

REPORT OF THE BUDGETARY SUB-COMMITTEE

Thursday 11 September 2014, Portorož, Slovenia

Table 1. Summary of the main outcomes, decisions and required actions arising.

Issue and Agenda Item	Main outcomes
Item 3	<ul style="list-style-type: none"> The BSC recommended that the 2012 and 2013 financial statements should be adopted and that the Secretariat should provide at the next meeting of the BSC a report on options to reduce bank charges.
Item 4	<ul style="list-style-type: none"> The BSC recommended that the F&A Committee takes note of the provisional financial statement subject to audit (IWC/65/06).
Item 5	<ul style="list-style-type: none"> The BSC recommended that the F&A Committee considers the Scientific Committee's request for guidance on: an increase to the regular budget allocation in line with the expected increase in the number of CMPs; on the appropriateness of a budget request for an administrative role under the Committee's regular budget; and on options for dealing with unspent and unallocated funds.
Item 6	<ul style="list-style-type: none"> The BSC recommended adoption of the budget for 2015-2016 and to take note of the forecast for 2017-2018. The BSC further recommends adoption of the proposed income and expenditure for the bridge period (page 4, IWC/65/7). The BSC recommended to adopt the proposal to waive future media fees. The BSC recommended to adopt the observer fees proposed in document IWC/65/BSC05.
Item 7	<ul style="list-style-type: none"> The BSC recommended that the process outlined in document IWC/65/BSC03 should be adopted. The BSC recommended that the contributions formula should be considered by the BSC at IWC/66 and that the Secretariat should make the contributions formula available through the IWC website.
Item 8	<ul style="list-style-type: none"> The BSC recommended to amend the Terms of Reference to reflect a BSC membership term of four years, (i.e. to cover two biennial meetings). The BSC recommended to consult on who will be the new BSC Chair/Vice Chair.

1. INTRODUCTORY ITEMS

A list of participants is given in Appendix 1.

1.1. Appointment of Chair

1. Martin Krebs (Switzerland) was appointed Chair.

1.2. Appointment of Vice Chair

2. Lisa Phelps (USA) was appointed Vice Chair.

1.3. Appointment of rapporteurs

3. Pablo Sinovas and Tim Inskipp were appointed as rapporteurs.

2. ADOPTION OF AGENDA

4. The agenda was adopted unchanged as presented in IWC/65/BSC01.

3. AUDITED FINANCIAL STATEMENTS FOR PREVIOUS FINANCIAL YEARS

5. The IWC's financial year runs from 1 September to 31 August. Accounts for two financial years have been produced since the Committee last met.
6. The audited accounts for both years have already been circulated to Contracting Governments by the Secretariat.

3.1. Audited accounts for financial years ending 31 August 2012 and 31 August 2013

3.1.1. and 3.2.1. Introduction by Secretary

7. The Secretariat presented documents IWC/65/05(2012) *Audited Financial Statements 31 August 2012* and IWC/65/05(2013) *Audited Financial Statements 31 August 2013*. These documents show that both years

were broadly on budget, with a surplus of £25,391 in the 2012 financial year and a surplus of £48,527 in the 2013 financial year. These surpluses were credited to the General Fund.

3.1.2. and 3.2.2. Committee discussion and recommendations

8. The UK noted that the accrued interest was very low and that the bank transfer fees were relatively high and suggested that the Secretariat explores options to address these high bank fees. The Secretariat explained that the bank charges are incurred when funds are transferred to other countries and noted that it had made preliminary enquiries into other methods of transferring money. The Secretariat offered to provide a brief report at the next meeting of the BSC.
9. The BSC **recommended** that the 2012 and 2013 financial statements should be adopted and that the Secretariat should provide at the next meeting of the BSC a report on options to reduce bank charges.

4. PROVISIONAL FINANCIAL STATEMENT YEAR ENDING 31 AUGUST 2014

4.1. Introduction by Secretary

10. The Secretariat introduced IWC/65/06 *Provisional Financial Statement Year Ending 31 August 2014*. This was the Secretariat's estimate of the financial position at the end of the year based upon income and expenditure to date. The forecast is made up of actual expenditure for first nine months plus a forecast for last three months of the budget cycle. The forecast is a surplus of £4,384.

4.2. Committee discussions and action arising

11. The BSC **recommended** that the F&A Committee takes note of IWC/65/06.

5. SCIENTIFIC COMMITTEE FUTURE WORK PLAN AND RESEARCH BUDGET

5.1. Report of the Scientific Committee

12. The Chair of the Scientific Committee presented the relevant information on budgetary and administrative matters from its 2014 report (IWC/65/Rep01 (2014)). He recognised that this is the first year for the Scientific Committee has developed a budget request for a two-year period, and noted a technical difficulty due to a mismatch between the Scientific Committee working year, the Commission's biennial period and the Commission's new financial year.
13. The Scientific Committee, by consensus, recommends to the Commission adoption of the 2014-2016 budget shown in Table 25 of the 2014 SC report.
14. The Scientific Committee requested guidance from the Commission on two aspects in relation to the reduced 2014-16 budget: whether the Scientific Committee's regular budget allocation will be increased in line with the expected increase in the number of Conservation Management Plans (CMPs); whether a budget request for an administrative role is appropriate for consideration under the Committee's regular budget.
15. The Chair of the Scientific Committee noted an estimate of £135,000 of unspent and unallocated money and suggested two possible options to deal with these monies: that the Committee establishes a special fund for a portion of the monies (e.g. £50,000); or that the Committee receives the full allocation.

5.2. Discussions and action arising

16. New Zealand noted that the SORP research coordinator is not purely an administrative role and should be reconsidered for funding on an annual basis, as opposed to funding for the first year (2015) but not for the second (2016) as suggested in the report.
17. The BSC **recommended** that the F&A Committee considers the Scientific Committee's request for guidance on: an increase to the regular budget allocation in line with the expected increase in the number of CMPs; on the appropriateness of a budget request for an administrative role under the Committee's regular budget; and on options for dealing with unspent and unallocated funds.

6. REVIEW OF PROPOSED BUDGET

18. The Secretariat presented document IWC/65/07 *Proposed Budget for Biennial Financial Period 1 Jan 2015 to 31 Dec 2016*, which includes the budget for the calendar years 2015-2016, the forecast for 2017-2018 and an estimate of income and expenditure for the four-month bridge period 1 Sept 2014 – 31 Dec 2014 created by the proposed change of financial year to a calendar year.

6.1. Secretary's introduction to the budget 1 January 2015 to 31 December 2016

19. The Secretariat noted a balanced budget over the biennial period 2015-2016, and drew attention to the fact that the main income was from government contributions. The budget factors in the inflation rate of 1.6% to be expected in the UK.

6.2. Secretary's introduction to income and expenditure for bridge period 1 Sept 2014-31 Dec 2014

20. The Secretariat explained that, as a result of the proposed change of financial year to a calendar year, there would be a 'bridge' period between 1 Sept 2014 and 31 Dec 2014 and that at IWC/64 the Commission agreed that expenditure should be minimal during those four months. The Secretariat also noted that there was a need for a process to invoice member governments for this period.

6.3. Committee discussions and action arising

21. The BSC **recommended** adoption of the budget for 2015-2016 and to take note of the forecast for 2017-2018. The BSC further recommends adoption of the proposed income and expenditure for the bridge period (page 4, IWC/65/7).
22. The Secretariat presented document IWC/65/BSC04 *Media accreditation procedures for IWC plenary meetings*, which proposes that fees are waived for all media attending future IWC Commission meetings, and that this policy is supported by an event specific accreditation process. Slovenia highlighted the importance of limiting accreditation to well-established online media. The Secretariat clarified that this is already addressed by the proposed media accreditation policy which is in line with standard procedures of UN-organizations. Iceland enquired about the level of income from media fees. The Secretariat indicated that this relatively minor but that precise figures would be reported to the F&A Committee. New Zealand expressed agreement with the proposal. The BSC **recommended** to adopt the proposal to waive future media fees.
23. The Secretariat presented document IWC/65/BSC05 *Level of Press and Observer fees for 2015-2016*, which proposes an increase (which largely corresponds to the expected inflation rate in the UK) in the proposed fee for the next meeting in 2016. The BSC **recommended** to adopt the observer fees proposed in document IWC/65/BSC05.

7. CHANGE TO THE COMMISSION'S FINANCIAL YEAR

7.1. Adjustment of timings in the Commission's financial regulations;

7.2. Approach for providing invoices for the bridge period; and

7.3. Anticipation of the effect of the Commission's general fund

24. The Secretariat presented document IWC/65/BSC03 *Process for changing the Commission's Financial Year*, which formulates the process for changing the Commission's financial year from the current 1 September one year to 31 August the following year to a calendar year. This includes changes to Rules of Procedure K1, Financial Regulation B1 and Financial Regulation E2; invoicing for the bridge period; and suspension of voting rights for non-payment of the bridge period invoice.
25. The BSC **recommended** that the process outlined in document IWC/65/BSC03 should be adopted.
26. The Russian Federation asked about the process for determining participants' meeting fees in relation to the size of delegations and the corresponding allocation of shares. Iceland further enquired about access to the contributions formula. The Secretariat noted that the formula is currently made available through a circular sent together with the invoices, but that it could also be made available on the website if appropriate. The USA welcomed inclusion of the formula as part of the rules of procedure for transparency.
27. The BSC noted that the contributions formula should be considered by the F&A Committee at IWC/66 and **recommended** that the Secretariat should make the contributions formula available through the IWC website.

8. BUDGETARY SUB-COMMITTEE MEMBERSHIP

28. The Secretariat presented document IWC/65/BSC06 *Future Membership of the Budgetary Sub-Committee*.
29. The Chair noted that the current three-year membership term may need to be amended in line with the change to a biennial meeting cycle. The Chair of the Commission recommended moving to a four year period.
30. The BSC **recommended** to amend the Terms of Reference to reflect a BSC membership term of four years.
31. The BSC **recommended** to consult on who will be the new BSC Chair/Vice Chair.

9. SUMMARY OF RECOMMENDATIONS TO THE F&A COMMITTEE

The main outcomes, decisions and required actions arising are summarised in Table 1.

10. ADOPTION OF REPORT

32. The Chair proposed adopting the report by correspondence. The BSC expressed appreciation to the Secretariat of the Commission for the good management of financial affairs and the support lent to the meeting.

Appendix 1
LIST OF PARTICIPANTS

ARGENTINA
Juan Pablo Paniego
Miguel Iñíguez

AUSTRIA
Andrea Nouak

FRANCE
Martine Bigan

ICELAND
Johann Gudmundsson
Kristjan Loftsson

JAPAN
Joji Morishita
Naohito Okazoe
Takaaki Sakamoto
Dan Goodman
Hideki Moronuki

KOREA, REPUBLIC OF
Duhae An

LUXEMBOURG
Pierre Gallego

NEW ZEALAND
Jillian Dempster
Alexandra Smithyman
David Lundquist
Rohan Currey
Anita Perkins
Erin Morriss

NORWAY
Einar Tallaksen
Hild Ynnesdal
Lars Walloe

PANAMA
Gabriel Despaigne

RUSSIAN FEDERATION
Valentin Ilyashenko
Nikolay Ettytegin
Maria Vorontsova

ST.LUCIA
Jeannine Compton-Antoine

SLOVENIA
Andrej Bibic
Tilen Genov

SOUTH AFRICA
Herman Oosthuizen
BSC-Rep

Ed Couzens

SWITZERLAND
Bruno Mainini
Martin Krebs

UK
Nigel Gooding
Donna Mackay
Nicola Clarke
Mark Simmonds
Jennifer Lonsdale

USA
Ryan Wulff
Doug DeMaster
Allison Reed
Lisa Phelps
Robert Brownell
DJ Schubert

Chair of Scientific Committee
Toshihide Kitakado

IWC Secretariat
Simon Brockington
Cherry Allison
Greg Donovan
Sandra Holdsworth
Tim Inskipp
Pablo Sinovas
Kate Wilson