



**COMMISSION
FIFTEENTH REGULAR SESSION**
Honolulu, Hawaii, USA
10-14 December 2018

**SUMMARY REPORT AND RECOMMENDATIONS OF THE TWELTH SESSION OF
THE FINANCE AND ADMINISTRATION COMMITTEE (FAC12)**

**WCPFC15-2018-FAC12-14
14 December 2018**

Introduction

1. The Finance and Administration Committee (FAC12) was convened by Co-Chairs Mr. Wataru Tanoue (Japan) and Mr Magele Etuati Ropeti (Samoa) at 9:10 am on Sunday 9th December 2018. Subsequent sessions of FAC were held on 12th, 13th and 14th December 2018. Representatives of Australia, Canada, China, Cooks Islands European Union, Federated States of Micronesia, Fiji, Indonesia, Japan, Kiribati, New Zealand, Niue, Palau, Papua New Guinea, Philippines, Republic of Korea, Republic of the Marshall Islands, Samoa, Solomon Islands, Chinese Taipei, Tonga, Tuvalu, United States, Vanuatu, Guam, New Caledonia, Tokelau, Food and Agriculture Organization of the United Nations, Forum Fisheries Agency, Parties to the Nauru Agreement, and SPC. Meeting support was provided by the Secretariat. A participants list is attached as Annex 4. The Committee agreed by consensus to present to the Commission the decisions and recommendations set out below.

AGENDA ITEM 1. OPENING OF MEETING

1.1 Adoption of agenda.

2. The agenda as set out in WCPFC15-2018-FAC12-01, WCPFC15-2018-FAC12-02 and WCPFC15-2018-FAC12-03 was adopted without change.
3. Following a query from Tokelau on agenda Item 5 Strategic Investment Plan Report from the Special Requirements Fund, whereby FFA members request the item remain open until after further FAC deliberations occur in the margins of the meeting. The Secretariat confirmed that an arrangement has been agreed between the commission chair and the working group chair; aspects of the report that will be considered by the FAC, noting that a debate will also be held in plenary.

4. Tokelau noted that the additional participation of developing States as part of the Strategic Investment Plan discussions under agenda item 5 will first require a Commission directive. This is a procedural issue. Before FAC can consider 'how' to fund or support additional participation, the Commission needs to decide 'if' it will support additional participation.
5. Australia asked for a supplementary budget to be prepared to facilitate discussion related to projects in this and other Commission meetings with budget considerations. A compilation of all the budget implications is requested prior to future FAC sessions

1.2 Meeting arrangements

6. WCPFC Executive Director Feleti Teo welcomed the Fisheries Minister from Tonga, and then detailed the Commission and FAC meeting arrangements and logistics.

AGENDA ITEM 2. AUDIT

2.1 Auditor Report for 2017 and General Account Financial Statements for 2017

7. The Finance and Administration Manager summarized the information in WCPFC15-2018-FAC12-04 noting the 2017 audit was completed and circulated to CCMs in July 2018. The auditor found that 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. There was a deficit of income over expenditure related primarily to delayed contributions.
8. Canada requested clarification of issues related to delayed contributions. It was explained that there was a surplus at the end of the year partly due to receipt of delayed contributions, which balances out over time, but may be perceived as a surplus in the budgetary year.
9. **FAC12 recommended that the Commission accept the audited financial statements for 2017 as set out in paper WCPFC15-2018-FAC12-04.**

2.1 Selection of an Auditor to audit the 2018 and 2019 Financial Statements

10. WCPFC Executive Director Feleti Teo explained the tendering process and stated that the Commission would select an auditor from the two bids as detailed in WCPFC15-2018-FAC12-08 Rev 1.
11. Kiribati on behalf of the FFA thanked the WCPFC Secretariat for international market testing and supported the reappointment of Deloitte & Touche who had provide a good service at a reasonable cost.

12. EU noted that the bids were not very different in terms of cost, but that they would prefer a change of auditors to help to ensure an independent audit. Secretariat noted that the costs were clarified in the Rev 1 version of the paper, and added that the current company did not use the same individual auditors each year.
13. Japan supported the view of the EU i.e. that there should be a change of auditor; and suggested that a wider call for tender should be made with a view to canvassing more bids.
14. Korea requested that the secretariat prepare a table detailing the differences in bids from potential auditors to facilitate an easy comparison for future bids.
15. USA would tend to choose the lowest cost auditor. It was queried if only one auditor had ever been used and how might different approaches affect the outcomes of the audit?
16. The FAM thought that the Secretariat had always used the same auditor. If auditors were changed, then it is expected that the format of the audit report would change.
17. **FAC12 recommended that Deloitte & Touche should be retained as the Commission auditor for the next 2 years and that the Secretariat should prepare a wider call for tender in the future to facilitate a greater number of bids.**

AGENDA ITEM 3. STATUS OF THE COMMISSION'S FUNDS

3.1 Report on General Account Fund for 2018 – Contributions and Other Income

18. The FAM introduced paper WCPFC15-2018-FAC12-05. The assessed contributions for 2018 was \$7,242,071, and the outstanding 2018 unpaid contributions stands at \$751,711 as of 1 November 2018.
19. PNG stated that their contribution had been made and asked for the Secretariat for confirmation. Secretariat noted that the payment was acknowledged in Rev 1 of the paper.
20. Canada encourages members to pay in a timely fashion and asked if there was a need to revise the financial regulations. Secretariat noted that larger membership dues are timely at the start of the year, smaller contributions tend to arrive later in the year.
21. **The FAC noted the report in WCPFC15-2018-FAC12-05 Rev 1.**

3.2 Report on the Status of Other Funds for 2018

22. Drawing the FAC's attention to WCPFC15-2018-FAC12-06 the FAM noted the following balances in the Special Requirements Fund and other funds established by the Executive Director.

23. Cook Islands noted that the SRF WG is not a standing committee and FFA members are of the opinion that that its work is complete, and it no longer has a role in the deliberations on the merit of SRF proposals. FFA is of the opinion that the development of the Strategic Investment Plan, coupled with selection and evaluation criteria in Attachment 1 to Appendix A of the SRF Principles, Guidelines and Operational Procedures document, provides sufficient information and guidance for the Secretariat to determine the merits of proposals valued over \$10,000. There is no need for another small working group.
24. Furthermore, FFA Members recommend the establishment of a SIDS special requirements webpage on the WCPFC website. This may include information on SRF projects and improve transparency. This is consistent with the recommendation from the SRF-IWG report. Benefits include: improving transparency on capacity development needs, identification of where and how assistance can be obtained, and donors and development partners can better identify where to focus resources in support of the SIDS.
25. The FAM indicated that a possible dedicated webpage for the Special Requirements Fund will be discussed later in the agenda.
26. EU noted that it is funding multi-million-dollar projects in the regions some of which is related to WCPFC and FFA. These expenditures should be referenced in this paper and/or on a dedicated website. The EU noted that attendance of a second member to attend WCPFC meetings appears to be often covered by existing funds and this should be considered in future deliberations.
27. In response to a query from the USA, the FAM explained that the CNM contribution fund offsets both annual contributions and the costs for smaller SIDS.
28. The CNM Contribution Funds will also be used to hold the observer fees. The collection of observer fees was originally assessed to be approximately \$16,000. But it was noted that some observers moved into national delegations, and it may be less now, around \$12,000. It was noted that last year additional Secretariat staff was brought to assist with the collection of the observer fees.
- 29. FAC12 noted the report in WCPFC15-2018-FAC12-06.**
- 30. FAC recommends removing the requirement that the Executive Director consult with the SRF Small Working Group on proposals that are over \$10,000.**

AGENDA ITEM 4. HEADQUARTERS ISSUES

4.1 Headquarters Matters

31. The FAM presented WCPFC15-2018-FAC12-07 Rev 2 highlighting the issues at headquarters arising in 2018.

32. Japan expressed concern regarding the increasing travel costs for air tickets and hotels. This combined with increased number of representatives at Commission meetings, it is important that the notification of intention to travel should be at least 2 weeks in advance of the proposed travel.
33. The RMI stated that 2-weeks' notice of travel is unacceptable to FFA members. The WCPFC secretariat must be flexible and meet the needs of SIDS with their relatively small administrations – in this regard, the Commission should adhere to the principles of Article 30. Niue supported the view expressed by RMI. Participation of SIDS members and associated travel is an operational cost that should be absorbed by the Commission. Palau noted that they live on a small island with expensive and limited routes, often travel is such that the traveler experiences jet-lag and leaves immediately on the last day of the meeting.
34. USA noted that this was a substantive issue and wanted to recognise those members who have made an effort to give advance notice of travel. The Secretariat was asked to provide information on the additional cost of late nominations for travel. The FAM explained that it was nearly impossible to provide a precise estimate of additional costs of short notice, but travel agents had indicated that the additional cost is in the region of 10 to 15 percent.
35. PNA Office pays for a lot of travel around the region and a contingency amount is included in the budget. PNA suggest that the FAC recommend this approach to the Commission.
36. It was noted that discussions would likely be followed up in a small working group, and travel arrangements are a later agenda item.
37. Canada recognized and appreciated the work of the secretariat.
- 38. FAC12 noted the report in WCPFC15-2018-FAC12-07 Rev 2.**

4.2 Proposal for a Supplemental Retirement Plan for the Secretariats' Locally Engaged Staff

39. The Executive Director referencing WCPFC15-2018-FAC12-11 reviewed the historical context of this agenda item, explaining why the Commission's support staff are not confident in the current viability of the national Social Security scheme in FSM. It was noted that employers in FSM have subscribed to supplementary retirement scheme.
40. The Secretariat reviewed options to provide a supplementary retirement scheme for support staff, noting the request to report back to FAC12 including the associated costs against a background of the overall support staff benefit packages.
41. The most common plan adopted in FSM is very similar to the US 401k plan. This scheme is detailed in the associate paper. The key elements of the scheme were explained.

42. Tonga with FFA are generally supportive of the proposal, requesting further information relating to projected Social Security budgets
43. Secretariat noted that Social Security figures and projections are included in the annexes of the paper.
44. USA supports the proposal in principle but notes that this initiative should be considered against the background of the overall budget; and asked for clarification on several points. FAM responded that length of service for support staff ranges from 2 to 12 years with an average of around 5 years, noting that the security guards are not employees per se – rather they are technically consultants. Staff retention is not an issue but recruitment was challenging. There would be a requirement to amend staff regulations to reflect the adoption of a pension scheme.
45. Japan and EU are generally supportive but agreed with the USA on the need to review this proposal against the background of the entire budget; the EU also queried if it might be possible to transfer the retirement fund outside of FSM if there was a perceived risk to the funds.
46. The Executive Director explained that FSM Social Security fell under national legislation and it was not the Secretariat's place to interfere, however other employers in FSM have developed a supplementary pension scheme. The ongoing support staff concerns were first brought to the attention of FAC11. The need to consider the proposed budgetary implication against other commission priorities is fully appreciated, and the final percentage contribution is subject to consideration of the FAC and agreement of the Commission.
47. In response to a query from Indonesia the Executive Director explained that an 8% contribution was selected as the lower end of a range of potential contributions. Currently social security is a deduction from the employee's salaries and on retirement an amount, not necessarily the amount paid in, is provided as a pension.
48. Canada proposed that employees be fully vested at the 7-year service and at a rate of 7%; there should be no residual liability to the WCPFC if the plan fails. Secretariat explained that there would be no residual liability.
49. It was noted by the USA that typically in a 401k the person investing in the plan may determine the level of risk. Secretariat confirmed that staff would have the final choice, noting that the Secretariat would provide advice on the risks implicit in any given portfolio selection.
50. **FAC12 recommends that a supplementary retirement plan for locally engaged staff with a 7% matching contribution and be fully vested after 7 years, be implemented in 2019.**
51. **FAC12 recommends the following be added to the Staff Regulations:**

33bis: Supplemental Retirement Benefit for Local Employees be added to the Staff Regulations

A local employee may contribute a proportion of his or her base salary to a supplemental retirement plan, in addition to the NPF as set out in regulation 33. Where a local employee chooses to contribute to such a scheme, the Commission will match the contributed funds up to a maximum of 7 percent of the employee's base salary per annum and fully vested after 7 years.

4.3 Proposal to Establish an Environmental Policy for the WCPFC Secretariat

52. The FAM provided an introduction to this report. The WCPFC does not currently have an Environmental Policy, but the Commission aspires to be a leader in the regions and would like to take proactive measures to reduce pollution etc. The FAM listed key areas and detailed an associated action plan.
53. Tokelau on behalf of FFA members commends the Secretariat on their initiative and is supportive of the proposal, which they consider to be a move in the right direction adding that it is important to look at the wider environmental impacts of the WCPFC. Tokelau noted that climate change is not properly considered in the decisions of the Commission.
54. Canada echoed the comments from Tokelau.
55. USA supports the work of the Secretariat in principle and in practice, through voluntary contributions. Regarding this proposal, it was queried whether the plan is a 'living document' or is the FAC asked to support the specific plan. The secretariat was asked how the carbon offset would be operationalized.
56. The FAM explained the FAC is asked to endorse the proposal to develop a policy in line with that presented in the paper and the action plan.
57. The EU agreed with the proposed actions and asked what other potential measures had been explored e.g. wind power. In the EU individuals may pay for carbon offset at their own discretion. More recyclable materials should be used at the secretariat. The potential costs associated with this proposal should be considered against the Commissions overall budget and member contributions.
58. The Secretariat explained that solar power is the best supported technology on island and it feeds excess power into the grid during the day, and the secretariat facilities draws power from the grid at night
59. The USA asked if additional funding was required or requested and is this incorporated this year or next year and noted that perhaps this initiative is best funded by voluntary contributions.
- 60. FAC12 supports the Secretariats efforts to develop and implement an environmental policy.**

4.4 TORs for the Building Maintenance Plan.

61. The FAM presented the paper on the TORs for the building maintenance plan. With reference to WCPFC15-2018-FAC12-09 the Secretariat determined that a building survey based on the proposed TOR would inform any future amendments to the Finance Regulations. Accordingly, TORs and budget for a consultancy were presented in this plan.
62. In response to queries from the USA, the Secretariat explained that the consultant will review specific elements of the HQ Building against the background of a tropical environment with a view to identifying the likely lifespan of those elements [e.g. roof] and the plan would aim to set aside appropriate funding annually to avoid sudden spikes in budget when repairs become necessary.
63. In response to query from Australia it was explained that currently the working capital fund is a contingency fund offsetting late contribution and was not envisioned for building maintenance. It is difficult to identify an appropriate budget without the technical consultancy report.
64. The EU agreed that the building should be maintained to continue the normal work of the commission and queried if the cost of the consultant could be covered by the Working Capital Fund. The question was asked if it be more appropriate to set up a fund with annual deductions or to insure against potential damage.
65. The Secretariat explained that issues raised should be managed subsequent the Commissions review and approval of the consultant's report. Canada agreed on the need for a twostep process. The FAC could recommend that the Working Capital Fund be used for the consultancy, which is expected to last 2-3 weeks not entirely based at the secretariat.
66. Japan was of the opinion that the consultant should conduct a full comprehensive survey of the building.
- 67. FAC12 recommends the approval of the terms of reference and budget for the consultancy to undertake a building survey and the development of a maintenance plan for the Commission buildings.**

AGENDA ITEM 5. REPORT FROM THE SPECIAL REQUIREMENTS FUNDS VIRTUAL WORKING GROUP

68. The VWG Chair Liz Brierley (Australia) presented WCPFC15-2018-FAC_SRF IWG, detailing a strategic development plan that was requested by WCPFC14. Looking at capacity needs across WCPFC and existing funding and funding mechanisms. Article 30 funding should be more transparent as should the Strategic Investment Plan and the SRF; this information should be available on the WCPFC website. As new CMMs are approved any related templates should be located on the same site. It was also noted that there is a broad web of funding that isn't immediately apparently to

WCPFC members. Maintaining the webpage would be covered under the secretariat budget. It is proposed that the SIP would be a 3-year trial to be reviewed by the Commission. All CCMs contributions could be increased by a percentage 2% or 4% across the board, a table showing how this would impact individual members was presented. Another option is to levy a larger percentage from more developed countries. Non-allocated funds such as observer fees could perhaps be added to the SRF as could any surpluses in the working capital fund.

69. Niue drew attention to the FFA paper DP-26 on funding options.
70. The USA was comfortable with some of the recommendations and queried how much of a surplus in the working capital fund that might be available to the SRF. The FAM advised that the Working Capital Fund stands at \$1,654,000, which equates to a \$654,000 surplus with \$350,000 earmarked to offset 2019 contributions.
71. In response to a query from Korea, the Working Group Chair explained that there are two ways to apply funding, 1 it could be a line item in the WCPFC budget for travel or travel could be funded via the Special Requirements Fund. The latter is more flexible allowing travel to workshops etc.
72. The EU declared that the WCPFC cannot cover all the development needs for SIDS with the WCPFC budget. Funding a second SIDS member to attend WCPFC meetings is a specific issue, any other issues related to SIDS development should be considered separately.
73. Japan noted that of the options presented, options 4 and 5 appeared to be feasible for next year (2019); adding that travel requests should be timely and small working groups should ideally be attached to existing meetings for greater efficiency. Korea shared Japan's preference for options 4 and 5. If, after a trial period, this doesn't work, then other options may be considered.
74. Canada noted with reference to paragraph 2 in the paper, the need to balance affordability against priorities.
75. Chinese Taipei has budget constraints and would hope for options with more flexibility; e.g. regarding option 3 it was felt that this should be applied to all members not just developed countries.
76. Australia emphasized the importance of effective and inclusive participation for SIDS.
77. USA reminded the meeting that some policy items should be considered prior to agreeing recommendations at the FAC. The Strategic Implementation Plan is a useful document for discussion at plenary; and it should be a living document changing over time; given that the IWG has finished its work, it was assumed that the secretariat would take over responsibility of maintaining the SIP.
78. The WG Chair explained that the intention was that the SIP 3-year plan would be updated annually, noting that SIDS needs would change annually and that these

changes may be identified via part 2's and CMRs; the secretariat would then determine what funding sources are available and how to manage the needs vs funding options. Noting that part of the reporting to identifying needs is non-public.

79. The Executive Director confirmed that if the FAC and the Commission approve the SIP the process of matching needs and funding would be an annual process.
80. The WG Chair noted that a 3-year time frame would provide sufficient time to determine if the needs are still applicable and allow enough time to identify various funding options.
81. Following a query from the EU, the WG Chair explained that a WCPFC funding approach would be agreed here. Funding options external to the WCPFC are found in the attachment, a better understanding of external finding over time may affect the amount of funding required from WCPFC in any given year.
82. Tokelau noting that the Strategic Investment Plan is updated via the CMS process, remarked that capacity issues should be addressed whenever new measures are developed/adopted. The WG Chair agreed but there would be a variety of other points at which capacity building should be identified and addressed.
83. Following a comment by the USA, the WG Chair reiterated the need for a dedicated webpage for SRF reports and greater transparency – all funding available to SIDS should be posted, i.e. it should not be limited to the SRF.
- 84. FAC agreed to keep the Special Requirements Fund at a target base level of \$150,000, which is equivalent to ~2% of CCM contributions, to support implementation of the Strategic Investment Plan and other needs as identified by developing States Parties, particularly small island developing states, and, where appropriate, territories and possessions. This will be reconsidered, if required, in 2019 to determine if the target base level is sufficient to support ongoing implementation of the Strategic Investment Plan. The Special Requirements Fund will continue to be open to voluntary contributions.**
- 85. When supporting travel to meetings held outside Pohnpei, FAC instructed the Secretariat to provide DSAs via electronic transfer to travelling CCMs to avoid the security issues associated with the Secretariat having to carry large amounts of cash internationally. Bookings and transfers will be made, whenever possible, by 10 days prior to meetings to ensure cost effectiveness and efficiencies in supporting travel.**

AGENDA ITEM 6. WORK PROGRAMME AND BUDGET FOR 2019 AND INDICATIVE WORK PROGRAMME AND BUDGET FOR 2020 AND 2021

86. The FAM presented paper WCPFC15-2018-FAC12-10, detailing the proposed 2019 budget based on recommendations from SC, TCC, Intercessional Working Groups

and the WCPFC Secretariat. In response to queries from participants the following areas were clarified:

- USA notes that the budget does not include some potentially large budget items that will be discussed later. Asked for background on the costs associated with developing a corporate plan. The breakdown of the associated costs is available and the FAM indicated that the cost of the consultancy was around USD 6,000.
- In response to a query from RMI, the ED explained that a supplementary budget with all candidate budget items be developed, including redundant unfunded activities prior to forthcoming FAC sessions during WCPFC15.
- NZ queried the value and utilization of observer fees. Aaron – the other income including observer fees is around \$ 12,000.
- The FAM advised that the Commission website would be refreshed to be more user friendly – each year this project has been deferred. \$20,000 would cover the cost of a consultant.
- Japan referenced the \$22,000 requested to procure 2 cars for the secretariat. This relates to a replacement for a written off security vehicle, and the purchase of a replacement vehicle for the Executive Director next year.
- Tokelau asked about the budget related to the solarization of the secretariat building. The FAM stated that this was complex noting that the PUC will impose a charge for drawing from the grid by an amount that was yet to be determined.
- EU asked if Secretariat vehicles could be replaced with electric cars? Canada echoed the query. In response it was explained that there were no electronic vehicles on island and nor was there anyone on island with maintenance skills.
- Secretariat informed the FAC of FSM initiatives to develop fuel from coconut which may be an option in the future; but most of the fuel costs in the budget line item are due to running the generator during power outages.
- In response to a Japanese query, it was explained that historically there had always been at least 4 vehicles at the Commission an additional one was purchased for use by security when the secretariat took over management of the security role.
- In response to a USA query on benefits it was explained that for professional staff the benefit costs are related to: education, retirement, cost of living and travel; insurances: are for medivac and health

87. The Compliance Manager explained in response to RMI that the budget line for training in relation to cross-endorsement. The IATTC secretariat provides a trainer, but the travel costs fall to the WCPFC. RMI supports the cross-endorsement program but was unclear about how this should be prioritized in the funding, and perhaps other options such as cost recovery should be considered. USA agreed with RMI regarding differing priorities and is prepared to discuss potential alternative funding options to facilitate cross endorsement, but it is unclear how cost recovery might work. The EU noted that cross-trained observers are from throughout the region and hence the benefits are widespread and their preference was for the current funding mechanism be maintained.

88. Responding to a query from Tokelau on the budget for Commissions contribution to observer training, it is part of the broader budget line which is not explicitly for observer training.

89. RMI suggested that it might be more appropriate to prioritize long line observer coverage, for example, rather than cross-endorsement. Cost recovery is applied within the region and should remain on the table as an option to cover the cross-endorsement training.
90. Canada referenced the cost of researching the purchase of a tagging boat asked if there was an opportunity to generate revenue from the vessel which could support other WCPFC initiatives. The co-chair noted that there was extensive discussion on this topic during SC. Tuvalu reminded the meeting that the charter of vessels for tagging is costly, and this proposal is intended to review various options including vessel purchase and operation.
91. The EU noted that the cost was high for bringing an extra developing state delegate to Commission Meetings and queried what range of other funding options might be applied to this budget line. USA shared the concerns of the EU. The FAM detailed the potential funding options including SRF, General Accounts Fund, Observers Fund etc., noting that the number presented to the group represented only the member contribution.
92. FFA explained to the group, that an issue identified with some funding sources, including the SRF is that the amount in the fund varies over time, and the funding for an extra delegate needs to be sustainable.
93. The FAM noted that in the funding examples presented, there would be no need to change the financial regulations.
94. China offered a suggestion to have a phased in approach, i.e. perhaps in 2019 an additional delegate would be funded for 2 meetings and then expand participation in subsequent years, noting that this would reduce the initial financial impact. Japan shared China's view and requested costs by meeting(s). The FAM detailed the anticipated costs and how those costs were estimated, based on the average attendance frequency by meeting.
95. The EU requested an explanation of how any sources could be used to reduce the members contribution if members had to then top up those 'other' funds that were being utilized. There followed a detailed explanation regarding how surpluses were generated in the various accounts, and it was not anticipated that member contributions to 'other' funds would be raised in 2019.
96. In Australia's opinion the costs appeared to be affordable.
97. There was considerable discussion around a proposal to review options in relation acquiring a suitable tagging vessel. SPC explained current and historical tagging project issues and vessel needs and the scope of the project.
98. Several CCMs including China, EU thought the costs were high and thought the purchase of dedicated vessel and running costs to be operated by the WCPFC would be exorbitant.

99. SPC and many CCMs stated that the proposal was not to purchase a tagging vessel, rather it was intended to review options with a view to reducing the current high vessel costs related to tagging. It was also noted that the options may include operation management outside of the WCPFC and possible mechanisms for cost recovery, including the sale of fish. SPC informed the group that some earlier tagging projects were so expensive that they could not have been conducted without in kind contributions from SPC, which could not be guaranteed in the future.
100. New Zealand supported the statement by SPC adding that new initiatives would likely increase the need for tagging work, and any gaps in the tagging record would have implications for the quality of the science and associated advice provided to the Commission.
101. FFA and various CCMs including Tuvalu, New Zealand were very supportive of this study which would provide the requisite information on which to determine the most economic option for tagging into the future, adding that there would likely be an increased need for tagging over time.
102. USA was in favour of reprioritizing the proposal to a lower priority.
103. Some members including Japan, China, EU and Chinese Taipei reiterated their caution, especially in regard to running costs.
104. SPC noted that ownership was something that might be determined from the outcomes of the proposed study, and there may be a other preferable options available; he also suggested an alternative way to progress this initiative, that is, spread the cost over two years 2019 and 20120 with a guarantee of funding over the second year.
105. The FAM explained item 2.2 - Seabird Project had outside funding FAO to offset the cost and in effect the Commission was obliged maintain their contribution for the second year of the project.
106. The EU expressed their wish to save as many science projects as possible including and especially P92.
107. The co-chair noted that project 92 and 83 in the science budget have the same priority level.
108. The EU queried why proposed FAD acoustics analysis work was taken out of the 2019 budget noting that the EU supported this work. New Zealand explained that the study was not approved for 2019 but for 2020.
109. The proposed tagging vessel study was revisited noting the a new SPC proposal on the table to spread the funding over 2 years. Canada requested that the feasibility of selling fish caught by the vessel should be included in the TORs, and New Zealand recalled that cost recovery was already included in the study. PNA would support a 2-year approach and agreed with Canada's proposed change to the TORs of the project.
110. Some CCMs did not support the project and it was taken out of the 2019 budget.

111. With regard to the ROP CMM Booklet, there was some discussion around the need for a hard-copy versus an electronic version and it was agreed that there would not be a hard copy of the book. The budget for the ROP CMM Booklet was removed from the budget.
112. Several members requested removal of the cross-endorsement 1 from the budget. USA however saw value in this work and asked that it be retained at a reduced rate and the USA would then seek to make up the difference via a voluntary contribution. The EU supported the offer from the USA and although PNA still had some reservations they agreed that this was acceptable following an intervention from Tokelau.
113. Following a query on process, the Commission Legal Advisor, explained that from the regulations and precedence, the FAC could remove line items where there was no consensus, however this principle did not extend to retaining existing line items where there was no consensus to remove them.
114. The EU queried the overall process and asked if the FAC was aiming to achieve a specific target budget. The co-chair explained how the FAC had been tasked by the Commission to reprioritize and if possible free up some funding to be available for additional items. Australia supported that explanation
115. There were no objections to funding the proposed work on the Retirement Plan and the Building Maintenance Plan seeing general support the co-chair indicated that both projects would be retained.
116. With regard to the SRF, the IWG Chair confirmed a phased approach for the implementation plan and the Commission could consider increases over time. In response to a query from Canada, the IWG Chair explained that the 85k budgeted included participants and cost for the venue. The SRF is flexible but would not cover all costs, and alternative language was suggested to reflect this.
117. Kiribati expressed a preference for a flexible timeline with regard to funding transfers to participants.
118. There were many suggestions regarding further editing to reflect the views of various members, and the working group agreed to take up the offer of the IWG Chair work offline and to come back to the FAC with another revision.
- 119. FAC12 agreed to a 2019 budget of \$8,041,652 (Annexes 1-3) pending any subsequent decision reached by WCPFC15 that will have an impact on the budget.**
- 120. FAC12 agreed to provide funds from existing sources to the SRF from the Working Capital Fund (\$90,000), the CNM Contribution Fund (\$50,000) and from observer fees (\$10,000).**

AGENDA ITEM 7. OTHER MATTERS

121. New Zealand presented a draft TOR for the Draft Corporate Plan which was positively received and the FAC recommended work continued to allow the Commission to agree the TOR.

122. FAC supported the nomination of Jonathon Kidu (PNG) as one FAC Candidate for Co-Chair of the FAC.

AGENDA ITEM 8. ADOPTION OF REPORT

123. FAC12 adopted this summary report which is tabled as WCPFC15-2018-FAC12.

124. FAC12 invites WCPFC15 to consider this report and to endorse its recommendations.

AGENDA ITEM 9. CLOSE OF MEETING

125. The Co-Chairs, Wataru Tanoue and Magele Etuati Ropeti, closed the final session of FAC12 at 13.33 on 14th December 2018.

ANNEX 1

**Summary of estimated General Fund budgetary requirements for 2019
and indicative figures for 2020 and 2021 (USD)**

	<i>Approved budget 2018</i>	<i>Estimated expenditure 2018</i>	<i>Indicative budget 2019</i>	<i>Proposed budget 2019</i>	<i>Indicative budget 2020</i>	<i>Indicative budget 2021</i>
Part 1 - Administrative Expenses of the Secretariat						
Sub-Item 1.1 <i>Staff Costs</i>						
Professional Staff Salary	957,069	913,783	959,797	957,069	957,069	957,069
Professional Staff Benefits and Allowances	942,273	872,916	920,832	915,109	892,395	908,395
Professional Staff Insurance	123,219	141,746	126,765	133,371	135,504	137,448
Recruitment/Repatriation	25,565	15,800	25,565	25,565	25,565	51,130
Support Staff	410,632	385,395	415,985	440,167	448,145	456,662
Total, sub-item 1.1	2,458,758	2,329,640	2,448,945	2,471,281	2,458,678	2,510,704
Sub-Item 1.2 <i>Other Personnel Costs</i>						
Temporary Assistance/Overtime	16,500	15,865	16,500	16,500	16,500	16,500
Chairs Expenses	25,000	17,687	30,000	0	0	0
Consultants <i>see note 1</i>	148,000	131,004	148,000	166,000	148,000	148,000
Total, sub-item 1.2	189,500	164,556	194,500	182,500	164,500	164,500
Sub-item 1.3 <i>Official Travel</i>	210,000	181,993	210,000	210,000	210,000	210,000
Sub-item 1.4 <i>General Operating Expenses</i>						
Electricity, Water, Sanitation	60,000	55,568	60,000	60,000	60,000	60,000
Communications/Courier	76,000	71,926	76,000	76,000	76,000	76,000
Office Supplies & Fuel	43,000	41,802	43,000	40,000	43,000	43,000
Audit	7,000	7,000	7,500	7,500	7,500	7,500
Bank Charges	9,500	9,644	9,500	9,500	9,500	9,500
Official Hospitality	10,000	9,250	10,000	10,000	10,000	10,000
Community Outreach	8,000	8,000	8,000	8,000	8,000	8,000
Miscellaneous Services	6,400	5,187	6,400	6,400	6,400	6,400
Security	93,000	95,851	93,000	93,000	93,000	93,000
Training	15,000	1,479	15,000	10,000	15,000	15,000
Total, sub-item 1.4	327,900	305,707	328,400	320,400	328,400	328,400
Sub-item 1.5 <i>Capital Expenditure</i>						
Vehicles	22,000	21,086	22,000	22,000	0	22,000
Information Technology	56,753	56,161	56,753	56,753	56,753	56,753
Website New Projects/Enhancements	8,000	9,355	20,000	20,000	8,000	8,000
Furniture and Equipment	32,000	31,311	32,000	32,000	32,000	32,000
Total, sub-item 1.5	118,753	117,913	130,753	130,753	96,753	118,753
Sub-item 1.6 <i>Maintenance</i>						
Vehicles	6,000	6,966	5,800	6,000	6,000	6,000
Information and Communication Technology	128,638	123,017	128,638	129,714	129,714	129,714
Buildings & Grounds	56,500	56,538	56,500	56,500	56,500	56,500
Gardeners and Cleaners	77,074	79,599	79,500	79,500	79,500	79,500
Insurance	23,000	18,921	23,000	23,000	23,000	23,000
Total, sub-item 1.6	291,212	285,041	293,438	294,714	294,714	294,714
Sub-item 1.7 <i>Meeting Services</i>						
Annual Session <i>see note 2</i>	165,000	235,000	165,000	202,400	165,000	165,000
Scientific Committee	236,200	207,605	192,000	192,000	192,000	192,000
Northern Committee <i>see note 3</i>	18,000	16,241	18,000	18,000	18,000	18,000
Technical and Compliance Committee	187,800	146,750	159,800	159,800	159,800	159,800
Total, sub-item 1.7	607,000	605,596	534,800	572,200	534,800	534,800
TOTAL, Section 1/Item 1	4,203,124	3,990,446	4,140,837	4,181,849	4,087,846	4,161,872

ANNEX 1 (continued)	<i>Approved budget 2018</i>	<i>Estimated expenditure 2018</i>	<i>Indicative budget 2019</i>	<i>Proposed budget 2019</i>	<i>Indicative budget 2020</i>	<i>Indicative budget 2021</i>	
Part 2 - Science & Technical & Compliance Programme							
Section 2 (Item 2)							
Sub-item 2.1	Scientific Services (SPC)	888,624	888,624	906,396	906,396	924,524	943,015
Sub-item 2.2	<i>Scientific Research</i>						
	Additional Resourcing SPC	163,200	163,200	164,832	164,832	166,480	168,145
	P42 Pacific Tuna Tagging Project	500,000	500,000	650,000	645,000	645,000	730,000
	P60 Improving purse seine species composition	0	0	40,000	0	40,000	40,000
	P57 Limit Reference Points	25,000	25,000	0	0	0	0
	P68 Estimation of Seabird Mortality	22,500	22,500	17,500	17,500	0	0
	P88 Acoustic FAD analyses	0	0	120,000	0	120,000	72,000
	P92 Alternative stock assessments whitetip shark	0	0	0	0	0	0
	P94 Workshop on YF and BE age and growth	0	0	0	15,000	0	0
	P35b Maintenance of WCPFC Tissue Bank	97,200	97,200	97,200	97,200	99,195	101,180
	P90 Fish weights/lengths for scientific analyses	0	0	40,000	60,000	30,000	20,000
	P81 Further work on bigeye tuna age and growth	30,000	30,000	0	0	0	0
	P82 Yellowfin tuna age and growth	100,000	100,000	85,000	85,000	0	0
	P83 Investigating the potential for WCPFC tag vessel	0	0	0	0	0	0
	High Priority Project(s) - to be allocated <i>see note 4</i>	0	0	83,000	0	83,000	83,000
Total, sub-item 2.2		<i>937,900</i>	<i>937,900</i>	<i>1,297,532</i>	<i>1,084,532</i>	<i>1,183,675</i>	<i>1,214,325</i>
Sub-item 2.3	Technical & Compliance Programme						
	ROP - Audit/Remediation	15,000	23,951	15,000	15,000	15,000	15,000
	ROP - Special Projects and Research Activities	10,000	0	10,000	2,000	2,000	2,000
	ROP - Training, Assistance & Development	20,000	8,289	20,000	10,000	10,000	10,000
	Observer CMM booklet	13,000	11,671	13,000	0	0	0
	ROP Data Management	923,904	923,904	923,904	923,904	923,904	923,904
	Vessel Monitoring System - Capital Costs	20,000	19,500	20,000	20,000	20,000	20,000
	Vessel Monitoring System	265,000	228,352	265,000	235,000	235,000	235,000
	Vessel Monitoring System - Airtime	197,600	199,731	199,576	201,572	203,587	205,623
	Vessel Monitoring System - Security Audit	8,400	8,400	8,400	8,400	8,400	8,400
	CCM/Staff VMS Training	40,000	6,214	40,000	25,000	25,000	25,000
	Information Management System <i>Note 6</i>	100,000	99,179	100,000	200,000	100,000	100,000
	Workshops/IATTC Cross Endor. Train.	28,000	20,447	28,000	10,000	10,000	10,000
	AR Part 2/CMS Online Host. and Pub.	18,000	18,000	18,000	18,000	18,000	18,000
	Targeted Capacity Building	50,000	1,343	50,000	40,000	40,000	40,000
	E-Monitoring and E-Reporting Workshop	50,000	12,148	0	0	0	0
	E-Monitoring and E-Reporting Activities	110,000	109,147	30,000	30,000	30,000	30,000
	Regional Capacity Building Workshops <i>see note 5</i>	130,000	130,000	130,000	130,000	130,000	130,000
Total, item 2.3		<i>1,998,904</i>	<i>1,820,275</i>	<i>1,870,880</i>	<i>1,868,876</i>	<i>1,770,891</i>	<i>1,772,927</i>
TOTAL, Section 2/Item 2		3,825,428	3,646,799	4,074,808	3,859,804	3,879,090	3,930,267
Total, Parts 1 & 2		8,028,552	7,637,245	8,215,645	8,041,652	7,966,937	8,092,140

Note 1: Consultancies proposed are:

Legal support services	\$55,000
ED Discretion	\$25,000
Media Consultant	\$10,000
Building Maintenance Plan Consultant	\$28,000
Meetings' rapporteur	\$48,000
	<u>\$166,000</u>

Note 2: Annual Session

Based on the meeting being hosted in PNG with one extra meeting day

Note 3: Northern Committee

As per WPCFC9, an additional USD25,000 will be assessed from non-developing state members of the NC to fund attendance at the NC meeting by developing states and territories if needed.

Note 4: Unobligated Budget

For science-related projects requested by the Commission with no budget allocation

Note 5: Regional Capacity Building Workshops

FFA/SPC to advise on the use of these funds

Note 6: IMS

USD20,000 to be set aside for development of CMS systems

USD80,000 to assist implementation of new CMS requirements

ANNEX 2

**Proposed General Fund financing table for 2019
01 January to 31 December 2019**

Proposed budget expenditure total	8,041,652
less	
Estimated interest	(3,400)
Transfer from Working Capital Fund	(350,000)
CNM Contributions Fund	(50,000)
Total assessed contributions	<u><u>7,638,252</u></u>

**Proposed General Fund financing table for 2020
01 January to 31 December 2020**

Proposed budget expenditure total	7,966,937
less	
Estimated interest and other income	(3,400)
Transfer from Working Capital Fund	(350,000)
CNM Contributions Fund	(50,000)
Total assessed contributions	<u><u>7,563,537</u></u>

**Proposed General Fund financing table for 2021
01 January to 31 December 2021**

Proposed budget expenditure total	8,092,140
less	
Estimated interest and other income	(3,400)
Transfer from Working Capital Fund	(350,000)
CNM Contributions Fund	(50,000)
Total assessed contributions	<u><u>7,688,740</u></u>

ANNEX 3

Indicative schedule of contributions based on the Commission's contribution formula

<i>2019 Contribution Table</i>								
<i>Member</i>	<i>Base fee component: uniform share 10% of budget</i>	<i>National wealth component: 20% of budget</i>	<i>Catch component: 70% of budget</i>	<i>Addition for Northern Committee</i>	<i>Total Contributions by Members</i>	<i>Percent of Budget by member</i>	<i>Offset for Small Island Developing States*</i>	<i>Total of components: 100% of budget</i>
Australia	29,378	113,983	15,558	0	158,918	2.11%	0	158,918
Canada	29,378	97,935	56	0	127,368	1.69%	0	127,368
China	29,378	157,294	176,307	0	362,978	4.82%	0	362,978
Cook Islands	29,378	873	2,808	0	33,058	0.44%	23,505	56,563
European Union	29,378	263,794	59,349	0	352,521	4.68%	0	352,521
Federated States of Micronesia	29,378	5,507	180,765	0	215,650	2.86%	0	215,650
Fiji	29,378	7,735	27,610	0	64,723	0.86%	0	64,723
France	29,378	99,692	9,845	0	138,914	1.84%	0	138,914
Indonesia	29,378	17,153	179,283	0	225,814	3.00%	0	225,814
Japan	29,378	124,010	946,098	0	1,099,486	14.59%	0	1,099,486
Kiribati	29,378	4,277	314,873	0	348,528	4.62%	0	348,528
Korea	29,378	62,525	877,185	0	969,088	12.86%	0	969,088
Marshall Islands	29,378	2,657	205,196	0	237,231	3.15%	4,468	241,699
Nauru	29,378	683	23	0	30,084	0.40%	24,482	54,566
New Zealand	29,378	66,494	26,951	0	122,823	1.63%	0	122,823
Niue	29,378	81	0	0	29,459	0.39%	20,950	50,409
Palau	29,378	1,087	0	0	30,464	0.40%	18,272	48,736
Papua New Guinea	29,378	3,702	519,038	0	552,118	7.33%	0	552,118
Philippines	29,378	10,419	287,726	0	327,523	4.35%	0	327,523
Samoa	29,378	6,552	2,428	0	38,358	0.51%	0	38,358
Solomon Islands	29,378	3,074	56,288	0	88,741	1.18%	0	88,741
Chinese Taipei	29,378	43,493	729,753	0	802,624	10.65%	0	802,624
Tonga	29,378	5,401	614	0	35,393	0.47%	1,406	36,799
Tuvalu	29,378	560	13,464	0	43,401	0.58%	8,458	51,859
United States of America	29,378	322,019	657,325	0	1,008,722	13.38%	0	1,008,722
Vanuatu	29,378	5,112	58,233	0	92,723	1.23%	0	92,723
Totals	763,825	1,426,109	5,346,777	0	7,536,711	100%	101,542	7,638,252

* To be offset by the CNM Contributions Fund.

ANNEX 3 (continued)

Offset for Small Island Developing States as per Financial Regulation 5.2(b) (ii)

<i>Member</i>	<i>Population</i>	<i>Maximum Payable for wealth component</i>	<i>National wealth component</i>	<i>Offset for Small Island Developing States</i>
Cook Islands	17,459	873	24,378	23,505
Federated States of Micronesia	105,540	5,277	5,507	0
Fiji	905,500	45,275	7,735	0
Kiribati	116,400	5,820	4,277	0
Marshall Islands	53,130	2,657	7,124	4,468
Nauru	13,650	683	25,165	24,482
Niue	1,626	81	21,032	20,950
Palau	21,730	1,087	19,359	18,272
Papua New Guinea	8,251,160	412,558	3,702	0
Samoa	196,440	9,822	6,552	0
Solomon Islands	611,340	30,567	3,074	0
Tonga	108,020	5,401	6,807	1,406
Tuvalu	11,190	560	9,018	8,458
Vanuatu	276,240	13,812	5,112	0
Total				101,542

Additional Funding for Northern Committee as agreed in WCPFC9-2012-22 FAC 6 Summary Report 5.4 (25)

<i>Non-developing States Members of NC</i>	<i>Percent of total budget</i>	<i>Percent of NC fund</i>	<i>Additional cost</i>
Canada	1.67%	3.6%	0
China	4.75%	10.4%	0
Japan	2.96%	6.5%	0
Korea	12.69%	27.7%	0
Chinese Taipei	10.51%	23.0%	0
United States of America	13.21%	28.8%	0
Total	45.78%	100.00%	0

ANNEX 3 (continued)

Indicative schedule of contributions based on proposed 2019 budgets without the Offset for Small Island Developing States and Additional funds Assessed on Non-Developing States Members of NC

Member	2019 Proposed					2020 Indicative		2021 Indicative	
	Base fee component: uniform share 10% of budget	National wealth component: 20% of budget	Catch component: 70% of budget	Total of components: 100% of budget	% of budget by member	Total of components: 100% of budget	% of budget by member	Total of components: 100% of budget	% of budget by member
Australia	29,378	113,983	15,558	158,918	2.08%	157,364	2.08%	159,968	2.08%
Canada	29,378	97,935	56	127,368	1.67%	126,123	1.67%	128,210	1.67%
China	29,378	157,294	176,307	362,978	4.75%	359,427	4.75%	365,377	4.75%
Cook Islands	29,378	24,378	2,808	56,563	0.74%	56,010	0.74%	56,937	0.74%
European Union	29,378	263,794	59,349	352,521	4.62%	349,073	4.62%	354,851	4.62%
Federated States of Micronesia	29,378	5,507	180,765	215,650	2.82%	213,540	2.82%	217,075	2.82%
Fiji	29,378	7,735	27,610	64,723	0.85%	64,090	0.85%	65,151	0.85%
France	29,378	99,692	9,845	138,914	1.82%	137,556	1.82%	139,833	1.82%
Indonesia	29,378	17,153	179,283	225,814	2.96%	223,605	2.96%	227,306	2.96%
Japan	29,378	124,010	946,098	1,099,486	14.39%	1,088,732	14.39%	1,106,754	14.39%
Kiribati	29,378	4,277	314,873	348,528	4.56%	345,119	4.56%	350,832	4.56%
Korea	29,378	62,525	877,185	969,088	12.69%	959,609	12.69%	975,494	12.69%
Marshall Islands	29,378	7,124	205,196	241,699	3.16%	239,335	3.16%	243,296	3.16%
Nauru	29,378	25,165	23	54,566	0.71%	54,032	0.71%	54,926	0.71%
New Zealand	29,378	66,494	26,951	122,823	1.61%	121,621	1.61%	123,635	1.61%
Niue	29,378	21,032	0	50,409	0.66%	49,916	0.66%	50,743	0.66%
Palau	29,378	19,359	0	48,736	0.64%	48,260	0.64%	49,059	0.64%
Papua New Guinea	29,378	3,702	519,038	552,118	7.23%	546,718	7.23%	555,768	7.23%
Philippines	29,378	10,419	287,726	327,523	4.29%	324,319	4.29%	329,688	4.29%
Samoa	29,378	6,552	2,428	38,358	0.50%	37,982	0.50%	38,611	0.50%
Solomon Islands	29,378	3,074	56,288	88,741	1.16%	87,873	1.16%	89,327	1.16%
Chinese Taipei	29,378	43,493	729,753	802,624	10.51%	794,773	10.51%	807,929	10.51%
Tonga	29,378	6,807	614	36,799	0.48%	36,439	0.48%	37,042	0.48%
Tuvalu	29,378	9,018	13,464	51,859	0.68%	51,352	0.68%	52,202	0.68%
United States of America	29,378	322,019	657,325	1,008,722	13.21%	998,855	13.21%	1,015,389	13.21%
Vanuatu	29,378	5,112	58,233	92,723	1.21%	91,816	1.21%	93,336	1.21%
Totals	763,825	1,527,650	5,346,777	7,638,252	100.00%	7,563,537	100.00%	7,688,740	100.00%