

**WORKING GROUP I
(ORGANIZATIONAL STRUCTURE, BUDGET AND FINANCIAL CONTRIBUTIONS)**

**PROVISIONAL BUDGET AND SCHEME OF CONTRIBUTIONS FOR THE
COMMISSION IN ITS FIRST YEARS OF OPERATION**

Prepared by the Secretariat

I. INTRODUCTION

1. At previous sessions of the Preparatory Conference, Working Group I (WG. I) has considered sequentially the various matters set out in its terms of reference (WCPFC/PrepCon/3). Thus, at PrepCon III, WG.I gave consideration to the matter of the costs associated with the Commission Secretariat, the provision of external services to the Commission and the application of cost recovery principles to the work of the Commission.¹ At PrepCon IV, WG.I began substantive consideration of the issues associated with the development of a scheme for the assessment of contributions to the budget of the Commission. This work was continued at PrepCon V, when WG.I also considered in more detail the issue of a special requirements fund for the purposes identified in article 30 of the Convention.

2. At the outset, it will be recalled that WG.I agreed that the following principles would serve as a guide to its work:

- (a) The Commission should, as far as possible be self-reliant with respect to funding;
- (b) The Commission Secretariat must be independent and adequately resourced in order to ensure an efficient and cost-effective organization;
- (c) Services procured by the Commission should be sourced at market rates and subject to clear standards and specifications;
- (d) Every effort should be made to avoid duplication in the provision of services, ensure compatibility and maintain cost-effectiveness.

These principles have continued to guide and inform the preparation of the present document.

¹ See WCPFC/PrepCon/WP.7, WCPFC/PrepCon/WP.8 and WCPFC/PrepCon/19.

3. In light of the progress made in its discussions on the scheme of contributions, it was agreed that, at PrepCon VI, WG.I should return to address in detail matters relating to the structure of the Commission Secretariat as well as the provisional budget of the Commission for its early years and how such a budget may be financed.

4. In order to better inform its discussions, the following working papers had been provided to WG.I at earlier sessions. These remain available on the PrepCon website, www.ocean-affairs.com:

WCPFC/PrepCon/WP.3	Service needs of the Commission and options and secretariat structures for the delivery of such services
WCPFC/PrepCon/WP.7	Indicative costs for a Commission Secretariat and related issues
WCPFC/PrepCon/WP.8	Application of cost recovery principles to the provision of Commission services
WCPFC/PrepCon/WP.13 and Rev.1	Formula for assessment of contributions to the budget of the Commission

During the discussions at PrepCon V, however, it was noted that much of the information that had been provided in these papers had been superseded in the light of subsequent developments and would need to be revisited. This would be particularly important in light of the recommendations regarding the science structure of the Commission which had been formulated by Working Group II during PrepCon V and also taking into account the discussions taking place in Working Group III.

5. The purpose of the present working paper, therefore, is to provide the working group with a revised proposal for a Secretariat structure taking into account the discussions to date together with a provisional indicative budget for the first year of operation of the Commission. The provisional indicative budget also includes revised and updated costings for the external services to be sourced by the Commission. In addition, following the discussions that took place at PrepCon V, it is now possible to provide an accurate forecast of the costs associated with the participation of developing States and territories in the work of the Commission and to factor this element into the provisional indicative budget. Finally, taking into account the outcome of the discussions at PrepCon V on the scheme of contributions, it is possible to provide, on an indicative basis, a schedule of estimated contributions for the first financial period of the Commission. In light of the stipulation in the draft Financial Regulations² that the draft budget should be accompanied by a forecast budget for the subsequent financial year, the provisional indicative budget also includes tentative projections for Years 2 and 3 of the Commission's existence.

II. SECRETARIAT STRUCTURE AND INDICATIVE COSTS

A. Proposed secretariat structure

6. In its earlier deliberations, there was broad support within WG.I for using the proposed Secretariat structure presented in document WCPFC/PrepCon/WP.3 as a basis for further consideration of the costs associated with the Commission Secretariat. That structure was based

² WCPFC/PrepCon/WP.2/Rev.1.

upon an Executive Director appointed in accordance with the Convention, five Professional staff members and seven General Service staff recruited at locality rates, giving a total staff of 13. While this basic structure has been maintained, the model has been further refined in the light of the discussions that took place in WG.I at PrepCon III and in the light of the conclusions reached by WG.II in relation to the structure for the scientific functions of the Commission during its transitional period (WCPFC/PrepCon/32, paras. 5 – 7 and annex III).

7. Under the alternative developed by WG.II a professional staff of one Science Manager would be required to manage the external provision of science services. This would be a senior position, requiring an incumbent with high-level qualifications including broad experience in fisheries science and project management. A Data Manager, with high-level qualifications in database management and information and communications technology (ICT) would be required to manage the Commission's databases and data management functions. An Observer Programme Coordinator would manage activities associated with both scientific and MCS-related observer activities.

8. The revised proposal for the Secretariat structure is set out in Annex I to the present document. The revised structure also takes into account preliminary comments made by members of WG.I during PrepCon III. In particular, it will be seen that the senior position of Science Manager has also been allocated the responsibilities of a Deputy to the Executive Director. Although one delegation had proposed the establishment of a specific position of Deputy Director, others felt that this was difficult to justify on financial grounds and it is hoped that the present proposal, which involves conferring additional responsibilities on the most senior professional staff position (and remunerating that position at a level commensurate with those responsibilities), goes some way towards meeting the concerns of all delegations. The proposed structure has also been streamlined as far as possible, whilst bearing in mind that for a Commission of this size and extent of responsibilities, it is simply not realistic to reduce the overall number of staff positions below the basic minimum needed to provide essential services. Compared to the model produced for preliminary consideration at PrepCon III, the overall staffing level proposed has been reduced to 14 (six Professional and eight General Service³) by the third year of operation of the Commission, when the Secretariat begins to carry out the full range of functions identified in the Convention

9. To assist in considering in more detail the need for each staff position, Annex II sets out the broad functions of each proposed staff position. The table also indicates the year in which it might be anticipated that each staff position would become operational.

B. Indicative costs of proposed Secretariat structure

10. The costs associated with the establishment of a Commission Secretariat include not only the direct costs associated with the recruitment and remuneration of staff, but also other costs attributable to the core budget of the organization, including the general operating costs of the Commission, the purchase and maintenance of capital assets, meeting costs and the costs of the provision of services to the Commission. The latter item is considered in more detail in Part III.

1. Remuneration system for staff of the Secretariat

³ For convenience, locally-recruited staff positions are referred to throughout as "General Service", although that is an appellation used by the UN system.

11. At least in the early years, the largest component of the budget of the Commission is likely to be staff costs, including salaries, allowances and the costs of recruitment. In most intergovernmental organizations, the relationship between the staff and the employing organization, including the terms and conditions of service, is governed by a set of Staff Regulations, established by the members of the organization and elaborated through administrative directions and rules established by the chief executive officer of the organization.

12. In determining an appropriate remuneration system for the staff of the Commission secretariat, it is important to recall article 16, paragraph 2, of the Convention, which provides as follows:

“ The paramount consideration in the recruitment and employment of the staff shall be the necessity of securing the highest standards of efficiency, competence and integrity. Subject to this consideration, due regard shall be paid to the importance of recruiting the staff on an equitable basis between the members of the Commission with a view to ensuring a broad-based Secretariat.”

Similar provisions appear in the constituent instruments of many international organizations, most notably in article 101 of the Charter of the United Nations and in article 167, paragraph 2, of the United Nations Convention on the Law of the Sea. The provision makes it clear that the paramount consideration is the need to secure staff of the highest standards of efficiency, competence, and integrity. The establishment of the remuneration system should reflect this intention. If the Commission is to attract the highest quality candidates then remuneration will be an important consideration as there is likely to be considerable competition in the employment market for such personnel. Article 16 also requires due regard to be paid to the importance of recruiting the staff on an equitable basis between the members of the Commission with a view to ensuring a broad-based secretariat. On the basis that the Commission will have a membership drawn from States both within and beyond the Asia-Pacific region it may also be appropriate to consider the extent to which the Commission should seek to attract suitably qualified applicants from across the entire range of potential member States. In the United Nations, which applies a common system of salaries and allowances to over 52,000 international staff members, these competing objectives have been reflected in the so-called Noblemaire principle, which places importance upon the ability to recruit from all member States by establishing the base salaries of professional staff by reference to the highest paid national public service (in the case of the United Nations this is considered to be the U.S. Federal Civil Service).

13. In previous discussions in WG.I, a range of options for a system of remuneration were considered, ranging from participation in the United Nations common system of salaries and allowances⁴ to participation in a regional system of salaries and allowances, such as the system applied by the agencies of the Council of Regional Organizations of the Pacific (CROP).⁵ The advantages and disadvantages of each option were discussed in some detail. It was noted that the CROP system is not designed to accommodate the needs of countries which are not members of

⁴ Some of the regional fisheries management organizations that apply the UN Common system include: The Commission for the Conservation of Southern Bluefin Tuna (CCSBT); The Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR); the International Commission for the Conservation of Atlantic Tunas (ICCAT); and the Indian Ocean Tuna Commission (IOTC).

⁵ The organizations involved include the Forum Fisheries Agency (FFA); the Pacific Forum Secretariat (ForSEC), the Secretariat of the Pacific Community (SPC), the South Pacific Applied Geoscience Commission (SOPAC); and the South Pacific Regional Environment Programme (SPREP).

the CROP organizations and that those countries will not have had the opportunity to provide any input into the process of establishing the CROP standards. Further, the concept of a regional civil service is not well-developed and there is no centralized administration of terms and conditions nor is there any standardized methodology for the purposes of budgeting for staff positions. There is also no pension fund. At present, the CROP remuneration system is in a state of flux, with a major review ongoing including, inter alia, a review of the appropriate comparator index. On the other hand, it was noted that participation in the UN system is administratively complex and may be unnecessarily burdensome to apply within a relatively small organization. This indeed has been the experience of both CCAMLR and CCSBT, both of which apply the salary conditions developed by the International Civil Service Commission, but have developed acceptable alternatives to the UN pension and insurance schemes.

14. It is suggested that for WG.I to debate a direct comparison between, for example, UN and CROP salary scales would be counter-productive, primarily because such a comparison is very difficult to make, but also because it is apparent that neither system would fully meet the specific requirements of the Commission nor respect its unique characteristics as an organization which is located within the Pacific Islands region but has a broad-based, divergent, membership.

15. It is recommended, therefore, that WG.I should first seek to reach broad agreement on the structure of the proposed Secretariat and the functions of each position as set out in annexes I and II. The next stage, which could be carried out between PrepCon VI and PrepCon VII, would be to conduct a detailed job-sizing exercise which would include the establishment of market indicators and appropriate remuneration packages for the key professional staff positions. Market indicators for the General Service staff positions could be easily derived from a study of host country employment conditions.⁶ This work could be conducted by any one of a number of internationally-recognized firms experienced in such matters. As a basic benchmark, WG.I had suggested at previous meetings that the level for the Executive Director should be broadly equivalent, at least in terms of key competencies and responsibilities, to level D-1 in the UN system.⁷ Subject to further consideration by PrepCon VII, this should enable initial appointments to the Commission secretariat to be made, at least on a short-term basis, pending the approval by the Commission of more detailed Staff Regulations in its first few years of operation.

16. As far as the indicative budget is concerned, pending the exercise described in paragraph 15, a provisional figure of US\$ 600,000 is proposed during the first year and US\$ 900,000 for subsequent years.⁸

2. General operating expenses

17. In addition to staffing costs, the Commission will also have to meet the ongoing general operating expenses of the Secretariat. These would include official staff travel on mission, consultancy, maintenance of capital assets (vehicles, computers etc.), communications, electricity, office supplies, printing, general maintenance and security, library acquisitions and subscriptions, external printing, audit fees and bank charges. Many of these items, especially those relating to travel, utilities, security and communications, are heavily influenced by the

⁶ Usually, international organizations employ General Service staff on the basis of the best rates paid for such work in the locality of the organization, the so-called "Flemming" principle.

⁷ That is, the same level as the Executive Secretary of IOTC.

⁸ It may be noted for comparison that the IOTC budget for staff costs (12 positions) for 2003 was US\$ 907,968. It should also be noted that the budget line item includes all costs associated with staff employment, such as leave, pension, recruitment, education allowances etc., and not just salary.

location and characteristics of the headquarters. It is not really possible at this stage to give any more than a general indication of the extent of the costs involved, but it is considered that the amounts shown in Annex IV are a reasonable indication of the likely costs.

3. Purchase and maintenance of capital assets

18. It is assumed that the Commission will not own real estate assets. Office accommodation, free of charge, would be provided by the host government. The Commission would be required to pay for normal maintenance. However, particularly in the early years of operation of the Commission, there will be a need to acquire capital assets. These include, for example, vehicles, office furniture, photocopiers, library books and supplies and computers (network server, web server etc.). These should therefore be reflected in the indicative budget for the first year.

4. Meeting costs

19. The cost of convening meetings of the Commission and its subsidiary bodies depends to a great extent upon where those meetings take place. However, given that it is unlikely that the Commission will have its own purpose-built conference venue, there will be a need to make provision for the hire of meeting space, which may include sums for such items as rental of additional photocopiers, computers, sound systems and other essential equipment. In addition, given the small size of the proposed Secretariat, it is likely that there would be a need to make provision for the hire of temporary staff when the Commission is in session. These costs could be significantly increased if the Commission decided to hold its meetings in different countries, for example on a rotational basis, because of the need for additional staff travel and local hire of meeting facilities (which may be quite costly where hotel facilities are used).

20. By far the major expense under this head, however, will be the cost of financing the participation of developing States Parties, territories and possessions. It will be recalled that, during its discussions on the draft Financial Regulations for the Commission, a proposal had been made to insert the following provision:

“3.5 The draft budget shall include an item specifying the costs required to finance the travel and subsistence for one representative from each developing State Party to the Convention and, where appropriate, territories and possessions, to each meeting of the Commission and to meetings of relevant subsidiary bodies of the Commission.”

21. On the basis that a total of 20 participants (one from each developing State Party, territory and possession) would require funding, it is estimated that the total budgetary requirement under this sub-item would be US\$131,300. A breakdown of this figure is provided in Annex III.

IV. PROVISION OF EXTERNAL SERVICES

22. The working paper prepared for PrepCon III (WCPFC/PrepCon/WP.7), contained a discussion of the way in which the Commission may source services relating to science and research, data management, administration of the vessel register and the provision of a Vessel

Monitoring System (VMS).⁹ Although in the that paper, an indicative budget US\$ 1,200,000 was proposed for the provision of such external services, it was noted by WG.I that it was still too early in the process to make assumptions as to the precise nature and extent of the services that would be required and that further discussion in WG.II and WG.III would be required. It was also noted that there although there would clearly be a need at a later stage to incorporate the costs of a Commission observer programme and VMS, it was not possible to consider those items at such an early stage of the development of the Commission. No allowance has therefore been made for these items in the provisional indicative budget, although the discussion in WCPFC/PrepCon/WP.7 remains relevant for future consideration.

23. In the light of the discussions at PrepCon V in WG.II,¹⁰ and on the assumption that scientific services will, at least during the transitional period identified by WG.II, be provided by OFP-SPC, it has been possible to substantially revise the estimated costs of the provision of scientific services. These are considered below, along with the costs of administering the vessel register.

A. Provision of scientific services by SPC-OFP

24. Currently the SPC-OFP undertakes, on behalf of its member countries, many of the data- and stock-assessment-related activities that the Commission will ultimately require, with appropriate modification, for its own scientific information needs. These activities were identified by WG.II at PrepCon V.¹¹ Such activities are currently funded from a range of sources, including SPC core funding (i.e. assessed contributions of member countries), long-term extra-budgetary funding from several SPC metropolitan members, and fixed-term project funding from sources including the European Community, the Global Environment Facility, some fishing nations and SPC island members. During the initial period of the Commission's operation, when the majority of its membership is likely to be a subset of the SPC membership, SPC has advised that it considers it appropriate that the OFP uses its existing resources as much as possible to satisfy the data and stock assessment needs of the Commission. However, the SPC membership has also made it clear that, even during the initial stages of the Commission, the provision of services to the Commission by the OFP must not be to the detriment of services that are currently provided by the OFP to SPC members, and that the Commission would need to cover the incremental costs of any OFP services that go beyond, or are more specific, than the services that are normally provided by the SPC-OFP to its membership. As the Commission membership broadens to include more countries that are not SPC members, particularly the larger fishing nations, the expectation is that the Commission would begin to assume greater financial responsibility for the full package of scientific services that it requires.

25. In the first full year of the Commission's operation, it is anticipated that the Commission will require the following priority data-related services:

(a) Database products tailored to specification, including summary databases of historical catch, effort and size composition for the major target species at various levels of spatial resolution;

⁹ The analysis in that paper was derived from cost estimates provided by existing regional organizations (OFP-SPC and the Forum Fisheries Agency) and, where possible, advice and cost information from commercial service providers.

¹⁰ See WCPFC/PrepCon/32.

¹¹ Id. Annex III.

- (b) Estimates of catches of major non-target species
- (c) Data summaries and statistical analyses of various types to support consideration of issues before the Commission and its subsidiary bodies, including consideration of potential management measures;
- (d) Provision of analyses in support of planning of regional observer and other sampling programmes;
- (e) Provision of statistical information to the FAO on behalf of the Commission.

26. In the first full year of the Commission's operation, it is anticipated that the Commission will require the following priority stock-assessment-related services:

- (a) Stock assessments of yellowfin and bigeye tuna in the Convention Area, tailored to specifications that might be adopted by the Scientific Committee or its technical sub-committees:
- (b) Updating of current stock assessment methodology to reflect the information requirements of the Commission:
- (c) Undertaking specific analyses, such as catch-per-unit-effort standardization, in support of stock assessment:
- (d) Begin assembling data, developing stock assessment methodology and undertaking preliminary analyses for species of interest to the Commission that are not currently routinely assessed (e.g. marlins, some species of sharks).¹²

27. It is estimated that the incremental costs of providing these services in the first full year of the Commission's operation will be equivalent to the cost of two mid-level scientific positions, one focused on fisheries statistics and the other on stock assessment. The estimated cost of two such positions (equivalent to two positions at CROP level J.4) is US\$ 223,561. In addition, travel costs for staff members to the Commission and the Scientific Committee are estimated at US\$ 16,000. Overall, the incremental cost of data and stock assessment services provided by SPC-OFP in the first full year of operation of the Commission is estimated at US\$ 240,000. This figure would need to be revised on an annual basis in the light of funding available for the OFP from its traditional donors, changes in the Commission membership, the capacity of its Secretariat, and the evolution of its scientific requirements.

B. Vessel Register

28. Article 24 of the Convention requires members of the Commission to maintain a record of vessels authorized to fish in the Convention Area and goes on to require that the information as set in Annex IV of the Convention be provided to the Commission annually or when alterations occur. The Commission is required pursuant to article 24, paragraph 7, to maintain a record of the information provided by members and to circulate this information periodically to all members or on request individually to any member. The Commission could take a number of approaches to the management of these data, ranging from paper records and manual searches, through a simple

¹² This list of requirements is subject to further refinement by WG.II and by SCG, but is assumed to broadly reflect the scope of the services that will be required by the Commission.

electronic database to a more complete vessel register system akin to those applied in many national jurisdictions with the ability to search the database.

29. To enable the Commission to satisfy the requirements of article 24, an electronic vessel register is proposed. It has been assumed that capacity for approximately 2,000 vessels would be required in the medium term. This is based upon the 1,200 vessels currently on the FFA system, plus provision for another 1,000 vessels that may either be operating in EEZ jurisdictions outside the FFA membership or authorized to operate on the high seas in the Convention Area.

30. FFA has advised that if it were to be engaged to provide vessel register services to the Commission, the cost to the Commission would be in the order of US\$ 120,000 in the first year with ongoing costs of US\$ 96,000 per annum. The initial costs include the costs of programming and hardware to create a parallel system to the current FFA register. It is estimated that going out to commercial service providers (which in relation to a vessel register could include providers that manage similar register-style databases in other sectors) is likely to involve costs in the order of US\$ 200,000 in the first year with ongoing costs of US\$ 100,000 per annum. A commercial register would include all the details, including photographs, stipulated in Annex IV of the Convention and, in addition to regular reports being prepared by the service provider, members of the Commission would also be able to access the register via the Internet.

31. Even with the secretariat staffing levels proposed in the present paper, it is anticipated that the Commission secretariat could operate an in-house vessel register. The additional cost to the Commission would be the set-up costs associated with the establishment of the database and ongoing maintenance. An indication of possible establishment costs may be drawn from recent international tenders involving a vessel register integrated with a vessel monitoring system. The establishment cost of the vessel register component of such a system is in the order of US\$ 400,000. Ongoing costs, in addition to staff costs and Secretariat overheads, would be in the order of US\$ 120,000 per annum.

32. It is estimated that in the medium-term, the annual costs to the Commission for provision of the vessel register, based upon the use of either the FFA or a commercial service provider, may be in the order of US\$ 100,000 – 200,000 per year.

V. COST RECOVERY

33. It will be recalled that a separate working paper (issued as WCPFC/PrepCon/WP.8) had been prepared on the application of cost recovery principles to the provision of specified Commission services and remains relevant to future discussions.

VI. INDICATIVE BUDGET

34. For the purposes of the discussions in WG.I, a provisional indicative budget for the first three years of the Commission has been prepared and is contained in Annex IV to the present paper. The provisional indicative budget is based upon the assumptions contained in this paper and will clearly be subject to change as discussions in the Preparatory Conference progress. In particular, greater precision will be possible once the key variable factors of staff costs and the actual costs associated with the location of the headquarters of the Commission have been determined. Actual budget estimates for the second and subsequent years of the Commission do not, of course, need to be determined by the Preparatory Conference, and are included for illustrative purposes only. They would be subject to debate in the relevant organs of the

Commission itself. Other key variables that might affect the budget for the first year include the following:

(a) inevitable delay in recruitment of staff would affect the budget line for staff costs (but any savings would be offset to some extent by recruitment costs (travel, installation etc.) being concentrated in the first year);

(b) the timing of the actual establishment of the Commission (the budget covers a full year from January to December);

(c) the possible provision of certain capital items by the host country, or from alternative extra-budgetary sources; and

(d) the “piggy-backing” of certain of the Commission’s meetings in the first year with other existing regional meetings (e.g. SCTB).

35. It is suggested, however, that the figures contained in Annex IV provide a reasonably accurate estimate of the anticipated size of the Commission budget in the early years of its operations. This information, combined with the information on the scheme of contributions contained in the next section of the paper, should provide participants with a reasonable indication of the likely costs of membership of the Commission.

VII. SCHEME OF CONTRIBUTIONS

36. Preliminary discussions on the formula for funding the budget of the Commission took place both at MHLCC6 and, to a limited extent, at PrepCon II in Madang. The Convention, in article 18, paragraph 2, already gives guidance as to the nature of the scheme of contributions to the budget and discussions to date both within MHLCC and within PrepCon have indicated general agreement that the scheme should be based on the considerations set out in the Convention. The Convention provides as follows:

“... due consideration shall be given to each member being assessed an equal basic fee, a fee based on national wealth, reflecting the state of development of the member concerned and its ability to pay, and a variable fee. The variable fee shall be based, inter alia, on the total catch taken within exclusive economic zones and in areas beyond national jurisdiction in the Convention Area of such species as may be specified by the Commission, provided that a discount factor shall be applied to the catch taken in the exclusive economic zone of a member of the Commission which is a developing State or territory by vessels flying the flag of that member.”

37. Working Group I gave detailed consideration to a proposed scheme of assessed contributions to the budget of the Commission during its meetings at PrepCon IV and PrepCon V.¹³ The outcomes of those discussions are reflected in the reports of the Chair of WG.I to

¹³ Using, as a basis for its discussions, a working paper prepared by the Interim Secretariat (WCPFC/PrepCon/WP.13 and WP.13/Rev.1). other relevant documents considered by MHLCC and PrepCon included MHLCC/INF.2/Corr.1 and WCPFC/PrepCon/WP.4, as well as a document tabled by the delegation of Republic of Korea on proposed financial regulations for the Commission, including a scheme of contributions (WCPFC/PrepCon/DP.9).

PrepCon IV and PrepCon V (WCPFC/PrepCon/25 and WCPFC/PrepCon/31). By the end of PrepCon V, there was broad support within WG.I for the adoption of a revised methodology for the calculation of the national wealth component (NWC) on the basis of a proposal by the delegation of Korea to use an equal weighting of proportional gross national income (GNI)¹⁴ per capita¹⁵ and proportional GNI: various alternative methodologies put forward for consideration by the Interim Secretariat having been found to be unsatisfactory for one reason or another.¹⁶

38. In considering the overall scheme of contributions, it became apparent during the discussions within WG.I that the main area of difficulty was the relative weighting of the three components set out in article 18 of the Convention. Although a preference was expressed for a relative weighting of 10 per cent (base fee), 20 per cent (national wealth component) and 70 per cent (fish production component), some participants considered that the relative weighting should be 10 per cent (base fee), 45 per cent (national wealth component) and 45 per cent (fish production component). In both cases, a discount factor of 0.4 was applied to the catches taken within the exclusive economic zone of a developing State or territory by vessels flying the flag of that developing State or territory. Although a proposal was made to cap the total amount of contributions by any one member of the Commission at 25 per cent, it was noted by others that the level of contributions was largely determined by the level of catch and that a ceiling would not therefore be appropriate.

39. Following extensive discussions, including discussion of a possible compromise between the differing positions, it became clear that there was a preponderance of views in favour of a relative weighting of 10/20/70. The delegation of Korea noted that its proposal for a relative weighting of 10/45/45 remained on the table and reserved its position with respect to any possible compromise. Several participants emphasized the need to reach finality on the scheme of contributions, at least for an interim period, so that WG.I could begin to address the other matters on its agenda. The Chair of WG.I proposed that, for the time being, the Conference should proceed on the basis of the formula that had been discussed during the meeting, with the application of a relative weighting of 10/20/70, but that the matter of the relative weighting could be revisited should any compromise proposal emerge from further consideration by delegations before the next session of the PrepCon.

40. With respect to the territories and possessions listed in article 43 of the Convention, WG.I noted that, in light of the discussions that had taken place in the informal plenary in relation to the rules of procedure, the territories had not been included in the revised assessed contributions scenario. It was noted that the territories would make independent and voluntary contributions in accordance with the proposed Annex II to the rules of procedure of the Commission and that such contributions would be fixed in accordance with a methodology to be determined, but which would reflect the extent of the relevant territory's competence. The overall budget of the Commission would therefore comprise (a) assessed contributions, and (b) agreed contributions by participating territories.¹⁷

41. On the basis of the discussions to date, Annex V contains a revised summary table of contributions. For the purposes of illustration, and without prejudice to the discussion in

¹⁴ References to GNI are based on three-year average GNI.

¹⁵ Based on available sources of population data.

¹⁶ The various alternative indices of national wealth are discussed in WCPFC/PrepCon/WP.13/Rev.1.

¹⁷ WG.I noted that further work would be needed to determine the appropriate methodology, but, in the meantime, any revised scheme of contributions should be structured in such a way as to fully reflect the willingness of the territories to make agreed contributions.

paragraph 40 above, it has been assumed that the participating territories of French Polynesia, New Caledonia, Wallis and Futuna and Tokelau would make independent and voluntary contributions calculated on the same basis as the contributions of members of the Commission. Clearly, the actual dollar amounts shown in Table V would alter significantly depending upon the actual membership of the Commission at the time of entry into force and at the time the budget is adopted.

VIII. FINANCING OF THE FIRST FINANCIAL PERIOD AND TRANSITIONAL ARRANGEMENTS

42. It is inevitable that when the Convention first enters into force, the number of members of the Commission will be less than the number of participants in the Preparatory Conference. With this in mind, an evolutionary approach has been taken to the establishment of the Commission, as recommended in WCPFC/PrepCon/WP.7, and it will be seen that the budget for the first two financial periods of the Commission is set at a level that will be somewhat lower than the budget for the third and subsequent years. On the other, the need to pay for necessary set-up and infrastructure costs means that there is relatively little scope for additional cost-saving in the early years.

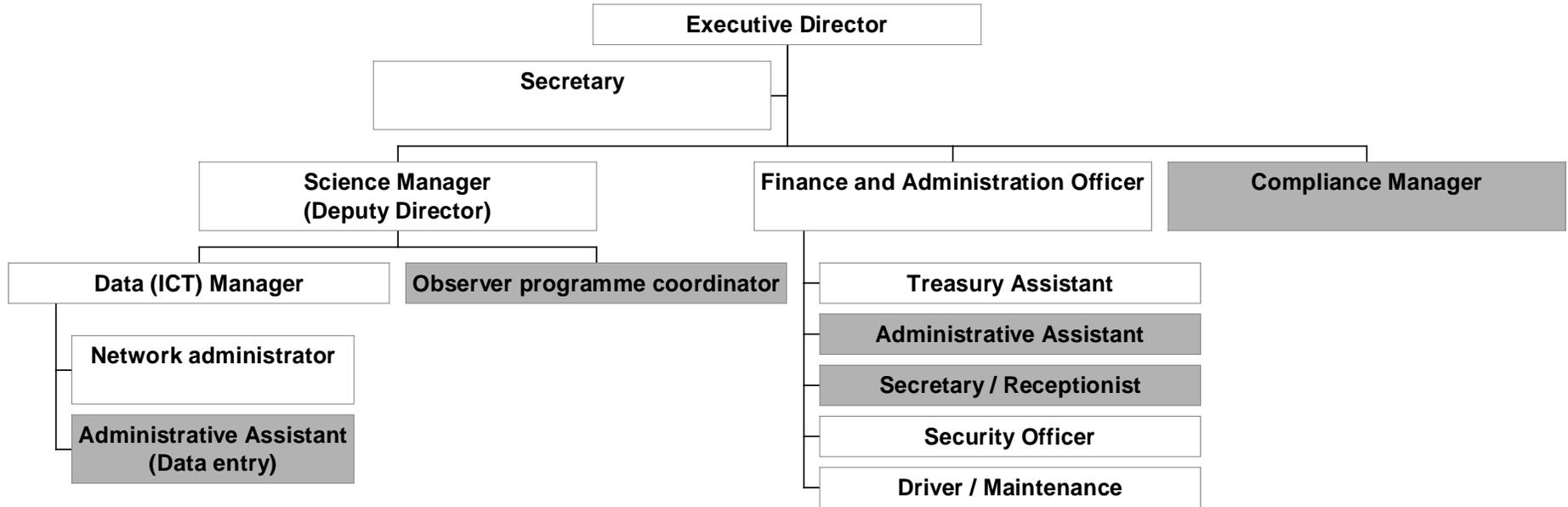
43. For this reason, depending on the number of members of the Commission in the months immediately following entry into force, there may also be a need to use additional measures to facilitate the transition from the Preparatory Conference to the Commission proper. Such measures, some of which have been adopted by other new international organizations, may include, for example, temporary adjustments to the scale of contributions to reflect the composition of the Commission as at the date of entry into force or a division of the budget into two or more parts, one to be financed by assessed contributions in accordance with the agreed formula and one to be financed through voluntary contributions by those who are not yet members, but have committed to accede to the Convention within the first budget period. Any such voluntary contributions would be set off against assessed contributions due for that year as a result of accession.

44. Another possibility may be to factor into the first budget a one-off capital levy, equivalent to 10 per cent of assessed contributions. This would help to ensure that the Commission has an adequate cash-flow to meet its financial obligations, particularly bearing in mind that some contributions may be paid late in the year, and some may not be paid at all. Unless such measures are taken, it may not be possible to recruit key staff until part way through the financial year, when the Commission has built up sufficient funds.

45. In order to ensure a smooth transition, it is also recommended that the Preparatory Conference Organizational Fund should be transferred to the Commission immediately upon entry into force. The Fund should, however, remain open for a period of time for further voluntary contributions following entry into force, including from participants in the Preparatory Conference that have not yet completed the necessary steps to become members of the Commission. These voluntary contributions could be used in due time for such purposes as the Commission sees fit, or set off against assessed contributions at a later time.

Annex I

PROPOSED SECRETARIAT STRUCTURE: ORGANIZATION CHART



Annex II

**PROPOSED SECRETARIAT STRUCTURE: PROVISIONAL STAFFING LEVEL AND PROPOSED GRADE RANGE
IN THE FIRST THREE YEARS OF OPERATION**

<i>Summary of functions</i>		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
Executive Director	Functions as prescribed in the Convention.	•	•	•
Science Manager (Deputy to the Executive Director)	Review of scientific advice to the Commission; Secretary of Scientific Committee; manage contracts for science services, including development of specifications and standards for the provision of contracted science services.	•	•	•
Finance and Administration Officer	Monitor the budget and financial transactions of the Commission; internal oversight; manage contracts for technical services as necessary; supervisory office administration and personnel management.	•	•	•
Data (ICT) Manager	Manage the IT requirements of the Secretariat, establish and maintain necessary database, network and communications services; ongoing management of service agreements with external providers for the provision of data services to the Commission.	•	•	•
Compliance Manager	Secretary to Technical and Compliance Committee; provide information and advice associated with the development and ongoing implementation of any regional compliance schemes; manage the Commission's VMS and vessel register either directly or through existing regional organizations and programmes or through commercial service providers.		•	•
Observer Programme Coordinator	Manage the Commission's observer programme; provide support to Compliance Manager.			•
Total professional staff		4	5	6
Network Administrator	Maintain Commission WAN, LAN and website; user support; software management.	•	•	•
Administrative Assistant / Data Entry	Data entry; assist administration of the Commission's vessel register and observer programme.		•	•
Treasury Assistant	Record contributions, process payments and assist the finance and administration officer with respect to the monitoring of the budget; payroll.	•	•	•
Secretary	Secretary to Executive Director; maintain records and archives; press officer.	•	•	•
Security Officer	HQ premises and equipment security; inventory; personnel security.	•	•	•
Administrative Assistant	Personnel records; meeting organization; travel and procurement.		•	•
Secretary / Receptionist	Reception, communications, meeting assistance; general clerical and secretarial assistance to professional staff.		•	•
Driver / maintenance	Official transport; vehicle and general maintenance; deliveries; customs clearance.	•	•	•
Total GS (locality) staff		5	8	8
Total Staff		9	13	14

Annex III

COST OF PARTICIPATION BY DEVELOPING STATES AND TERRITORIES

<i>Country</i>	<i>Airfare (USD)</i>	<i>Per diem (USD)</i>	<i>Total (USD)</i>
Cook Islands	5,500	3,200	8,700
FSM	0	0	0
Fiji	4,200	2,900	7,100
French Polynesia	4,500	3,300	7,800
Indonesia	4,200	3,200	7,400
Kiribati	4,100	3,200	7,300
Marshall Islands	900	3,100	4,000
Nauru	3,900	3,200	7,100
New Caledonia	4,800	3,200	8,000
Niue	5,000	3,400	8,400
Palau	1,400	2,700	4,100
Papua New Guinea	2,900	3,100	6,000
Philippines	1,800	3,100	4,900
Samoa	4,500	3,100	7,600
Solomon Islands	3,100	3,400	6,500
Tokelau	4,600	4,800	9,400
Tonga	2,800	3,500	6,300
Tuvalu	4,600	3,300	7,900
Vanuatu	4,200	2,900	7,100
Wallis and Futuna	6,000	3,500	9,500
Total	69,200	62,100	131,300

Notes:

- It is assumed that meetings will be held in Pohnpei for a period of 3 weeks, and will include the main Commission session plus the two main Committees.
- It is assumed that there will be one funded participant from each developing State Party and each participating territory.
- Airfares are based on the most direct and economical route, where most of the Southern hemisphere countries would travel Cairns-Guam-Pohnpei, except for French Polynesia, which due to frequent flight connections makes return via Honolulu possible. Countries neighbouring Pohnpei (Marshall Islands, Palau, Philippines) either travel direct or via Guam. Airfare quotes are mostly excursion fares. Possible savings may result where APEX purchases are possible.
- DSA is calculated based on current UNDP rates generally applicable in the region.

Annex IV

**Estimated budgetary requirements of the Commission
(thousands of United States dollars)**

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
PART 1			
1 Staff Costs			
Established posts	600.0	900.0	900.0
General temporary assistance	7.0	7.0	7.0
Overtime	10.0	10.0	10.0
Consultancy	60.0	40.0	40.0
Sub-total	677.0	957.0	957.0
2 Staff travel	90.0	90.0	90.0
Sub-total	90.0	90.0	90.0
3 General operating expenses			
Electricity	20.0	20.0	20.0
Communications	55.0	55.0	55.0
Office supplies	30.0	20.0	20.0
Publications and printing	20.0	20.0	20.0
Audit	5.0	5.0	5.0
Bank charges	2.0	2.0	2.0
Entertainment	10.0	10.0	10.0
Miscellaneous	10.0	10.0	10.0
Sub-total	152.0	142.0	142.0
4 Capital expenditure			
Vehicles	65.0	0.0	45.0
Computers (server and workstations)	55.0	30.0	25.0
Furniture and office equipment	50.0	30.0	15.0
Sub-total	170.0	60.0	85.0
5 Maintenance of capital assets			
Vehicle maintenance	3.0	5.0	5.0
IT maintenance and software licenses	15.0	6.0	6.0
Insurance	7.0	7.0	7.0
Sub-total	25.0	18.0	18.0
6 Meeting services			
Annual session (including Committees)	30.0	30.0	30.0
Travel and per diems (eligible members)	131.3	131.3	131.3
Sub-total	161.3	161.3	161.3
Sub-total Part 1	1,275.3	1,428.3	1,453.3
PART 2			
1 Scientific services (OFP-SPC)	240.0	240.0	240.0
2 Vessel register	50.0	100.0	100.0
Sub-total Part 3	290.0	340.0	340.0
TOTAL BUDGETARY REQUIREMENTS	1,565.3	1,768.3	1,793.3

Annex V

**BUDGET CONTRIBUTIONS SCENARIO WHERE BASE FEE = 10%, NWC = 20% AND
CATCH COMPONENT = 70% (DISCOUNT FACTOR OF 0.4). PROVISIONAL
INDICATIVE BUDGET OF US\$ 1,565,300**

Commission Members	<i>Base fee 10% of budget</i>	<i>National wealth component 20% of budget</i>	<i>Catch component 70% of budget</i>	<i>Total contribution 100% of budget</i>	<i>% of budget by member</i>
Australia	5,218	15,596	7,224	28,037	1.79%
Canada	5,218	17,884	206	23,307	1.49%
China	5,218	8,879	9,839	23,937	1.53%
Cook Islands	5,218	2,887	96	8,200	0.52%
FSM	5,218	1,214	13,803	20,234	1.29%
Fiji	5,218	1,368	3,703	10,288	0.66%
France	5,218	25,398	0	30,615	1.96%
Indonesia	5,218	1,403	25,516	32,137	2.05%
Japan	5,218	55,755	347,671	408,643	26.11%
Kiribati	5,218	569	4,863	10,649	0.68%
Korea	5,218	8,777	173,162	187,156	11.96%
Marshall Islands	5,218	1,349	16,167	22,733	1.45%
Nauru	5,218	492	0	5,710	0.36%
New Zealand	5,218	8,100	13,892	27,210	1.74%
Niue	5,218	492	0	5,710	0.36%
Palau	5,218	4,272	34	9,525	0.61%
Papua New Guinea	5,218	444	28,582	34,244	2.19%
Philippines	5,218	1,286	40,768	47,272	3.02%
Samoa	5,218	891	2,134	8,243	0.53%
Solomon Islands	5,218	407	6,530	12,155	0.78%
Chinese Taipei	5,218	10,635	245,997	261,849	16.73%
Tonga	5,218	988	615	6,820	0.44%
Tuvalu	5,218	817	0	6,035	0.39%
United Kingdom	5,218	27,004	0	32,222	2.06%
USA	5,218	96,898	130,017	232,133	14.83%
Vanuatu	5,218	668	17,986	23,872	1.53%
Total assessed contributions	135,659	294,473	1,088,804	1,518,937	97.04%
Participating territories					
French Polynesia	5,218	9,940	6,233	21,391	1.37%
New Caledonia	5,218	8,647	672	14,537	0.93%
Wallis and Fortuna	5,218	0	0	5,218	0.33%
Tokelau	5,218	0	0	5,218	0.33%
Total independent and voluntary contributions by participating territories	20,871	18,587	6,906	46,363	2.96%
Total Budget	156,530	313,060	1,095,710	1,565,300	100.00%