377,770	2
Surplus/Deficit (-) transferred from I&E Account	<u>-99,150</u>	<u>-68,460</u>	
Projected Closing Balance	<u>1,157,550</u>	<u>1,309,310</u>	3

Notes

1 The Commission's Financial Regulation C.1 requires that the General Fund shall be credited or debited with the balance of the Income and Expenditure Account at the end of each financial year.

2 The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

3 The projected closing balance will be increased if any arrears of contributions are received, if there are other improvements in revenue or if actual expenditure to the year-end is less than that projected.

Table 7

Proposed Budget 2008 - 2009; Forecast 2009 - 2010**Income and Expenditure Account**

	Proposed Budget 2008-2009		Forecast Budget 2009-2010		Note
Income	£	£	£	£	
Contracting Government contributions		1,442,400		1,471,300	1
Recovery of Arrears		0		0	
Interest on late financial contributions		0		0	2
Voluntary contributions		2,000		2,000	3
Sales of publications		18,750		19,500	4
Sales of sponsored publications		1,050		1,100	
Observers' registration fees		49,800		51,750	5
UK taxes recoverable		22,800		23,750	6
Staff assessments		169,000		178,900	7
Interest receivable		56,950		55,400	8
Sundry income		1,000		1,000	9
		<u>1,763,750</u>		<u>1,804,700</u>	
Expenditure					
Secretariat	1,092,100		1,121,900		Table 7A
Publications	38,000		35,500		10
Annual meetings	362,100		376,950		11
Other meetings	100,600		42,250		12
Research expenditure	305,400		317,900		Table 10A
Small cetaceans	1,050		1,050		Table 9
Sundry	<u>0</u>		<u>0</u>		
	1,899,250		1,895,550		
Provisions					
Unpaid interest on overdue contributions	0		0		
Severance Pay Provision	33,600		40,650		Table 11
Provn for other doubtful debts	<u>0</u>		<u>0</u>		
		<u>1,932,850</u>		<u>1,936,200</u>	
Excess of expenditure over income		-169,100		-131,500	
Net Transfers from or to (-):					
Sponsored Publications Fund		-2050		-2,100	Table 8
Research Fund		-6350		-6,900	Table 10
Small Cetaceans Fund		-50		-50	Table 9
Surplus/Deficit (-) for the year after transfers		<u>-177,550</u>		<u>-140,550</u>	Table 12

Notes To Table 7

(Notes refer primarily to the proposed budget for 2008-2009 although many apply equally to both years.
Any which have specific application to the Forecast for 2009-2010 are in italic type)

(1) The total amount required from Contracting Governments to ‘balance’ the budget. ‘Balance’ 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.

The proposed budget for 2008-2009 aims to balance the preference of Contracting Governments for no or minimal increases in Financial Contributions with increased expenditure and allowing reserves to move smoothly towards the “target level”. The total contributions required from Contracting Governments are increased for 2008-2009 to £ 1,442k (from £1,407k). This represents a total increase of 2.5% (when compared with actual Financial Contributions for 2007/2008 ²), but as there has been an increase in the number of member countries, the majority of contribution changes per country show a lower percentage increase (but see paragraphs below). This results in the General Fund Reserves being at 117% of the “target level” (6 months operating costs).

Concern was expressed at IWC57 that the level of reserves should be brought more in line with the “target level” of 50% of operating expenditure in any year. The proposed budget as currently drafted produces an operating deficit. At this point it may be useful to briefly re-state the relationship between annual operating surpluses or deficits and the level of reserves.

It is recognised that the most prudent method to keep the General Fund at or above the “target level” is for income to match expenditure in any year. However because expenditure can be delayed or deferred to a later period, a surplus may result in one year when a break-even was expected. Timing differences can be dealt with by ensuring that the General Fund is maintained at or above the “target level”. This means that expenditure can exceed income in a given year but still maintain the General Fund at or above the “target level”. Unforeseen expenditure can obviously reduce the General Fund below the “target level” in a given year, which would then require higher Financial Contributions in the following year to bring the General Fund back to the “target level”.

The forecast budget shows an increase in Financial Contributions of 2.0% to allow for increased expenditure and to allow reserves to move smoothly towards the “target level”.

Individual Contracting Government contributions are shown in Table 13. The contribution per share (before re-distribution which takes account of ability to pay) for the proposed budget *and the forecast budget* is approximately £5,264 (£ 1,442,000 divided by 274 shares). This is based on attendance at IWC59 which is assumed to apply to the proposed budget *and the forecast budget* for planning purposes.

Recent changes in the approach to the calculation of Financial Contributions mean that a single statement showing a proposed amount per individual Contracting Government is not feasible at this time. Two examples of possible Financial Contributions are shown instead, based upon alternative criteria. A brief resume of the calculation process will provide the context to explain the recent changes in approach.

The calculation of Financial Contributions for individual Contracting Governments is achieved by way of the “Interim Measure”. This term describes a two stage process. The first stage involves the calculation of an initial amount per country according to shares allocated for membership, meeting attendance and whaling activity. Stage 2 involves the modification of the initial amount per country, by way of “ability to pay” criteria based on data from the World Bank (Gross National Income (GNI) and Gross National Income per Capita (GNIPC)). Specific combinations of these two statistics are used to place countries into economic groups, with Group 1 paying the lowest level of Financial Contribution and Group 4 paying the highest. The World Bank data are published around April each year. The practice up to IWC59 was to use the April data to calculate the Financial Contributions to be agreed at the Annual Meeting one or two months later.

The “ability to pay criteria” centre around specific levels of GNI and GNIPC. These levels or “cut-off points” were agreed at IWC54 and have been unchanged since that time. During IWC59, the then accepted procedure resulted in the sudden promotion of three countries to higher economic groups and therefore exposed them to a higher level of Financial Contribution, for which they had very little notice and consequently no time in which to make budgetary allowance. Two proposals were made at IWC59 to avoid Contracting Governments being exposed to sudden large increases in Financial Contributions:

² The increase in total contributions last year was 4.1%.

(a) To use World Bank data that were available in the December prior to the Annual Meeting (this would provide more time for governments to make sufficient budgetary provision, and avoid situations like that occurring at IWC59 last year).

(b) To update the specific levels of GNI and GNIPC used to determine the “cut-off points” defining capacity to pay groups that were agreed at IWC54 and that have not been changed since to take account of inflation.

Proposal (a) was accepted by the Commission at IWC59 and was used to calculate the Financial Contributions for 2007-2008. Regarding proposal (b), the Secretariat was asked to update the “cut-off” points and to report back to IWC60 with a view to decision making.

As proposal (a) has been accepted by the Commission and proposal (b) still has to be approved, it is appropriate to show illustrations of two scenarios:

1. Financial Contributions are calculated using existing cut-off criteria and April 2006 World Bank data i.e. no change to how countries are allocated to capacity to pay groups. Work by the Secretariat suggests that if the cut-off points were updated to take account of inflation since IWC54 in 2002, there would be no changes to how countries are allocated to capacity to pay groups from 2007/08 to 2008/09.
2. Financial Contributions are calculated using existing cut-off criteria and World Bank data that were available in December 2007 (published April 2007). This scenario follows the current procedures approved by the Commission.

The illustrations of individual Contracting Government 2008/09 Scenario 1 and Scenario 2 contributions are shown in Table 13.

Table 13A shows a comparison of Financial Contributions per country for the years 2004/05 to 2008/09 (including both Scenarios 1 and 2 for 2008/09). Scenario 1 produces small increases in financial contributions for all members when compared to 2007/08 actuals. Scenario 2 produces small increases for Group 1 and 2 members, but larger changes (up and down) for Group 3 and 4 countries. The Czech Republic and Hungary are promoted from Group 2 to Group 3 and Spain is promoted from Group 3 to Group 4. These three countries would pay significantly higher financial contributions for 2008/09, with reductions for other Group 3 and Group 4 countries.

(2) No provision. The Commission has determined that the budget is developed on the basis that all Contracting Governments will pay their contributions in good time. However, it should be noted that the audited financial statements have had to include interest on late contributions and provide against non-payment of some of that interest in each of the last 20 years.

(3) Voluntary contributions can reasonably be expected. The budget shows a notional £1k for Small Cetacean Invited Participants and a notional £ 1k for the Research Fund. (See Tables 9 & 10)

(4) Sales of the *Annual Report of the International Whaling Commission*, the *Journal of Cetacean Research and Management* and reports in its *Special Issue* series.

(5) The Commission decided in 1992 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. However, given that a new procedure for setting NGO registration fees was agreed at IWC59 last year (i.e. per individual observer rather than per organization), it is suggested that the level of fees set for IWC60 be used also for 2008/09. This will allow time to assess the level of income received under the new procedure. Thus the NGO registration fee for 2008/09 would be set at

- £ 500 for the first observer, and
- £ 250 for each additional observer.

There will be no charge for interpreters (each NGO will normally be restricted to one interpreter per organization). The nominal Press fee increases from £50 to **£55**.

(6) Recoveries of Insurance Premium, Airport Departure and, primarily, Value-Added Taxes.

(7) Recoveries of Staff Assessment are broadly proportionate to salary costs. See Table 7A.

(8) Bank interest depends upon the extent of balances brought forward, the level of income from financial contributions, the timing of major expenditures and the level of bank deposit interest rates. The latter are assumed to remain at a conservative level of 3.5% to produce an estimate of interest receivable. *Deficit budgets for 2008/09 and 2009/10 lead to an expected reduction of bank balances and therefore a reduction in interest receivable.*

(9) No budget provision but this line item provides *inter alia* for gains on exchange in foreign currency transactions. Although such gains, if any, are unintended, the policy when invoicing in currencies other than sterling is to ensure that, as far as possible, the Commission does not sustain any loss.

(10) Costs of sponsored publications are given in Table 8. The balance covers publication of the Annual Report of the International Whaling Commission, the Journal of Cetacean Research and Management and reports in its *Special Issue* series. *No Special Issue costs have been included for 2009/10 leading to a reduction in provision in comparison with 2008/09.*

(11) The cost to the Commission of the 61st Annual Meeting in 2009. The budget provision represents a 4.1% increase over that for IWC/60. IWC/61 will be in Madeira but in accordance with the Commission's usual practice, the budget is developed on the basis of a 'generic UK venue'. It should be noted however that the current budget level is inadequate to run a meeting at the Commission's expense in the UK, particularly in relation to the provisions for conference accommodation, security and audio-visual components.

The Commission's long-standing practice is that when a meeting is held other than in the UK, by invitation of a Contracting Government, that Government undertakes to meet any costs in excess of those provided in the IWC budget, unless the Commission has specifically agreed some other arrangement or the host government's invitation includes meeting all or a very substantial portion of the costs.

The level of IWC annual meeting provision was discussed at IWC58, but no consensus could be found as to how any increases to the UK level might be implemented.

(12) The proposed budget of £ 100.5k includes £ 60.5k for 08/09 intersessional meetings (including facilities hire, translation and interpretation) and £ 40k for "other costs" associated with provision of document translation and simultaneous interpreters for IWC/61 in Madeira. The £ 60.5k for intersessional meetings during 08/09 has been included to provide for the event that at IWC/60 the Commission agrees to hold an intersessional meeting similar to that held in March 2008. If there is no decision to hold an intersessional meeting, the £60.5k provision can be deducted from the proposed budget. *No provision for an intersessional meeting has been included in the forecast budget for 2009/10.*

Table 7A

Proposed Budget 2008 - 2009; Forecast 2009 - 2010**Analysis of Secretariat Costs**

	Proposed Budget 2008-2009	Forecast Budget 2009-2010	Note
Salaries and allowances	695,300	723,800	1
Retirement and other benefit schemes	156,400	163,150	2
Travelling expenses	9,950	10,350	3
Office rent, heating and maintenance	119,500	117,650	4
Insurance	4,500	4,700	5
Postage and telecommunications	17,750	18,500	6
Office equipment and consumables	49,150	50,750	7
Professional fees	24,600	17,800	8
Training and Recruitment	6,250	6,500	9
Photocopying	4,500	4,500	10
Sundry	4,200	4,200	11
Total	<u>1,092,100</u>	<u>1,121,900</u>	

Notes

1. These figures represent gross pay and related costs. IWC pay scales are derived from those of IMO and reflect incremental progression and cost-of-living adjustments.

2. These costs are largely but not exclusively salary-related.

3. Provision for unspecified travel (includes travel insurance).

4. The lease on the Red House is due for renewal in March 2009. The proposed budget is based on the “working assumption” that the lease is renewed at the current level of rent (£ 75,000 per annum – this is above the level suggested by Real Estate Consultants because of changes in the local property rental market). £5k of expenditure has been included for “delapidations” (the law allows for repairs to a property, that the owner can insist on being done at the time a lease is renewed). Energy costs have been assumed to rise by 20% and other costs by the rate of inflation. *The provision for 2009/10 excludes costs associated with lease renewal.*

5. Essential insurance cover maintained but no provision allowed to meet any insurance excesses in the event of a claim.

6. Costs have been assumed to rise with inflation.

7. The 2008-2009 provision for equipment and supplies is £49k. Approximately £27k relates to the rental / running costs of scanning / photocopying equipment. The balance relates to the replacement/upgrading of hardware and software and the purchase of office stationery and consumables.

8. Mainly audit fees £6k with a specific provision of £ 8k for property advice to support the renewal of the lease of the Red House and a general provision of £ 11k for legal advice (for pensions), property advice, I.T. consultancy, H.R. (Human Resources) consultancy and H&S (Health & Safety) consultancy. *The provision for 2009/10 excludes costs associated with lease renewal.*

9. Minimal provision for training in 2008-2009 of £ 6k (£1k for recruitment). This represents £ 294 per person per annum. In previous years training has been based on 1.5 days training per year for each staff member (daily rate £400) which would give a budget of £ 10,200. Two days per year is regarded as a more realistic allowance which would give a budget of £13,600.

10. Result entirely dependent upon volume of copying required.

11. Covers bank charges, loss on exchange etc.

Table 8
Sponsored Publications Funds (Note 1)
Income and Expenditure Account

	Proposed budget 2008-2009		<i>Forecast Budget</i> <i>2009-2010</i>		Note
	£	£	£	£	
Income					
Voluntary contributions		0		0	
Sales		1,000		1,000	2
UK tax recoverable		0		0	
Bank Interest		1,050		1,100	3
Sundry income		0		0	
		<u>2,050</u>		<u>2,100</u>	
Expenditure					
Special Issues: (None planned in year)	0		0		
Other (re-prints etc.)	0		0		
		<u>0</u>		<u>0</u>	
Net transfer from or to (-) I&E Account		2,050		2,100	
Opening Balance brought forward		38,710		40,760	4
Projected Closing balance		<u>40,760</u>		<u>42,860</u>	

Notes

1 The Sponsored Publications Fund exists primarily to receive voluntary contributions towards publication of IWC Special Issues, contributors often specifying that the revenue from sales of publications funded by their donations should be used towards future publications and not for general expenditure. The Commission has also made allocations of money towards publication of some Special Issues. Proceeds of volumes for which the IWC has provided funds wholly or in part are allocated to the General Fund and the Sponsored Publications Fund in due proportion. No IWC funds are expended in the production of volumes relating to small cetaceans. These are funded solely from contributed funds and interest accrued thereon.

2 Conservative estimate of sales.

3 A realistic amount of interest has been included.

4 The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

Table 9

Small Cetaceans Fund (Note 1)
Income and Expenditure Account

	Proposed budget 2008-2009		Forecast Budget 2009-2010		Note
	£	£	£	£	
Income					
Voluntary contributions		1,000		1,000	2
UK tax recoverable		0		0	
Bank Interest		100		100	3
Sundry income		<u>0</u>		<u>0</u>	
		1,100		1,100	
Expenditure					
Invited participants	1,000		1,000		4
Expenditure of designated funds:					
By-catch reduction	0		0		5 & 2
Cooperative Research – Recovery of the Vaquita	0		0		5
Sundry expenditure	<u>50</u>		<u>50</u>		6
		<u>1,050</u>		<u>1,050</u>	
Net transfer from or to (-) I&E Account		50		50	
Opening Balance brought forward		<u>6,530</u>		<u>6,580</u>	7
Projected Closing Balance		<u>6,580</u>		<u>6,630</u>	

Notes

1. The Commission established the IWC Voluntary Fund for Small Cetaceans in 1994 'to allow for the participation from developing countries in future small cetaceans work ...' and called upon 'Contracting Governments and non-Contracting Governments, intergovernmental organisations and other entities as appropriate, in particular those most interested in scientific research on small cetaceans to contribute ...'. (IWC Resolution 1994 - 2 *Rep. int. Whal. Commn* 45:41.)
2. Voluntary contributions can reasonably be expected. The budget shows a notional £1k for Small Cetacean Invited Participants.
3. A realistic amount of interest has been included.
4. In 2008-2009, unless the Fund receives further contributions, support for this activity will be minimal. (*The same applies for 2009/10*).
5. The Fund previously received voluntary contributions specifically designated to support these projects.
6. Includes bank charges, loss on exchange etc.
7. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

Table 10
Research Fund (Note 1)

	Proposed Budget 2008-2009		<i>Forecast budget 2009-2010</i>		Note
	£	£	£	£	
Income					
Allocation		305,400		317,900	2
Voluntary contributions		1,000		1,000	
UK tax recoverable		0		0	3
Bank Interest		5,350		5,900	4
Sundry income		<u>0</u>		<u>0</u>	
		311,750		324,800	
Expenditure					
		<u>-305,400</u>		<u>-317,900</u>	
Net transfer from or to (-) I&E Account		6,350		6,900	
Opening Balance brought forward		<u>151,450</u>		<u>157,800</u>	5
Projected Closing Balance		<u><u>157,800</u></u>		<u><u>164,700</u></u>	

Notes to Table 10

1 The Research Fund exists to receive voluntary contributions and any such monies as the Commission may allocate for research and scientific investigation and is charged with expenditure of this nature. Although expenditure may be authorised to be spent within a specific period, problems in the field may cause current programs to be delayed or projects yet to be started to be deferred until a later period. The result of this deferred expenditure is for balances to be carried forward on the Research Fund until such time as the money can be spent as authorised on the appropriate projects.

During the period that budget proposals are being considered, the funds requested for the next financial year cannot be allocated. An initial simplifying assumption has been made that all funds requested for 2008-2009 will be spent during 2008-2009 and that any funds brought forward at 01 September 2008 will be carried forward at 31 August 2009. In reality some of the funds brought forward at 01 September 2008 will be spent during 2008-2009 and some of the new expenditure authorised to be spent in 2008-2009 will be deferred and carried forward to 2009-2010. In each of the years since 2000 substantial balances have been held on the Research Fund as follows:

1999/2000 £ 123,864 , **2000/2001** £ 153,044 , **2001/2002** £ 146,516 **2002/2003** £ 102,013, **2003/2004** £ 148,847, **2004/2005** £ 138,812 , **2005/2006** £ 133,914, **2006/2007** £ 143,397

Therefore the above simplifying assumption is realistic for planning purposes as the projected closing balances of £ 157,788 for 2008-2009 and £ 164,681 for 2009-2010 are within the range recorded for the financial years since 1999-2000.

2 The 'Allocation' comprises the allocation of new money for new or existing programs.

3 Recovery of VAT and Airport Departure Tax.

4. Interest rates are assumed to remain at a conservative level of 3.5%. A conservative estimate of interest receivable has been included.

5. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

A full analysis of research expenditure is given in Table 10A.

The proposed funding for research has been set at £ 305.4k This amount is based on the initial 07/08 approved budget increased by the current UK rate of inflation (4.1% for 08/09 and for 09/10).

Table 10A. Research Fund – Preliminary Movement of Funds 2008-2009

Note	Continuing Projects and Contracts	Balance B/Fwd (A)	Proposed Budget 2008-2009 Pre- Allo'n (B)	Total Funds Available (C)	Receipts (D)	Expenditure (E)	Balance C/Fwd (F)
1	Invited participants	0		0			0
2	AS - Developer's Fund (AWMP fund for developers)	11,863		11,863			11,863
3	AWMP Intersessional Workshop	3,150		3,150			3,150
4	Genetic Simulation Studies	3,500		3,500			3,500
5	Greenland Common Minke Whales.: use of sex ratio data in assessments.	3,500		3,500			3,500
6	FAO fisheries statistics	3,778		3,778			3,778
7	Workshop on the use of market sampling to estimate bycatch	9,973		9,973			9,973
8	Estimation of bycatch. Data collection and market pathways	3,355		3,355			3,355
9	Pollution 2000+	1,859		1,859			1,859
10	FAO expert consultation on modelling ecosystem interaction	1,500		1,500			1,500
11	Possible collaboration - CCAMLR joint cruise 2008	747		747			747
12	CCAMLR-IWC steering group re:joint w'shop - AntArc ecosys+krill predators	3,000		3,000			3,000
13	Sea Ice and Whale Habitat (E/IA/BRG)	597		597			597
14	Arctic Sea ice - population dynamics (incl. dev std. rpt. coll'n between whales+ships)	14,492		14,492			14,492
15	Whales and shelf break krill distribution	1,000		1,000			1,000
16	SOWER cruise 07/08	42,268		42,268			42,268
17	Integrated Model Analysis	2,000		2,000			2,000
18	Minke abundance estimates (IA development support)	5,734		5,734			5,734
19	Standard analysis methods and data entry into DESS	10,000		10,000			10,000
20	SOWER (other incl. digitisation of accoustic records)	4,036		4,036			4,036
21	RMP Inter-sessional (Brydes Whales)	5,681		5,681			5,681
22	N.Atlantic Fin Whale workshop	26		26			26
23	TOSSM International workshop with non-SC developer of genetic methods.	1,251		1,251			1,251
24	SOS review	254		254			254
25	Catch data	3,681		3,681			3,681
	Provision against overruns	14,204		14,204			14,204
	New Work – Commencing 01/09/2008 - unallocated		305,400	305,400		305,400	
	Sundry Expenditure - Sundry expenditure & Bank Charges						
	Sundry Income – Bank Interest (£5k) + Vol. Contribution (£1k)		0	0	6,350	0	6,350
	Total	151,450	305,400	456,850	6,350	305,400	157,800

Notes to Table 10A

Abbreviations

AWMP	Sub-committees of the Scientific Committee	Aboriginal Subsistence Whaling Management Procedure
BRG		Bowhead, Right and Gray whales
E		Environmental Concerns
IA		In-depth Assessment
AS	Aboriginal Subsistence	
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources	
DESS	(IWC) Database and Estimation Software System	
FAO	Fishing and Agriculture Organisation	
RMP	Revised Management Procedure	
SC	Scientific Committee	
SO	Southern Ocean	
SOS	Southern Ocean Sanctuary	
SOWER	Southern Ocean Whale & Ecological Research	
TOSSM	Testing of Spatial Structure Model	

Table Headings

- A) "Balance brought forward" - represents funds received for project expenditure authorised in previous periods. Where expenditure is deferred until a future period, the money is carried forward as part of the Research Fund balance.
- B) "Proposed Budget 2008-2009 Pre-Allocation" – represents the funding requested by the Scientific Committee for 2008-2009 before any allocation has been made to specific projects.
- C) "Total Funds Available" - for 2008-2009 when funds brought forward from previous periods are added to funds authorised and then allocated to specific projects for 2008-2009.
- D) "Receipts" – additional income from voluntary contributions, interest receivable or taxes recoverable.
- E) "Expenditure" amounts expended within 2008-2009 on specific projects.
- F) "Balance carried forward" – represents unspent money within 2008-2009 (due to delay or deferral of project work) to be carried forward to 2009-2010.

Table Contents

1. Funds brought forward from previous periods to meet the costs of scientists invited to participate in the Annual Meeting of the Scientific Committee whose attendance is funded fully or in part by the Commission. (No balance brought forward in September 07).
2. Residual funds from previous years. The Developer's Fund was established to provide scientists developing the Aboriginal Subsistence Whaling Management Procedure (AWMP) with appropriate facilities (hardware, software, communications, travel support etc.) to promote the most effective and expeditious progress. SCRep 2004 8.6 and 21.
3. Residual funds from previous years, used to support participants at AWMP intersessional workshops. SCRep 2006 Item 21.
4. Funds from 2005-2006 to obtain abundance estimates for West Greenland common minke whales using genetic data SCRep 2006 Item 8.
5. Funds from the 2006-2007 budget. The total area occupied by common minke whales available to be harvested during summer is largely unknown. There are also questions as to whether sex ratio data alone are a sufficient basis for management advice and for the development of an *SLA*. Resolution of issues needed.
6. Residual funds from previous years to allow the IWC to continue working with FAO, particularly on: (1) FAO access to Taiwanese fisheries statistics; (2) exploring how best information on cetacean bycatch might best be held; and (3) exploring how the Inventory of Fisheries might best be used. SCRep 2005 Item 7.1.1.
7. Residual funds from 2004 -2005 budget to meet the costs of a workshop on use of market sampling to estimate bycatch. Hold methodological workshop with the following objectives: (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. SCRep 2004 items 7.2.1, 21 and Annex J item 6.1.

8. Residual funds from 2005-2006 budget, used to support research into market pathways and data collection to determine if market sampling based on these methods can be used to provide estimates of the number of bycaught animals. SCRep 2006, Item 7.2.1
9. Residual funds from previous years to be used for a Workshop to discuss a possible Phase II of the POLLUTION 2000+ programme. SCRep 2007, Annex K Appendix 2.
10. Funds from the 2006-2007 budget. To fund IWC participation at a Steering Group meeting. Aim to progress IWC participation at the FAO consultation whose task is to review major ecosystem modelling approaches being applied to fishery-related topics and to provide advice on their use.
11. Residual funds from the 2006-2007 budget used for collaboration with CCAMLR for a joint cruise in 2008. CCAMLR invited the IWC to place observers on board one or more of its ships as part of International Polar Year. The funds are for Hedley to co-ordinate this effort.
12. Funds from the 2006-2007 budget. Ecosystem modelling is becoming more important e.g what may have happened in the Antarctic as a result of intensive exploitation of whales and other marine mammals. A joint IWC-CCAMLR workshop is to be held in July 2008.
13. Residual funds from 2004 -2005 budget, used to support participants at a mini-symposium jointly held by the IA, BRG and E sub-committees. SCRep 2005 item 21 and Annex K item 9, App 8.
14. Funds from 2005-2006 to fund a student to work with a sea-ice specialist to derive regional analysis of changes in sea ice since 1979 and undertake projection into the future. SCRep 2006 Item 12.1. This project commenced in July 2007 and is due to be completed in December 2008.
15. Funds from 2005-2006 to pay for the SOWER cruise leader to attend a collaborative meeting to discuss spatial and sea ice conditions on surveys. This meeting has not taken place yet. SCRep 2006, Item 21.
16. Residual funds from previous years to allow continued support of SOWER cruises.
17. Funds from 2005-2006 to further the work on exploring the reasons for differences in Antarctic minke whale abundance from CPII and CPIII and working towards an In-Depth Assessment. This will include use of the IWC-DESS software. SCRep 2006 Item 10.2.3.
18. Residual funds from 2006-2007 budget to purchase software for use in investigating the relationship between minke whales and sea-ice. SCRep 2007 Item 21.
19. Funds from 2007-2008 for analysis and import of 2006-07 SOWER data into DESS.
20. Residual funds from 2006-2007 to produce a CD based database of all acoustic data from the SOWER Antarctic cruises. (Note: This money is part of a Euro 10k voluntary contribution from Austria in January 2007).
21. Residual funds from 2006-2007.budget, used to support participants at the Second Western North Pacific Bryde's whale *Implementation* workshop. SCRep 2007 Item 6.1.3.
22. Residual funds used to support participants at the joint IWC/NAMMCO workshop on North Atlantic fin whales. SCRep 2006 item 6.2.2.
23. Residual funds used to support participants at the workshop to discuss the next stage of the TOSSM project. SCRep 2006 Item 11.4.
24. Residual funds from 2003-2004 budget to support invited participants to attend Southern Ocean Sanctuary review meeting in Sorrento (June). SCRep 2004 17.2.2 and 21.
25. Residual funds from 2006-2007 to finalise the revised 1948/49 -1971/72 Catch Data. (Note: This is part of a £ 5k voluntary contribution from Australia in January 2007).

Table 11 (Note 1)**Severance Pay Provision** (Note 1)

	Proposed Budget 2008-2009		Forecast Budget 2009-2010	Note
	£	£	£	
Opening Balance 1 September 2008 / 2009		405,700	439,300	2
Provision for year		<u>33,600</u>	<u>40,650</u>	
Projected Closing Balance		<u>439,300</u>	<u>479,950</u>	3

Notes

1 In accordance with the practice of other intergovernmental organisations the Commission provides an indemnity to staff in the event of their appointments being terminated upon the abolition of their posts. The indemnity increases according to length of service and therefore an annual provision is made to bring the total provision to the level of the maximum contractual liability. The provision is effectively reduced by bank interest received on the invested funds.

2 The Opening Balance in the Proposed Budget column represents the anticipated result based on the projected out-turn as at 31 August 2008. *That in the Forecast Budget takes account of movements in the 2008-2009 proposed budget.*

3 The Projected Closing Balance is equal to the maximum projected liability.

Table 12**General Fund** (Note 1)

	Proposed Budget 2008-2009	Forecast Budget 2009-2010	Note
	£	£	
Opening Balance 1 September 2008 (2009)	1,309,310	1,131,760	2
Surplus/Deficit (-) transferred from Income & Expenditure Account	<u>-177,550</u>	<u>-140,550</u>	
Projected Closing Balance 31 August 2009 (2010)	<u>1,131,760</u>	<u>991,210</u>	3

Notes

1. The Commission's Financial Regulation C.1 requires that the General Fund shall be credited or debited with the balance of the Income and Expenditure Account at the end of each financial year.

2. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in the previous year's Provisional Financial Statement. That in the Forecast Budget column is the balance brought forward from the proposed budget shown above.

3. The projected closing balance will be increased if any arrears of contributions are received, if there are other improvements in revenue or if actual expenditure to the year-end is less than that projected.

4. The proposed (*and forecast*) budget as currently drafted shows a deficit. A proposed deficit budget (before transfer from/to reserves) that still allows the General Fund to be maintained at target levels (50% of operating expenditure in any year) is sustainable. A deficit budget that allows the reserves to fall substantially below target levels is unsustainable. The latter would require larger increases in Financial Contributions in subsequent years to restore reserve levels. Reserves can be lowered if expenditure is lowered, but this must be judged in the context of the continued unimpaired running of the Commission.

Table 13 (Scenario 1)

Provisional Estimate of Financial Contributions, year beginning 1 September 2008.

(* please refer to the Introduction – Financial Contributions pg 3)

		Current' scheme	Capacity to pay Group	Red'n	Red'n	Red'n	Add-on	Add-on	Add-on	Total
				Stage 1*	Stage 2*	£	Whaling	£	£	
1	Antigua & Barbuda	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
2	Argentina	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
3	Australia	21,057	3	0	0	0	0	6,025	0	27,082
4	Austria	15,793	3	0	0	0	0	6,025	0	21,818
5	Belgium	15,793	3	0	0	0	0	6,025	0	21,818
6	Belize	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
7	Benin	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
8	Brazil	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
9	Cambodia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
10	Cameroon	10,528	2	-2,632	-790	-3,422	0	0	0	7,107
11	Chile	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
12	China, P.R of	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
13	Costa Rica	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
14	Cote d'Ivoire	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
15	Croatia	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
16	Cyprus	15,793	3	0	0	0	0	6,025	0	21,818
17	Czech Republic	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
18	Denmark	36,850	3	0	0	0	5,738	6,025	0	48,613
19	Dominica	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
20	Ecuador	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
21	Finland	15,793	3	0	0	0	0	6,025	0	21,818
22	France	15,793	4	0	0	0	0	0	40,166	55,959
23	Gabon	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
24	Gambia, The	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
25	Germany	21,057	4	0	0	0	0	0	40,166	61,223
26	Greece	15,793	3	0	0	0	0	6,025	0	21,818
27	Grenada	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
28	Guatemala	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
29	Guinea	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
30	Guinea-Bissau	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
31	Hungary	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
32	Iceland	36,850	3	0	0	0	5,738	6,025	0	48,613
33	India	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
34	Ireland	15,793	3	0	0	0	0	6,025	0	21,818
35	Israel	15,793	3	0	0	0	0	6,025	0	21,818
36	Italy	21,057	4	0	0	0	0	0	40,166	61,223
37	Japan	73,699	4	0	0	0	5,738	0	40,166	119,603
38	Kenya	10,528	2	-2,632	-790	-3,422	0	0	0	7,107
39	Kiribati	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
40	Korea, Rep of	21,057	3	0	0	0	0	6,025	0	27,082
41	Lao PDR	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
42	Luxembourg	15,793	3	0	0	0	0	6,025	0	21,818
43	Mali	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
44	Marshall Islands	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
45	Mauritania	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
46	Mexico	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
47	Monaco	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
48	Mongolia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
49	Morocco	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660

		Current' scheme	Capacity to pay	Red'n	Red'n	Red'n	Add-on	Add-on	Add- on	
			Group	Stage 1*	Stage 2*	£	Whaling	Group 3	Group 4	Total
								£	£	£
50	Nauru	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
51	Netherlands	21,057	3	0	0	0	0	6,025	0	27,082
52	New Zealand	21,057	3	0	0	0	0	6,025	0	27,082
53	Nicaragua	10,528	1	-5,264	-1,316	-6,580	0	0	0	3,948
54	Norway	36,850	3	0	0	0	5,738	6,025	0	48,613
55	Oman	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
56	Palau	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
57	Panama	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
58	Peru	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
59	Portugal	15,793	3	0	0	0	0	6,025	0	21,818
60	Romania	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
61	Russian Federation	26,321	2	-6,580	-1,974	-8,554	5,738	0	0	23,505
62	San Marino	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
63	Senegal	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
64	Slovak Republic	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
65	Slovenia	15,793	3	0	0	0	0	6,025	0	21,818
66	Solomon Islands	10,528	1	-5,264	-1,316	-6,580	0	0	0	3,948
67	South Africa	21,057	2	-5,264	-1,579	-6,844	0	0	0	14,213
68	Spain	15,793	3	0	0	0	0	6,025	0	21,818
69	St Kitts and Nevis	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
70	St Vincent & The G.	26,321	1	-13,161	-3,290	-16,451	5,738	0	0	15,608
71	St. Lucia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
72	Suriname	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
73	Sweden	15,793	3	0	0	0	0	6,025	0	21,818
74	Switzerland	15,793	3	0	0	0	0	6,025	0	21,818
75	Togo	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
76	Tuvalu	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
77	United Kingdom	26,321	4	0	0	0	0	0	40,166	66,487
78	Uruguay	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
79	USA	42,114	4	0	0	0	5,738	0	40,166	88,018

Note 1	1,442,400	-317,170	-84,491	-401,661	40,166	120,498	240,997	1,442,400
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			Shortfall for re-distribution	-401,661	
Group 1	27	Whaling		10%	40,166
Group 2	26	Group 3		30%	120,498
Group 3	20	Group 4		60%	240,997
Group 4	6				401,661
	79				

Note 1: Totals in this table are rounded.

Table 13 (Scenario 2)

Provisional Estimate of Financial Contributions, year beginning 1 September 2008.

(* please refer to the Introduction – Financial Contributions pg 3)

		Current' scheme	Capacity to pay Group	Red'n	Red'n	Red'n	Add-on	Add-on	Add-on	Total
				Stage 1*	Stage 2*	£	Whaling	£	£	
								Group 3	Group 4	£
1	Antigua & Barbuda	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
2	Argentina	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
3	Australia	21,057	3	0	0	0	0	5,591	0	26,648
4	Austria	15,793	3	0	0	0	0	5,591	0	21,384
5	Belgium	15,793	3	0	0	0	0	5,591	0	21,384
6	Belize	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
7	Benin	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
8	Brazil	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
9	Cambodia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
10	Cameroon	10,528	2	-2,632	-790	-3,422	0	0	0	7,107
11	Chile	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
12	China, P.R of	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
13	Costa Rica	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
14	Cote d'Ivoire	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
15	Croatia	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
16	Cyprus	15,793	3	0	0	0	0	5,591	0	21,384
17	Czech Republic	15,793	3	0	0	0	0	5,591	0	21,384
18	Denmark	36,850	3	0	0	0	5,591	5,591	0	48,032
19	Dominica	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
20	Ecuador	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
21	Finland	15,793	3	0	0	0	0	5,591	0	21,384
22	France	15,793	4	0	0	0	0	0	33,548	49,341
23	Gabon	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
24	Gambia, The	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
25	Germany	21,057	4	0	0	0	0	0	33,548	54,605
26	Greece	15,793	3	0	0	0	0	5,591	0	21,384
27	Grenada	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
28	Guatemala	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
29	Guinea	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
30	Guinea-Bissau	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
31	Hungary	15,793	3	0	0	0	0	5,591	0	21,384
32	Iceland	36,850	3	0	0	0	5,591	5,591	0	48,032
33	India	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
34	Ireland	15,793	3	0	0	0	0	5,591	0	21,384
35	Israel	15,793	3	0	0	0	0	5,591	0	21,384
36	Italy	21,057	4	0	0	0	0	0	33,548	54,605
37	Japan	73,699	4	0	0	0	5,591	0	33,548	112,839
38	Kenya	10,528	2	-2,632	-790	-3,422	0	0	0	7,107
39	Kiribati	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
40	Korea, Rep of	21,057	3	0	0	0	0	5,591	0	26,648
41	Lao PDR	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
42	Luxembourg	15,793	3	0	0	0	0	5,591	0	21,384
43	Mali	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
44	Marshall Islands	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
45	Mauritania	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
46	Mexico	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
47	Monaco	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
48	Mongolia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
49	Morocco	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660

		Current' scheme	Capacity to pay	Red'n	Red'n	Red'n	Add-on	Add-on	Add- on	
			Group	Stage 1*	Stage 2*	£	Whaling	Group 3	£ 4 £	Total £
50	Nauru	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
51	Netherlands	21,057	3	0	0	0	0	5,591	0	26,648
52	New Zealand	21,057	3	0	0	0	0	5,591	0	26,648
53	Nicaragua	10,528	1	-5,264	-1,316	-6,580	0	0	0	3,948
54	Norway	36,850	3	0	0	0	5,591	5,591	0	48,032
55	Oman	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
56	Palau	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
57	Panama	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
58	Peru	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
59	Portugal	15,793	3	0	0	0	0	5,591	0	21,384
60	Romania	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
61	Russian Federation	26,321	2	-6,580	-1,974	-8,554	5,591	0	0	23,358
62	San Marino	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
63	Senegal	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
64	Slovak Republic	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
65	Slovenia	15,793	3	0	0	0	0	5,591	0	21,384
66	Solomon Islands	10,528	1	-5,264	-1,316	-6,580	0	0	0	3,948
67	South Africa	21,057	2	-5,264	-1,579	-6,844	0	0	0	14,213
68	Spain	15,793	4	0	0	0	0	0	33,548	49,341
69	St Kitts and Nevis	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
70	St Vincent & The G.	26,321	1	-13,161	-3,290	-16,451	5,591	0	0	15,462
71	St. Lucia	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
72	Suriname	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
73	Sweden	15,793	3	0	0	0	0	5,591	0	21,384
74	Switzerland	15,793	3	0	0	0	0	5,591	0	21,384
75	Togo	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
76	Tuvalu	15,793	1	-7,896	-1,974	-9,870	0	0	0	5,922
77	United Kingdom	26,321	4	0	0	0	0	0	33,548	59,869
78	Uruguay	15,793	2	-3,948	-1,184	-5,133	0	0	0	10,660
79	USA	42,114	4	0	0	0	5,591	0	33,548	81,253

Note 1	1,442,400	-309,274	-82,122	-391,396	39,140	117,419	234,837	1,442,400
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			Shortfall for re- distribution	-391,396	
Group 1	27	Whaling		10%	39,140
Group 2	24	Group 3		30%	117,419
Group 3	21	Group 4		60%	234,837
Group 4	7				391,396
	79				

Note 1: Totals in this table are rounded.

Table 13A Comparison of Financial Contributions per Country 2004/05 to 2008/09*Previous years actuals v alternative scenarios for 2008/09*

	Country	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Scenario 1		Scenario 2	
						Allocation to capacity to pay groups same as in 2007/08		Allocation to capacity to pay groups according to existing procedures.	
						PropBu	2008/09	PropBu	2008/09
						Econ. Grp	£	Econ. Grp	£
1	Antigua and Barbuda	7,126	8,750	6,105	5,906	1	5,922	1	5,922
2	Argentina	12,827	11,813	10,990	10,631	2	10,660	2	10,660
3	Australia	32,735	30,118	28,401	26,855	3	27,082	3	26,648
4	Austria	26,401	24,285	22,973	21,605	3	21,818	3	21,384
5	Belgium	26,401	24,285	22,973	21,605	3	21,818	3	21,384
6	Belize	7,126	4,375	6,105	5,906	1	5,922	1	5,922
7	Benin	7,126	6,563	6,105	5,906	1	5,922	1	5,922
8	Brazil	17,103	11,813	10,990	10,631	2	10,660	2	10,660
9	Cambodia	0	2,188	6,105	5,906	1	5,922	1	5,922
10	Cameroon	2,375	11,813	10,990	7,088	2	7,107	2	7,107
11	Chile	12,827	11,813	10,990	10,631	2	10,660	2	10,660
12	China, P.R of	12,827	11,813	10,990	10,631	2	10,660	2	10,660
13	Costa Rica	8,551	7,875	7,327	10,631	2	10,660	2	10,660
14	Cote d'Ivoire	12,827	11,813	10,990	10,631	2	10,660	2	10,660
15	Croatia	0	0	7,327	10,631	2	10,660	2	10,660
16	Cyprus	0	0	17,546	21,605	3	21,818	3	21,384
17	Czech Republic	8,552	11,813	10,990	10,631	2	10,660	3	21,384
18	Denmark	56,671	53,649	50,099	48,181	3	48,613	3	48,032
19	Dominica	7,126	6,563	6,105	5,906	1	5,922	1	5,922
20	Ecuador				10,631	2	10,660	2	10,660
21	Finland	26,401	24,285	22,973	21,605	3	21,818	3	21,384
22	France	53,526	53,683	54,203	54,784	4	55,959	4	49,341
23	Gabon	7,126	6,563	6,105	5,906	1	5,922	1	5,922
24	Gambia, The	2,375	4,375	6,105	5,906	1	5,922	1	5,922
25	Germany	59,860	59,516	59,630	60,034	4	61,223	4	54,605
26	Greece				21,605	3	21,818	3	21,384
27	Grenada	7,126	6,563	6,105	5,906	1	5,922	1	5,922
28	Guatemala	0	3,938	7,327	10,631	2	10,660	2	10,660
29	Guinea	7,126	6,563	6,105	5,906	1	5,922	1	5,922
30	Guinea-Bissau				5,906	1	5,922	1	5,922
31	Hungary	12,827	11,813	10,990	10,631	2	10,660	3	21,384
32	Iceland	56,671	53,649	50,099	48,181	3	48,613	3	48,032
33	India	12,827	11,813	10,990	10,631	2	10,660	2	10,660
34	Ireland	26,401	24,285	22,973	21,605	3	21,818	3	21,384
35	Israel	0	9,226	22,973	21,605	3	21,818	3	21,384
36	Italy	59,860	59,516	59,630	60,034	4	61,223	4	54,605
37	Japan	128,137	123,881	119,319	118,110	4	119,603	4	112,839
38	Kenya	12,827	7,875	7,327	7,088	2	7,107	2	7,107
39	Kiribati	4,750	6,563	6,105	5,906	1	5,922	1	5,922

	Country	Actual	Actual	Actual	Actual	Allocation to capacity to pay groups same as in 2007/08		Allocation to capacity to pay groups according to existing procedures.	
		2004/05	2005/06	2006/07	2007/08	PropBu	2008/09	PropBu	2008/09
						Econ. Grp	£	Econ. Grp	£
40	Korea, Rep of	17,103	35,952	28,401	26,855	3	27,082	3	26,648
41	Lao PDR				5,906	1	5,922	1	5,922
42	Luxembourg	10,034	24,285	22,973	21,605	3	21,818	3	21,384
43	Mali	4,750	4,375	6,105	5,906	1	5,922	1	5,922
44	Marshall Islands	0	2,188	6,105	5,906	1	5,922	1	5,922
45	Mauritania	7,126	6,563	6,105	5,906	1	5,922	1	5,922
46	Mexico	12,827	11,813	10,990	10,631	2	10,660	2	10,660
47	Monaco	12,827	11,813	10,990	10,631	2	10,660	2	10,660
48	Mongolia	7,126	6,563	6,105	5,906	1	5,922	1	5,922
49	Morocco	12,827	11,813	10,990	10,631	2	10,660	2	10,660
50	Nauru	2,375	6,563	6,105	5,906	1	5,922	1	5,922
51	Netherlands	32,735	30,118	28,401	26,855	3	27,082	3	26,648
52	New Zealand	39,070	35,952	33,828	26,855	3	27,082	3	26,648
53	Nicaragua	7,126	6,563	6,105	3,938	1	3,948	1	3,948
54	Norway	56,671	53,649	50,099	48,181	3	48,613	3	48,032
55	Oman	12,827	11,813	10,990	10,631	2	10,660	2	10,660
56	Palau	7,126	6,563	6,105	5,906	1	5,922	1	5,922
57	Panama	12,827	11,813	10,990	10,631	2	10,660	2	10,660
58	Peru	12,827	7,875	10,990	10,631	2	10,660	2	10,660
59	Portugal	26,401	24,285	22,973	21,605	3	21,818	3	21,384
60	Romania					2	10,660	2	10,660
61	Russian Federation	26,311	25,718	23,734	23,295	2	23,505	2	23,358
62	San Marino	12,827	11,813	10,990	10,631	2	10,660	2	10,660
63	Senegal	7,126	6,563	6,105	5,906	1	5,922	1	5,922
64	Slovak Republic	4,276	11,813	10,990	10,631	2	10,660	2	10,660
65	Slovenia	0	0	17,546	21,605	3	21,818	3	21,384
66	Solomon Islands	7,126	6,563	6,105	3,938	1	3,948	1	3,948
67	South Africa	12,827	11,813	10,990	14,175	2	14,213	2	14,213
68	Spain	26,401	24,285	22,973	21,605	3	21,818	4	49,341
69	St Kitts and Nevis	7,126	8,750	8,141	5,906	1	5,922	1	5,922
70	St Vincent & The G.	7,126	6,563	6,105	15,420	1	15,608	1	15,462
71	St. Lucia	16,809	6,563	15,593	5,906	1	5,922	1	5,922
72	Suriname	7,126	6,563	6,105	5,906	1	5,922	1	5,922
73	Sweden	32,735	30,118	28,401	21,605	3	21,818	3	21,384
74	Switzerland	26,401	24,285	22,973	21,605	3	21,818	3	21,384
75	Togo	2,375	4,375	6,105	5,906	1	5,922	1	5,922
76	Tuvalu	7,126	6,563	6,105	5,906	1	5,922	1	5,922
77	United Kingdom	66,195	65,350	65,057	65,284	4	66,487	4	59,869
78	Uruguay					2	10,660	2	10,660
79	USA	83,796	83,047	81,329	86,610	4	88,018	4	81,253
		1,384,755	1,376,753	1,393,757	1,406,990			1,442,400	1,442,400

Table 14: Summary and Comparisons 2005-2006 to 2009-2010

	A	B	C	D	E	F	G	H	I	J
	2005/06	2006/07	2007/08	2007/08	2008/09	2009/10	Percentage changes			
	Actual	Actual	Budget	Projected	Proposed	Forecast	-----			
					Bu	Bu	D/C	E/C	E/D	F/E
Income										
Members' Contributions	1,368,878	1,402,937	1,407,000	1,414,080	1,442,400	1,471,300	100.5%	102.5%	102.0%	102.0%
Recovery of arrears	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Interest on late contributions	22,480	29,256	0	20,300	0	0	0.0%	0.0%	0.0%	0.0%
Voluntary contributions	42,893	19,771	2,000	2,000	2,000	2,000	100.0%	100.0%	100.0%	100.0%
Sales of Publications	17,909	15,860	17,500	18,000	18,750	19,500	102.9%	107.1%	104.2%	104.0%
Sales of sponsored publications	1,526	661	1,500	1,000	1,050	1,100	66.7%	70.0%	105.0%	104.8%
Annual Meeting fees	45,276	56,642	48,400	47,900	49,800	51,750	99.0%	102.9%	104.0%	103.9%
UK tax recoverable	23,513	16,691	24,700	21,920	22,800	23,750	88.7%	92.3%	104.0%	104.2%
Staff Assessments	145,866	153,387	162,800	162,800	169,000	178,900	100.0%	103.8%	103.8%	105.9%
Bank interest	74,882	92,782	67,600	78,500	56,950	55,400	116.1%	84.2%	72.5%	97.3%
Sundry income	964	128	1,000	1,000	1,000	1,000	100.0%	100.0%	100.0%	100.0%
Total income	1,744,186	1,788,114	1,732,500	1,767,500	1,763,750	1,804,700	102.0%	101.8%	99.8%	102.3%
Expenditure										
Salaries, N.I., allowances	623,169	651,992	671,900	667,900	695,300	723,800	99.4%	103.5%	104.1%	104.1%
Pensions and other benefits	128,438	139,673	144,300	148,400	156,400	163,150	102.8%	108.4%	105.4%	104.3%
Travel	5,320	3,357	5,800	6,110	9,950	10,350	105.3%	171.6%	162.8%	104.0%
Office rent and maintenance	109,997	121,521	113,200	111,710	119,500	117,650	98.7%	105.6%	107.0%	98.5%
General Insurances	5,410	5,101	6,300	4,330	4,500	4,700	68.7%	71.4%	103.9%	104.4%
Postage & telecomms	15,092	16,763	17,000	17,050	17,750	18,500	100.3%	104.4%	104.1%	104.2%
Office equipment & supplies	48,883	50,549	51,700	47,630	49,150	50,750	92.1%	95.1%	103.2%	103.3%
Professional fees	11,066	8,748	15,000	15,000	24,600	17,800	100.0%	164.0%	164.0%	72.4%
Training and Recruitment	3,593	1,159	7,000	5,000	6,250	6,500	71.4%	89.3%	125.0%	104.0%
Photocopying etc.	6,040	697	5,500	3,250	4,500	4,500	59.1%	81.8%	138.5%	100.0%
Sundry expenditure	6,498	4,848	4,200	4,180	4,200	4,200	99.5%	100.0%	100.5%	100.0%
Total Secretariat	963,505	1,004,409	1,041,900	1,030,560	1,092,100	1,121,900	98.9%	104.8%	106.0%	102.7%
Publications costs	28,071	35,495	37,700	38,750	38,000	35,500	102.8%	100.8%	98.1%	93.4%
Annual Meetings	326,000	333,850	347,900	347,900	362,100	376,950	100.0%	104.1%	104.1%	104.1%
Other Meetings	18,643	10,514	79,800	99,840	100,600	42,250	125.1%	126.1%	100.8%	42.0%
Research	307,219	282,136	293,350	293,350	305,400	317,900	100.0%	104.1%	104.1%	104.1%
Small cetaceans	13,350	16,882	1,000	4,280	1,050	1,050	428.0%	105.0%	24.5%	100.0%
Sundry	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Total expenditure	1,656,789	1,683,287	1,801,650	1,814,680	1,899,250	1,895,550	100.7%	105.4%	104.7%	99.8%
Provisions:										
Unpaid contributions	-23,814	-34,822	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Unpaid interest	-57,409	6,553	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Severance Pay	31,600	27,400	21,300	14,000	33,600	40,650	65.7%	157.7%	240.0%	121.0%
Other doubtful debts	1,816	753	0	0	0	0	0.0%	0.0%	0.0%	0.0%
	-47,807	-116	21,300	14,000	33,600	40,650	65.7%	157.7%	240.0%	121.0%
Excess/deficit (-) of income over expenditure	135,205	104,943	-90,450	-61,180	-169,100	-131,500	67.6%	187.0%	276.4%	77.8%
Net Transfers from or to (-):										
Publications Fund	-2,027	-1,320	-2,800	-2,000	-2,050	-2,100				
Small Cetaceans Fund	4,898	-9,483	-5,300	-8,050	-6,350	-6,900				
Research Fund	-2,325	7,919	-600	2,770	-50	-50				
Surplus/Deficit (-) for the year after transfers	135,751	102,059	-99,150	-68,460	-177,550	-140,550				