**COMMISSION SEVENTEENTH REGULAR SESSION**

Electronic Meeting

29 November - 7 December 2021

**SUMMARY REPORT AND RECOMMENDATIONS OF THE FIFTEENTH SESSION OF THE FINANCE AND ADMINISTRATION COMMITTEE (FAC15)**

**WCPFC18-2021-FAC15-xx DRAFT 2**

**xx December 2021**

**INTRODUCTION**

1. The Fifteenth Finance and Administration Committee (FAC15) was convened virtually by the FAC Co-Chair Mr. Michael Brakke (USA) on Monday, 29th November 2021. A subsequent session of FAC was held on 6th and 7th December 2021. Representatives of American Samoa, Australia, Canada, China, Cook Islands, European Union, French Polynesia, Federated States of Micronesia, Fiji, Indonesia, Japan, Kiribati, Republic of Korea, Republic of the Marshall Islands, New Caledonia, New Zealand, Niue, Palau, Philippines, Solomon Islands, Chinese Taipei, Tonga, Tokelau, Tuvalu, United States of America, Curaçao, Ecuador, El Salvador, Liberia, FFA, PEW, PNA, Conservation International, MSC, The Ocean Foundation, SPC, and WWF were in attendance. Meeting support was provided by the Secretariat. The list of participants is attached as Annex xx. The Committee agreed by consensus to present to the Commission the decisions and recommendations set out below.

**AGENDA ITEM 1. OPENING OF MEETING**

1. Mr. Michael Brakke (USA) chaired the 15th Session of the Finance and Administration Committee (FAC15). The meeting was called to order at 9:00AM. He noted that his co-chair resigned from her position in FSM and was no longer available to continue her role.
2. The Executive Director (ED), Feleti Teo, gave a brief opening message, welcoming all participants to FAC15. He noted the challenges and limitations of this virtual meeting with almost the same agenda as the previous year. He highlighted that the Committee’s focus is to discuss the 2022 budget including the budgetary implications if the COVID-19 pandemic continues in the coming year.
	1. **Adoption of agenda**
3. The FAC15 agenda set out in WCPFC18-2021-FAC15-01 was adopted without revision.
	1. **Meeting arrangements**
4. The Secretariat ICT Manager, Tim Jones, gave an overview of the Zoom meeting protocols.
5. The Chair noted that FAC has only 2 hours available in its initial session in order to get through as much of the Committee’s agenda as possible. The Chair said all reports will be taken as read. The Chair suggested that the meeting report should be as focused as possible to facilitate report adoption in a virtual format. The Chair indicated that the meeting arrangements and report format will be consistent with the approach followed in FAC14, including that the report should avoid characterizing interventions unless specifically requested, and the Chair encouraged CCMs to inform the Committee if they wanted their interventions reflected in the report.

**AGENDA ITEM 2. AUDIT**

**2.1 Auditor Report for 2020 and General Account Financial** **Statements for 2020**

1. The Finance and Administration Manager (FAM) Aaron Nighswander summarized the information in WCPFC18-2021-FAC15-04, noting the 2020 audit was circulated to Commission members on 28 June 2021. Based on the auditor’s report, all financial statements were fair and that there were no instances of non-compliance with the Commission’s Financial Regulation 12.4 (c) regarding income, expenditure, investment and asset management nor with Financial Regulation 12.4 (d) pertaining to financial procedures, accounting, internal controls and administration.
2. The FAM reported that for the General Account Fund, the financial statements showed that there was an excess of income over expenditure of USD837,826. In addition, prior years’ contributions of USD1,262,646 were paid by some Members in 2020. In accordance with Financial Regulation 4.4 the balance was transferred to the Working Capital Fund.
3. **FAC15 recommended that the Commission accepts the audited financial statements for 2020 as set out in paper WCPFC18-2021-FAC15-05.**

**AGENDA ITEM 3. STATUS OF THE COMMISSION’S FUNDS**

* 1. **Report on General Account Fund for 2021 – Contributions and Other Incomes**
1. The FAM introduced paper WCPFC18-2021-FAC15-05. The assessed contributions for 2021 were USD6,696,183 and the outstanding 2021 unpaid contributions stand at USD1,460,030 as of 1 November 2021 from twelve members.
2. As an update the FAM informed the FAC that Vanuatu has paid their contribution in full since the posting of the report.
3. **FAC15 noted the report in WCPFC18-2021-FAC15-05.**
	1. **Report on the Status of Other Funds for 2021**
4. The FAM discussed paper WCPFC18-2021-FAC15-07 noting the balances in i) the Special Requirements Fund (SRF); ii) the Japan Trust Fund; iii) the Chinese Taipei Trust Fund; iv) the CNM Contributions Fund; v) the Voluntary Contributions Fund; vi) the West Pacific East Asia Project Fund; and vii) the Working Capital Fund.
5. The FAM highlighted the USD408,989 remaining from the Special Requirements Fund (SRF) and USD 2,131,723 remaining budget from the Working Capital Fund (WCF). The FAM also updated the paper to reflect EU’s contribution and amendments to the projects funded through the Chinese Taipei Trust Fund in 2021.
6. The EU suggested that in future reports on the status of other funds and FAC meetings, the Secretariat should reflect in the paper more information on the voluntary contributions. The Secretariat responded that it would attempt to provide additional information where possible.
7. **FAC15 acknowledged with appreciation donors to the SRF and other funds and encouraged CCMs to submit proposals to utilize these funds.**
8. **FAC15 noted the report in WCPFC18-2021-FAC15-07 Rev2.**

**AGENDA ITEM 4. HEADQUARTERS ISSUES**

* 1. **Headquarters Matters**
1. The FAM presented paper WCPFC18-2021-FAC15-08 highlighting the issues at headquarters arising in 2021. The FAM highlighted with concern the following: i) medical care in Pohnpei, ii) reduced flights, and iii) delayed IT audit for 2021 due to the inability of the auditor to travel to Pohnpei, noting the travel restrictions.
2. **FAC15 noted the report in WCPFC18-2021-FAC15-08.**

**4.2. Professional Staff Salary**

1. The Chair summarized discussions and outcomes related to the Professional Staff Salary agenda item at FAC13 and FAC14. Last year, FAC14 recommended a 1.7% increase in professional staff salary, excluding the Executive Director, which the Commission approved. The Chair also noted that Cook Islands had volunteered to lead a informal small working group (SWG) to discuss issues related to Professional Staff Salary that came out of the Tri-annual Salary Market Data Review.
2. Cook Islands updated FAC15 that it held discussions with SWG members and started to draft a paper related to this matter, but needs more time to complete the paper and coordinate with the SWG.
3. **FAC15 deferred further discussion on Professional Staff Salary to FAC16, when an updated tri-annual salary market review will be available, and encouraged the informal small working group led by Cook Islands to continue its deliberations intersessionally with a view towards helping to inform an appropriate consensus outcome on this issue at FAC16.**

**AGENDA ITEM 5. WORK PROGRAMME AND BUDGET FOR 2022** **AND INDICATIVE**

**WORK PROGRAMME AND BUDGET FOR 2023 AND 2024**

1. The FAM presented paper WCPFC18-2021-FAC15-06 Rev1, detailing the proposed 2022 budget based on recommendations from SC, TCC, Intersessional Working Groups, and the operations of the WCPFC Secretariat. The revisions in Rev1 of the budget paper were related to changes in paragraph 7 and the additions of Annex 14 and 15. There were items that have not yet been included in the draft budget pending Commission decisions. The FAM noted that the proposed rev1 budget represents a 0.4% increase from the indicative 2022 budget and a 3% increase from the 2021 budget. The FAM noted that there were significant savings in the 2021 expenditures due to continued travel restrictions and the inability to undertake certain activities due to the COVID-19 pandemic. The Chair requested CCMs first focus their questions and comments on general issues and budget figures related to the paper, followed by a more detailed line-item discussion on Annex 3 that was organized according to major parts of the budget.
2. The following were general comments and clarifications by the Secretariat and SPC in response to questions from CCMs on the budget:
	* + 1. SPC clarified that the catches in Annex 9 were based on the annual catch estimates, and the breakdown of catches between EEZs and high seas were based on the operational data available.
			2. SPC confirmed that the budget’s catch calculation is based on the combined annual catch estimates for the main target tuna species (excluding Pacific Bluefin tuna), as well as catches for the four main billfish species (black marlin, blue marlin, striped marlin and swordfish), which are deemed to be the most consistently reported across gears, fleets and time periods.

1. The following were discussed and clarified related to Annex 3. Part 1 – Administrative Expenses
	* + 1. FAM highlighted that travel was negligible due to ongoing travel restrictions. The budget for website development under capital expenditure was moved under maintenance and renamed website hosting.
			2. FAM also clarified in response to a question from one CCM that the staff salary increase occurred as agreed in 2021 but no increase in staff salary due to inflation was proposed in the current budget.
2. The following were discussed and clarified related to Annex 3. Part 2. Sub-item 2.1 – Science Program
	* + 1. One CCM asked about the nature of ranking in the average score column of the SC17 projects. The Science Manager explained the newly adopted Scoring of the Proposed Scientific Committee Projects and explained two criteria that CCMs should refer to, when scoring: i) Importance to WCPFC management outcomes or to the functioning of the SC, and ii) Feasibility: Likelihood of success. CCMs score 6 or 9 for high rank, 3 or 4 for medium rank, and 1 or 2 for low rank. Therefore, average scores represent CCMs’ averaged priority to each project, which was formerly represented as High 1, High 2, Medium, or Low.
			2. Several CCMs expressed support for the rankings done by SC17 as more informative in prioritizing SC projects that would assist FAC in making its decisions. At least one CCM noted that the average rankings should not be the sole basis for making funding decisions.
			3. SPC further clarified that P17X3 (Close-Kin-Mark-Recapture) is contingent on EU’s support. The USD40,000 is the matching fund required for the EU’s support. EU also confirmed that if the project is approved by WCPFC18, EU funds will be ready for allocation by early 2022.
			4. The Science manager clarified that P17X5. Scientific Advice for Southwest Pacific blue shark is an extension of P107. SP blue shark assessment.
3. The following were discussed and clarified related to Annex 3. Part 2. Sub-item 2.2 – Technical and Compliance Program
	* + 1. ROP Data Management - The budget for this line item was the same prior to the pandemic because it is mostly related to staff salaries that were maintained even during the pandemic. Staff were still employed full-time and continue to work to reduce the backlog of observer trip data for the past five years, which will improve the coverage of observer data.
			2. Enhanced Secretariat Analytical Capacity - The Secretariat drew the attention of FAC to WCPFC18-2021-IP12 *Update of Preliminary Consideration of Anticipated Forecast of Secretariat work commitments for TCC in 2022/23* and noted that this paper provides the basis for the list in Annex 15 – unbudgeted items pending decisions by WCPFC18. The paper provides an update of the Secretariats initial internal planning to forecast the future work commitments of the Secretariat’s MCS and Compliance programme in 2022/23, considering the potential decisions by WCPFC18. The Secretariat stated that due to a potentially significant incremental increase in resource commitments for the Secretariat, that it is important that it is properly resourced to execute these tasks.
			3. Regional Capacity Building Workshops - CCMs asked about the expenditure of these funds in 2021 and plans for the funds in 2022. FFA clarified that funds spent in 2021 supported observer activities such as observer safety training.
			4. ED Discretion - This budget was mainly used for hiring rapporteurs for workshops (e.g., development of CMM for tropical tunas).
4. The FAM updated the Committee that it has received additional report from SPC related ROP Data Management and reminded the Committee that it needs to consider budgetary implications for holding the science-management dialogue after SC18.
5. China requested that details on the budget provided to SPC which is around USD1 million annually be provided in future FAC meetings to address concerns of China’s finance department. China can further discuss this matter with SPC and Secretariat to address their concerns.
6. OPEN for further discussion (7th December 2021)
7. **FAC15 recommended to the Commission a 2022 budget of $ USD 8,439,136 (Annexes 1-4), pending any subsequent decisions reached by WCPFC18 that could have an impact on the budget.**

**AGENDA ITEM 6. ELECTION OF CO-CHAIRS**

1. **FAC15 recommended the Commission appoint/reappoint xxxxx and xxxxx to serve as FAC Co-Chairs.**

**AGENDA 7. OTHER MATTERS**

1. [CCMs did not raise any other matters.]

**AGENDA ITEM 8. ADOPTION OF REPORT**

1. FAC15 adopted this summary report which was tabled as WCPFC18-2021-FAC15-xx.
2. **FAC15 invites WCPFC18 to consider this report and to endorse its recommendations.**

**AGENDA ITEM 9. CLOSE OF MEETING**

1. FAC Chair Mr. Michael Brakke closed the final session of FAC15 at xx:xx on xx December 2021.