

## Report of the Finance and Administration Committee

Monday 13 June 2006

### 1. INTRODUCTORY ITEMS

The list of participants is given in Appendix 1.

#### 1.1 Appointment of Chairman

Halvard Johansen (Norway) was appointed as Chair of the Committee. He noted that attendance at the Finance and Administration Committee was limited to delegates and that observers were not permitted to attend.

#### 1.2 Appointment of Rapporteur

The Secretariat agreed to act as rapporteurs.

#### 1.3 Review of documents

The documents available to the Committee are listed in Appendix 2.

### 2. ADOPTION OF THE AGENDA

The agenda was adopted without amendment (Appendix 3).

### 3. ADMINISTRATIVE MATTERS

#### 3.1 Annual Meeting arrangements and procedures

##### 3.1.1 *Need for a Technical Committee*

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

##### 3.1.2 *Use of languages other than English*

##### **Translation of documents**

##### Introduction by the Secretariat

The Secretariat recalled that it presented a paper to the F&A Committee last year providing cost estimates and implications for the provision of document translation at Annual Meetings (i.e. IWC/57/F&A 3). Cost estimates had been developed for the translation of the following documents: Report of the Scientific Committee (including Annexes, i.e. the sub-committee reports); Documents prepared for the meetings of the Commission's various sub-groups; Commission plenary documents (including reports from the Commission's sub-groups, Resolutions and Opening Statements); and Chair's Report of the Annual Meeting. Estimated costs (excluding any proof-reading costs, which can be substantial) for translation of all such documents age ranged from £33,500 - £54,000 per language for translation done by translators working remotely (i.e. not at the meeting venue), and £64,600 - £105,500 per language for translation done by translators based at the meeting venue. The costs were based on rates that were discounted from the standard rates of the translation companies approached due to the size of the project. Higher rates might apply if less translation is done. In presenting the estimates to the F&A Committee in Ulsan, the Secretariat stressed that cost is not the only factor that needs to be considered when deciding whether or not to translate documents. It is also necessary to consider the feasibility and implications of doing so. These will depend to a large extent on when the documents become available for translation. The Secretariat stressed that a move to translation of documents is not a trivial matter either in terms of costs or logistics.

The Secretariat noted that views expressed in Ulsan on the possibility of moving to document translation fell broadly into two groups. Some countries, while understanding and sympathising with the difficulties faced by others felt that the

Commission should take time to understand all the implications before moving in this direction. Other countries recognised the significant implications to the Commission of moving to document translation but called for equity among all Contracting Governments and urged that steps be taken in this direction. However, there had been general agreement that priorities for document translation needed to be developed. There were suggestions that: (1) the costs of document translation be compared/offset with having Annual Meetings every two years instead of annually; (2) a phased-approach be taken, starting with translation into French on a trial basis before consideration of other languages; and (3) that the possibility of pilot projects be considered.

With respect to the paper prepared for IWC/58, the Secretariat noted that it dealt with: (1) identifying priorities for document translation and (2) other possibilities and considerations.

Given that during discussions last year there was general agreement that priorities for document translation needed to be developed and that it might be sensible to start with a phased-approach, starting with translation into French on a trial basis, the Secretariat reported that it had recently contacted the francophone countries with a request that they identify their own priorities. Responses received (although limited in number) indicated a high priority for translating certain documents, while for others, priority varies among Contracting Governments. The following documents appear to have clear priority for translation for those francophone countries responding so far:

**Table 1. Documents given high priority for translation into French and approximate cost of translating (not including any proof-reading costs) based on documents prepared for IWC/57**

Documents with high priority for translation	When available for translation	Approx. cost (£)	
		translation done in-situ	Translation done remotely
Report of the Scientific Committee and its Annexes	Just prior to the Annual Commission meeting	41,700	20,600
Documents prepared for the RMS Working Group	Usually some will be available in advance, while others may not be available until just prior to the Working Group meeting.	8,100*	4,000*
Report of the RMS Working Group	Just prior to the Annual Commission meeting	2,000	1,000
Resolutions	Normally only during the Annual Commission meeting itself	400	200
Proposed Schedule amendments	Normally only during the Annual Commission meeting itself	1,500	760
Chair's Summary Report of the Annual Meeting	After the Annual Commission meeting	<i>In-situ translation not applicable – assume £600</i>	600
Chair's Report of the Annual Meeting	After the Annual Commission meeting	<i>In-situ translation not applicable – assume £4,500</i>	4,500
	TOTAL	58,800	31,660

The Secretariat suggested that if the Commission wished to take a phased-approach, it could consider translation of these documents in the first instance.

With respect to practical consideration, the Secretariat noted that if the Commission is prepared to make the necessary funding available and if appropriately experienced translators can be found (i.e. those familiar with the subject nature of IWC), translation into French of the above high priority documents (recognising that this list may change once the views of

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\* as the number and size of documents prepared for the RMS Working Group meeting at IWC/57 was higher than usual, an average of IWC/55 and IWC/57 has been used.

other francophone countries are received) should not present too great a logistical challenge with the exception of the Report of the Scientific Committee and its Annexes. It recalled that in the document prepared for Ulsan last year, it had indicated that translation of the full Report of the Scientific Committee (SC) and Annexes in time for the Commission meeting would effectively be impossible in the time available, given its length. The approximate number of days that would be needed to translate the SC report and its Annexes is shown in Table 2 using an average translation rate of 3,125 words per day (as applied in IWC/57/F&A 3) and an average translation rate of 2,000 words per day that recent consultations have indicated would be more realistic given the nature and length of the document.

**Table 2. Time needed to translate the Scientific Committee Report and its Annexes**

Document	Approx. number of words	Approx number of days to translate based on 3,125 words per day	Approx number of days to translate based on 2,000 words per day
Scientific committee report (including Annexes A-C)	57,000	18	28
Annexes	203,500	65	102
TOTAL	260,500	83	130

Obviously it would be possible to employ a team of translators, but it would have to be a large team and even so translation of the full Scientific Committee report would present severe logistical problems. The Secretariat also stressed that the highly technical nature of the Scientific Committee report should not be overlooked, nor should the potential difficulties of translating into another language text that has been carefully crafted in English so as to reach agreement among the Committee members.

Given the importance of the Scientific Committee report to the work of the Commission, there was a suggestion made in last year's F&A Committee meeting to divorce the Scientific Committee meeting from the Commission meeting so as to give more time for translation of its report. While this could be considered, the Secretariat pointed out the following disadvantages:

- Separation of the Scientific Committee meeting from the Commission meeting may have some unfortunate consequences. For example, new data or analyses may be presented at the Commission meeting to challenge agreed recommendations or agreements reached by the Scientific Committee, without the Scientific Committee being able to examine them thoroughly.
- Increased cost to the Commission, Contracting Governments and observers. There will be some additional cost because some individuals will have to travel twice. Separating the meetings will also involve two lots of set-up costs (e.g. photocopying equipment, delegates computing, meeting rooms, etc.).

However, the Secretariat suggested that if the Scientific Committee meeting continues to be associated with the Commission plenary, consideration could be given to developing an abridged (shortened) French version of the Scientific Committee report. For IWC/56 and IWC/57, scientists from the French delegation to the Scientific Committee have developed such an abridged translation, and the Secretariat understands that this will be done again this year. If francophone countries find such an abridged version useful, consideration could be given to transferring to the Secretariat the responsibility for arranging development of this document. In this way it would become a Commission activity rather than a voluntary arrangement, although Commission funds would need to be made available in order to do so.

As an alternative to translating meeting documents in their entirety, the Secretariat suggested that consideration could be given to either translating a summary (in which case documents would have to include a summary), or developing an abridged (synthesis) version. It noted that for this year's meeting, the Government of Monaco has kindly provided a voluntary contribution that is intended to be used to develop summaries in French of 'essential documents from key committees'. Feedback on the usefulness of such summaries would be helpful in assessing whether such practices should continue.

Last year, the question was raised as to whether there might be scope for using translation software. The Secretariat reported that it had spoken with a number of translators and understands that such software is not yet sufficiently well developed. The Secretariat has also been advised that it may be preferable and more flexible to work with free-lance translators rather than agencies.

In conclusion, while the Secretariat indicated that it could explore the possibilities, options, implications and costs of document translation, moving forward on this issue really requires a decision by the Commission as to what it really wants to do in this respect. The Secretariat indicated that it believes that given the importance and challenging nature of this issue and its wide-ranging implications to the operation of the IWC, more time needs to be devoted to discussions to develop more concrete proposals. This might best be done by establishing a Working Group or Task Force - it is not something that can be tackled adequately by the Secretariat working in isolation. If it is decided to establish a Working Group or Task Force, the Secretariat suggested that for it to make progress it will be necessary for the group to meet rather than trying to work solely by email. This could be done either intersessionally (for which a budget will need to be developed – although there would be no budgetary implications if the meeting was held at the Secretariat offices in Cambridge) or in conjunction with an Annual Meeting. It would also be important to include on any group, individuals with experience in managing document translation for meetings.

#### F&A Committee discussions and recommendations

Monaco suggested that document translation is now a central issue due to the growing number of member countries and countries for whom English is not their first language, noting that there are now some 17 francophone and 9 Spanish-speaking member countries. It did not believe that IWC should delay moving forward on this matter. However, recognising the potential costs involved in moving to full translation of all documents, it suggested that some 'in-between' pragmatic solution be found, at least in the short-term (e.g. developing an abridged version of the Scientific Committee report and summaries of 'key' sub-group reports). It also warned against over-estimating possible costs involved, suggesting that the use of free-lance translators would probably be more cost-efficient than using translation agencies and that individuals in delegations may be in a position to help with quality control. It also considered that the utility of translation software should not be overlooked. Monaco considered that the establishment of a Working Group or Task Force would be a good idea provided that it works expeditiously and that it would be useful if such a group could explore the experience of other non-UN organisations that face the same issues and that do not have large funds available. It considered that a modest provision should be made in IWC's budget. Switzerland suggested that the approach used by Ramsar be explored.

France supported the remarks of Monaco. Recognising that cost of translation is a major issue, particularly with respect to translation of the Scientific Committee report, it suggested that two alternatives be examined: (1) translation of the main part of the Scientific Committee report only (i.e. not including the Annexes); and (2) translating a summary of the Scientific Committee report (to be arranged by the Secretariat). Australia cautioned against such a translated summary being considered as an official summary. The Head of Science agreed, noting the difficulties that had been encountered in the past with developing an English summary.

Antigua and Barbuda also believed that IWC should move forward on this issue and that a phased approach was probably needed rather than proceeding immediately to translation of all documents. Dominica, St. Kitts and Nevis, Iceland and St. Lucia also believed that a move to some level of document translation should not be delayed. Dominica suggested that funds currently allocated to lower priority issues be re-directed to help cover translation costs. A number of countries supported Switzerland's suggestion to explore the approach used by Ramsar.

Spain considered that document translation and simultaneous interpretation should be dealt with together (see next section).

Germany considered that the Secretariat's document (IWC/58/F&A 6) helped provide an understanding of the difficulties involved in moving to some level of document translation. It was impressed with the input and initiatives of France and Monaco, but believed that there should be further discussion at next year's meeting before a decision is made to establish a Working Group or Task Force or to take further steps with document translation. It suggested that discussions next year would be assisted by written input from francophone countries, including their reactions to the translations being arranged by France and Monaco. The UK made similar remarks. It agreed that a Working Group/Task Force is needed, but did not believe it should be established at this year's meeting.

The USA believed that we should learn from experience gathered this year from the initiatives of France and Monaco, but that a modest provision should be made in the budget to contribute to the development of a French summary of the Scientific Committee report. It also suggested that a task force should meet at IWC59 to consider a way forward.

There was some discussion on whether the intention was to expand the number of official languages of the Commission beyond only English, or whether the intention was to facilitate the effective participation of all Contracting Governments through the use of working languages. The latter was confirmed as was the position that official texts would be in English only. Italy asked what would be the criteria for selecting working languages.

Given the discussions, and as a way to move forward, the Secretariat suggested that for IWC/59 an abridged version in French of the Scientific Committee report and translations in French of summaries of key sub-group reports be prepared

building on the experience gained at this year's meeting. Consideration could be given to translating other documents if there were funds available. The Secretariat noted that this would require the continued support through some voluntary contributions, although it suggested that some modest provision should also be made through IWC's budget. The Secretariat also suggested that a Task Force be established this year to develop specific proposals for consideration and possible decision-making at IWC/59. The F&A Committee agreed to this approach, and the Secretariat undertook to develop a more specific proposal and terms of reference for the Task Force for review by the Commission.

### **Simultaneous interpretation**

The Chair recalled that at IWC/56, the Commission acknowledged the importance of facilitating the effective participation of all Contracting Governments in its work and that no government should be disadvantaged by language. It therefore agreed that in the first instance, equipment facilities for the provision of simultaneous interpretation facilities be provided from IWC/57 for French and Spanish for the Commission's sub-groups (but not the Scientific Committee), the Commission plenary and Commissioners' private meetings. He noted that at IWC/57, some Contracting Governments continued to support the decision taken at IWC/56 but that others believed that the Secretariat should be responsible for arranging for interpreters and that the Commission should cover the costs. As there was no resolution of the different views expressed, he suggested that the F&A Committee may wish to address this matter at this meeting.

France reported that for IWC/58 it had arranged, at its own cost, for simultaneous interpreters to cover the Commission meeting and private meetings of Commissioners. It noted that it was pleased to provide these services, but noted that it is being done on a voluntary basis and that continued funding cannot be guaranteed. Consequently France believed that the costs of interpreters as well as equipment facilities, be brought within IWC's budgetary provision as soon as possible. It suggested that cost savings that might be made from moving to less frequent meetings could help offset interpretation costs. Monaco made similar remarks. It also believed that having consecutive interpretation is no longer appropriate.

Spain reported that although it had found funds to cover the cost of Spanish interpreters, it had not been able to identify and contract anyone due to a lack of time and manpower.

In response to a question from Grenada, the Secretariat noted that it had only developed cost estimates for the provision of simultaneous equipment as requested by the Commission, and did not have estimates available for the cost of interpreters. The UK suggested that it would be difficult to take any decision regarding budgetary provision without knowledge of cost implications, although it acknowledged that the voluntary contributions by France and Monaco should not be relied upon in the long term. It suggested that the issue of simultaneous interpretation be included in the terms of reference of the Task Force proposed under discussions on document translation. The F&A Committee agreed to the UK suggestion of a way to take this matter forward. In addition, the Chair asked the Secretariat to co-operate with France and Spain with respect to sourcing suitable interpreters for next year's meeting.

### *3.1.3 Frequency of meetings*

#### **Introduction by the Secretariat**

The Secretariat recalled that through Resolution 2004-7 adopted at IWC/56, the Commission agreed to establish a Working Group that would investigate the implications of less frequent meetings of the IWC. As a starting point the Secretariat conducted: (1) a review of those activities (if any) that are required by the Convention, the Schedule and/or the Rules of Procedure and Financial Regulations to be done on an annual basis; and (2) an overview of the frequency of meetings of the principle decision-making and subsidiary bodies of selected Conventions<sup>1</sup> and the extent of the intersessional activities of these Conventions.

During the F&A Committee meeting in Ulsan, although many delegations spoke in favour of a move to biennial meetings in principle, a number of potential practical difficulties were noted, including:

- in relation to the setting and review of aboriginal subsistence quotas, and possibly, in the future, commercial whaling quotas;

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<sup>1</sup> Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES); Convention on Biodiversity (CBD); Convention on Migratory Species (CMS); Convention on Wetlands (Ramsar); Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR); Inter-American Tropical Tuna Commission (IATTC); and International Convention for the Conservation of Atlantic Tunas (ICCAT). CITES, CBD, CMS and Ramsar had been selected as their principle decision-making bodies (Conference of Parties – COP) meet at intervals of 2 or 3 years, depending on the organization. CCAMLR, IATTC and ICATT had been selected as, like IWC, they are involved with conservation and management of marine resources.

- that the current heavy programme of work of the Scientific Committee would be difficult to progress if the Committee no longer met annually;
- further delays in reaching agreement on an RMS;
- the possibility that lengthening the period between Commission/Scientific Committee meetings might increase the number of intersessional meetings which could create difficulties for some, particularly developing, countries to participate fully.

In Ulsan, the Commission noted that since plans were already in place for IWC/58, and that a meeting is needed in 2007 to consider renewal of aboriginal subsistence catch limits, there was sufficient time for further reflection on the issue of meeting frequency. It was agreed that the Secretariat's paper (IWC/57/F&A 9) and comments/suggestions in Ulsan should be used as a basis for further discussions. The Commission agreed that the Working Group established after IWC/56 should be augmented with interested countries that have aboriginal subsistence whaling hunts given the potential implications to these hunts of lengthening the period between meetings of the Commission.

In the paper prepared for IWC/58 (i.e. IWC/58/F&A 5), the Secretariat re-iterated that there is nothing in the Convention that requires the Commission to meet annually. The Schedule, Rules of Procedure and Financial Regulations for the Commission and the Rules of Procedure for the Scientific Committee currently require some annual activities, but these could be amended given the appropriate level of support. The Secretariat therefore suggested that the issue at hand is whether the Commission could adequately conduct its business without meeting annually. It noted that this will depend, at least to some extent on whether work on the RMP and its *Implementations* and the development of an RMS continues.

The Secretariat's paper considered: (1) possibilities for moving away from Annual Meetings for the Scientific Committee and the Commission and its other sub-groups; (2) cost implications for less frequent meetings; (3) timing of any move to less frequent meetings; and (4) amendments to the Schedule, Rules of Procedure and Financial Regulations.

#### The Scientific Committee

The Secretariat noted that the present workload of the Scientific Committee is such that it requires a number of intersessional workshops and/or pre-meetings for it to complete its work. Furthermore, the iterative nature of much of its activities requires continuity and regular review of the work of the sub-groups by the full Committee to allow progress to be made. This is particularly true for work and timescales that the Commission has given the Scientific Committee, particularly in relation to comprehensive assessment of stocks, RMP *Implementation* and *Implementation Reviews* and the development of a *Strike Limit Algorithms (SLA)* for Greenlandic stocks and the conduct of *Implementation Reviews* for bowhead and gray whales. In the current circumstances it would therefore appear to be difficult, at least in the short-term unless the Commission revised its priorities, for the Scientific Committee to conduct its business without meeting annually. Pre-meetings in association with the Committee's Annual Meeting would continue to be held when possible to keep the number of intersessional meetings to a minimum.

#### The Commission and its other sub-groups

The Secretariat suggested that while it may be difficult, at least initially to move away from annual meetings of the Scientific Committee, it may be possible for the Commission and its other sub-groups to meet less frequently, for example every two years. Certainly given the terms of reference of the Commission's other sub-groups (e.g. Conservation Committee, Infractions Sub-committee, Aboriginal Sub-committee, Working Group on Whale Killing Methods and Associated Welfare Issues) there are no aboriginal implications should the Commission decide that they meet on a less frequent basis than annually<sup>2</sup>. However, the Secretariat noted that moving to biennial Commission meetings has a number of practical implications, including the following:

- (1) The Commission's budget would have to be developed and agreed for a two-year period, but with financial contributions from Contracting Governments being invoiced on an annual basis. Developing a two-year budget should not be a problem.
- (2) The Commission would have to agree a two-year Scientific Committee work programme which could probably be detailed for the first year (i.e. as at present), with an outline for the second year (as at least some of the work needed for the second year will depend on the outcome of work during the first year). A two-year budget cycle would mean that money allocated to research would also have to be done on a two-year basis. It may therefore be practical to set-up some sort of contingency fund for research to allow for unforeseen activities that would be

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<sup>2</sup> Note that if an RMS was adopted that included a Compliance Review Committee, consideration would need to be given to the frequency with which such a Committee should meet.

necessary, for example, to meet priorities and timelines set by the Commission. There would obviously have to be an agreed mechanism for seeking permission to use money from any contingency fund (but see (3) below).

- (3) Commission decisions could only be made every two years unless by postal ballot or by calling a Special Meeting (for which there is precedence). The intergovernmental organisations reviewed in Document IWC/57/F&A 9 that have meetings of their decision-making bodies every 2-3 years have a Standing Committee or Bureau, with restricted membership, to guide implementation of their Conventions and to provide guidance to the Secretariat during the intersessional period. In the context of IWC, this could also include the granting of permission to spend monies from any contingency fund (see (2) above). The Commission may need to consider whether it needs a Standing Committee/Bureau, and if so, whether (a) the Advisory Committee under the current Rules of Procedure (M.9) could fulfil such a function, or (b) whether another body would need to be established. The current remit of the Advisory Committee is to assist and advise the Secretariat on administrative matters upon request by the Secretariat or in agreement with the Commission. It is not a decision-making body and does not have the competence to deal with policy matters or administrative matters that are within the scope of the Finance and Administration Committee other than making recommendations to this Committee.
- (4) The current term of the Commission Chair and Vice-Chair, which is currently three years, would have to be changed. Possibilities include: (1) having a term of 4 or more years; (2) having the term equivalent to the period between meetings (i.e. 2 years). The former may be considered preferable as the Chair would be available to conduct two Commission meetings, thus allowing him/her to not only gain experience in the role but also to provide some continuity. However, a 4 (or more)-year term implies an 8 (or more)-year commitment if, as is usually the case, the Vice-Chair becomes Chair. A two-year term has the disadvantage that the Chair would only manage a single meeting, thus providing less time to gain experience and less continuity even if the Vice-Chair becomes Chair.
- (5) With respect to the review of proposals for research under special permit, if the Scientific Committee was to continue to meet annually, it would have an opportunity to review and comment on any proposals. However, if a proposal was reviewed by the Scientific Committee in a year that the Commission did not meet, the Commission would not have an opportunity to discuss collectively the proposal or to engage in dialogue with the Chair of the Scientific Committee.

The Secretariat suggested that most of the implications for biennial Commission meetings listed above should be relatively easy to address if it is decided that biennial meetings should occur. Perhaps the major difficulty would be in setting and reviewing catch limits for aboriginal subsistence whaling and, should it be resumed, commercial whaling. It is assumed that reviewing catch limits by correspondence is not appropriate.

The *SLAs* that have been/are being developed as part of the management procedure for aboriginal subsistence whaling are intended to set strike limits for 5-year blocks. Except in exceptional circumstances, therefore, there should be no need to review them annually. Similarly, if commercial whaling resumes under an RMS, the RMP is intended to set catch limits for blocks of 5 years and again, except in exceptional circumstances, there should be no need to review them annually. The amount of work involved in *Implementations* (which have a strict two-year timetable once it has been agreed that a *Pre-Implementation* has been completed) and *Implementation Reviews* for the AWMP and RMP means that it is not practical to schedule them all for the same year.

Thus, if the Commission moves to biennial meetings, care will need to be taken to ensure a practical timetable for the review of catch limits. Given the current priorities set by the Commission, this would not be possible until after 2009 because the RMP *Implementation assessment* for western North Pacific Bryde's whales is set to be completed in 2007 and that for North Atlantic fin whales probably in 2009. The Secretariat provided a hypothetical set of examples as to how a two-year cycle might work (IWC/58/F&A 5 add).

#### Cost implications of less frequent meetings

The Secretariat reported that the current budgetary provision for Annual Meetings, covering the Scientific Committee, Commission sub-groups and Plenary, is currently around £330,000<sup>3</sup>. It noted that keeping meetings of the Scientific

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<sup>3</sup> The budget provision for Annual Meetings is supposed to represent the cost of a meeting should it be organised by the Secretariat at a 'generic' venue in the UK. When a meeting is held outside the UK at the invitation of a Contracting Government, it is understood that any costs additional to those budgeted will be met by the host Government. It has been known for some time that the current level of budgetary provision for the Annual Meeting would not be sufficient to cover the costs of an Annual Meeting in the UK and that in recent years, host Governments have incurred additional expenses. This matter has recently been highlighted by the Government of St. Kitts and Nevis who has sought voluntary contributions from Contracting Governments to help cover the costs of IWC/58. Given these circumstances, the Secretariat has suggested that the level of budgetary provision for the Annual Meeting be reviewed. This matter will be discussed by the F&A Committee under agenda item 5.3.

Committee on an annual basis but moving to biennial meetings of the Commission and its sub-groups would not yield particularly large savings in terms of the Commission's budget (e.g. somewhere in the order of £165,000 over two years assuming, for simplicity, that the 2-week Scientific Committee costs about half of the full 4-week meeting series) and would also lead to a reduction in income from NGOs (currently around £50,000/year). However savings to individual Contracting Governments and observers would not be insignificant given the cost of travel, hotel accommodation, subsistence, time spent preparing for meetings and time spent at meetings.

#### Timing of any move to less frequent meetings

The Secretariat noted that the Commission has already agreed that Annual Meetings should continue as they are at least up to the 2007 Annual Meeting when the aboriginal subsistence quotas will require renewal. As indicated above, if the Commission's priorities for the work of the Scientific Committee remain unchanged, the Secretariat suggested it would probably not be possible to move to biennial Commission and sub-group meetings until after 2009. If changes in the Commission's priorities occur, then it might be possible to consider moving to biennial meetings earlier, although in taking any such decision, it should be borne in mind that Chile and Portugal have offered to host the 2008 and 2009 Annual Meetings, respectively.

#### Amendments to the Schedule, Rules of Procedure and Financial Regulations

The Secretariat Amendments to the Schedule, Rules of Procedure and Financial Regulations to take account of any move to biennial meetings of the Commission and its sub-groups would need to be adopted by the Commission at its last Annual Meeting prior to the change. The only amendment to the Schedule required is in relation to the review of some aboriginal subsistence quotas. A number of the necessary amendments to the Commission's Rules of Procedure and Financial Regulations are relatively minor and of an editorial nature, although consideration would need to be given to: (1) the duration of the terms of the Chair and Vice-Chair; (2) how the Commission's budget is developed and managed; and (3) whether a Standing Committee/Bureau is needed to guide implementation of the Convention and provide guidance to the Secretariat between meetings.

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

Norway, Monaco, Austria, Iceland, France, Sweden, the Netherlands and Germany spoke in support of moving to biennial meetings as soon as possible, noting that this move should not lead to an increase in intersessional meetings. Norway suggested that the move to biennial meetings could start after 2007 and proposed that the Secretariat prepare proposals for amendments to the Schedule, Rules of Procedure etc. for review next year. Austria considered that the Scientific Committee as well as the Commission need only meet every two years. Iceland proposed that the Scientific Committee should continue to meet annually, at least for the time-being, but with Commission meetings being held biennially. France believed that further thought was needed regarding the frequency of Scientific Committee meetings. Germany proposed that work should continue on consideration of the consequences of moving to biennial meetings, and that the Working Group established after IWC/56 should develop a precise proposal on how to move forward for consideration by the F&A Committee next year. It found the Secretariat's documents useful but believed that there is a need for further input from Contracting Governments.

Brazil, Australia, Chile, Spain, Czech Republic, UK, Russian Federation, Argentina, Belgium, South Africa, USA and Luxembourg were not against the concept of moving away from Annual Meetings but expressed a number of concerns. Brazil noted that reducing the frequency of meetings may hinder the Commission's efforts to break the current deadlock. It also believed that reducing meeting frequency would inevitably lead to an increase in intersessional meetings which would discriminate against developing countries who would find them difficult to attend. Others shared this concern. Brazil recalled that offers to host Annual Meetings in 2008 (Chile) and 2009 (Portugal) had been received. It noted that the lead-time needed for organising meetings can be longer for developing rather than developed countries, and referring to Chile's offer for 2008, suggested that a move to biennial meetings should not start until after 2008. Chile confirmed that it had already started on preparations. Understanding the concern that a move to biennial meetings may increase intersessional meetings, Spain suggested that consideration should be given to shortening the length of the Annual Meeting series. South Africa agreed.

Australia believed that a decision should not be taken in haste and that the mechanics of such a move should be well thought through in advance. It also believed that consideration would need to be given to the size and composition of any more influential Advisory Committee, Standing Committee or Bureau that the Commission may establish to guide implementation of the Convention and to provide guidance to the Secretariat during the intersessional period. The UK believed that if the Commission moved to biennial meetings but the Scientific Committee continued to meet annually, the Commission would have difficulty in dealing with two-years worth of information. It also felt that if an RMS was ever agreed and commercial catch limits set, the Commission would need to review quotas on an annual basis. Belgium noted the large work-load of the Scientific Committee and could not envisage moving to meetings every 2 years. Mexico agreed.



The Russian Federation recalled the situation around the renewal of the bowhead aboriginal subsistence quota at IWC/54 in 2002 and indicated that if the Commission moved to a two-year cycle, there would need to be the recognition that Special Sessions of the Commission may be needed on occasion (as one had been in October 2002).

While supporting a move to less frequent meetings in principle, the USA indicated that it must be clearly understood that many careful decisions would need to be taken. It cautioned against acting prematurely and suggested that a discussion session should be organised on this matter at IWC/59 in Alaska. Grenada supported this suggestion, noting that particular attention needed to be given to the implications on setting aboriginal subsistence quotas.

Japan found the proposal to move away from annual meetings difficult to accept from a conceptual point of view. While organisations like CITES, CMS and others that take decisions regarding placing species on lists which allow them to meet every 2-3 years, it noted that IWC is a resource-management organisation where its business should be conducted on an annual basis. Portugal considered that it is preferable to keep to annual meetings. St. Vincent and The Grenadines did not believe that cost savings were sufficient to make a move to a two-yearly cycle worthwhile. St. Lucia also supported continuation of annual meetings.

Given the views expressed, Norway continued to believe that it is time to take a decision, but suggested that rather than moving to biennial meetings after 2007, this be done after 2008.

In summarising the discussions and seeking a way forward, the Chair noted that there was some support to move to biennial meetings but also some concern. He suggested that if a move to a two-yearly cycle was taken this should not take effect until after 2008. He proposed that a special session of the F&A Committee be organised on this session at IWC/59 in Alaska next year. The F&A Committee agreed.

### **3.2 Legal advice in relation to the IWC**

The Chair recalled that at the 5th Special Meeting of the Commission in Cambridge in October 2002, the Netherlands raised the issue of how the Commission might better address legal issues it may face in the future. The Netherlands presented some ideas on this matter to the Commission at IWC/55 and on the basis of these, the Commission agreed to ask the Secretariat to explore how other Conventions deal with legal issues and the legal issues they have faced. The Secretariat reported on these aspects to the Commission at IWC/56. The Netherlands also introduced a paper at IWC/56 that set out options for addressing future legal issues. Due to time constraints, detailed discussion of this paper was deferred to IWC/57. Different views were expressed at IWC/57 and the Commission agreed that the Netherlands should consult with countries expressing concerns to explore how these might be addressed and to report back on the outcome of these consultations at IWC/58.

The Netherlands reported that unfortunately it had not had an opportunity to pursue this issue since the Annual Meeting last year. It suggested that an email working group could be established with the objective of reporting to the F&A Committee at IWC/59. The Chair called for expressions of interest in joining such a group, but in the absence of this suggested that the Netherlands may itself prepare a paper for consideration next year. The F&A Committee agreed with this approach.

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

#### **3.3.1 Proposal to amend Rules of Debate C.1/Rules of Procedure F.2**

The Secretariat noted that at recent Annual Meetings, there have been a number of occasions on which a ruling of the Chair has been appealed and that a number of delegations have found that following the practice described in C.1<sup>4</sup> is confusing. Some also believe that Rule of Debate C.1 is in conflict with Rule of Procedure F.2 (b)<sup>5</sup>.

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#### **<sup>4</sup> C. Procedural Motions:**

1. During the discussion of any matter, a Commissioner may rise to a point of order, and the point of order shall be immediately decided by the Chair in accordance with these Rules of Procedure. A Commissioner may appeal against any ruling of the Chair. The appeal shall be immediately put to the vote and the Chair's ruling shall stand unless a majority of the Commissioners present and voting otherwise decide. A Commissioner rising to a point of order may not speak on the substance of the matter under discussion.

#### **<sup>5</sup> F. Chair**

2. The duties of the Chair shall be:

(a) to preside at all meetings of the Commission; (b) to decide all questions of order raised at meetings of the Commission, subject to the right of any Commissioner to request that any ruling by the Chair shall be submitted to the Commission for decision by vote;

.....

The Secretariat suggested that it would be beneficial if the confusion associated with voting on an appeal to a Chair's ruling could be overcome. Initially, the Secretariat had thought that this could be done by asking the meeting to vote on a Chair's ruling rather than on the appeal to a Chair's ruling. In this case the Chair's ruling would stand unless a majority of the Commissioners present and voting decided otherwise. However, recognising that this would bring the Rules of Debate in conflict with Article III.2 of the Convention which states that 'Decisions of the Commission shall be taken by a simple majority of those members voting.....', the Secretariat proposed to clarify the procedure for voting on the appeal by revising Rule of Debate C.1 as follows:

### C. Procedural Motions

1. During the discussion of any matter, a Commissioner may rise to a point of order, and the point of order shall be immediately decided by the Chair in accordance with these Rules of Procedure. A Commissioner may appeal against any ruling of the Chair. The appeal shall be immediately put to the vote **and the question voted upon shall be stated as: 'Shall the decision of the Chair be overturned?'** The Chair's ruling shall stand unless a majority of the Commissioners present and voting otherwise decide. A Commissioner rising to a point of order may not speak on the substance of the matter under discussion.

The Secretariat also proposed that Rule of Procedure F.2 be amended as follows:

### F. Chair

2. The duties of the Chair shall be:

(b) to decide all questions of order raised at meetings of the Commission, subject to the right of any Commissioner to **appeal against any ruling of the Chair**.

The F&A Committee agreed to these proposals and **recommends** that they be forwarded to the Commission for adoption. As the required 60-day notice of the substance of the proposed amendment was provided, the amendment would take effect immediately should the Commission decide to adopt it.

#### 3.3.2 Other

Brazil drew the Committee's attention to the Scientific Committee Rules of Procedure E.4(c), i.e. '*Working papers will be distributed for discussion only if prior permission is given by the Chair of the committee or relevant sub-group. They will be archived only if they are appended to the meeting report*'. Brazil considered that it would be useful for working papers to be archived routinely and proposed that the Scientific Committee be requested to review Rule of Procedure E.4(c) next year. The F&A Committee **agreed** to recommend this to the Commission.

## 4. FORMULA FOR CALCULATING CONTRIBUTIONS

### 4.1 Report of the Contributions Task Force

Recognising the potential implications for any revised contributions formula of work on the RMS, the work of the Contributions Task Force (CTF) had been put on hold until these implications could be assessed. The Task Force last met in March 2003. At last year's meeting, the view was expressed by some that work to revise the contributions formula should not be linked to completion of the RMS and should therefore be resumed. It was agreed to hold a Task Force meeting at IWC/58.

The Chair of the CTF reported the proceedings of the meeting of the CTF held on Saturday 10 June 2006 to the F&A committee.

At the beginning of the CTF meeting, the Secretary had briefly summarised the work undertaken since the 51<sup>st</sup> Annual Meeting in Grenada in 1999 to revise the financial contributions formula, together with a brief explanation of how the Interim Measure (adopted at the 54<sup>th</sup> Annual Meeting) is used to calculate contributions and its effect on the level of payments by various countries, and set out the current status of discussions.

The Chair then invited delegates to consider how the work should be taken forward. Support was expressed for the view that work should focus on further developing the previous valuable work of the Task Force rather than starting afresh; the guiding principles agreed in IWC/53 still being valid today. It was noted that as discussions on the Revised Management Scheme (RMS) had stalled since the intersessional meeting in Cambridge earlier in the year; the task force could either try

to include some mechanism for dealing with costs arising from an eventual RMS, or set those aspects to one side for consideration once agreement on the RMS had been reached. Support was expressed for the second of these routes. An observation was made that the Task Force's work might be frustrated if it attempted to cover the RMS at this stage, and therefore it was proposed that consideration of the RMS be put to one side, whilst acknowledging that some amendments might need to be made once agreement had been reached on the RMS. This was accepted by the meeting.

The CTF Chair reported that the discussion then turned to whether one or more intersessional meetings would be necessary. The Chair indicated that one of the critical issues for discussion during future intersessional meetings is identification of an appropriate "capacity to pay" index. The CTF agreed to recommend to the F&A Committee that, subject to the availability of Secretariat staff, two intersessional meetings should be held in Cambridge, England; October/November 2006 and February/March 2007. The importance of provision of adequate IT technical support for the meetings was stressed, given the probable need to run simulation models of contribution formulae. It was agreed that the terms of reference for the CTF's future work should be wide enough to enable all the outstanding issues identified in Table 1 to IWC/57/F&A 8 to be addressed (see Appendix 4), and the Secretary expressed the hope that all participants would be prepared to discuss all of these.

The CTF proposed the following terms of reference for the intersessional meetings:

- 1) The Contributions Task Force shall hold at least one, but no more than two, intersessional meetings to develop a new contributions formula that can command consensus support, with a view to its adoption at IWC/59;
- 2) ensure that such a formula adheres to the guiding principles (openness, stability, fairness, and user pays) endorsed by IWC/53;
- 3) ensure that any new scheme includes the four main elements recommended by the Task Force in May 2001; an annual membership component, a wealth factor related to capacity of a country to pay, consumptive use, and delegation size at Annual Meetings;
- 4) the formula should be capable of adjustment so as to meet new performance criteria and capable of being modified to accommodate a treatment of all whaling equally or differentiated by type;
- 5) resolve those remaining issues identified in Table 1 to IWC/57/F&A 8.

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

There was no discussion and the F&A Committee **recommends** that the CTF's proposal for resuming work on the contributions formula be forwarded to the Commission for adoption.

### **5. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE**

#### **5.1. Review of the Provisional Financial Statement, 2005-2006**

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

The report of the Budgetary Sub-committee (IWC/58/F&A10) was introduced by its Chair Joji Morishita. The Provisional Financial Statement presented in IWC/58/5 was circulated to the Sub-committee in March 2006.

The Secretariat reported that there had not been time to develop a revised version of Table 1 of IWC/58/5, but noted that increases in income are anticipated from:

- Financial Contributions of New Members, i.e. £ 17.5k (Israel £ 9.2k, Guatemala £ 3.9k, Marshall Islands £ 2.2k, Cambodia £ 2.2k)
- Voluntary Contributions, i.e. £ 9.8k (Eire £ 7k + Netherlands £ 1k – Small Cetaceans) + ( £ 1.8k from Norsk Hydro – Research Fund – Acoustic Workshop)
- A release of £ 81k from provision for doubtful debts is anticipated (Senegal cleared £ 63k of old debt, Belize cleared £ 18k of old debt) but this may be reduced by provision made at the financial year-end for any current debts still outstanding.

The Secretariat noted that the above favourable changes may be offset by any F&A recommendations to the Commission regarding a one-off amnesty to relieve the debt of developing countries or to backdate an increase in annual meeting provision to IWC58 by taking money from IWC reserves.

The Sub-committee noted that the projected out-turn for 2005-2006 is a generally satisfactory situation as currently presented but recognises that significant changes may arise according to the recommendations made by the F&A Committee to the Commission at IWC58. It therefore **recommends** to the Finance and Administration Committee that the Provisional Financial Statement for 2005-2006 (Appendix 5) is forwarded to the Commission with a recommendation that it be approved subject to audit. The F&A Committee agreed.

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

The Secretariat referred to document IWC/58/F&A11. Total financial contributions and interest outstanding amounted to £ 514.6k, of which £ 138.4k referred to former members and £ 376.2k referred to current members. The document had been prepared on 12 June 2006 but in the meantime the financial contribution of Israel had been received. The Secretary's report on the collection of financial contributions was noted.

### **5.2 Consideration of a possible one-off amnesty to relieve the debit of developing countries**

#### *5.2.1 Introduction by the Secretariat*

The Secretariat recalled that during the F&A Committee meeting last year, it was noted that while decisions taken at IWC/54 in Shimonoseki in 2002 resulted in reductions to outstanding debts of a number of countries some considerable debts remained. Given this and given that ways to relieve the debt burden of developing nations are being actively explored in other international organisations, there was a suggestion that IWC might wish to give some consideration at a future meeting to a one-off amnesty to relieve the debt burden of its own developing country members. Despite some concern regarding precedents that might be set and possible knock-on effects such a move might have to other organisations, the Commission agreed that the suggestion merited further consideration and that this be explored by the Secretariat who should develop proposals, including changes to Financial Regulations that might be needed, for possible decision-making at IWC/58 in St. Kitts and Nevis.

The Secretariat reminded the meeting that until the changes made at the 2002 Annual Meeting, financial contributions were assessed annually and compound interest was charged at 10% per annum unless and until a Contracting Government chose to withdraw from the Convention. This resulted in a number of developing countries falling into serious arrears, some in excess of £500,000. Some Contracting Governments withdrew from the Commission with debts. At the 2002 meeting, to prevent the build-up of excessive arrears in future, the Commission decided that: (1) the rate of compound interest charged on outstanding interest be reduced after the first year (when it would remain at 10%) to 2% above base rate for each subsequent year; and (2) if a Contracting Government's annual payments, including any interest, have not been paid for a period of three financial years, then no further annual contribution will be charged (although interest would continue to be applied annually). For governments in arrears for a period of three financial years, the Commission also agreed a standardised repayment plan in which a government with arrears can avoid penalty interest and regain full voting rights if it undertakes to make a payment of 2 years outstanding contributions and provides a formal undertaking to pay the balance of arrears and interest within a further 2 years. The Commission further agreed to apply these changes retroactively to attract back to full participation in the organisation, those Contracting Governments that had large arrears and no repayment plans in place. The retroactive application of the changes reduced substantially the debt of these governments. The changes were also applied retroactively to countries that had withdrawn from the Convention with debts, thus reducing the debt of most of these countries also.

The Secretariat gave a summary of governments (current and former members) with arrears as of IWC/54 in 2002 and their current status and noted that since IWC/54, all Contracting Governments with past arrears, with the exception of Costa Rica, had entered into repayment schedules as described above. It was noted that Belize, Peru and Senegal have now paid off their past arrears, while Kenya still has past arrears outstanding.

Having explored the matter, the Secretariat considered that it is not appropriate for it to make proposals for a one-off amnesty as requested as there are a number of questions pertaining to such a step that it believes first require consideration by the F&A Committee and/or the Commission, i.e.:

1. What criteria should be used to define a developing country? For example, should these be countries falling into capacity-to-pay groups 1 and 2 as under the Interim Measure for calculating financial contributions<sup>6</sup>?

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<sup>6</sup> Under the Interim Measure, capacity-to-pay groups 1 and 2 are defined as the following:

2. Is the intention of an amnesty to 'forgive' all or part of any outstanding debts (the latter being the case with IWC/54 decisions)?
3. Would any amnesty be applied to more recently accumulated debt as well as past arrears? Note that it may set a bad precedent to 'forgive' any outstanding arrears of contribution and interest for the current financial year.
4. Should a one-off amnesty apply only to current Contracting Governments of developing countries with remaining arrears or should it also apply to former Contracting Governments of developing countries with remaining arrears?

Finally, the Secretariat suggested that if the Commission wished to pursue a one-off amnesty it would not be necessary to make any further amendments to the Financial Regulations. This could simply be achieved by a decision of the Commission, although the terms of any amnesty would need to be made clear.

### 5.2.2 *Report of the Budgetary Sub-committee*

In view of the potential budgetary implications of a one-off amnesty, the Secretariat had previously presented Document IWC/58/F&A 4 to the Budgetary Sub-committee. It noted that giving amnesty only to those countries currently with outstanding arrears would not have financial implications for the Commission. Implications would only arise if any amnesty was back-dated to include countries that had recently cleared part or all of their arrears since this would require rebate of monies in some way. The Secretariat noted that around £ 360,000 of the re-calculated arrears (i.e. re-calculated after the decisions taken in Shimonoseki) had been recovered from Contracting Governments, with around £ 285,000 currently outstanding. Thus if an amnesty was extended to all re-calculated arrears that have been recovered, then a rebate of around £ 360,000 would be needed.

Concern was expressed that a distinction should be made between long-term arrears and recent arrears, since any amnesty to recent arrears might confer an unfair advantage to the beneficiaries without the incentive to meet their financial obligations. The Sub-committee recommended that the Finance & Administration Committee take note of the following observations:

- (1) The re-calculation of arrears decided upon at Shimonoseki was the "common-sense" starting point for any amnesty discussions;
- (2) That if an amnesty was only given to the re-calculated arrears currently outstanding, then there would be no effect on the budget;
- (3) That any amnesty applied to re-calculated arrears currently outstanding would probably lead to claims for the amnesty to be extended to the re-calculated arrears already recovered;
- (4) That if an amnesty was extended to all recalculated arrears that have been recovered, then a rebate of around £360,000 would be needed, which would have budgetary implications.

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

The UK noted the points made by the Budgetary Sub-committee but differed on two points. Firstly it believed that the starting point for any amnesty should be the outstanding contributions at the point at which the Commission made the decision to give an amnesty, and therefore it would have some difficulty with any retroactive application, particularly given the considerable budgetary implications. It also believed that the debts of those governments that had withdrawn from the Convention should be written off since there is no likelihood of recovering these. The UK was not wedded to giving an amnesty, but had felt it worth considering given the broader discussions on debt relief.

Brazil was in favour of exploring further a possible amnesty. It did not believe that an amnesty should apply to debt related to the financial contributions for the current year, but considered that it could apply to former members with debt if they wished to re-adhere to the Convention. Switzerland suggested that the UN scale of contributions could be examined and be used to decide on candidates for any amnesty (i.e. those with very small contributions).

The USA could not support a one-off amnesty. Referring to the decisions taken in Shimonoseki, it noted that 4 out of the 6 governments with substantial arrears had repaid their debts, while some have accumulated further arrears. It also drew attention to Financial Regulation F.5(a) which helps constrain the debt that can be incurred since no further annual contribution is charged if a Contracting Government has fallen into arrears of financial contributions for a period of 3 financial years. It expressed concern over the financial implications of the backdating of any amnesty, believing that there are other important budgetary items to consider. And it believed that the proposal to look again at the financial contributions formula may well serve to help developing countries further by reducing their contributions. The USA believed that adhering to the Convention comes with responsibilities and that it would not be appropriate if such responsibilities could be set aside every few years. Germany, Belgium, and Grenada associated themselves with these

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Group 1: GNI less than US\$10,000 million and GNI/capita less than US\$10,000

Group 2: GNI greater than US\$10,000 million and GNI/capita less than US\$10,000

remarks. Belgium considered that any further amnesty would be sending the wrong message both to IWC members and to the wider international scene.

Japan noted that there are a number of issues under consideration that either directly or indirectly will provide assistance to developing countries, i.e. revision of the contributions formula, increases to the Annual Meeting provision and a move towards facilitating the use of languages other than English. It believed that priorities needed to be set, and that for Japan, giving further amnesty has a lower priority than making adjustments to the contributions formula and Annual Meeting provision. Monaco indicated that its position was close to that of Japan and felt that it was important to further the work to revise the contributions formula with respect to capacity-to-pay.

Given the discussions, the F&A Committee agreed to **recommend** to the Commission that a one-off amnesty is not the right course of action at the present time and should not be pursued. However, it also **recommends** that the Secretariat be asked to: (1) make further contact with Costa Rica and Kenya regarding repayment of their arrears and (2) to explore alternatives for repayment.

### 5.3 Review of the budget provision for Annual Meetings

In introducing this item, the Chair noted that there were two documents to be considered by the F&A Committee, i.e. Document IWC/58/F&A 7, prepared by the Secretariat, and a proposal from St. Kitts and Nevis given in Document IWC/58/F&A 8. He also noted that the Secretariat's document, and an earlier draft of the proposal from St. Kitts and Nevis had been considered by the Budgetary Sub-committee.

#### 5.3.1 *Introduction of the Secretariat's document*

The Secretariat reminded the Committee that the longstanding practice of the Commission is that, irrespective of the actual or proposed location of the venue of an Annual Meeting, the budget provision is based on the costs of running an Annual Meeting at a 'generic' venue in the United Kingdom. When a meeting is held outside the UK at the invitation of a Contracting Government, it is understood that any costs additional to those budgeted will be met by the host Government unless the Commission has specifically agreed to some other arrangement, or the host Government's invitation includes covering all (or a very substantial portion) of the costs. It has been known for some time that the current level of budgetary provision for the Annual Meeting would not be sufficient to cover the costs of an Annual Meeting in the UK and that in recent years, host Governments have incurred additional expenses. This matter has recently been highlighted by the Government of St. Kitts and Nevis who sought voluntary contributions from Contracting Governments to help cover the costs of IWC/58. Given these circumstances, it would seem appropriate for the Commission, via the F&A Committee to review the level of budgetary provision for the Annual Meeting. This was done in Document IWC/58/F&A 7.

The Secretariat's experience is that it requires around 35% of the current meeting provision to cover its own expenses (e.g. Secretariat staff, travel, subsistence and overtime; freight, removals and insurance; equipment and supplies from the UK; preparatory site visit). There is therefore an initial allocation of 65% of the budgetary provision to the host government. The budget provision for Annual Meetings from IWC52 to IWC58 and the provisional allocation for IWC59, together with the actual allocation to the Secretariat and government and the actual cost of a meeting, where known, are shown in Appendix 6, Table 1. The Secretariat noted that the actual total costs are indicative of the level of 'extra' services/resources provided by the host, but consequently there is considerable variance.

To understand what the real costs might be of holding an Annual Meeting in the UK, the Secretariat contacted three meeting venues in the UK (in Birmingham, Aberdeen, and London). The costs are based on 2006 prices and are shown in Table 2. These three venues were selected as the Secretariat believes they give an indication of the likely cost-range to be expected. The Secretariat noted that up to now, the provision of facilities for delegates' computing has been at the discretion of the host government and has not been included as part of the IWC budget. However, given the need for delegates to have access to computers and the internet to assist them in their work at Annual Meetings, it believed it reasonable that provision for this facility be included in the budget. As illustrated in Appendix 6, Table 2, the estimated range of costs of holding an Annual Meeting in the UK in 2006 during the May to July period is from £530,000 to £771,000, i.e. 1.6 to 2.4 times higher than the budget provision for IWC58. The Secretariat noted that these figures do not include the following items of expenditure: Security outside of the meeting venue; Costs associated with VIPs (e.g. some governments have a requirement to provide transport from/to the airport for delegates at Minister/Ambassador level); First aid/medical emergency services; Official receptions.

The estimated effect on financial contributions of increasing the budget provision for IWC59 in 2007 from the current proposal of £333,850 to £530,000 and £771,000 respectively is shown in Appendix 6, Table 3.

Given the obvious discrepancy between the current budget provision for Annual Meetings and the true cost of holding a meeting in the UK, the Secretariat suggested that the Commission, via the F&A Committee may wish to consider increasing the provision.

### 5.3.2 *Introduction of the proposal of St. Kitts and Nevis*

St. Kitts and Nevis indicated that costs associated with hosting annual meetings of the IWC have increased significantly in recent years primarily due to cost of renting the conference venue and costs of providing an acceptable level of security. It noted that the Secretariat now estimates that it would cost between £550,000 – almost £800,000 to host a meeting in the UK with approximately 35% of this cost is for Secretariat expenses. It also noted that the budget allocations from the IWC to host countries for the past 4 years were as follows:

Berlin – 2003 -	£205,800 – this is an increase over the initial allocation
Sorrento – 2004	£194,400
Ulsan – 2005	£197,850
St. Kitts and Nevis 2006	£211,900 - initial allocation

And that approximate additional costs to the host Governments were: Shimonoseki meeting - £747,420; Ulsan meeting - £533,870. It noted that for IWC/59 in Alaska, the Government of the USA is allocating approx. £533,870 to £800,800.

St. Kitts and Nevis reported that the budget for hosting IWC58, excluding Secretariat costs, totals £625,000 (see Table 3), noting that almost the full allocation from IWC is required for the rental of conference facilities. The Government of St. Kitts and Nevis is therefore required to fund a shortfall of £413,100, and that while it had received a contribution of £26,694, there is no budget to cover the remaining shortfall (£386,406). It explained that it is experiencing a period of significant economic difficulties, related to the recent closure of the island's sugar industry, and that anticipated donations to help finance IWC58 had not been forthcoming.

**Table 3. Budget for hosting IWC 58 St. Kitts**

	US\$	£
Conference facilities (meeting rooms)	500,000	
Meeting equipment and services	112,000	
Ground Transportation and transfers for events	16,700	
Cultural events	50,000	
Translation equipment	7,000	
Community involvement/activities	26,000	
First Aid station at conference	30,000	
Security	250,000	
Conference personnel services	18,000	
Organizing committee - (salaries)	36,000	
Communications	25,000	
Consultancy services (technical support)	60,000	
Project manager (salary – 6 months)	30,000	
Contingencies	10,000	
<b>Total</b>	<b>1,170,700</b>	<b>625,000</b>
<b>IWC contribution</b>	<b>378,000</b>	<b>211,900</b>
<b>Contribution</b>	<b>50,000</b>	<b>26,694</b>
<b>Deficit (required amount)</b>	<b>742,700</b>	<b>386,406</b>

St. Kitts and Nevis believed that it is clear that IWC budget allocations to Governments hosting Annual Meetings of the IWC are insufficient to cover basic meeting costs and that there is a substantial financial burden for the host country. It believed that this situation discriminates against developing country members of the IWC where the cost of many items is much more expensive than in developed countries. As an example, an extra copying machine can simply be rented in the UK whereas for St. Kitts and Nevis, an extra copying machine has to be bought and shipped from somewhere like the United States of America with significant extra costs. Furthermore, Governments in developing countries do not have the

in-house resources (staff, equipment and budget) to supplement the IWC contribution as is possible for developed countries. It was concerned that other developing countries may face a similar situation in hosting future meetings.

St. Kitts and Nevis therefore made the following proposal:

1. That the IWC budget allocation for Annual Meetings be increased to £550,000 (lower end of the meeting cost range provided by the IWC Secretariat).
2. When the IWC agrees to hold its meeting in a country within capacity to pay groups 1 or 2 the budget allocation shall be increased by 1.5 times.
3. These changes shall take effect to include the hosting of IWC58 up to the budgeted amount of £625,000 (which does not include Secretariat costs). Costs in excess of IWC's allocation to the host government for IWC58 (£387,406) to be taken from reserves.

It noted that while the financial contributions of a Group 4 country may increase quite significantly under the proposal, the gain through increased provision would be considerable if it wished to host an IWC Annual Meeting.

### 5.3.3 *Report of the Budgetary Sub-committee*

There was general acknowledgement that the current budgetary provision for IWC Annual Meetings is insufficient to cover the costs of holding a meeting in the UK, although one member did question the estimated figures presented in document IWC/58/F&A7, suggesting that they seemed high compared to provisions for Conferences of Parties of other international conventions. There was agreement that before deciding to increase the provision, it would be useful to gather information on how other comparable intergovernmental organisations budget for their Annual Meetings, including:

- are their provisions intended to cover the whole cost of a meeting or are hosting governments expected to cover any additional costs?
- what is the monetary provision for meetings (with information on length of meetings and number of participants) and what % of the operating budget does this represent?

It was noted that the size (number of participants) and length of meetings held by other organisations may differ from the IWC, thus making a comparison difficult. However the Secretariat agreed to try to collect statistics from other organisations prior to the F&A Committee meeting to see if any meaningful comparisons could be made.

With respect to how to fund the increased cost of Annual Meetings, a number of suggestions were made, including: (a) an increase in financial contributions (b) through host governments meeting any costs in excess of the IWC contribution; and (c) through cost reduction by holding the meeting every two years.

With respect to the draft document from St. Kitts and Nevis and the proposal to backdate any increase in provision for Annual Meetings to IWC/58, concern was expressed by some regarding the implications on the outcome of the 2005/2006 budget if such funds were taken from reserves and the Secretariat was asked if such a move would be against IWC's financial procedures. The Secretariat indicated that it would not be and that the Commission could, if it so wished, decide to use the reserves in this way. With respect to the proposal to increase the provision if an Annual Meeting is held in a developing country (capacity-to-pay groups 1 and 2), some expressed the view that there should be no distinction made between developing and developed countries in this respect and that no country is forced to host a meeting.

In conclusion, the Budgetary Sub-committee Chair noted the range of views concerning this issue and welcomed any additional information that the Secretariat might be able to provide to the F&A Committee meeting. The Sub-committee agreed to **recommend** that the F&A Committee take note of the following observations:

- (1) That there is recognition of the fact that the current level of budgetary provision for the Annual Meeting would not be sufficient to cover the costs of a generic venue in the UK;
- (2) That the F&A Committee should consider a range of options to fund the increase in Annual Meeting provision including: a) an increase in financial contributions (b) through host governments meeting any costs in excess of the IWC contribution; and (c) through cost reduction by holding the meeting every two years;
- (3) That further information on costs of meetings of other comparable intergovernmental organisations should be sought by the Secretariat to allow comparisons to be made; and
- (4) That the proposals from St Kitts & Nevis in document BSC/2006/09 are noted.



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

Australia welcomed the fact that the Budgetary Sub-committee was seeking information on meeting costs of other intergovernmental organisations in order that comparisons with costs described for IWC Annual Meetings could be developed. It noted that increasing the provision to the levels indicated in either of the documents would result in significant increases in percentage terms to financial contributions. With respect to the proposal from St. Kitts and Nevis, while it had sympathy with any government that takes on a commitment for which costs escalate, it suggested that the government of St. Kitts and Nevis were aware of this risk when they decided to offer to host the meeting and that its situation should be viewed in this light. Given that there are three governments interested in hosting meetings over the next three years under the existing level of budget provision and the understanding that the host government must cover any costs above and beyond the IWC allocation, Australia did not see an immediate need to increase the provision dramatically, although it considered that a reasonable increase could be maintained.

Monaco, the USA and Italy also saw no urgency to increase the Annual Meeting provision significantly. Monaco suggested that any increase could be offset by moving to biennial meetings. It also considered that given the apparent costs involved, holding a meeting in the UK should be a low priority. It noted that it is common practice in intergovernmental organisations for host countries to assume significant portions of meeting costs. It suggested that the obligations of the Commission and host government could be better defined and that it might be appropriate for the Secretariat to develop a Memorandum of Understanding for signature by the would-be host governments in this respect. The USA also believed that if a government volunteers to host a meeting, then at the same time it takes on the risks and obligations to pay for any additional costs. However, it did support ways to increase the provision such that the funds would be sufficient to host a meeting in the UK. The UK also recognised the need to make a stepped increase in meeting provision over time such that a meeting could be held in the UK if necessary.

France believed that the host government has responsibility for covering additional costs, and that it had budgeted for this when it offered to host IWC/58 in La Rochelle. It suggested that savings from moving to biennial meetings of the Commission could be used to alleviate the budgets of developing countries wishing to host IWC meetings. Switzerland asked whether there is a requirement in IWC for the depository government to host a meeting if there is no other offer (the answer is 'no'), and noted the high price of conference facilities in the UK.

Brazil had some sympathy with St. Kitts and Nevis, and hoped that the healthy rotation of holding meetings in developed and developing countries could be maintained. It therefore considered that there is a need to adapt the budgetary provision accordingly over time.

Japan noted that there is no funding crisis as far as the IWC budget is concerned, but noted that St. Kitts and Nevis finds itself with a significant problem and that ways to alleviate this problem should be considered. St. Vincent and The Grenadines and Grenada agreed.

Antigua and Barbuda recognised the need for responsible and prudent budgetary management. It noted that the situation for St. Kitts and Nevis and initially been satisfactory but that costs had escalated. While it took the point that there may not be an immediate crisis if governments are willing to host IWC meetings, there would be a crisis if for some reason a meeting had to be held in the UK. Antigua and Barbuda therefore believed that consideration should be given to both increasing the provision and to helping St. Kitts and Nevis.

Belgium questioned why the costs for security at IWC/58 are so high, particularly given that St. Kitts and Nevis is such a friendly country. St. Kitts and Nevis explained that while some security facilities already exist, there are certain additional obligations that go with an international meeting (e.g. handling of VIPs, communication equipment) that have to be sourced.

The USA reported that its estimated costs of security at IWC/59 in Alaska are also high because the facilities and infrastructure necessary to provide adequate security at an international meeting do not currently exist. Like some others, the USA thought that the Commission should consider a step-wise increase in meeting provision. It noted that it had already identified sufficient funds for IWC/59 and that therefore if the Commission decided to increase the meeting provision in the 2006/2007 budget, it would be prepared to talk with St. Kitts and Nevis and with the Secretariat about ways to use this increase to help St. Kitts and Nevis.

Australia believed that if a step-wise increase is to be considered, there should be a well thought-through proposal presented next year. It recognised the generous offer of the USA with respect to helping St. Kitts and Nevis, but noted that no

increase in provision had yet been agreed. Australia noted that St. Kitts and Nevis had sought voluntary contributions and that the Commission should await the outcome of this before taking any steps to allocate further funds.

At the end of the discussions the Chair noted the range of comments made. He noted that some believed that there is no immediate problem, while others believed that there is a case to increase the meeting provision on an incremental basis. There was clearly no agreement on how to take this forwarded and recommended that these views be reported to the Commission. The F&A Committee agreed.

## **5.4 Secretariat offices**

### *5.4.1 Report of the Budgetary Sub-committee*

The Chair of the Budgetary Sub-committee reminded the meeting that last year, the Commission requested the Secretariat to develop, for review at IWC/58, a more comprehensive picture of the steps required in purchasing or leasing a property for its offices. He described the work done so far on this topic to provide context as follows.

At IWC/55, the Sub-committee recommended that the Secretariat explore a range of alternatives for the Secretariat's offices, including: (1) continuing to rent the Red House; (2) purchasing the Red House or another suitable property for the Secretariat's offices in Cambridge or elsewhere in the UK; (3) relocation of the Secretariat to another member country; and report back to the Budgetary Sub-committee.

At IWC 56 the Sub-committee acknowledged that rent represented approximately 4% of the total budget, and was not an excessive cost. The need to retain expertise within the Secretariat was recognised and that this would be lost if the Secretariat were moved away from the Cambridge area. As there was at that point still over 5 years until the current lease expired (it expires in March 2009), the Sub-committee recommended that the Secretariat explore alternatives within the Cambridge area.

At IWC 57 the BSC took a generally favourable view to purchasing property but concluded that it needed more information to decide whether the options that might become available would provide a viable alternative to renting property. The Sub-committee therefore recommended that the Secretariat provide a more comprehensive picture of the steps required in purchasing a property, the identification of all relevant costs, the timing of events and cash-flows, a sufficiently long projection of cash-flows to show where the break-even point is when comparing purchasing and rental, and the process to be followed if the IWC folds. This information would be used as the basis of further discussion at IWC58. The recommendation for the provision of more comprehensive information recognised the approach of the end of the current lease (i.e. March 2009) leaving only three more Annual Meetings (including IWC58) at which this issue could be discussed and a decision made.

The Secretariat prepared the more comprehensive picture requested at IWC57, extracts from which are shown below.

### Property Market in Cambridge 2006

The Secretariat sought advice from the Cambridge office of Bidwells (a national firm of property consultants) with respect to alternative properties in the Cambridge area (for purchase or lease). Advice was also sought regarding the current value of the Red House to see if purchasing the property might be a viable option.

The Red House is occupied by the IWC on a full repairing and insuring lease, at a rent of £75,000 per annum payable from the 23 June 2005 until the lease expires in March 2009. The current 20 year lease was negotiated at a time when demand in the local property market was high and the terms agreed were advantageous to the owner. The consideration of freehold and leasehold options at this juncture is therefore prescient.

The market of 2006 offers more flexible leasing terms e.g. for 10 years (instead of 20 years) with a break after 5 years with a rent review. Most non-residential property in the Cambridge area is either dedicated to office use, storage or industrial use. The Red House is unusual in that it has dual-use i.e. office and storage and as such attracts a lower rental per square foot than a dedicated office building. Bidwells noted that generally industrial premises are cheaper to acquire than offices. However, to find a quasi office/ industrial property, which is located in a suitable environment (e.g. not pure industrial location), will be difficult, as there is a limited supply.

Bidwells provided examples of office, warehouse, industrial and mixed-use property as a guide to what is currently available in the Cambridge area

The Red House has an office / warehouse area of 5,946 sq feet. As the property is a converted house, not all of the area can be fully utilised. Relocation to a more modern building might allow a smaller area to be used more effectively. Six scenarios have been examined for the purposes of this paper.

Scenario A	Lease mixed-use property (4,500 sq ft in the example) + approx. 1500 sq ft of additional industrial storage (to give comparable area to Red House)
Scenario B	Purchase mixed-use property (two units with a combined area of 5,786 sq ft - no additional area needed)
Scenario C	Lease office space (example grossed-up to give the same area as (D) ) + approx. 1500 sq ft of additional industrial storage (to give comparable area to Red House)
Scenario D	Purchase office space (two units with a combined area of 4,340 sq ft) + approx. 1500 sq ft of additional industrial storage to give comparable area to Red House
Scenario E	Renew existing lease of the Red House
Scenario F	Purchase the Red House

In order to give a like for like comparison with the Red House, the example properties either have their area grossed up to match that of the Red House or the lease or purchase of an additional smaller industrial unit is assumed for storage.

Scenarios A and B compare the leasing v purchasing of mixed-use property. Scenarios C and D compare the leasing v purchasing of quality office accommodation plus a small industrial unit. Scenarios E and F compare the leasing v purchasing of the Red House.

The assumption was made that property intended for mixed use will continue to be required by the IWC and will need to present an appropriate image for an Inter-governmental Organisation. From the sample properties supplied by Bidwells, the mixed-use properties and quality office premises located in a village 7 miles from Cambridge city centre are reasonable examples, although the Secretariat cannot be sure how suitable such a properties would be until a full assessment is made.

*Projection of Cashflows associated with Scenarios A to F:* A basic investment appraisal technique known as Net Present Value (NPV) was used. Cash flows over a 15 year period have been created using various indicators e.g. property price inflation, retail price inflation and so on.

Money has a time value. A dollar now will be worth a dollar and ten cents one year from now if the interest rate is 10%. Or put another way a dollar and ten cents in a year's time is worth one dollar now. The future cash flows referred to above are converted (discounted) into current money terms and the investment with the lowest NPV is taken on initial inspection to be the preferred option.

The discount rate used in this case is the cost of borrowing money from the bank (currently 5.9%).

The key difference between buying and renting property is that in the former case an asset is eventually owned and can be sold for cash. The cash flows projected for the scenarios where property is purchased show the assets being sold at the end of a 15 year period. In effect all scenarios show the IWC without a property at the end of 15 years (which would be the effect with leasing) but with the purchasing option at least another asset (cash) is retained within the organisation.

#### Evaluation of Cash Flow Projections

Appendix 7 shows the total pounds spent in each year of each scenario in the Summary Cash Flow Table and these are discounted into 2009 pounds in the Summary Discounted Cash Flow table. The scenarios which maximise cash inflows or minimise cash outflows are the preferred choice.

The Summary Cash flow Table (expressed in pounds actually spent or received in the year stated) shows the following ranking:

Scenario	Total Cash Flow from all years
Scenario D (TCF ScD) – purchase property	£ -714,816
Scenario F (TCF ScF) - purchase property	£ -424,568
Scenario B (TCF ScB) - purchase property	£ -311,187
Scenario A (TCF ScA) – lease property	£ 1,339,177
Scenario E (TCF ScE) – lease property	£ 2,028,611
Scenario C (TCF ScC) – lease property	£ 2,085,477

Scenarios D, F and B where property is purchased in 2009 and assumed to be sold 15 years later produce net cash inflows (shown as negative numbers).

The Summary Discounted Cash flow Table (expressed in 2009 pounds) shows the following ranking:

Scenario	Total Discounted Cash Flow for all years
Scenario B (DCF ScB) – purchase property	£ 379,456
Scenario F (DCF ScF) – purchase property	£ 413,265
Scenario D (DCF ScD) – purchase property	£ 417,324
Scenario A (DCF ScA) – lease property	£ 929,388
Scenario E (DCF ScE) – lease property	£ 1,356,827
Scenario C (DCF ScC) – lease property	£ 1,431,572

All scenarios produce net cash outflows when discounted. It should be noted however that the outflows are significantly smaller in the scenarios where property is purchased (Scenarios B, F and D).

The scenarios involving the purchase of property (B, D and F) minimise cash outflows and from this evaluation are the preferred choice.

### Conclusion

If the purchase of property is accepted by the Commission as being the most economic choice the following points need to be considered:

- Financial Contributions could be increased prior to 2009 to allow the accumulation of sufficient funds to meet the large cash outflows required in that year. For example the cash flow for the purchase of the Red House is estimated to be £ 397,605 whilst the cash flow for lease renewal is estimated to be £ 114,224 – a difference of £ 283,381 to be accumulated by 2009.
- The purchase of property requires a long-term view to be taken. More immediate demands for increasing Financial Contributions to meet other requirements could deflect attention from the long-term benefits that owning property could bring.
- The experience of NASCO regarding property ownership has been positive and could provide a template for the IWC.

### *Sub-committee discussions*

The Chair of the Sub-committee reported the following comments and questions from sub-committee members.

The question was raised as to whether any of the options described above offered any scope to rent out part of the property and so generate extra income. The Secretariat noted that the properties included in the paper were aimed at meeting the Secretariat's current needs. The Chair noted that although NASCO received rental income from its property, this was only a bi-product of the purchase.

The observation was made that other inter-governmental organisations occupy property provided by their host government at a minimal rent. The suggestion was made that the UK government should be approached to see if they could provide accommodation for the IWC on this basis. Other governments might also be encouraged to provide property on this basis.

The Chair noted that relocation of the Secretariat both within the UK and to other parts of the world had been considered in previous meetings. Keeping the Secretariat in Cambridge would help ensure the retention of the expertise of staff who would be unlikely to accompany a move. The Chair noted that approaching the UK government to provide the IWC with accommodation at a minimal rent could be recommended by the committee as an option with appropriate caveats about relocation from Cambridge.

The question was raised as to whether the additional funds needed to meet the property purchase could be met from reserves or would require an increase in financial contributions. The Secretariat noted that the additional funds could be met from reserves but this would depend on any other demands that might be made on reserves between now and 2009. The Secretariat further noted that in the case of the purchase of the Red House where an additional £ 283,000 is estimated to be needed to meet “up-front costs” (deposit, surveyor’s fees, legal fees, mortgage arrangement fees etc) , this could be met by smaller increases in financial contributions between now and 2009.

The Chair noted that the purchase of property might create short-term increases in financial contributions but this could be dealt with through reserves. He further noted that the long-term benefit of purchasing property was clear while needing to minimise short-term increases in financial contributions.

The Chair noted the range of views concerning this issue and indicated that the Sub-committee **recommends** that the Finance & Administration Committee take note of the following observations:

- (a) That continuing to rent property is not to the long-term advantage of the IWC;
- (b) That consideration be given to the “up-front” funding of a property purchase through a gradual increase in financial contributions between now and 2009;
- (c) That consideration be given to the “up-front” funding of a property purchase through the reserves, though this will depend on other demands being placed on reserves between now and 2009;
- (d) That the UK and other interested governments be approached to see if they are willing to provide accommodation for the IWC at a minimal rent, while recognising that relocation of the Secretariat outside the Cambridge area would put at risk the retention of staff expertise.

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

Monaco believed that it was premature to take a decision on whether to purchase a property before the option of negotiating a proper Headquarters Agreement with a Contracting Government had been explored. It considered that currently the UK does not provide the support that could now be expected for an organisation that has become truly international. Alongside the increasing international nature of the membership, Monaco suggested that the geographic composition of the Secretariat, who are all British citizens (with two having dual Irish nationality), should be broadened. Austria also believed that an international organisation should have a more representative staff, noting that this may also assist problems with language. It also raised the question as to how the proceeds of the sale of any property purchased by the IWC might be distributed amongst Contracting Governments in the event of the organisation ceasing to exist. Brazil noted that resolution of this issue should not involve the raising of financial contributions. Australia noted that although the budget is one factor in this issue, the level of support that can generally be expected from country acting as a host to an inter-governmental organisation was also significant.

The USA thought there might be benefit in referring to a paper from a previous meeting that referred to the costs / implications of moving the IWC to another country. Mexico agreed and stressed that the value of the Secretariat lies in its staff.

Several countries suggested that approaches to other governments willing to host the IWC Secretariat would be worthwhile. The UK indicated that it would be happy to receive any representations from the IWC on this issue but was unsure as to how the UK government would respond. Germany indicated that it was willing to offer Bonn as a location for the Secretariat, but noted that this offer would be dependent on broad support for what would be a fundamental change for the IWC. After Switzerland expressed a possible interest in also acting as host for the IWC Secretariat, Germany indicated that it would not follow-up on any offer as it did not see broad interest by Contracting Parties in moving the seat of the organisation to another country. Moreover it did not want to enter into competition with others. Switzerland noted that its interest was not meant to be aggressive and that synergy should be the motive for a move rather than competition between nations.

New Zealand suggested that if consideration of the relocation of the Secretariat was serious, it should be done systematically, e.g. by putting the Secretariat up for auction.

The Chair of the F&A Committee concluded that as no agreement had emerged within the Committee, a report of the discussion should be passed to the Commission for its consideration. He also noted that Switzerland may wish to come back to the Plenary with further details of any potential offer to host the Secretariat.

## 5.5 Consideration of estimated budgets, 2006-2007 and 2007-2008, including the budget for the Scientific Programme

### 5.5.1 Report of the Budgetary Sub-committee

#### Review of proposed budget 2006-2007 and forecast budget 2007-2008 (Appendix 8)

This aspect of the work done by the Budgetary Sub-committee was introduced by its Chair Joji Morishita. He highlighted the main factors affecting the formulation of the 2006-2007 proposed budget which were as follows:

*Income* – is projected to fall overall by about 1.5% (from £ 1,681k in the 2005-2006 out-turn to £ 1,656k in the proposed budget). This is due to the setting of sales of publications, voluntary contributions, meeting fees and bank interest at conservative levels.

*Contracting Government Contributions* (Appendix 9) - the total contributions required from Contracting Governments is unchanged for 2006-07 i.e. remains the same as contributions for 2005-2006. The forecast budget is unchanged for 2007-2008 i.e. remains the same as contributions for 2005-2006.

*Expenditure* – 2.4% has generally been used to allow for cost increases throughout the budgets for both years except where there are positive indications that different levels are required. This reflects current levels of inflation in the UK. Expenses are expected to be much the same as last year. The forecast budget is intended to show the general trend if income is unchanged and expenditure rises at the current level of UK inflation.

Projected result for the year(s)		
	2006-2007	2007-2008
Balance of income and expenditure (deficit)	-77,180	-110,400
Surplus/ (Deficit) after transfers between Funds	-85,730	-119,250
General Fund Reserves		
	2006-2007	2007-2008
Projected balance on General Fund at year-end	1,062,020	942,750
Target level – approximately 6 months costs	886,600	883,150
% of Target level	120	106

*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. 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 no increase in Financial Contributions beyond the level of 2005-2006 to show the cumulative effect on reserves of 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 120% and 106% may be considered satisfactory.

### NGO observer and press fees

The Chair of the Sub-committee reminded the Finance & Administration Committee that it was required to make a specific recommendation on the level of NGO and media fees for 2006-2007. The proposed budget for NGO observers allows for an increase from £610 to £625 (+ 2.4% - rounded) at the Annual Meeting in 2007. The nominal Press fee increases from £40 to £45. The NGO fees were linked to the rate of UK inflation (2.4% used for budgeting purposes) and the media fee by a fixed amount of £ 5. It was noted that the F&A Committee will consider different ways of charging NGO observers. This could have budgetary implications, but the expectation was that any changes would be budget neutral.

The Sub-committee agreed that the levels originally outlined by the Secretariat should be adopted. Accordingly the Sub-committee recommended to the F&A Committee that for 2006-2007 the NGO fee be set at £625 and the media fee at £45.

### Research expenditure proposed by the Scientific Committee for 2006-2007 (Appendix 10)

The Budgetary Sub-committee Chair explained that the Scientific Committee had identified projects totalling £319,100, which it considered necessary to properly carry out the Commission's requirements. However, the Scientific Committee recognised the financial constraints that applied, and accordingly had prepared a reduced list of items to get as near as possible to the target, which had been set at £279,000. The Scientific Committee had developed a reduced budget of £279,000 and 'strongly recommended that, at a minimum, the Commission accepts its reduced budget of £279,000 where all items are regarded as being of high priority'.

### Forecast for 2007-2008

The forecast budget for 2007-2008 is given alongside the 2006-2007 proposed budget. The forecast budget is intended to show the general trend if income is unchanged and expenditure rises at the current level of UK inflation. The Sub-committee therefore recommended that the Finance and Administration Committee take note and forward the forecast budget for 2007-2008 (Appendix 8) to the Commission.

### Summary of Recommendations to the Commission

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

- the proposed budget for 2006-2007 (Appendix 9) be forward to the Commission for its adoption;
- that the Commission takes note of the Forecast Budget for 2007-2008;
- that for 2006-2007, the NGO fee be set at £625 and the media fee at £45.

## **5.6 Budgetary Sub-committee membership rota**

Last year the Commission approved a number of procedures in relation to the operation of the Budgetary Sub-committee. However there was an issue outstanding in relation to how the appointment as Chair or Vice-Chair of a BSC member who was coming to the end of their term on the Sub-committee might block participation of other interested countries and how this might be handled. The Secretariat was asked to develop a proposal for review by the BSC at IWC58.

The Secretariat suggested that the simplest approach for dealing with this situation would be to consider the Chair and/or Vice-Chair as additional to the 'standard' membership categories and no longer representing his/her government. Thus if a country from 'capacity to pay' Group 'X' is appointed as BSC Chair or Vice-Chair at the end of their normal 3-year term of membership, another Group 'X' country would still be invited onto the BSC.

The Secretariat noted that this situation has in fact already arisen in the case of Austria (a Group 3 country). Andrea Nouak, Commissioner for Austria, was representing Austria on the BSC. At IWC/57 last year, Austria was coming to the end of its 3-year term on the BSC, but Andrea Nouak was elected as Vice-Chair. Austria's place on the BSC was subsequently filled by the Republic of Korea, now a Group 3 country.

The Secretariat recognised that this approach would increase slightly the number of individuals that are members of the BSC but suggested that the Sub-committee would remain at a manageable size. It noted however that the 'balance' among the 'capacity-to-pay' groups would not be affected as the Chair/Vice Chair would be present in this capacity rather than as a representative of his/her country.

The Sub-committee agreed with the Secretariat's proposal and therefore recommended to the F&A Committee that this be incorporated into the operations of the Budgetary Sub-committee as illustrated in Appendix 11. The F&A Committee agreed and forwards this recommendation to the Commission.

## 6. NGO PARTICIPATION IN IWC

### 6.1 NGO Code of Conduct

Last year the Commission agreed that the Working Group established at IWC/56 should continue to prepare a draft Code of Conduct for the participation of NGOs at IWC meetings. After a few minor modifications, the F&A Committee agreed to recommend the Code of Conduct for NGOs at IWC Meetings and Complaints Procedure to the Commission for adoption given in Appendix 12.

### 6.2 NGO participation in Annual Meetings

#### 6.2.1 Introduction by the Secretariat

The Secretariat recalled that prior to IWC/56, the Secretariat had been approached by a representative of one of the large environmental NGOs regarding changes to rules of NGO accreditation in particular but also in their level of participation in Commission affairs. The Secretariat and Advisory Committee agreed that this issue should be brought to the attention of the F&A Committee via a paper outlining the issues raised and their potential implications. The paper prepared for IWC/56 focused on NGO participation in the Commission and its sub-groups excluding the Scientific Committee, and addressed the four following issues:

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

Following recommendations from the F&A Committee at IWC/56, the Commission agreed that the Secretariat should work with the Advisory Committee to explore how items 1-3 above might be implemented. The Commission agreed that the issue of speaking rights be set aside for the time being. Due to other commitments, no further work was done between IWC/56 and IWC/57 but paper IWC/58/F&A 3 was made available to the F&A Committee at IWC/58.

The document:

- described the current criteria and conditions for IWC and those of other intergovernmental organisations;
- highlighted the drawbacks of the current criteria/conditions;
- proposed revised criteria/conditions for NGO accreditation and participation, including a fee structure;
- considered how any revised criteria/conditions might be introduced; and
- proposed draft revised Rules of Procedure that would give effect the revised criteria/conditions.

#### Drawbacks of the current criteria/conditions

With respect to drawbacks of the current criteria/conditions, the Secretariat noted that the requirement for NGOs to be 'international', having offices in at least 4 countries, nominally excludes organisations whose focus may be national but directly relevant to the work of the Commission. Strictly speaking, the requirement for offices in at least 4 countries also excludes, for example, industry associations who represent companies operating in many countries but who generally have association offices in only one or two countries. Given the potentially important impact on cetaceans of some industries (e.g. oil and gas exploration, shipping, chemicals), the Secretariat suggested that it would seem only helpful for such industry associations to be eligible for accreditation as this would provide a more effective route of communication than having to deal with individual companies. The Scientific Committee's work on the potential impact of oil and gas exploration on western North Pacific gray whales is a case in point. In addition, while the Secretariat checks that NGOs applying for accreditation provide addresses in at least 4 countries, it is not practical to check whether they are *bona fide*. Frequently some of the addresses provided have the appearance of a private rather than business/office address, suggesting that there is some abuse of the current system and that some organisations that are essentially national in nature receive accreditation.

The restriction to one observer per NGO in the meeting room at any one time has encouraged larger organisations to create/use what might be termed 'flag of convenience' organisations whose principal purpose would appear to be to gain access to IWC meetings - the link between some accredited NGOs and the work of IWC is certainly not immediately apparent. Personal communication with one of the large environmental NGOs suggests that there are some 30 'flag of convenience' organisations for conservation/welfare groups and around 15 for pro-whaling groups. The Secretariat believes



that there is also some abuse in the nomination of interpreters so as to allow more than one person per organisation to gain access to meetings.

#### Consideration of revised conditions

The Secretariat suggested that while the current conditions could be argued to 'work' without creating major problems, with NGO participation being limited to manageable levels (e.g. in terms of document provision and seating arrangements), they are abused and may also discourage some organisations from becoming involved. Given the drawbacks as described above, and considering the approach used by other intergovernmental organisations, the Advisory Committee and Secretariat proposed that the following revised criteria/conditions be considered:

- (1) That NGOs seeking accreditation to IWC should have a demonstrated interest/competence/experience in the work of IWC. It does not seem unreasonable to require accredited NGOs to be involved in work related to cetacean conservation and management.
  - Consideration could be given to whether detailed information similar to that requested by FAO, ICCAT, NEAFC and NAFO is necessary.
- (2) That national as well as international organisations should be eligible for accreditation.
  - It may be useful to follow the approach used by CITES and require that a national NGO must be approved as being technically qualified by the State in which it is located. Such a requirement could help limit the total number of organisations becoming accredited. The CITES Secretariat has indicated (personal communication) that the requirement for national NGOs to be 'approved' has not really caused problems. Mostly it is the CITES Management Authority of each country that decides on whether to approve an NGO. Some countries have quite formal procedures for giving NGO approval, but this is not so in all. CITES has no standardised way for determining whether an NGO is technically qualified, and it appears that some Parties are more stringent than others.
- (3) That up to five observers from any single organisation be allowed in the meeting room at any one time, but include the proviso that seating limitations may require that no more than two observers per NGO may be present.
  - Personal communication with one of the large environmental NGOs suggested that in general, most organisations would not wish to send more than 5 individuals, but consideration could be given to allowing the nomination of alternates in addition to the five observers.
  - Consideration needs to be given as to whether the allowance of 5 observers should include any interpreters or whether interpreters would be in addition.
- (4) Each observer, and any interpreter, would receive copies of documents made available at the meeting but would be expected to provide their own copies of documents made available in advance via IWC's website. Any nominated alternates (if it is decided such nominations should be allowed) would not receive copies of documents made available at the meeting.
- (5) That registration fees be charged per observer, rather than per organisation as at present.
  - Consideration could be given to following the approach of CITES with the fee being higher for the first observer and somewhat less for additional observers. Alternatively, the fee could be the same for each observer regardless of how many observers an organisation sends. If it is necessary at any time to impose a seat restriction, as mentioned in (3) above, only those observers having a seat would attract a fee.
  - Consideration could be given as to: (a) whether there are circumstances in which the fee should be waived or reduced (as in CITES); and (b) whether there should be a charge for interpreters.

No proposals were made regarding criteria: (a) for Contracting Governments to object to the accreditation of a particular NGO; or (b) for the Commission to withdraw accreditation. With respect to the former, it was suggested that the F&A Committee may wish to consider whether criteria should be set (e.g. denial of accreditation would occur if there were objections by a majority of Contracting Governments). With respect to withdrawal of accreditation, the current situation is that once an international organisation is accredited, it remains accredited unless the Commission decides otherwise (Rule of Procedure C.1(b)). Given that a NGO Code of Conduct was under development, which may include consideration of the withdrawal of accreditation, it would appear sensible to continue the *status quo*. In addition, while some intergovernmental organisations appear to require NGOs to request observer status for each meeting, this appears to be somewhat unnecessary and burdensome for both NGOs and the Secretariat (who will have to administer such requests).

#### Effect of the proposed conditions on the number of observers

The Secretariat estimates that at recent venues, it would have been able to provide seating for up to 120-140 NGO observers. There is a risk that removing the requirement for NGOs to be 'international' and allowing up to 5 observers per organisation to be present in the meeting room at any one time may lead to a significant expansion in number of NGO observers. However, in making these changes one could expect that many of the current 'flag of convenience' organisations would not be used and that the total number of persons attending meetings and having access to documents would not increase significantly. If it is correct that there are around 45 'flag of convenience' organisations, this would suggest that there are really around 45 mainstream NGOs that would attend (based on the average numbers in Table 2), not all of which would wish to send up to 5 observers. The Secretariat noted that it is difficult to assess in advance the effect on numbers. Consequently it would be wise to introduce any new criteria on a trial basis initially. Although, as suggested above, numbers could be limited to 2 persons per organisation in cases where seating would be limited. The Secretariat would be able to provide guidance on this sufficiently far in advance of an Annual Meeting to enable NGOs to plan accordingly.

#### Proposed fee structure

The following three options were proposed. They are based on the requirement to achieve a similar income to that under the current fee structure (i.e. be cost-neutral in the first year of its introduction) and on the assumption that with the changes proposed there would be in the order of 45 NGOs seeking accreditation but with a similar number of individuals attending (i.e. 140 including interpreters, based on the average numbers in Table 2). The options also assume that either interpreters pay a fee or that there are very few interpreters.

##### Option 1

Levy a fee of £610 for the first observer for each organisation (i.e. the fee for 2006) and half that for each additional observer, i.e.

45 organisations @ £610 for the first observer	27,450
95 additional observers @ £305	<u>28,975</u>
TOTAL	56,425

##### Option 2

Levy a fee of £500 for the first observer for each organisation and £335 (i.e. two-thirds of the first observer fee) for each additional observer, i.e.

45 organisations @ £500 for the first observer	22,500
95 additional observers @ £335	<u>31,825</u>
TOTAL	54,325

##### Option 3

Levy a fee of £360 for each observer, i.e.

140 observers @ £360	50,400
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Recognising the differences in scale (and therefore likely income) of different NGOs, at IWC/57, the Commission asked the Advisory Committee to give consideration to the fee structure for NGOs. While the Secretariat noted that none of the three options explicitly recognise the 'wealth' of an individual NGO, the larger NGOs tend to send more observers and thus their scale is recognised through the charge per individual rather than per organisation. It may be considered that Option 1 has the disadvantage that small NGOs sending only a single observer would pay the same as they do at present, while larger organisations currently using 'flag of convenience' organisations would pay quite a bit less. Options 2 and 3 might therefore be seen as somewhat 'fairer'.

#### Mechanism for introducing any revised criteria/conditions

With respect to introducing revised criteria for NGO accreditation, the Secretariat suggested that the most simple approach would be, once the criteria have been agreed by the Commission (and possibly revised Rules of Procedure adopted), for the Commission to withdraw accreditation from all currently accredited NGOs and invite new applications according to the new criteria. The Secretariat also suggested that it may be sensible to introduce changes on a trial basis so as to be able to determine the impact on observer numbers and income and then to make alterations as necessary.

#### Draft revised rules of procedure

Proposed draft revised Rules of Procedure to give effect to the proposed revised criteria/conditions for NGO accreditation and participation in IWC meetings were developed but are not included in this document (please refer to IWC/58/F&A 3).

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

A number of countries indicated that they considered that it was time to change the criteria/conditions for NGO accreditation, particularly if it led to 'flag of convenience' organisations no longer being used. While a number of countries also welcomed the general approach proposed in document IWC/58/F&A 3, some questioned the suggestion that NGOs seeking accreditation should have a demonstrated interest/competence/experience in the work of IWC as they thought this would be difficult to define. Likewise, several countries did not believe that national NGOs should be approved as being technically qualified by the State in which it is located. Several countries were reluctant to see a change to the status quo.

A range of views were expressed regarding a new fee structure. Of those contributing to discussions, there seemed to be general agreement that fees should be charged per individual rather than per organisation although one country had preference for a system that would allow the basic fee to cover the attendance of two observers. Others thought that this would still encourage the use of flag of convenience organisations. Some favoured option 2 believing that it would be fairer for NGOs based in developing countries. One considered that NGO fees could provide an increase in income, particularly given the wealth of some such organisations, and it was suggested that a capacity-to-pay scale should be introduced in a similar way to that used in the Interim Measure for financial contributions.

Although there were a range of views expressed regarding potential changes to NGO accreditation conditions and fees, the F&A Committee agreed to the proposal of Australia that a small group of countries develop a specific proposal for consideration by the Commission in plenary. New Zealand, the USA, Austria, Monaco and the Netherlands agreed to work with Australia.

### **7. ELECTION OF NEW CHAIR**

The Chair noted that he had served in this capacity for three years. He further noted that the practice within the Commission is to change Chairs of Commission sub-groups every three years. With other groups, appointment of a new Chair is usually done at the beginning of the next meeting. However, as the Chair of the F&A Committee is also a member of the Advisory Committee, it is appropriate to appoint a new Chair at the end of a meeting.

The F&A Committee supported Denmark's proposal that Mr Anthony Liverpool of Antigua & Barbuda be elected as the next Chair of the F&A Committee and agreed that this should be reported to the Commission. Mr Liverpool thanked the committee for his nomination and indicated that he would resign as Chair of the CTF in order to avoid a conflict of interest.

Iceland then thanked Halvard Johansen on behalf of the F&A committee for the work he had done as Chair over the past three years.

### **8. OTHER MATTERS**

Brazil asked whether the Secretariat could circulate an up-to-date list of Commissioners and their contact details to Contracting Governments after IWC/58.

### **9. ADOPTION OF THE REPORT**

The report was adopted on 15<sup>th</sup> June.

## Appendix 1

### List of Participants

#### **Antigua & Barbuda**

Anthony Liverpool  
Tricia Lovell

#### **Argentina**

Miguel Iniguez  
Javier Figueroa

#### **Australia**

Conall O'Connell  
Virginia Mudie  
Gillian Slocum  
Zena Armstrong  
Pam Eiser  
Phil Tracey

#### **Austria**

Andrea Nouak  
Michael Stachowitsch

#### **Belgium**

Koen Van Waerebeek

#### **Brazil**

Régis Pinto de Lima  
José Truda Palazzo Jr.

#### **Chile**

Elsa Cabrera

#### **Czech Republic**

Pavla Hycova

#### **Denmark**

Maj Friis Munk

#### **France**

Stephane Louhaur  
Martine Bigan

#### **Germany**

Marlies Reimann

#### **Grenada**

Justin Rennie

#### **Iceland**

Ásta Einarsdóttir

#### **Italy**

Riccardo Rigillo

#### **Japan**

Joji Morishita  
Dan Goodman  
Jiro Hyugaji  
Yasuo Iino  
Kayo Ohmagari

#### **Republic Of Korea**

Chiguk Ahn  
Zang Geun Kim  
Hyun Jin Park

#### **Luxembourg**

Pierre Gallego

#### **Mexico**

Lorenzo Rojas-Bracho

#### **Monaco**

Frederic Briand

#### **Netherlands**

Maaïke Moolhuijsen

#### **New Zealand**

Geoffrey Palmer  
Al Gillespie  
Indra Prasad  
Phillipa Brakes

#### **Norway**

Halvard P. Johansen (Chair)  
Anniken Ramberg Krutnes

#### **Portugal**

Jorge Palmeirim

#### **Russian Federation**

Valentin Ilyashenko  
Rudolf Borodin  
Igor Mikhno  
Olga Ipatova (I)

#### **Saint Kitts & Nevis**

Daven Joseph  
Joseph Simmonds  
Hermia Morton Anthony  
Raphael Archibald

#### **Saint Lucia**

Vaughn Charles  
Jeannine Rambally

#### **Saint Vincent and the Grenadines**

Raymond Ryan

#### **Solomon Islands**

Sylvester Diake

#### **South Africa**

Herman Oosthuizen

#### **Spain**

Carmen Asencio

#### **Sweden**

Bo Fernholm  
Stellan Hamrin

#### **Switzerland**

Nathalie Bösch

#### **UK**

Richard Cowan  
James Gray  
Alice Lacourt  
Jenny Lonsdale  
Mark Simmonds

#### **USA**

William Hogarth  
Roger Eckert  
Emily Lindow  
John Field  
Heather Rockwell

#### **Secretariat**

Nicky Grandy  
Sean Moran

## **Appendix 2**

### **List of Documents**

#### **F&A Committee documents**

- IWC/58/F&A
- 1 Revised Draft Agenda
  - 2 List of Documents
  - 3 NGO accreditation and participation in Annual Meetings (submitted by the Secretariat)
  - 4 Exploration of a possible one-off amnesty to relieve the debt burden of developing country members of IWC (submitted by the Secretariat)
  - 5 Discussion document: Further thoughts on reducing the frequency of IWC meetings (submitted by the Secretariat)
  - 5 add Addendum to IWC/58/F&A 5
  - 6 Discussion Document: Further exploration of possibilities regarding document translation for IWC Annual Meetings (submitted by the Secretariat)
  - 7 Review of the budget provision for Annual Meetings (submitted by the Secretariat)
  - 8 Proposal to the Finance and Administration Committee concerning the budget for hosting Annual Meetings of the IWC (submitted by St. Kitts and Nevis)
  - 9 Report of the Contributions Task Force
  - 10 Report of the Budgetary Sub-committee
  - 11 Secretary's report on the collection of financial contributions for 2005-2006
  - 12 Scientific Committee Invited Participants 2006
  - 13 Proposal for an NGO Code of Conduct

#### **Commission Documents**

- IWC/58/Rep      1      (Extract from the) Report of the Scientific Committee
- IWC/58/          5      Financial Statements

#### **Documents from last year**

- IWC/57/F&A
- 3 Preliminary exploration of costs and implications for the provision of document translation for IWC Annual Meetings
  - 9 A preliminary exploration of the possibilities and implications of less frequent meetings of the Commission and its subsidiary groups (prepared by the Secretariat)

## **Appendix 3**

### **Agenda**

#### **1. INTRODUCTORY ITEMS**

- 1.1 Appointment of Chair
- 1.2 Appointment of Rapporteurs
- 1.3 Review of Documents

#### **2. ADOPTION OF THE AGENDA**

#### **3. ADMINISTRATIVE MATTERS**

- 3.1 Annual Meeting Arrangements and Procedures
  - 3.1.1 Need for a Technical Committee
  - 3.1.2 Use of languages other than English
  - 3.1.3 Frequency of meetings
  - 3.1.4 Other
- 3.2 Legal advice in relation to the IWC
- 3.3 Amendments to the Rules of Procedure, Financial Regulations and Rules of Debate

#### **4. FORMULA FOR CALCULATING CONTRIBUTIONS**

- 4.1 Report of the Contributions Task Force
- 4.2 F&A Committee discussions and recommendations

#### **5. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE**

- 5.1 Review of the provisional financial statement, 2005/2006
  - 5.1.1 Report of the Budgetary Sub-committee
  - 5.1.2 Secretary's report on the collection of financial contributions
  - 5.1.3 F&A Committee discussions and recommendations
- 5.2 Consideration of a possible one-off amnesty to relieve the debt of developing countries
  - 5.2.1 Report of the Budgetary Sub-committee
  - 5.2.2 F&A Committee discussions and recommendations
- 5.3 Review of the budget provision for Annual Meetings
  - 5.3.1 Report of the Budgetary Sub-committee
  - 5.3.2 F&A Committee discussions and recommendations
- 5.4 Secretariat offices
  - 5.4.1 Report of the Budgetary Sub-committee
  - 5.4.2 F&A Committee discussions and recommendations
- 5.5 Consideration of estimated budgets, 2006/2007 and 2007/2008, including the budget for the Scientific Programme
  - 5.5.1 Report of the Budgetary Sub-committee
  - 5.5.2 F&A Committee discussions and recommendations
- 5.6 Budgetary Sub-committee membership rota
  - 5.6.1 Report of the Budgetary Sub-committee
  - 5.6.2 F&A Committee discussions and recommendations

#### **6. NGO PARTICIPATION IN IWC**

- 6.1 NGO Code of Conduct
  - 6.1.1 Report of the Working Group
  - 6.1.2 F&A Committee discussions and recommendations
- 6.2 NGO participation in Annual Meetings
  - 6.2.1 Report from the Secretariat and Advisory Committee
  - 6.2.2 F&A Committee discussions and recommendations

#### **7. ELECTION OF NEW CHAIR**

#### **8. OTHER MATTERS**

#### **9. ADOPTION OF THE REPORT**

#### Appendix 4

**Table 2 from IWC/57/F&A 8. Summary of the status of (1) main agreements<sup>7</sup> reached by the Task Force and (2) remaining issues after its meetings in December 2002 and March 2003**

ISSUE	Main agreements reached by the Task Force	Remaining issues
<i>ELEMENTS OF THE CONTRIBUTIONS FORMULA</i>		
<b>Annual Membership</b>	<ul style="list-style-type: none"> <li>The Task Force reconfirmed its earlier agreement that one of the elements of the contributions formula should be an annual membership charge that: (1) would be the same for all Contracting Governments (i.e. a flat fee); and (2) should be set at a level to reflect a real commitment to the organisation by Contracting Governments without creating an obstacle to membership by developing countries.</li> </ul>	<ul style="list-style-type: none"> <li>The % of the total contribution this element should represent.</li> </ul>
<b>Wealth/capacity to pay</b>	<ul style="list-style-type: none"> <li>The Task Force agreed that there are real advantages in terms of stability and fairness in using actual economic data for each Contracting Government rather than to divide Contracting Governments into groups based on a combination of GNI and GNI <i>per capita</i>, i.e. the banding approach proposed earlier and used in the Interim Measure.</li> <li>Inclusion of a specific separate factor to take external debt into account was not supported by the Task Force.</li> <li>The Task Force agreed not to recommend use of purchasing power parity (ppp) at present in recognition of problems with the quality of some existing ppp data and that new data will be available following a data-collection exercise of the World Bank during 2003. However, the Task Force also agreed that the Finance and Administration Committee might wish to review the use of 'ppp' at some point in the future.</li> <li>The Task Force reaffirmed that the intention is to use the most recent data available from the World Bank and recognised that updating could be critically important, especially for countries whose economies are under strain.</li> <li>The Task Force agreed that to ensure transparency, it will be essential that documents defining the contributions scheme and presenting the contributions required from Contracting Governments, state clearly the exact source and effective date of economic data used.</li> </ul>	<ul style="list-style-type: none"> <li>Development of an appropriate index that will represent realistically the capacity to pay of Contracting Governments.</li> <li>Confirmation of how frequently the World Bank updates its data, whether there is a regular target date for publication of these data, and to what extent the target date is consistently achieved.</li> <li>The % of the total contribution this element should represent</li> </ul>
<b>Use</b>	<ul style="list-style-type: none"> <li>The Task Force determined that the data available for both whalewatching and small cetaceans are not sufficient or consistent enough to include in a contributions formula, and, in light of the difficulties presented by the question of competence in relation to both issues, agreed that neither should be included in any proposal it might make to the Commission.</li> <li>Regarding bycatch, some Task Force members believed that bycatch should not be taken into account while others believed that by-caught animals entering the market should be included, although they recognised the problems with the availability of good data. The Task Force was unable to reconcile these opposing views, and for the purposes of the present work did not include bycatch.</li> <li>The Task Force agreed that ship-strikes should not be included as removals.</li> <li>At its March 2003 meeting, while some Task Force members re-stated their principled positions with respect to how to treat different types of whaling, in a spirit of compromise and as a way to move forward but without conceding on their positions, the Task Force expressed their willingness to treat all whaling equally (i.e. give equal weighting) in any further simulations.</li> <li>The Task Force confirmed that they preferred to use minke whale units rather than actual numbers of whales caught, but agreed that the Scientific Committee should review the conversion factors from time to time (e.g. every 5 years).</li> <li>The Task Force, confirmed its previous agreement to use the catches from the previous year (converted to minke whale units).</li> </ul>	<ul style="list-style-type: none"> <li>The % of the total contribution this element should represent</li> </ul>

<sup>7</sup> The Task Force noted that in the context of developing a revised contributions formula, 'nothing is agreed until everything is agreed'.

ISSUE	Main agreements reached by the Task Force	Remaining issues
<b>Meeting attendance</b>	<ul style="list-style-type: none"> <li>The Task Force agreed that the use of real data based on the previous year's attendance by each Contracting Government is preferable to the use of bands.</li> <li>The Task Force recalled the Commission's agreement at IWC/54 that attendance for the host country should be based on an average of the previous three years and that the Chair of the Commission be excluded for the purposes of calculating financial contributions.</li> <li>The Task Force agreed that only delegates should be allowed entry into the Commission meeting rooms. Support Staff (who do not have access to the meeting rooms) may need distinguishing badges, e.g. to facilitate admission to the conference venue and/or delegation rooms.</li> </ul>	<ul style="list-style-type: none"> <li>The % of the total contribution this element should represent</li> <li>Whether there should be any free delegates and if so, how many.</li> </ul>
<b>PERFORMANCE CRITERIA</b>		
	<ul style="list-style-type: none"> <li>The Task Force identified a number of statistics that may prove useful in characterising the performance of different simulations and that could be used to assess them in terms of the general principles of stability and fairness, i.e.: <ul style="list-style-type: none"> <li>The average, median (i.e. middle), maximum and minimum contribution;</li> <li>The standard deviation from the 'average' contribution;</li> <li>The 5<sup>th</sup> and 95<sup>th</sup> percentiles of contributions; <ul style="list-style-type: none"> <li>The 5<sup>th</sup> percentile means that 95% of countries are paying more than this particular value</li> <li>The 95<sup>th</sup> percentile means that 5% of countries are paying more than this particular value</li> </ul> </li> <li>The ratio of maximum to minimum contribution;</li> <li>The percentage of the budget contribution allocated to the top 5, 10, 15, 20 paying countries.</li> </ul> </li> <li>The Task Force focused on two of these, i.e. the ratio of maximum to minimum contribution and the percentage of the budget allocated to the top 5 paying countries.</li> </ul>	<ul style="list-style-type: none"> <li>Which performance criteria to use and what the acceptable ranges of the criteria selected might be.</li> </ul>
<b>SELECTION OF A MODEL</b>		
	<ul style="list-style-type: none"> <li>The Task Force noted that all recent simulations were run based on the structure of Model 7 (see Annex 2) and that it appeared that the group is converging on this as the model to put forward to the Commission.</li> </ul>	



Appendix 5

Provisional Financial Statement 2005 -2006

Income and Expenditure Account

	Approved Budget		Projected Out-turn	
<b>Income</b>	£	£	£	£
Contracting Government contributions		1,359,200		1,351,350
Recovery of Arrears		0		0
Interest on overdue financial contributions		0		23,900
Voluntary contributions for research, small cetaceans work and publications		1,000		22,150
Sales of publications		5,600		9,000
Sales of sponsored publications		1,000		1,000
Observers' registration fees		51,700		43,900
UK taxes recoverable		28,930		26,100
Staff assessments		148,200		141,000
Interest receivable		50,100		61,600
Sundry income		0		1,000
		<u>1,645,730</u>		<u>1,681,000</u>
 <b>Expenditure</b>				
Secretariat	992,960		973,850	
Publications	50,070		32,500	
Annual meetings	326,000		326,000	
Other meetings	20,000		20,000	
Research expenditure	266,000		266,000	
Small cetaceans	1,000		18,950	
Sundry	0		0	
	<u>1,656,030</u>		<u>1,637,300</u>	
 <b>Provisions</b>				
Unpaid interest on overdue contributions	0		9,400	
Severance Pay Provision	-12,100		26,800	
Provn for other doubtful debts	<u>0</u>		<u>0</u>	
		<u>1,643,930</u>		<u>1,673,500</u>
<b>Surplus of income over expenditure</b>		1,800		7,500
Net Transfers from or to (-):				
Sponsored Publications Fund		2,010		-1,600
Small Cetaceans Fund		-50		8,100
Research Fund		<u>-4,000</u>		<u>-6,200</u>
<b>Surplus/Deficit (-) for the year after transfers</b>		<u>-240</u>		<u>7,800</u>

## Appendix 6

**Table 1. Past budget provisions, allocation between the host government and Secretariat, and actual meeting costs (where known)**

Meeting	Location	Month held	Budget (£)	Initial Allocation (£)			Actual Allocation (£)			Actual Secretariat costs as % of budget	Actual cost where known (£)
				Secretariat	Government		Secretariat	Government			
IWC52 (2000)	Adelaide	June/July	212,000								442,700
IWC53 (2001)	London	July	276,000		n/a						282,700*
IWC54 (2002)	Shimonoseki	April/May	293,000								1,221,900
IWC55 (2003)	Berlin	May/June	301,900	105,700	196,200		96,100	205,800		31.83%	400,780
IWC56 (2004)	Sorrento	June/July	300,000	105,000	195,000		105,600	194,400		35.20%	
IWC57 (2005)	Ulsan	May/June	315,100	110,300	204,800		117,250	197,850		37.21%	
IWC58 (2006)	St Kitts & Nevis	May/June	326,000	114,100	211,900		TBA	TBA		TBA	
IWC 59 (2007)	Alaska	May/June	333,850**								
TBA = To be assessed											

\* As there was no offer from a Contracting Government to host IWC53, the Secretariat made arrangements for it to be held at the Novotel in London. It was possible to keep meeting costs more-or-less within budget as the Novotel, which had recently refurbished its meeting rooms, was offering facilities at a discounted rate. Even so, the meeting had to be held in July when costs are traditionally lower as it is outside the main meeting season. Note however that the actual cost shown does not include the cost of any receptions.

\*\* Provision in proposed budget for 2006/07.

**Table 2. Estimated costs (£) for running an IWC Annual Meeting in the UK**

Budget item	Birmingham		Aberdeen	London
	July	May/June	May/June	May/June
Room rental (meeting rooms, Secretariat offices, photocopying room, etc.)	566,000	396,200 <sup>8</sup>	300,000	420,000
Audio visual (includes equipment for simultaneous interpretation for 2 languages)	20,000	20,000	3,000 <sup>9</sup>	20,000
Photocopying (includes hire/servicing of photocopiers and purchase of paper)	20,000	20,000	20,000	20,000
Security (internal to the meeting venue only)	42,000 <sup>10</sup>	42,000 <sup>3</sup>	84,000	84,000
Refreshments (tea/coffee etc)	22,500	22,500	22,500	22,500
Secretariat (travel, subsistence and overtime; freight, removals and insurance; equipment and supplies; preparatory site visit)	85,500	85,500	85,500	85,500
Delegates' computing (6 PCs, 4 printers, software, ADSL/broadband connections)	15,000	15,000	15,000	15,000
<b>TOTAL</b>	<b>771,000</b>	<b>601,200</b>	<b>530,000</b>	<b>667,000</b>

<sup>8</sup> There is a 30% discount for having the meeting in July instead of May/June

<sup>9</sup> Audio visual costs, except for simultaneous interpretation equipment are included in the room rental

<sup>10</sup> This venue has some of its own security staff, therefore the estimate has been reduced by 50%

**Table 3. Illustration of the effect on financial contributions for 2006/07 if the provision for the Annual Meeting is increased**

<b>Capacity-to-pay group</b>	<b>Current proposed contribution for 2006/07 in IWC/58/5 (£) (with AM provision of £333,850)</b>	<b>Contribution (£) required if AM provision increased to £530,000</b>	<b>Increase (£)</b>	<b>Contribution (£) required if AM provision increased to £771,000</b>	<b>Increase (£)</b>
<b>Countries with small delegations (up to 3 persons)</b>					
<b>Group 1</b>	6,563	7,528	965	8,673	2,110
<b>Group 2</b>	11,813	13,551	1,738	15,611	3,798
<b>Group 3</b>	24,285	27,858	3,573	32,092	7,807
<b>Group 4</b>	53,683	61,582	7,899	70,942	17,259
<b>Highest payer:</b>					
<b>Japan</b>	123,881	142,110	18,229	163,711	39,830

## Appendix 7– Summary Cash Flow Projections for Purchase or Lease of the Secretariat Office

### Summary Total Cash Flows

### Disc Rate

5.90%

### Summary Discounted Cash Flows

Year	TCF ScA	TCF ScB	TCF ScC	TCF ScD	TCF ScE	TCF ScF	Disc Factor
2009	171,252	415,094	216,646	575,735	114,224	397,605	1
2010	67,983	98,932	110,094	145,442	109,737	127,956	0.9443
2011	68,439	99,387	110,550	145,897	110,420	128,638	0.8917
2012	68,912	99,860	111,022	146,370	111,128	129,347	0.8420
2013	72,059	103,008	114,170	149,518	115,406	133,624	0.7951
2014	82,265	100,861	134,281	147,371	133,219	130,846	0.7508
2015	84,766	106,962	133,895	153,472	135,440	139,068	0.7090
2016	79,746	101,941	128,875	148,452	128,837	132,465	0.6695
2017	80,318	102,513	129,447	149,024	129,694	133,321	0.6322
2018	83,903	106,098	133,032	152,609	183,793	187,421	0.5969
2019	95,941	20,259	155,365	20,259	152,138	29,374	0.5637
2020	92,384	20,901	148,510	20,901	146,288	30,336	0.5323
2021	93,051	21,569	149,178	21,569	147,289	31,337	0.5026
2022	100,322	28,840	156,449	28,840	157,098	41,146	0.4746
2023	97,835	26,353	153,961	26,353	153,901	37,949	0.4482

DCF ScA	DCF ScB	DCF ScC	DCF ScD	DCF ScE	DCF ScF
171,252	415,094	216,646	575,735	114,224	397,605
64,196	93,420	103,960	137,339	103,624	120,827
61,025	88,621	98,575	130,094	98,459	114,704
58,024	84,082	93,481	123,244	93,570	108,910
57,293	81,900	90,775	118,880	91,758	106,243
61,764	75,726	100,817	110,645	100,020	98,239
60,096	75,832	94,927	108,806	96,022	98,594
53,387	68,246	86,277	99,383	86,252	88,681
50,774	64,806	81,832	94,208	81,988	84,282
50,086	63,335	79,413	91,099	109,715	111,881
54,081	11,420	87,578	11,420	85,759	16,558
49,175	11,126	79,050	11,126	77,867	16,148
46,770	10,841	74,981	10,841	74,032	15,751
47,616	13,688	74,255	13,688	74,563	19,529
43,848	11,811	69,003	11,811	68,976	17,008

Total projected Cash Flow (Expenditure)      1,339,177    1,452,579    2,085,477    2,031,812    2,028,611    1,810,433

Total DCF    929,388    1,169,948    1,431,572    1,648,319    1,356,827    1,414,957

Less notional sale of property (income)    2023      0      -1,763,766      0      -2,746,628      0      -2,235,001      0.4482

0      -790492      0      -1230995      0      -1001692

Net Cash Flow      1,339,177    -311,187    2,085,477    -714,816    2,028,611    -424,568

Net DCF    929,388    379,456    1,431,572    417,324    1,356,827    413,265



## Appendix 8

### Proposed Budget 2006 - 2007; Forecast 2007 - 2008

#### Income and Expenditure Account

	Proposed Budget 2006-2007		Forecast Budget	2007-2008
<b>Income</b>	£	£	£	£
Contracting Government contributions		1,351,350		1,351,350
Recovery of Arrears		0		0
Interest on late financial contributions		0		0
Voluntary contributions		5,500		2,000
Sales of publications		17,500		18,000
Sales of sponsored publications		1,000		1,050
Observers' registration fees		44,950		46,000
UK taxes recoverable		29,800		27,900
Staff assessments		154,800		161,600
Interest receivable		50,150		47,000
Sundry income		<u>1,000</u>		<u>1,000</u>
		1,656,050		1,655,900
<b>Expenditure</b>				
Secretariat	1,023,480		1,049,650	
Publications	43,350		34,200	
Annual meetings	333,850		342,000	
Other meetings	20,500		21,000	
Research expenditure	279,000		285,700	
Small cetaceans	4,550		1,050	
Sundry	<u>0</u>		<u>0</u>	
	1,704,730		1,733,600	
<b>Provisions</b>				
Unpaid interest on overdue contributions	0		0	
Severance Pay Provision	28,500		32,700	
Provn for other doubtful debts	<u>0</u>		<u>0</u>	
		1,733,230		1,766,300
Excess of expenditure over income		-77,180		-110,400
<b>Net Transfers from or to (-):</b>				
Sponsored Publications Fund		-2000		-2100
Research Fund		-6,500		-6700
Small Cetaceans Fund		<u>-50</u>		<u>-50</u>
<b>Surplus/Deficit (-) for the year after transfers</b>		<u>-85,730</u>		<u>-119,250</u>

**Appendix 9 - Provisional Estimate of Financial Contributions, year beginning 1 September 2006.**

		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 and Barbuda	23,334	1	-11,667	-2,917	-14,584	0	0	0	8,750
2	Argentina	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
3	Australia	23,334	3	0	0	0	0	6,784	0	30,118
4	Austria	17,500	3	0	0	0	0	6,784	0	24,285
5	Belgium	17,500	3	0	0	0	0	6,784	0	24,285
6	Belize	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375
7	Benin	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
8	Brazil	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
9	Cameroon	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
10	Chile	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
11	China, P.R of	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
12	Costa Rica	11,667	2	-2,917	-875	-3,792	0	0	0	7,875
13	Cote d'Ivoire	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
14	Czech Republic	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
15	Denmark	40,834	3	0	0	0	6,030	6,784	0	53,649
16	Dominica	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
17	Finland	17,500	3	0	0	0	0	6,784	0	24,285
18	France	17,500	4	0	0	0	0	0	36,182	53,683
19	Gabon	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
20	Gambia, The	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375
21	Germany	23,334	4	0	0	0	0	0	36,182	59,516
22	Grenada	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
23	Guinea	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
24	Hungary	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
25	Iceland	40,834	3	0	0	0	6,030	6,784	0	53,649
26	India	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
27	Ireland	17,500	3	0	0	0	0	6,784	0	24,285
28	Italy	23,334	4	0	0	0	0	0	36,182	59,516
29	Japan	81,669	4	0	0	0	6,030	0	36,182	123,881
30	Kenya	11,667	2	-2,917	-875	-3,792	0	0	0	7,875
31	Kiribati	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
32	Korea, Rep of	29,167	3	0	0	0	0	6,784	0	35,952
33	Luxembourg	17,500	3	0	0	0	0	6,784	0	24,285
34	Mali	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375
35	Mauritania	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
36	Mexico	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
37	Monaco	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
38	Mongolia	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
39	Morocco	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
40	Nauru	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
41	Netherlands	23,334	3	0	0	0	0	6,784	0	30,118
42	New Zealand	29,167	3	0	0	0	0	6,784	0	35,952
43	Nicaragua	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
44	Norway	40,834	3	0	0	0	6,030	6,784	0	53,649
45	Oman	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
46	Palau	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
47	Panama	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
48	Peru	11,667	2	-2,917	-875	-3,792	0	0	0	7,875



		Current' scheme	Capacity to pay Group	Red'n Stage 1*	Red'n Stage 2*	Red'n £	Add-on Whaling	Add-on Group 3 £	Add-on Group 4 £	Add-on Group Total £
49	Portugal	17,500	3	0	0	0	0	6,784	0	24,285
50	Russian Federation	29,167	2	-7,292	-2,188	-9,479	6,030	0	0	25,718
51	San Marino	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
52	Senegal	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
53	Slovak Republic	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
54	Solomon Islands	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
55	South Africa	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
56	Spain	17,500	3	0	0	0	0	6,784	0	24,285
57	St Kitts and Nevis	23,334	1	-11,667	-2,917	-14,584	0	0	0	8,750
58	St Vincent & The G.	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
59	St. Lucia	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
60	Suriname	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
61	Sweden	23,334	3	0	0	0	0	6,784	0	30,118
62	Switzerland	17,500	3	0	0	0	0	6,784	0	24,285
63	Togo	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375
64	Tuvalu	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
65	United Kingdom	29,167	4	0	0	0	0	0	36,182	65,350
66	USA	40,834	4	0	0	0	6,030	0	36,182	83,047

1,359,200	-285,840	-75,981	-361,821	36,182	108,546	217,093	1,359,200
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Shortfall for re-distribution	-361,821
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Group 1	23	Whaling	10%	36,182
Group 2	21	Group 3	30%	108,546
Group 3	16	Group 4	60%	217,093
Group 4	6			361,821
	66			

## Appendix 10. Scientific Committee Funding requirements for 2006/2007

Summary of budget requests from the Scientific Committee for the coming year. The number in parentheses after the short title refers to the number in the discussion below

Short title	Reference Item	Requested (£)	Reduced (£)
<b>RMP</b>			
North Pacific Bryde's whales <i>Implementation</i> – second intersessional workshop (1)	6.1	7,500	7,500
<b>AWMP</b>			
AWMP Developer's fund (2)	8	10,000	9,000
Greenland common minke whales: use of sex ratio data in assessments (3)	8.1.3, 9.4	4,000	3,500
Two intersessional workshops to allow completion of the <i>Implementation Review</i> in 2007 (4)	8.2	18,000	16,000
<b>IA</b>			
SOWER circumpolar cruise 2006/2007 (5)	10.6.2.1	86,000	76,000
Investigation of likely precision of future abundance estimates using a single SOWER vessel (6)	10.6.2.1	4,000	4,000
Incorporation of 2005/2006 data into IWC-DESS (7)	10.6.2.1	2,000	2,000
Analysis of previous data (BT mode) to <i>inter alia</i> allow finalisation of cruise planning (8)	10.6.2.1	6,000	6,000
Maintenance of IWC-DESS (9)	10.6.2	2,000	2,000
Further development of hazard probability method to estimate abundance of Antarctic minke whales (10)	10.1.1.2	3,000	1,700
Investigation of the relationship between minke whales and sea ice (11)	10.1.3	3,000	700
Antarctic minke whales: continuation of previous catch-at-age analysis study (12)	10.1.2	20,000	20,000
Digitise, catalogue and analyse blue whale photographs from the IWC IDCR and SOWER cruises (13)	10.6.1, 10.4	8,500	8,500
<b>SH</b>			
Antarctic catalogue (14)	10.3.2	6,600	6,600
Humpback whale population dynamics model (15)	10.3.2	2,000	2,000
Forwarding the in-depth assessment of southern blue whales (16)	10.4	10,000	6,000
<b>SD</b>			
TOSSM development: generation of datasets (17)	11.2	16,000	16,000
<b>BC</b>			
Further simulations to investigate the performance of various sampling designs (18)	7.2.1	3,000	2,000
Development of standardised reporting of collisions between whales and vessels (19)	7.3.1	2,000	1,000
<b>E</b>			
CCAMLR-IWC steering group for joint workshop on the Antarctic ecosystem and krill predators (20)	12.2	5,000	3,000
FAO expert consultation on modelling ecosystem interactions (21)	12.2	3,000	1,500
Completion of The Southern Ocean Collaboration database (22)	12.3.2	20,000	15,000
Continuation of analyses of high priority projects identified last year (23)	12.3.2	15,000	12,000
Possible collaboration with CCAMLR for a joint cruise in 2008 (24)	12.3.2	1,000	1,000
SOCER report	12.3.3	3,500	0*
<b>SP</b>			
JARPA review workshop (25)	16.2.4	15,000	13,000
<b>Scientific Committee general</b>			
Finalise Soviet catch data series (26)	20.1	5,000	5,000
Invited participants fund (27)		38,000	38,000
		319,100	279,000

\* money from the voluntary contributions fund (Austria) has been generously donated

## Appendix 11

### Budgetary Sub-Committee operations

The following summarises the *modus operandi* for the Budgetary Sub-committee agreed by the Commission as of IWC/57. It includes the proposal from the Budgetary Sub-committee (*in bold italics*) on how to handle the situation when a BSC member coming to the end of their term is appointed as Chair or Vice Chair such that their continued participation does not block participation of other interested countries.

#### Membership

Membership of the Budgetary Sub-committee (BSC) consists of:

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

The table in the Annex shows the current membership and the provisional rota for BSC membership for 2006-07 to 2008-09 (assuming no country declines to serve).

#### **Election of Chair and Vice-Chair**

- The term for Chair and Vice-Chair is for three years and under normal circumstances the Vice-Chair would replace the outgoing Chair.
- Elections shall take place at the end of sub-committee meetings.
- Any member is eligible to serve as Chair or Vice-Chair.

***In the event that a BSC member coming to the end of their term is appointed as Chair or Vice Chair, the member will be considered as no longer representing his/her government but rather present on the BSC in their capacity as Chair/Vice Chair. A new country in the same capacity to pay group will be invited to join the BSC.***

#### Open Seats

- The term for the “open-seats” is two years (offering a balance between continuity and opportunity for wider participation in the BSC);
- A call for expressions of interest in taking an open seat when one becomes available will be made through a Circular Communication in advance of an Annual Meeting. The open seat(s) will be allocated at the F&A Committee meeting.
- If the level of demand in any one year for “open seats” exceeds the number of seats available, then preference will be given to a country that has not served on the BSC before or served the longest time ago.

#### Contracting Governments as Observers to the BSC

- There is no restriction to contributing countries wishing to attend as observers.
- Non BSC members would not receive documents intersessionally but all documents will be made available to observers at the BSC meeting.
- Observers will not be eligible to be appointed as Chair or Vice Chair.
- The Chair has discretion to invite comments from observers.

Current and future membership of Budgetary Sub-committee based on Contracting Governments as of  
1 June 2006

	Term of membership (years)	Current membership*	Future membership assuming no country declines to serve		
		2005-2006	2006-2007	2007-2008	2008-2009
<b>Group 1</b>	3	Benin (1) Gabon (1)	Benin Gabon	Benin Gabon	The Gambia Grenada
<b>Group 2</b>	3	Hungary (2) Monaco (1)	Hungary Monaco	Morocco Monaco	Morocco Oman
<b>Group 3</b>	3	Korea, Rep of (3)** Finland (3)	Belgium Denmark	Belgium Denmark	Belgium Denmark
<b>Group 4</b>	3	Germany (1) Japan USA	Germany Japan USA	Germany Japan USA	Italy Japan USA
<b>Open seats</b>	2	Norway (1) <i>vacant</i>	Norway <i>vacant</i>	<i>vacant</i>	
<b>Chair</b>		Joji Morishita (Japan)	Joji Morishita (Japan)	Joji Morishita (Japan)	
<b>Vice-Chair</b>		Andrea Nouak (Austria)	Andrea Nouak (Austria)	Andrea Nouak (Austria)	

\* number in brackets indicates how many years a country has already been a member

\*\* The Republic of Korea had been on the BSC during 2003-2004 and 2004-2005 as a Group 2 country. It was reclassified as a Group 3 country for 2005-2006.

## Appendix 12

### Proposed Code of Conduct for NGOs at IWC meetings and complaints procedure

The Commission welcomes the attendance of NGOs at its meetings but such attendance carries certain responsibilities. It is the duty of each NGO to behave with due and proper respect for the meeting proceedings and to all Contracting Governments and other governments attending IWC meetings and to abide by this code of conduct. Disruptive behaviour and/or failure to conform to this code of conduct may result in suspension or withdrawal of accreditation.

A copy of this code of conduct will be issued to each NGO observer at the beginning of each meeting.

#### Mobile telephones

Mobile telephones shall be switched off or put in 'silent' mode before entry of the observer into the meeting room.

#### Use of recording equipment

The use of audio and/or visual recording equipment is permitted during Plenary sessions of the Commission provided that such recording is carried out unobtrusively and without disturbance to the meeting. Flash photography is only permitted during the Opening Plenary.

The use of recording equipment is not permitted in meetings of the Commission's sub-groups unless the Commission decides otherwise.

#### Documents

Quotations from, or use of draft IWC documents is prohibited. Rule of Procedure Q.1<sup>11</sup> regarding confidentiality of reports of meetings of IWC committees, sub-committees and working groups must be respected.

Only official meeting documents submitted by Contracting Governments or prepared by the Secretariat (including the collated Opening Statements from NGOs) may be distributed through pigeon-holes. The Secretariat is solely responsible for such distribution. NGOs may, however, make 'for information' documents available to participants using tables designated for this purpose. Such documents must indicate which organization is responsible for them. Documents that do not meet this requirement will be removed by the Secretariat.

While 'for-information' documents will not be reviewed by the Secretariat before being placed on the designated tables, those NGOs distributing such documents remain responsible for their content. These documents shall not contain statements that defame any participating organization or person, or cause serious offence to any government.

#### Behaviour and demonstrations

Behaviour of representatives of NGOs shall not be disruptive to the proceedings of the meeting. The Chair of the proceedings may ask anyone disrupting the meeting to leave the room.

Demonstrations at the meeting venue shall take place at sites designated for such purposes by the host government. In any event, demonstrations shall neither take place within the meeting rooms or their immediate vicinity within the venue of the meeting controlled by the IWC, nor impede access to the meeting venue, nor shall they threaten the physical safety of delegations attending the meeting.

#### Complaints

Differences in views and philosophy are natural and should be respected. Any participant shall refrain from measures, including verbal, written, or physical attacks designed to deter the exercise of the rights of others to hold and express different views.

Any participant who has a grievance in this regard should submit a written complaint to the Secretary, who will try to resolve the problem with the parties concerned. If this fails, the Secretary will report the matter to the Advisory Committee who shall liaise with the parties concerned to seek a resolution. If this fails, the Advisory Committee will refer to the Commission for decision-making.

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<sup>11</sup> 'Reports of meetings of all committees, sub-committees and working groups of the Commission are confidential (i.e. reporting of discussions, conclusions and recommendations made during a meeting is prohibited) until the opening plenary session of the Commission meeting to which they are submitted, or in the case of intersessional meetings, until after they have been dispatched by the Secretary to Contracting Governments and Commissioners. This applies equally to member governments and observers. Such reports, with the exception of the report of the Finance and Administration Committee, shall be distributed to Commissioners, Contracting Governments and accredited observers at the same time. Procedures applying to the Scientific Committee are contained in its Rules of Procedure E.5.(a) and E.5.(b).'