

66th Meeting of the International Whaling Commission

BUDGETARY SUB-COMMITTEE REPORT

Thursday 20 October 2016

Summary of Main Outcomes

Agenda Item	Main outcomes
3. Audited Financial Statements for previous financial years	<ul style="list-style-type: none"> • The Sub-Committee recommended that the Finance and Administration Committee take note of the audited accounts for financial year ending 31 August 2014 in document IWC/66/05(2014). • The Sub-Committee recommended that the Finance and Administration Committee take note of the audited accounts for the 16 month financial year ending 31 December 2015 in document IWC/66/05(2015).
4. Provisional Financial Statement	<ul style="list-style-type: none"> • The Sub-committee recommended that the Finance and Administration Committee take note of the provisional financial statement subject to audit for financial year ending 31 December 2016 in document IWC/66/06.
5. Scientific Committee Future Work Plan and Research Budget	<ul style="list-style-type: none"> • The Sub-committee recommended that the Finance and Administration Committee approve the research budget set out in Table 27 of document IWC/66//Rep01(2016) taking into account the points raised during the meeting.
6. Review of Proposed Budget	<ul style="list-style-type: none"> • The Sub-Committee recommended that budget Option 1 in document IWC/66/07 be forwarded to the Finance and Administration Committee for consideration, acknowledging that the increasing workload of the Secretariat may not be fully covered by cost savings and that therefore the budget should be kept under review. • The Sub-Committee recommended that the Press and Observer fees in document IWC/66/BSC 03 be forwarded to the Finance and Administration Committee for approval
7. Budgetary Sub-Committee membership	<ul style="list-style-type: none"> • The Budgetary Sub-committee adopted the membership contained in document IWC/66/BSC04. The Committee requested nominations for the role of Budgetary Sub-committee Vice-Chair.

Report of the Budgetary Sub-Committee

Thursday 20 October 2016, Portorož, Slovenia

1. INTRODUCTORY ITEMS

1. At IWC51 in 1999 the Commission agreed to establish a Budgetary Sub-committee to review income and expenditures and proposed budgets to help expedite the work of the full Finance and Administration Committee (*Ann. Rep. Intl. Whaling Comm.* 1999: 46). It first met at IWC52 in 2000.
2. A list of participants is given in Appendix 1.

1.1. Appointment of Chair

3. Lisa Phelps (USA) was appointed Chair.

1.2. Appointment of Vice Chair

4. The Vice-Chair's position remains vacant and the Sub-Committee asked the Commission to make a call for candidates.

1.3. Appointment of rapporteurs

5. Martin Jenkins and Sara Oldfield were appointed as rapporteurs.

1.4. Review of documents

6. A list of the documents available to the Sub-Committee is given in Appendix 2.

1.5. Observer participation

7. Following the change in the Commission's Rules of Procedure agreed at IWC65 in 2014, the Chair welcomed observers to the Budgetary Sub-Committee. She explained that, so long as time permitted, she would call observers to speak at the end of discussions on each agenda item.

2. ADOPTION OF AGENDA

8. The Agenda in document IWC/66/BSC01 was adopted (see Appendix 3).

3. AUDITED FINANCIAL STATEMENTS FOR PREVIOUS FINANCIAL YEARS

9. Two sets of audited financial statements covering the 2013/14 and 2015 financial years have been produced since the Commission last met in September 2014. The audited statements for both years were circulated to Contracting Governments by the Secretariat at the time they were approved by the Auditor. (Documents IWC/66/05(2014) and IWC/66/05(2015)).

10. In 2015 the IWC changed its financial year dates to run from 1 January to 31 December (previously the dates were 1 September to 31 August). This change is reflected in the 2015 audited statements, which cover a sixteen month period.

3.1. Audited accounts for financial year ending 31 August 2014

4.1.1 Introduction by Secretary

11. The Secretary presented document IWC/66/05(2014) (Financial Statements 31 August 2014). This document shows that the Commission ended the year with a surplus of £83,704 which was credited to the General Fund, raising the balance from £1,027,801 in 2013 to £1,111,506 in 2014.

4.1.2 Committee discussion and recommendations

12. The Sub-Committee **recommended** that the Finance and Administration Committee take note of the audited accounts for financial year ending 31 August 2014 in document IWC/66/05(2014).

3.2. Audited accounts for the 16 month financial year ending 1 December 2015

4.2.1 Introduction by Secretary

13. The Secretariat presented document IWC/66/05(2015) (Financial Statements for 16 Months to 31 December 2015). The Commission ended the 16 month period with a surplus of £114,872. At the time of setting the 2015 budget, the Commission had expected to end the year with a surplus of

£73,700 in order to offset a predicted deficit in 2016. Consequently the end of year result was £41,172 better than expected, mainly because of a greater recovery of doubtful debts than was expected. Following from this outcome, the balance on the General Fund increased from £1,111,506 at the end of the 2014 financial year to £1,226,378 at 31 December 2015.

4.2.2 Committee discussion and recommendations

14. The Sub-Committee **recommended** that the Finance and Administration Committee take note of the audited accounts for the 16 month financial year ending 31 August 2015 in document IWC/66/05(2015).

4. PROVISIONAL FINANCIAL STATEMENT

4.1. Introduction by Secretary for financial year ending 31 December 2016

15. The Secretariat introduced IWC/66/06 (Provisional Financial Statement). This provisional statement is an estimate of the financial position at the end of the current year based upon income and expenditure to date and has been prepared in fulfilment of Financial Regulation D.1.
16. The estimates of total income and expenditure given in the Statement predict the level of the Commission's General Fund reserve as at 31 December 2016. This prediction has been used as a basis for preparing the Commission's budget for 2017 and 2018.
17. The Secretary noted that the 2016 outcome will be affected by the Commission's decision to purchase its headquarters premises for £1 million in the early part of the year funded by £200,000 from the General Fund and an £800,000 bank loan. In addition, in a similar result to 2015, receipts of doubtful debts are higher than expected at £248,000. The net result of these items, plus the Commission's other routine income and expenditure, indicates a forecast surplus for the year of £100,104 resulting in a balance on the General Fund of £1,124,221.

4.2. Committee discussions and action arising

18. The Sub-committee recommended that the Finance and Administration Committee take note of the provisional financial statement subject to audit for financial year ending 31 December 2016 given in document IWC/66/06.

5. SCIENTIFIC COMMITTEE FUTURE WORK PLAN AND RESEARCH BUDGET

5.1. Report of the Scientific Committee

19. The Chair of the Scientific Committee presented the Scientific Committee's two year work plan and associated request for use of research funds in 2017 and 2018. The research budget is to be found at Item 25.2 of IWC/66/Rep01(2016).

5.2. Discussions and action arising

20. New Zealand expressed reservations concerning use of funds for item SP01 in Table 27 of document IWC/66//Rep01(2016). They agreed to engage in informal discussions with Japan regarding this.
21. Mexico, echoed by the USA, emphasised how much the Scientific Committee had achieved with limited resources and thanked the Committee's chair and convenors for their efforts.
22. In response to a request from the USA for clarification regarding item BRG01 in Table 27 of the document, the Chair of the Scientific Committee indicated that the South African government had provided funds for the survey referred to under this item for 2017 and recommended that the £20,000 included here be moved to item SC02 in the table.
23. In response to a question from Humane Society International regarding any costs beyond 2017 for the global entanglement database referred to in item HIM02, the Chair of the Scientific Committee indicated that if such funding were needed this could be drawn from item SC02.
24. The Sub-committee **recommended** that the Finance and Administration Committee approve the research budget set out in Table 27 of document IWC/66//Rep01(2016) taking into account the points raised during the meeting.

6. REVIEW OF PROPOSED BUDGET

25. The draft budget was provided to Commission members on 25 August 2016 in accordance with Financial Regulation D.2. The draft budget was available to the meeting as document IWC/66/07.

6.1. Secretary's introduction to the budget 1 January 2017 to 31 December 2018

26. The Secretariat presented IWC/66/07 (Commission Budget for 2017 and 2018), for the financial period 1 January 2017 to 31 December 2018. The Secretary noted that two options were presented, both of which were balanced budgets where income and expenditure were planned to be equal. Option One, described as a 'business as usual' scenario, provided for a 0.3% rise in Contracting Government contributions in order to offset the prevailing rate of UK inflation. Option Two proposed raising Contracting Government contributions by 3.97% in order to generate £65,000 to support new or ongoing areas of intersessional work arising from the Commission's discussions at IWC66. In all other respects the two budget options were identical.
27. The Secretary also noted that both budget scenarios contained the following cost savings measures:
28. The annual contribution to the Commission's severance pay fund is ended, and the balance on the fund which is expected to total £500,000 by the end of 2016 will be used to pay down the bank loan on the Commission's headquarters' premises.
29. Any future requirement for severance pay will be included in the budget process and met either from the General Fund, or by sale of the Red House in the event the Commission is wound down.
30. An additional £316,550 is drawn from the General Fund on 1 January 2017 in order to repay in full the bank loan, thus saving £410,000 over the lifetime of the mortgage.
31. The Secretariat presented document IWC/66/BSC03 on the level of Press and Observer fees for 2016-2018. This proposes an increase in NGO fees in line with UK inflation and a freeze in fees for non-member governments and intergovernmental organisations. Press will continue to be admitted to the meeting without charge.

6.2. Committee discussions and action arising

32. Belgium and the USA supported the use of the Commission's severance pay fund to pay down the bank loan on the Red House.
33. Belgium, France, Japan, the USA, and the Russian Federation indicated that they were not in a position to support budget Option 2. France indicated its willingness to explore other ways of supporting the Commission's work.
34. Germany and the USA acknowledged the increased workload on the Secretariat and could consider supporting a real budget increase but were willing to accept the majority view of the Sub-Committee.
35. The Sub-Committee **recommended** that budget Option 1 be forwarded to the Finance and Administration Committee for consideration, acknowledging that the increasing workload of the Secretariat may not be fully covered by cost savings and that therefore the budget should be kept under review.
36. The Sub-Committee **recommended** that the Press and Observer fees in document IWC/66/BSC 03 be forwarded to the Finance and Administration Committee for approval.
37. The Sub-Committee noted the recent decrease in the value of British currency in relation to other major currencies. While recognising that this made core contributions cheaper in real terms for many Contracting Governments, the Sub-committee also requested the Secretary to monitor the Commission's expenditure, especially in relation to the costs of Commission meetings and workshops held outside the UK, and to draw the Chair and Bureau's attention to any deviation from budget.

7. BUDGETARY SUB-COMMITTEE MEMBERSHIP

38. Membership of the BSC is through rotation of Contracting Governments. Two seats are allocated to Contracting Governments in each capacity to pay group, and Governments serve for four years with membership then passing on in alphabetical order. Two open seats are also available to any Contracting Government.
39. The Secretary introduced document IWC/66/BSC04 containing a list of current and future Budgetary Sub-committee members indicating that Switzerland had volunteered to serve as one of the Open Seat members.

40. The Chair asked that any other Contracting Governments willing to serve on the Sub-Committee put themselves forward and reminded the Sub-Committee that the post of Vice-Chair remained open.

8. SUMMARY OF RECOMMENDATIONS TO THE F&A COMMITTEE

41. The Sub-Committee recommended that the Finance and Administration Committee take note of the audited accounts for financial year ending 31 August 2014 in document IWC/66/05(2014).
42. The Sub-Committee recommended that the Finance and Administration Committee take note of the audited accounts for the 16 month financial year ending 31 December 2015 in document IWC/66/05(2015).
43. The Sub-committee recommended that the Finance and Administration Committee take note of the provisional financial statement for financial year ending 31 December 2016 in document IWC/66/06.
44. The Sub-committee **recommended** that the Finance and Administration Committee approve the research budget set out in Table 27 of document IWC/66//Rep01(2016) taking into account the points raised during the meeting.
45. The Sub-Committee **recommended** that budget Option 1 in document IWC/66/07 be forwarded to the Finance and Administration Committee for consideration, acknowledging that the increasing workload of the Secretariat may not be fully covered by cost savings and that therefore the budget should be kept under review.
46. The Sub-Committee **recommended** that the Press and Observer fees in document IWC/66/BSC 03 be forwarded to the Finance and Administration Committee for approval

9. ADOPTION OF REPORT

47. The report was adopted by correspondence on 21 October 2016.

Appendix 1

List of Participants

ARGENTINA

Juan Pablo Paniego
Miguel Iniguez

AUSTRALIA

Deb Callister
Pam Eiser

BELGIUM

Els Vermeulen
Stephanie Langerock

CAMBODIA

Ing Try

CZECH REPUBLIC

Barbora Hirschova

DENMARK

Amalie Jessen
Gitte Hundahl
Nette Levermann

FRANCE

Nadia Deckert

GERMANY

Nicole Hielscher

ITALY

Alessandro Iannitti
Caterina Fortuna
Francesca Granata

JAPAN

Hideki Moronuki

MEXICO

Lorenzo Rojas Bracho

NEW ZEALAND

Amy Laurenson
Erin Morriss

RUSSIAN FEDERATION

Ayvana Enmynkau
Olga Safonova

SLOVENIA

Andrej Bibic

ST. KITTS & NEVIS

Marc Williams

SWITZERLAND

Martin Krebs

UK

Jennifer Lonsdale
Mark Peter Simmonds

USA

Brian Gruber
DJ Schubert
Doug DeMaster
Jordan Carduner
Lisa Phelps
Michael Gosliner
Robert Brownell
Roger Eckert
Ryan Wulff

URUGUAY

Jose Truda Palazzo

UNEP/CMS/ASCOBANS

Heidrun Frisch-Nwakanma

Alaska Eskimo Whaling Commission

Arnold Brower

Dolphin Connection

Helena Symonds
Paul Spong

Fundacion Cethus

Carolina Cassani

Humane Society International

Bernard Unti

University of Tasmania, Faculty of Law

Lucy Smejkal

Whale and Dolphin Conservation

Astrid Fuchs

IWC Secretariat

Simon Brockington
Katie Penfold
Cherry Allison
Greg Donovan
Sarah Ferriss
Kate Wilson

Rapporteurs

Martin Jenkins
Sara Oldfield

Appendix 2

List of documents

IWC/66/BSC 01	Agenda
IWC/66/BSC 02	List of Documents
IWC/66/BSC 03	Observer fees for 2016 to 2018
IWC/66/BSC 04	Future membership of the Budgetary Sub-committee

Relevant Commission documents:

IWC/66/Rep01 (2016)	Report of the Scientific Committee (Section 25.2, including Tables 27, 28 and 29 contain the proposed research budget for 2017 and 2018).
IWC/66/05 (2014 and 2015)	Audited financial statements
IWC/66/06	Provisional financial statement for 2016
IWC/66/07	Proposed budget for 2017 and 2018

Appendix 3

Agenda

1. Introductory items
 - 1.1. Appointment of Chair
 - 1.2. Appointment of Vice Chair
 - 1.3. Appointment of rapporteurs
 - 1.4. Review of documents
 - 1.5. Observer participation
2. Adoption of agenda
3. Audited financial statements for previous financial years
 - 3.1. Audited accounts for financial year ending 31 August 2014
 - 3.1.1. Introduction by Secretary
 - 3.1.2. Committee discussion and recommendations
 - 3.2. Audited accounts for the 16 month financial year ending 1 December 2015
 - 3.2.1. Introduction by Secretary
 - 3.2.2. Committee discussion and recommendations
4. Provisional financial statement
 - 4.1. Introduction by Secretary for financial year ending 31 December 2016
 - 4.2. Committee discussions and action arising
5. Scientific Committee future work plan and research budget
 - 5.1. Report of the Scientific Committee
 - 5.2. Discussions and action arising
6. Review of proposed budget
 - 6.1. Secretary's introduction to the budget 1 January 2017 to 31 December 2018
 - 6.2. Committee discussions and action arising
7. Budgetary sub-committee membership
8. Summary of recommendations to the F&A committee
 - 8.1. A recommendation in regard to the Provisional Financial Statement for the current year ending 31 December 2016
 - 8.2. A recommendation in regard of the level for the NGO, Observer and Media fees for the biennial period 2017-2018
 - 8.3. A recommendation in regard to the proposed budget for 2017-2018
9. Adoption of report

TERMS OF REFERENCE

At IWC 51 in 1999 the Commission agreed to establish a Budgetary Sub-committee to review income and expenditures and proposed budgets to help expedite the work of the full Finance and Administration Committee (*Ann. Rep. Intl. Whaling Comm. 1999: 46*). It first met at IWC 52 in 2000.

ADMISSION OF OBSERVERS

Rule of Procedure C.2

2. Observers accredited in accordance with Rule [of procedure] C.1.(a) and (b) are admitted to all meetings of the Commission and the Technical Committee, and to any meetings of Committees and all subsidiary groups of the Commission and the Technical Committee, except the Commissioners-only meetings, meetings of the Bureau and closed meetings of the Finance and Administration Committee.

SPEAKING RIGHTS FOR OBSERVERS

Rule of Procedure C.3

3. Observers accredited in accordance with rule C.1.(a) and (b) will have speaking rights during Plenary sessions and sessions of Commission subsidiary groups and Committees to which they are admitted to under C.2, in accordance with the Rules of Debate of the Commission. Observers might also submit documents for information to the delegations and observers participating in such sessions, provided these are submitted through the Secretariat at least 48 hours before the session in which they are intended to be made available, and are duly authored or endorsed by the accredited organisation making the submission, which is to be held responsible for its contents.

Rules of Debate Paragraph A

A. Right to Speak

1. The Chair shall call upon speakers in the order in which they signify their desire to speak, with the exception of accredited Observers, which should be allowed to speak only after all Commissioners desiring to speak do so. As a general rule, Observers will only be allowed to speak once at each Agenda item under discussion, and at the discretion of the Chair.