

Annex K

Report of the Finance and Administration Committee¹

Saturday 22 October 2016, Portorož, Slovenia

Summary of Main Outcomes

| Agenda Item | Main outcomes |
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| 3. Administrative matters | <p>Reports on communications (IWC/66/F&A6), archiving (IWC/66/F&A15) and meeting feedback (IWC/66/F&A4) were endorsed by the Committee.</p> <p>Three items concerning the IWC-SORP research fund were recommended (see Item 3.5)</p> <p>The approach to developing guidelines for allocation and use of voluntary funds in the intersessional period as set out in IWC/66/F&A06 were endorsed.</p> |
| 4. Intersessional Working Groups (WG) | |
| 4.1 WG on Operational Effectiveness (WG-OE) | The Committee endorsed the recommendations from the WG-OE (as listed under Item 4.1) and their suggested changes to the Rules of Procedure and Rules of Debate (see Appendix 4) with the exception of bracketed text. |
| 4.2 Correspondence Group on Strengthening IWC Financing | The Committee endorsed the work plan of the Intersessional Correspondence Group (see Appendix 5) and recommended that Belgium continue as Chair. |
| 4.3 WG on Governments of Limited Means | The recommendations of the WG are listed under Item 4.3. The Committee welcomed the report and was generally supportive of finding a way to improve developing country participation. The WG Chair will work with delegations in order to bring a revised Resolution to the IWC66 Plenary meeting. |
| 4.4 WG on Website Guidance | The Committee endorsed a proposal to subsume the website WG into the WG-OE, endorsed the guidance on the use of the IWC website and the recommended incremental approach to facilitate communication amongst Commission members given in Appendix 7 (A and B) |
| 4.5 Scientific Committee's Rules of Procedure | <p>The Committee endorsed the revised Scientific Committee Rules of Procedure listed in their report (IWC/66/Rep01 (2015) Annex R) and recommended incorporation of the following option for paragraph 4(e)</p> <p>'Papers submitted under the Rule of Procedure 4(a) must be based on science and facts and shall not contain disrespectful statements to any participating person, organisation or government'.</p> <p>The Commission endorsed the proposal from the SC to update their procedures regarding Invited Participants (see Appendix 8).</p> |
| 5. Proposed Resolutions | The Committee expressed general support for the draft resolution IWC/66/10, with some reservations, and noted that the Committee's role, if any, in implementing it would require clarification upon its adoption. |
| 7. Financial Statements, budgets and other matters addressed by the Budgetary Sub-Committee | The Committee noted the Provisional Financial Statement for the year ending 31 December 2016 and recommended that the Commission approve the expenditure of ~£10,000 to draw up plans for the warehouse section of the IWC headquarters property to be presented to IWC67. |

¹ Presented to the meeting as IWC/66/Rep02

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| | <p>The Committee endorsed the research budget for the Scientific Committee as revised by the Committee and given as Appendix 10</p> <p>The Committee recommended that budget Option 1 (the 'business as usual' scenario) given in IWC/66/07 which includes a 0.3% inflationary increase and the 0.3% increase in Observer fees proposed in IWC/66/BSC03 be adopted by the Commission</p> <p>The Committee recommended initiatives arising from (i) the Conservation Committee's proposed work on Bycatch and (ii) the Expert Panel and Co-ordinator on Strandings, noting that costs might have to be met through voluntary contributions at least initially</p> |
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1. INTRODUCTORY ITEMS

The Finance and Administration Committee advises the Commission on expenditure, budgets, scale of contributions, Financial Regulations, staff questions, and other such matters as the Commission may refer to it from time to time (Rule of Procedure M.8).

A list of participants is given as Appendix 1.

1.1. Appointment of Chair

Ryan Wulff, USA was appointed Chair.

1.2. Appointment of Rapporteurs

Martin Jenkins, Robert Munroe, Sara Oldfield, Pablo Sinovas and Harriet Gillett were appointed as rapporteurs.

1.3. Review of documents

The list of documents is given as Appendix 2.

1.4. Observer participation

The Chair noted that, under new rules agreed at IWC65, this was the first time the Commission had invited observers to attend the F&A Committee meeting.

2. ADOPTION OF AGENDA

The Chair noted that two issues referred to the F&A Committee from the CC and from the WKM&WI Working Group may have cost implications and would be addressed under Item 7.3.2.

With the above additions, the Agenda was adopted (see Appendix 3).

3. ADMINISTRATIVE MATTERS

3.1. IWC communications

The Secretariat introduced Document IWC/66/F&A05 on progress to develop the Commission's external and internal communications capabilities based on a communications workplan which began in 2013. Of particular note was the ongoing programme of website section updates, and publication of a new intersessional report series, the first edition of which was published one month prior to IWC66.

The Committee **endorsed** the report presented in Document IWC/66/F&A05.

3.2. IWC document archiving

The Secretariat presented a report (IWC/66/F&A15) on continuing work to provide online access to the Commission's extensive document archive. All IWC publications and IWC meeting documents since 2006 are available for free download. An online archiving system using open source software is in use but this requires additional programming and investigation to make it suitably fast and user-friendly. The Secretariat holds electronic files for IWC documents dating back to the first Plenary meeting of the Commission in 1949 which are yet to be uploaded. Appendix 1 of IWC/66/F&A15 gives an estimated budget for the work involved.

The Chair commented that the cost of the proposed electronic archive is not included in the current budget. For the work to progress, costs would need to be included within future year budgets, or funded from a voluntary contribution.

3.3. Reporting of confidential communications

Rule of Procedure P.3 requires the Secretary to report any confidential communications arising during the preceding year to the Commission or Bureau in years when the Commission does not meet.

The Secretary reported that no confidential communications had been distributed.

3.4. Meeting arrangements

At IWC65 in 2014, the Commission recommended that the Secretariat should conduct a survey of meeting arrangements in the light of previous procedural changes. The Secretariat reported the results of the feedback survey undertaken at the close of IWC65, contained in IWC/66/F&A04. As a result of suggestions in the survey, improvements have been made in the following four areas:

- Internet speed;
- Presentation of the financial statements;
- Online registration payments; and
- Length of meeting - the plenary session is extended from four days to five days at IWC66.

The USA reiterated their support for involvement of observers, noting that transparency within the IWC will give it greater legitimacy, and that observers can provide a beneficial contribution to the Commission's deliberations. It encouraged the Chairs of both the plenary and its sub-groups to call on observers during substantive agenda items, following member government interventions, as time allows. Finally, it encouraged the Commission to consider additional ways observers can contribute to the work of the Commission in the intersessional periods, perhaps by allowing their participation as technical experts on working groups.

The Committee thanked the Secretariat for their work and **endorsed** the suggestion for a similar feedback survey for IWC66.

3.5. Dispersal of funds from the IWC-SORP research fund

Since IWC65 in 2014, the Commission had received voluntary contributions totalling £784,866 towards the work of the IWC's Southern Ocean Research Partnership. A call for proposals to utilise the first portion of this funding was issued through Circular Communication IWC.ALL.259 on 26 July 2016.

Financial contributions from Australia, Netherlands, International Fund for Animal Welfare and WWF Australia were noted with thanks.

An update on progress to disperse funds from the IWC-SORP Research Fund was given by the SC Chair who noted that the process had been revised at SC66b (see documents IWC/66/F&A13Rev and IWC/66/Rep01, Annex W).

The SC Chair sought approval from the Commission for the allocation of £144,058 from the IWC-SORP research fund according to the interim procedure developed and implemented by the Scientific Committee. She also sought advice on how best to obtain Commission endorsement for any proposed expenditure exceeding £15,000 during the 2017/2018 intersessional period.

Australia commented that they were pleased to be able to contribute to SORP and appreciate the robust procedures of the SC as the work of the Partnership grows.

The Committee **recommended** endorsement of the following three issues detailed in Document IWC/66/F&A13Rev:

- Approval of an updated procedure for allocation of funds from the IWC-SORP Research Fund as set out in IWC/66/Rep01, Annex W;
- Approval for allocation of a total of £144,058 from the IWC's SORP voluntary fund ahead of 2016-2017 austral summer survey season according to the interim procedure developed and implemented by the Scientific Committee [see Items 3-5 IWC/66/F&A13Rev]; and
- Development of recommendations for future intersessional allocations of funding [see IWC/66/F&A13Rev].

3.6. Guidelines for allocation and use of voluntary funds in the intersessional period

The Secretary presented Document IWC/66/F&A06 on the development of guidelines to support the use of voluntary funds which are received and require disbursement during the intersessional period. He noted that the Commission has well defined procedures for core contributions. For voluntary contributions, it is proposed that the Commission Chair and the Chair of the F&A Committee advise on the appropriate IWC body to oversee distribution and reporting, as laid out in document IWC/66/F&A06.

In response to a question about the relative proportion of the budget coming through voluntary contributions, the Secretary noted that the core IWC annual budget is approximately £1.6 million. Voluntary contributions are generally

between £300,000 and £500,000 annually, but are likely to exceed £1 million this year because of a substantial contribution to the SORP fund, amongst other contributions.

Monaco noted the need for prudence in keeping the overall budget in balance and asked whether, given the uncertainty of the British pound, it would be prudent to hold some of the IWC funds in different currencies. The Secretary noted that in 2017 an organisational risk management strategy will be developed and that currency exchange considerations would be included as part of that.

The USA supported the proposal for intersessional allocation of funding and urged caution when handling funds in different currencies to avoid putting the Commission's resources at risk.

The Committee **endorsed** the approach to developing guidelines for allocation and use of Commission Funds set out in Document IWC/66/F&A06, noting the discussion that has taken place.

4. INTERSESSIONAL WORKING GROUPS

4.1. Report of the Working Group on Operational Effectiveness and Cost Saving Measures

At IWC64 in 2012, the Commission endorsed a recommendation from the F&A Committee to establish a Working Group on Operational Effectiveness and Cost Saving Measures. The Working Group has continued to progress its aims and its report is given as IWC/66/F&A07.

The Chair of the Working Group on Operational Effectiveness and Cost Saving Measures (WG-OE) introduced IWC/66/F&A07 and thanked member countries and observers for their input to the Working Group. She noted that the Commission endorsed the work of the Working Group at IWC65 and recommended that it continue its work with an enhanced membership. The Chair reminded the Committee that membership remains open and encouraged additional countries to join.

The Chair of WG-OE noted that the Working Group considered five issues and that it had provided associated recommendations. Their suggested changes to the Rules of Procedure given in IWC/66/F&A07 Annex I are included here as Appendix 4. The recommendations are listed below.

- (1) Consideration of the new biennial meeting pattern. The WG-OE
 - a. recommend the IWC Chair, Secretariat, and Bureau should continue to keep the length of the plenary meeting under consideration when planning future IWC meetings;
 - b. supports the recommendation of the Website WG to adopt an incremental approach to facilitate communication between Commission members intersessionally. The WG-OE also suggests modifying the draft guidance document developed by the Website WG to refer work that has not been endorsed by the Commission to both the Chair and Vice Chair.
 - c. recommends that the Commission adopt the proposed changes to the Rule of Procedure E.4 in Appendix 4;
 - d. suggests that chairs of working groups, committees and subcommittees solicit input from observers in their intersessional work.
 - e. recommends that the Commission adopt the proposed changes to the Rules of Debate A.1 in Appendix 4.
- (2) A review of the operations of the Commission such that its limited resources are used effectively.
 - a. The WG-OE recommends the Secretariat continue to work to ensure that wireless connectivity is secure and can accommodate a large number of participants during Commission meetings. In addition, the WG-OE recommends exploring the use of web-conferencing tools to facilitate intersessional discussions.
 - b. The WG-OE recommends that the Commission adopt proposed changes to the Rules of Procedure F.2(g) and Rules of Debate C.3 in Appendix 4.
- (3) Provide for closer engagement of the Commission in the setting of the SC work plans by formulating advice to the SC. The WG made no recommendations on this subject at this time.
- (4) Unresolved issues concerning catches taken in Greenland in 2013 and 2014.

- a. The WG-OE recommends that the Commission consider the proposed changes to the Rule of Procedure J.4 found in Annex I.
- (5) Consideration of transferring a percentage of money donated to voluntary funds into the IWC general fund.
- a. The WG-OE recommends no changes to the Commission's acceptance of voluntary funds policy adopted at IWC65.

Australia considered the website guidance to be an important contribution and welcomed the proposed modification to the draft guidance to refer work that has not been endorsed by the Commission to both the Chair *and* Vice-Chair.

Monaco supported enhancing the input that Observers are able to provide to the discussions. Centro de Conservación Cetacea expressed support for this view.

In response to a query from Belgium, the Chair of the WG-OE and the Secretary clarified that the last sentence of the proposed change to Rule of Procedure E.4 aims to ensure that a sufficient number of Contracting Governments (a simple majority) have cast a vote in any postal vote to have a quorum. If a quorum was not met, the motion could be considered again later.

Argentina and Chile considered that the proposed changes to the Rule of Procedure J.4 are premature, as the ASW sub-committee has not yet reported back to the Commission on the discussion of the outcomes of the ASW workshop held in Greenland in 2015. Centro de Conservación Cetacea expressed support for this view.

The USA, Denmark, Japan, Norway and Monaco expressed support for the adoption of the changes to Rule of Procedure J.4. They noted that the proposed change is simply a procedural matter and that it is designed to increase transparency and communication and to ensure that ASW quota proposals are given sufficient consideration. The USA noted that, if Rule J.4 is not adopted at this meeting, the Commission is more likely to repeat the problems that occurred in 2012.

The Alaska Eskimo Whaling Commission stated that a failure to set quotas can impose fear, hunger and social anxiety on subsistence communities and expressed support for the adoption of Rule of Procedure J.4.

The Animal Welfare Institute suggested adding words to the proposed Rule of Procedure J.4 to ensure that responses provided by proponents in advance of a meeting are circulated to all Commissioners.

The Committee **endorsed** the recommendations in the report (and as listed in points (1) to (5) above, with the exception of the bracketed text (see Appendix 4)). In addition, the Chair recommended the WG proponents of the proposed Rule of Procedure J.4 consider the Animal Welfare Institute's comments if submitting revisions to the Commission for further consideration.

4.2. Report of the Intersessional Correspondence Group on Strengthening IWC Financing

At IWC62 in 2010 the Commission endorsed a recommendation from the F&A Committee that it convene a small group to examine ways to integrate conservation funding into the overall budget of the IWC. The terms of reference for this group stated that it would 'develop proposals for strengthening the financing of conservation with a view to striking a balance between funding for conservation and funding for management'. At IWC63 the Commission received the group's first report and agreed that its work should continue subject to updated terms of reference. The Correspondence Group gave a further progress update at IWC64 in 2012 and IWC65 in 2014.

The Chair of the Correspondence Group reported on recent progress (IWC/66/F&A08). She sought endorsement of the proposed work plan of the Correspondence Group in Annex 1 of IWC/66/F&A08, offered to continue as Chair, and asked for additional members of the Group.

The Committee **endorsed** the work plan of the Correspondence Group (see Appendix 5) and **recommended** that Belgium continue as Chair.

4.3. Report of the Working Group on Providing Options to Governments with Limited Means to Participate in the Commission's work

At IWC65 in 2014 the Commission reconstituted its Working Group on Providing Options to Governments of Limited Means to Participate in the Commission's Work. The Chair of the Working Group reported on progress and presented its recommendations as IWC/66/F&A09Rev. The recommendations are:

- the establishment of a Voluntary Assistance Fund to strengthen the capacity of Governments of limited means to participate in the work of the Commission;
- the endorsement of a guidance document on activities to be supported by the Voluntary Assistance Fund (IWC/66/F&A09Rev, Appendix 4);
- that Groups 1 and 2 of the 'Capacity to Pay Groups' should be designated as eligible countries, with a set of criteria for prioritisation (IWC/66/F&A09Rev, Appendix 4); and
- the adoption of a Resolution (IWC/66/13Rev) with its amendments to the Financial Regulations (IWC/66/F&A09Rev, Appendix 4).

The most recent list of Capacity to Pay Groups 1 and 2, as the proposed eligible countries of the Voluntary Assistance Fund, is attached as Appendix 6.

Kenya and St Lucia supported for the recommendations and draft resolution as included in the report.

Argentina, Brazil and Chile thanked the Working Group for its work and asked for further time to coordinate with the Buenos Aires Group. Argentina sought clarity on the prioritisation process and the criteria for applying for funding, and suggested that the report and draft Resolution could be made more specific. The Chair of the WG drew attention to the application process and criteria, which are outlined in the guidelines attached as Annex 2 to the draft Resolution (IWC/66/13Rev).

Recognising that some Contracting Governments were not yet ready to endorse the draft resolution as it stood, the F&A Chair welcomed the report of the Working Group and requested the Chair to work with those delegations and bring a revised draft Resolution to plenary.

4.4. Intersessional Working Group on Website Guidance

In March 2015, the IWC Bureau established an Intersessional Working Group on Website Guidance to provide general principles and practical guidance on the use of the IWC website. The Working Group has completed its work and its report is given as IWC/66/F&A10.

The Secretariat introduced IWC/66/F&A10 highlighting the draft Guidance document (see Appendix 7A of this report) which describes the principal objective of the website. It outlined that the Guidance gives responsibility for day-to-day management of the website to the Secretariat but makes a distinction between subjects that have and have not been endorsed by the Commission, and noted the amendment made under Item 4.1 above, to change the current wording of the final sentence of the Practical Guidance to now read 'Work that has not received endorsement should be considered on a case-by-case basis, and referred by the Secretariat to the Chair *and* the Vice Chair'. A series of measures on facilitating communication across the Commission membership is captured in Section 2 of the document.

The USA and Australia expressed support for the increased use of the Commission's website to facilitate both its intersessional work as well as the transparency of that work. This included support for a trial use of the IWC portal for sharing documents in the development of agreed text.

The Committee

- (i) **endorsed** a proposal from the USA to subsume the Intersessional Working Group on Website Guidance into the Working Group on Operational Effectiveness and Cost Saving Measures;
- (ii) **endorsed** the guidance given in Appendix 7A on the use of the IWC website; and
- (iii) **endorsed** the recommended incremental approach to facilitate communication amongst Commission members given in Appendix 7B, noting that a listserv capability would be offered to all working groups including one for Commissioners only; and that the new Cetacean Disease and Entanglement sites would be used as test cases which would be evaluated and potentially offered to other working groups on a rolling basis and within existing Secretariat resources.

4.5. Development of the Scientific Committee's Rules of Procedure

4.5.1 Consideration of changes arising from IWC Resolution 2014-4

The Chair of the Scientific Committee reported the Committee's proposals in relation to changes to its Rules of Procedure as initially proposed through Resolution 2014-4. The proposals are provided in IWC/66/Rep01(2015) (Item 27.1 and Annex R) and were also presented to the meeting as document IWC/66/F&A11. She sought endorsement for the amended Rules of Procedure, including guidance on whether or not a new paragraph 4(e) is required, and if so, which of the two options below should be incorporated:

[Papers submitted under Rule of Procedure 4(a) must be scientific in character and shall not contain statements that defame any participating organisation or person, or cause serious offence to any government[1]] or

[Papers submitted under the Rule of Procedure 4(a) must be based on science and facts and shall not contain disrespectful statements to any participating person, organisation or government.]

Australia stated its preference for the second option as it requires scientific evidence.

The Committee **endorsed** the revised Scientific Committee Rules of Procedure and **recommended** the incorporation of the second option for paragraph 4(e) (see above).

4.5.2 Consideration of changes arising from the Scientific Committee's meeting in 2016

The SC Chair reported on a request to update the Committee's procedures regarding Invited Participants arising from discussions at its 2016 meeting (see IWC/66/F&A12). She provided clarity following a question from Australia that the rule concerned (A6h) had never previously been used because Article 3.5 of the Convention provides suitable clarification, but that the proposed revision was made to avoid confusion.

Australia suggested that there are two options to address this issue, the first as proposed, and the second to clarify that participants funded by a Contracting Government could be national delegates, and if not then they would have Invited Participant status. However, it stated that if there were no other views then it was happy to accept the proposal from the SC.

The Commission **endorsed** the proposal from the SC (see Appendix 8).

5. PROPOSED RESOLUTIONS

Australia introduced document IWC/66/10, submitted jointly with New Zealand and the USA, containing a draft resolution on enhancing the effectiveness of the IWC and, in its Annex, draft Terms of Reference for an independent review of the IWC. Australia was pleased to advise that it would make a voluntary contribution of AUD 200,000 towards any costs that might be incurred in such a review. The USA reported that it will contribute an additional USD 20,000 towards the conduct of the performance review, if approved.

Iceland expressed doubts about the specific purpose of the review, questioning its apparently narrow scope in relation to the objectives of the Convention and asked what role the proposed intersessional Working Group was intended to play. Japan sought further information on how proposed reviewers would be selected.

Australia indicated that the review was intended to be undertaken by independent reviewers with the Working Group playing a role in administration and oversight. The focus of the review was explicitly on governance, institutional arrangements and decision-making processes within the IWC, to ensure that these met Contracting Governments' needs in an efficient and transparent way. It was not the intention to engage in a broad dialogue regarding the objectives or purpose of the Commission. Australia acknowledged that operational aspects of the review, including mechanisms for appointing independent reviewers and for disbursement of funds, as well as the precise role of a Working Group needed further elaboration, and believed there was opportunity to do so before the IWC66 Plenary Commission meeting.

Monaco expressed support for the proposed review.

The Committee expressed general support for the draft resolution, with some reservations, and noted that the Committee's role, if any, in implementing it would require clarification upon its adoption.

6. FORMULA FOR CALCULATING CONTRIBUTIONS AND RELATED MATTERS

The Chair noted that this is a standing agenda item allowing opportunity for discussion on the formula for calculating financial contributions or any other related matters.

There were no comments under this item.

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

The report of the Budgetary Sub-Committee is given as Appendix 9.

7.1. Review of the provisional financial statement year ending 31 December 2016

7.1.1 Report of the Budgetary Sub-Committee

The Chair of the Budgetary Sub-Committee reported that the Sub-Committee had recommended that the F&A Committee take note of the unaudited provisional financial statement for the financial year ending 31 December 2016 as given in document IWC/66/06. 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, receipts of doubtful debts are higher than expected at £248,000. The net result indicates a forecast surplus for the year of £100,104 resulting in a balance on the General Fund of £1,124,221.

7.1.2 Secretary's report on the collection of financial contributions

The Secretariat introduced document IWC/66/F&A03 Rev noting that the amount of outstanding contributions was lower than in previous years. In addition, Costa Rica had cleared its arrears since the report had been produced and its voting rights had been restored. Cameroon had also made a significant contribution to clearing its arrears but this was as yet insufficient to restore voting rights. An updated version of the document would be produced for the Commission meeting.

7.1.3 Update on purchase of the Commission's Headquarters Premises in February 2016

The Secretary introduced document IWC/66/F&A14 concerning the purchase of the Commission's headquarters including a proposed schedule for repairing and renovating the main part of the building to be funded from the accrued dilapidations provision. The Secretariat sought approval to spend an additional *circa* £10,000 to draw up plans for the warehouse section of the property to be presented to IWC67.

In response to a question from Dolphin Connection, the Secretary reaffirmed the Secretariat's commitment to energy efficiency and the use of low-energy technologies at its headquarters wherever possible.

7.1.4 F&A Committee discussions and recommendations

The Committee took note both of the recommendations of the BSC that the 2014 and 2015 financial statements should be adopted; and of the Provisional Financial Statement for the year ending 31 December 2016. The Committee **recommended** that the Commission approve the expenditure of *circa* £10,000 to draw up plans for the warehouse section of the IWC headquarters property to be presented to IWC67.

7.2. Scientific Committee Future Work Plan and Research Budget

7.2.1 Report of the Budgetary Sub-Committee

The Budgetary Sub-Committee had recommended that the Committee approve the Scientific Committee's research budget given in IWC/66/Rep01(2016), Table 27 taking into account reservations expressed by New Zealand concerning item SP01 (a Workshop to Review of a special permit proposal for Japan's new whale research program in the Western North Pacific) and with the 2017 budget for BRG01 (aerial photographic survey of southern right whales in South Africa) moved to SC02.

7.2.2 F&A Committee discussions and recommendations

Australia requested that the budget associated with SP01 be placed in square brackets.

The Committee **endorsed** the revised research budget in which the budget from BRG01 is transferred to SC02 and item SP01 placed in square brackets. The revised version is given as Appendix 10.

7.3. Consideration of the proposed budget for 2017 and 2018

7.3.1 Report of the Budgetary Sub-Committee

The Budgetary Sub-Committee had discussed the Commission Budget for the financial period 1 January 2017 to 31 December 2018 (see Appendix 9, Item 6). The Chair of the Budgetary Sub-Committee noted that two options had been presented to the BSC (see IWC/66/07), 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.

The Sub-Committee had recommended that budget Option 1 (the 'business as usual' scenario) be forwarded to the Committee for consideration, and that the Press and Observer fees proposed in document IWC/66/BSC 03 be forwarded to the Committee for approval.

7.3.2 F&A Committee discussions and recommendations

The Committee **recommended** that budget Option 1 (the 'business as usual' scenario) given in document IWC/66/07 and the Press and Observer fees proposed in document IWC/66/BSC03 be adopted by the Commission.

The Chair noted that the Conservation Committee had recommended approval of a By-catch Initiative under item 8 of its agenda (see IWC/66/Rep05 and document IWC/66/CC05) and that under item 7 of its agenda the WKM&WI had supported the SC's recommendation that an Expert Panel and co-ordinator on strandings be appointed (see IWC/66/Rep06 and IWC/66/Rep01(2016), Item section 13.5). IWC/66/CC05 estimated a budget of £50,000 for the former for 2017-2018 and it was likely that a budget for the latter would be similar.

The Committee noted that funding had not been allocated to these two initiatives, which had arisen in the preceding subcommittees, and **recommended** them for consideration by the Commission noting that costs might have to be met through voluntary contributions at least initially.

7.4. Budgetary Sub-Committee Operations

The Chair of the Budgetary Sub-Committee noted that current membership of the Sub-Committee is listed in document IWC/66/BSC 04. Switzerland has volunteered to serve as one of the Open Seat members. One Open Seat and the post of Vice-Chair remain vacant. The Chair encouraged any interested Contracting Governments to put themselves forward to fill these posts.

8. DATE AND PLACE OF FORTHCOMING MEETINGS

The Commission's biennial schedule means that its next meeting is due in September or October 2018. The Secretary noted that Rule of Procedure B.1 encourages any Contracting Government desiring to extend an invitation to provide notice two years in advance. The Secretariat is able to provide detailed information to any Contracting Government considering an offer to host either a Commission or a SC meeting. No offer to host the 2018 Commission meeting has as yet been received.

The Bureau will make a decision on the location of IWC67 by March 2017 at the latest. If no offers had been received by then, it was suggested that the meeting might be held at the headquarters of the International Maritime Organisation in London.

New Zealand asked that efforts be made to ensure that the dates of IWC67 did not clash with those of CCAMLR and CITES.

The Committee thanked Slovenia for its kind offer to host the next meeting of the Scientific Committee in Bled in May 2017 and **recommended** that the offer be accepted.

The SC is also expected to meet during the following year (SC67b) in late May or early June 2018. No offer to host the 2018 Scientific Committee meeting has as yet been received.

9. BUREAU MEMBERSHIP

The Bureau is constituted under Rule of Procedure M.9 which also describes its membership. The Committee thanked the Bureau for its work in the Intersessional period.

10. ADOPTION OF REPORT

The meeting was closed at 12h40 on 22 October 2016. The report was adopted by correspondence on 25 October 2016

Appendix 1

List of Participants

ARGENTINA

Juan Pablo Paniego
Miguel Iniguez

AUSTRALIA

Nick Gales
Deb Callister
Frank LaMacchia
Pam Eiser
Suzi Heaton
Bill de la Mare

AUSTRIA

Andrea Nouak

BELGIUM

Stephanie Langerock
Els Vermeulen
Fabian Ritter

BRAZIL

Hermano Telles Ribeiro
Rodrigo Almeida
Thais Coutinho

CAMBODIA

Ing Try

CHILE

Barbara Galletti Vernazzani

CZECH REPUBLIC

Barbora Hirschova

DENMARK

Nette Levermann
Amalie Jessen
Gitte Hundahl

ERITREA

Seid Mohammed Abrar

FINLAND

Penina Blankett

GABON

Aurélie Flore Koumba Pambo

GERMANY

Andreas Taeuber

GHANA

Benson Nutsukpui

ICELAND

Johann Gudmundsson
Gisli Vikingsson
Kristjan Loftsson

ITALY

Caterina Fortuna
Francesca Granata

JAPAN

Hideki Moronuki
Dan Goodman
Gabriel Gomez Diaz
Kazunari Tanaka
Naohito Okazoe
Toshinori Uoya
Yukiya Tsuno
Mari Mishima

KENYA

Micheni Japhet Ntiba
Susan Imende

KOREA, REPUBLIC OF

Hawsun Sohn
Young Min Choi

LAOS, PDR

Akhane Phomsouvanh

MEXICO

Lorenzo Rojas Bracho

MONACO

Frederic Briand

MONGOLIA

Choinkhor Jalbuu
Damdin Tserendash

NEW ZEALAND

Amy Laurenson
Julia Reynolds

NORWAY

Ole-David Stenseth
Alessandro Astroza

SLOVENIA

Andrej Bibic
Mojca Benko
Mojca Dezelak

SOUTH AFRICA

Herman Oosthuizen

SPAIN

Carmen Asencio

ST. KITTS & NEVIS

Marc Williams

ST. LUCIA

Horace Walters

SURINAME

Randjitsing Ramkisor
Soeresh Algoe

SWEDEN

Anders Alm

TANZANIA

Hosea Gonza Mbilinyi
Zahor El Kharousy

UNITED KINGDOM

Nigel Gooding
Donna Mackay
Jamie Rendell
Jennifer Lonsdale
Mark Simmonds

UNITED STATES OF AMERICA

Russell Smith
Ryan Wulff (Chair)
Alexis Ortiz
Brian Gruber
David Weller
DJ Schubert
Greig Arnold
Lisa Phelps
Robert Brownell
Robert Suydam
Roger Eckert

URUGUAY

Jose Truda Palazzo

VIETNAM

Nguyen Thi Trang Nhung
The Cong Tran

Alaska Eskimo Whaling Commission

Jessica Lefevre
Taquilik Hepa
Christopher Winter

Animal Welfare Institute

Kate OConnell
Sue Fisher

Centro de Conservacion Cetacea

Maria Jimenez
Peter Sanchez

Dolphin Connection

Helena Symonds
Paul Spong

Environmental Investigation Agency

Clare Perry

European Commission

Richir Marc

Fundacion Cethus

Carolina Cassani

Inst. de Conservacion de Ballenas

Roxana Schteinbarg

Makah Indian Tribe

Keith Johnson

Robin des Bois

Charlotte Nithart
Tamara Vilarins

Whale and Dolphin Conservation

Astrid Fuchs

World Animal Protection

Nicola Beynon

IWC

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

Rapporteurs

Harriet Gillett
Pablo Sinovas
Robert Munroe
Martin Jenkins
Sara Oldfield

Appendix 2

List of Documents

| F&A Committee documents | | | Agenda item |
|------------------------------------|-------------|---|------------------------|
| IWC/66/F&A | 01Rev | Provisional Agenda | |
| | 02Rev | List of Documents | |
| | 03Rev | Secretary's Report on the Collection of Financial Contributions for 2016 | 7.1.2 |
| | 04 | Feedback Survey from IWC65 in 2014 – Summary of Results | 3.4 |
| | 05 | IWC Communications Capability | 3.1 |
| | 06 | Guidelines for allocation and use of Commission Funds | 3.6 |
| | 07Rev | Report of the Working Group on Operational Effectiveness and Cost Saving Measures | 4.1 |
| | 08 | Implementing IWC Recommendations on Strengthening IWC Financing | 4.2 |
| | 09Rev | Report of the Working Group on Providing Options to Governments of Limited Means to Participate in the Commission's work | 4.3 |
| | 10 | IWC Website Guidance and Proposals to Facilitate Communication amongst Commission Members | 4.4 |
| | 11 | Annex R from the 2015 Scientific Committee Report. Proposed amendments to the Scientific Committee Rules of Procedure | 4.5.1 |
| | 12 | Proposed revision of the Scientific Committee Rules of Procedure: on Invited Participants (submitted by Scientific Committee Chair) | 4.5.2 |
| | 13Rev | Dispersment of funds from the IWC-SORP research fund | 3.5 |
| | 14 | Update on progress with the Red House | 7.1.3 |
| | 15 | IWC Document Archiving: a way forward | 3.2 |
| | 16 | Report of the Budgetary Sub-Committee | 7 |
| Commission Documents | | | |
| IWC/66 | 06 | Un-audited Provisional Financial Statement for the International Whaling Commission 2016 | 7.1.1 |
| | 07 | Budget for the International Whaling Commission for 2017 and 2018 | 7.3 |
| | Rep01(2016) | Report of the Scientific Committee, 2016 | 7.2 |
| | Rep01(2015) | Report of the Scientific Committee 2015 | 4.5 |

Appendix 3

Agenda

1. INTRODUCTORY ITEMS
 - 1.1. Appointment of Chair
 - 1.2. Appointment of Rapporteurs
 - 1.3. Review of documents
 - 1.4. Observer participation
2. ADOPTION OF AGENDA
3. ADMINISTRATIVE MATTERS
 - 3.1. IWC communications
 - 3.2. IWC document archiving
 - 3.3. Reporting of confidential communications
 - 3.4. Meeting arrangements
 - 3.5. Dispersal of funds from the IWC-SORP research fund
 - 3.6. Guidelines for allocation and use of voluntary funds in the intersessional period
4. INTERSESSIONAL WORKING GROUPS
 - 4.1. Report of the Working Group on Operational Effectiveness and Cost Saving Measures
 - 4.2. Report of the Intersessional Correspondence Group on Strengthening IWC Financing
 - 4.3. Report of the Working Group on Providing Options to Governments with Limited Means to Participate in the Commission's work
 - 4.4. Intersessional Working Group on Website Guidance
 - 4.5. Development of the Scientific Committee's Rules of Procedure
 - 4.5.1. Consideration of changes arising from IWC Resolution 2014-4
 - 4.5.2. Consideration of changes arising from the Scientific Committee's meeting in 2016
5. PROPOSED RESOLUTIONS
6. FORMULA FOR CALCULATING CONTRIBUTIONS AND RELATED MATTERS
7. FINANCIAL STATEMENTS, BUDGETS AND OTHER MATTERS ADDRESSED BY THE BUDGETARY SUB-COMMITTEE
 - 7.1. Review of the provisional financial statement year ending 31 December 2016
 - 7.1.1. Report of the Budgetary Sub-committee
 - 7.1.2. Secretary's report on the collection of financial contributions
 - 7.1.3. Update on purchase of the Commission's Headquarters Premises in February 2016
 - 7.2. Scientific Committee Future Work Plan and Research Budget
 - 7.2.1. Report of the Budgetary Sub-committee
 - 7.2.2. F&A Committee discussions and recommendations
 - 7.3. Consideration of the proposed budget for 2017 and 2018
 - 7.3.1. Report of the Budgetary Sub-committee,
 - 7.3.2. F&A Committee discussions and recommendations
 - 7.4. Budgetary Sub-committee Operations
8. DATE AND PLACE OF FORTHCOMING MEETINGS
9. BUREAU MEMBERSHIP
10. ADOPTION OF REPORT

TERMS OF REFERENCE

The Finance and Administration Committee shall advise the Commission on expenditure, budgets, scale of contributions, Financial Regulations, staff questions, and other such matters as the Commission may refer to it from time to time (*Rules of Procedure, Rule M.8*).

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.

Appendix 4

WG-OE Proposed Changes to the Rules of Procedure and Rules of Debate

Modification to Rules of Procedure

E.4 Between meetings of the Commission or in the case of emergency, a vote of the Commissioners may be taken by post, or other means of communication in which case the necessary simple **majority shall be of those Contracting Governments whose right has not been suspended under paragraph 2 casting an affirmative or negative vote**, or where required, **the necessary** three-fourths majority; shall be of **those Contracting Governments whose right to vote has not been suspended under paragraph 2 casting an affirmative or negative vote** the total number of Contracting Governments whose right to vote has not been suspended under paragraph 2. **In each case, a simple majority of the members of the Commission must have cast a vote.**

F.2(g) The Chair may form ad hoc groups of interested Commissioners at any time to facilitate the reaching of consensus consistent with Rule E.

[J.4 If a proposal to amend Schedule paragraph 13 is circulated to the Commissioners 90 days or more in advance of the Commission meeting at which that proposal is to be discussed, then Contracting Governments should endeavor to submit comments on the proposal for circulation to the Commissioners at least 30 days in advance of the meeting to facilitate consideration by the Commission.]

Modification to Rules of Debate

A.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. ~~Observers~~ **Each Observer organization** will only be allowed to speak once at each Agenda item under discussion, and at the discretion of the Chair.

C.3 Notwithstanding anything in these Rules, the Chair may suspend the meeting for a brief period at any time in order to allow informal discussions aimed at reaching consensus consistent with Rule E of the Rules of Procedure. **The Chair may also extend a session in order to facilitate decision-making.**

Appendix 5

RECOMMENDED WORK PLAN OF THE INTERSESSIONAL CORRESPONDENCE GROUP ON STRENGTHENING IWC FINANCING, 2016-2018²

| Activity | Undertaken by | Resource implications ³ |
|--|--|--|
| Report to IWC67 on the need for a Code of Ethical Fundraising | ICGSF | Core |
| Maintain the financial pages on the IWC website to ensure they remain current and relevant. | IWC Secretariat | Core |
| Continue the administration of the Voluntary Conservation Fund and explore ways to publicise the Fund and encourage contributions. | ICGSF and IWC Secretariat | Core |
| Establish a process to allocate the Voluntary Conservation Fund, building on the experience from the Small Cetaceans Fund. | ICGSF and IWC Secretariat | Core |
| Review the eligibility criteria to ensure they are consistent with the Conservation Committee Strategic Plan. | ICGSF | Core |
| Further develop the IWC's website to highlight funding opportunities of potential relevance to the IWC's work programmes. This will include a dedicated section on external funding opportunities that may be relevant. | IWC Secretariat | Core |
| Continue to engage with other organisations and identify new opportunities. Where appropriate, joint fund raising or partnership work to implement the Commission's recommendations will be taken forward. Outreach to potential funders will also be undertaken as appropriate. | IWC Secretariat | Core |
| Ongoing review of opportunities to engage with Trust Funds/Foundations and their relevance to the IWC work programme, including outreach where appropriate. | IWC Secretariat | Core |
| Develop budgeted work plans including a list of projects that require external funding. | ICGSF, IWC Secretariat, Chairs of the Conservation Committee and its Standing Working groups | Core |
| Ongoing review of available funding streams that could potentially be accessed to support the implementation of the Commission's recommendations. | IWC Secretariat | Core |
| Develop project templates and outline standard costs, to support the development of project proposals. | IWC Secretariat | Core |
| Develop funding proposals and submit grant applications to support activities recommended by the Commission. | ICGSF, IWC Secretariat, Chairs of the Conservation Committee and its Standing Working groups | Core and additional Secretariat capacity may be required |
| Agree the Chair of the ICGSF for the next intersessional period. Stephanie Langerock (Belgium), current interim Chair, has offered to undertake this role. | ICGSF | - |

² Annex 1, IWC/66/F&A08

³ Core - will be undertaken as part of ongoing Secretariat work.

Core and additional Secretariat capacity may be required: Secretariat time is limited and any substantive activity may require, for example, input from the IWC standing working groups or the use of consultants. If and where possible costs incurred will be recovered from grant bodies.

Appendix 6

2016 Capacity to Pay Groups 1 & 2

Contracting Governments are allocated into Capacity to Pay groupings dependent upon Gross National Income (GNI) and Gross National Income per capita (GNIC). The thresholds for the capacity to pay groups are adjusted each year for global inflation.

When issuing invoices for the 2017 financial year the Secretariat will review the position of each country against these criteria using updated information from the World Bank, so the list will change.

Capacity to Pay Group 1 (in 2016)

*Definition: GNI less than \$14.057 billion **and** GNI/capita less than USD \$14,057.*

| | |
|------------------|------------------------------|
| Belize | Mauritania |
| Benin | Mongolia |
| Congo, Rep | Nauru |
| Dominica | Nicaragua |
| Eritrea | Palau |
| Gambia, The | Solomon Islands |
| Grenada | St Kitts and Nevis |
| Guinea | St Vincent & The Grenadines. |
| Guinea-Bissau | St Lucia |
| Kiribati | Suriname |
| Lao PDR | Togo |
| Mali | Tuvalu |
| Marshall Islands | |

Capacity to Pay Group 2 (in 2016)

*Definition: GNI greater than USD \$14.057 billions **and** GNI/capita less than USD \$14,057 **or** 'very small countries' (population <100,000 **and** GNI < USD \$ 7.209 billions **and** GNIPC > USD \$14,057)*

| | |
|--------------------|--------------------|
| Brazil | India |
| Bulgaria | Kenya |
| Cambodia | Mexico |
| Cameroon | Monaco |
| China, P.R of | Morocco |
| Colombia | Panama |
| Costa Rica | Peru |
| Cote d'Ivoire | Poland |
| Croatia | Romania |
| Dominican Republic | Russian Federation |
| Ecuador | San Marino |
| Gabon | Senegal |
| Ghana | South Africa |
| Guatemala | Tanzania |
| Hungary | |

Appendix 7

Guidance on the Use of the IWC Website and Recommended Incremental Approach to Facilitate Communication Amongst Commission Members

A. Guidance On The Use Of The IWC Website

General Principles

The objective of the IWC website is to improve public understanding and increase transparency of the work of the IWC.

It does this by recording factually and neutrally, the business of the Commission.

The website should cater for different audiences by dividing content into three levels: introductory, intermediate and practitioner.

Wherever possible, images should be incorporated onto web pages, to support the text and enhance presentation.

Practical Guidance

The Secretariat is responsible for maintaining, developing and updating the IWC website in line with the principles above.

Members of the Commission are invited to provide or suggest content, all of which will be edited by the Secretariat to ensure coherence of style and format across the site as a whole.

Work that has been clearly endorsed by the Commission should be recorded on the website in as timely a fashion as resources allow.

Work that has not received this endorsement should be considered on a case-by-case basis, and referred by the Secretariat to the IWC Chair and/or Vice Chair.

B. Recommended Incremental Approach To Facilitate Communication Amongst Commission Members

Short term (Winter 2016):

The existing IWC intranet forum framework is offered and promoted to all working groups and to kick-start a programme of web-based discussion and information exchange.

An e-mail listserve is established for Commissioners. This will help gauge the appetite for more sophisticated online information-sharing tools amongst Commissioners.

Medium term (intersessional period 2016-18):

The Secretariat IT Department develops an integrated information sharing/e-mail distribution tool to be piloted by one of the working groups and, assuming it's useful for members, offered to other working groups.

Longer term: (post IWC67-2018):

If feedback from Commissioners and Working Groups is positive, resources are allocated to develop a separate, restricted intranet site for Commission-members, integrating the existing e-mail distribution listserve with a secure information sharing/discussion site.

Appendix 8

PROPOSED REVISION OF THE SCIENTIFIC COMMITTEE RULES OF PROCEDURE: ON INVITED PARTICIPANTS⁴

Rationale

An issue has been identified in our current RoPs concerning the procedure used for Invited Participants. In particular, some wording in Rule A.6.h is inconsistent with Rule A.6.b.

Rule A.6.b states that:

[...]

At the same time as (b) a letter will be sent to the government of the country where the scientist is domiciled for the primary purpose of enquiring whether that Government would be prepared to pay for the scientist's participation. If it is, the scientist is no longer an Invited Participant but becomes a national delegate.

Rule A.6.h appears to contradict the last part of Rule A6b, by stating the following:

After an Invited Participant has his/her participation confirmed through the procedures set up above, a Contracting Government may grant this person national delegate status, thereby entitling him/her to full participation in Committee proceedings, without prejudice to funding arrangements previously agreed upon to support the attendance of the scientist in question.

Solution

In order to avoid any potential misinterpretation of these two rules, we propose the following amendment to Rule A6h:

After an Invited Participant has his/her participation confirmed through the procedures set up above, a Contracting Government may grant this person national delegate status, thereby entitling him/her to full participation in Committee proceedings., ~~without prejudice to funding arrangements previously agreed upon to support the attendance of the scientist in question.~~

⁴ IWC/66/F&A12

Appendix 9

Report of the Budgetary Sub-Committee

Thursday 20 October 2016, Portorož, Slovenia

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. |

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 Adjunct 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 Adjunct 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 Adjunct 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:
- 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.
 - 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.
 - 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.
28. 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

29. Belgium and the USA supported the use of the Commission’s severance pay fund to pay down the bank loan on the Red House.
30. 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.
31. 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.
32. 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.
33. 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.
34. 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

35. 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.
36. 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.
37. 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

38. 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).
39. 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).
40. 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.
41. 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.
42. 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.
43. 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

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

Adjunct 1. List of Participants (Budgetary Sub-Committee)

ARGENTINA

Juan Pablo Paniego
Miguel Iniquez

AUSTRALIA

Deb Callister
Suzi Heaton
Frank LaMacchia

AUSTRIA

Andrea Nouak

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

Adjunct 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 |

Adjunct 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.

Appendix 10

IWC/66/Rep01 (2016) Table 26 as Revised by the F&A Committee

Summary of budget requests for the 2017-18 period. For explanation and details of each project see text.

| RP no. | Title | Relevance to sub-committees & working groups | 2017 (£) | 2018 (£) |
|---------------------------------------|---|--|------------------------|-----------------|
| Meetings/Workshop | | | | |
| SC01 | Invited Participants - SC/67a & b | SC | 45,000 ¹ | 76,000 |
| SH09 | Workshop on integration of eastern South and Central Pacific Blue, Humpback, and fin whale photo catalogues | SH | 4,600 | 0 |
| IA01 | Pre-meeting for an in-depth assessment of North Pacific humpbacks | IA | 6,000 | |
| EM01 | Two Joint SC-CAMLR and IWC-SC Workshops | EM | 5,500 ² | 16,000 |
| AWMP-RMP01 | AWMP/RMP Joint Intersessional Workshop | AWMP, RMP | 8,000 ³ | 0 |
| AWMP01 | AWMP Intersessional Workshop | AWMP | 0 | 10,000 |
| BRG02 | Fourth workshop on the rangewide review of population structure and status of North Pacific gray whales. | BRG, AWMP | 9,500 | 0 |
| BRG04 | Satellite tagging best practices workshop | E, CMP | | |
| WW01 | Intersessional workshop-data gaps and modelling requirements for assessing the impacts of whalewatching | BRG, SH, E | 15,000 | 0 |
| RMP01 | Intersessional workshops-Implementation review, North Pacific Bryde's whales | WW | 10,000 | 11,500 |
| [SP01] | [Review of a special permit proposal for Japan's new whale research program in the Western North Pacific] | RMP | 10,000 | 10,000 |
| E05 | Cumulative Impacts premeeting or intersessional | SP, IA, SD, RMP, EM, E | [23,000 ⁴] | |
| E03 | HAB focus/premeeting | E | 12,000 | 10,000 |
| SM01 | Intersessional workshop: resolving <i>Tursiops</i> taxonomy | E | 0 | 8,500 |
| | | SM, SD | | |
| Modelling/Computing | | | | |
| SH07 | Defining blue whale population boundaries and estimating associated historical catches, using catch data in the Southern Hemisphere and northern Indian Ocean | SH | 0 | 9,500 |
| AWMP02 | AWMP developers fund | AWMP | 200 | 2,000 |
| SH10 | Modelling analyses for future assessments of Southern Hemisphere humpback populations | SH | 2,000 | 2,500 |
| IA02 | Assessment modelling for an in-depth assessment—North Pacific sei whales | IA | 2,500 | 2,500 |
| E02 | Pollution 2020: contaminants, data integration and mapping | E, SM, BRG | 0 | 4,000 |
| RMP02 | Essential computing support to the Secretariat for RMP | RMP | 2,000 | 10,000 |
| Research | | | | |
| <i>Sub-total</i> | | | | |
| BRG01 | Aerial photographic survey of southern right whales on the southern Cape nursery ground in South Africa | BRG | 20,000 | 0 |
| BRG05 | Tracking southern right whales through the southwest Atlantic | BRG | 11,000 | 0 |
| BRG03 | Passive acoustic monitoring of the eastern South Pacific Southern right whales, improving CMP outputs | BRG | 14,500 | 14,500 |
| SH03a | Northern Indian Ocean humpback subspecies determination-genetics | SH | 0 | 7,500 |
| SH05 | Acoustic monitoring of 'pygmy' blue whales in the Mozambique Channel off the northwest coast of Madagascar | SH | 11,500 | 0 |
| IA03 | IWC-POWER cruise | IA | 36,000 | 36,000 |
| Database/Catalogues | | | | |
| SH01 | Antarctic humpback whale photo catalogue | SH | 15,000 | 0 |
| SH02 | Southern Hemisphere blue whale catalogue | SH | 17,500 | 15,500 |
| SH03b | Data archiving tool for Northern Indian Ocean humpbacks | SH | 10,000 | 0 |
| SH08 | Development of a permanent blue whale song reference library | SH | 0 | 4,000 |
| HIM01 | Ship strike database coordinator | HIM | 10,000 | 10,000 |
| HIM02 | Design and construction of an initial global entanglement database | HIM | 8,000 | 0 |
| E01 | Cetacean Diseases of concern | E | 4,000 | 2,000 |
| Report | | | | |
| E04 | SOCER | E | 3,000 | 4,000 |
| Follow-up from recommendations | | | | |
| SC02 | Follow-up from recommendations relevant to the work of all groups | SC | 20,000 | 49,800 |
| Total request | | | £315,800 | £315,800 |

Notes: ¹£76,000 was the expected financial need for 2017 but savings from 2016 allowed for the reduced budget of £45,000; ²£16,000 was the expected financial need for 2017 but savings from 2016 allowed for the reduced budget of £5,500; ³the AWMP and RMP Intersessional workshops are held jointly to reduce the cost of invited participants that are common to both meetings; ⁴some delegations expressed some reservation over the use of funds for this workshop; the Chair clarified that these funds are exclusively used to cover the costs of the Independent Panel Experts.