



**Agreement on the Conservation of Albatrosses and Petrels**

*Interim Secretariat provided by the Australian Government*

**First Meeting of Advisory Committee**

**Hobart, Australia, 20 – 22 July 2005**

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*Agenda Item No .2*  
ACAP/AC1/Doc.9  
**Interim Secretariat**

**Financial Report**



# Financial Report

## Purpose

To update the meeting on the ACAP budget and seek guidance from the Advisory Committee on financial matters.

## Background

A total annual budget for the Agreement of US\$ 200,000 for 2005 and 2006 was agreed at the first Meeting of the Parties (Resolution 1.2) based on scales of contribution as set out in Resolution 1.3.

MOP1 also adopted financial regulations for ACAP (Annex 5 of MOP1 report). These require, amongst other things, that:

- In the first financial year of the Agreement, contributions are paid within 90 days of the end of the first MOP (Regulation 5.6);
- Parties are informed on the position of any arrears in payment of contributions (Regulation 5.9);
- Transfers between budget items of up to 10 per cent of appropriations (Regulation 4.4) must be reported on an annual basis to the next meeting of the Parties.

## Report

### General

An account for the purposes of ACAP has been established by the Australian Antarctic Division, Department of Environment and Heritage. It is intended that this arrangement remain in place until the establishment of the Agreement Secretariat. The Australian Antarctic Division will use their existing internal financial control procedures to receipt Party contributions and make all payments in a way that ensures compliance with ACAP Financial Regulation 9.

The accounts will be managed on a cash accounting basis, which is considered appropriate because there are few assets and the size of the business does not warrant an accrual accounting system at this stage. It is intended that the accounts be audited annually using the Australian Antarctic Division's auditors.

Income and expenditure for the 2005 financial year in AUS\$ is presented in Table 1. Budget amounts were converted from \$US to \$AUS using the exchange rate at 1 January 2005 (\$US1.00 – \$AUS 1.31) and on the basis of this invoices for annual contributions and other donations were sent to Parties in \$AUS. All receipts in currencies other than \$AUS are converted at the exchange rate of the day.

Expenditure in 2005 is currently on target but income (Subscriptions from Parties) is down \$35,300 on the anticipated level (see notes on income below). It should be noted that the Interim Secretariat is budgeting for a surplus (c. AUS \$30,000) in 2005 to meet expected operational costs for the conduct of MOP2.

Savings on a number of budget line items will also contribute to a surplus in 2005. Savings will be made in line item 1.3 (Table 1) because the costs of insurance, auditing and light and power are being met by the Australian Antarctic Division and Antarctic Tasmania. Savings have also been made in line item 3 because there is no French interpretation at the AC1 meeting. Savings from these items will be carried over to 2006 to meet a projected shortfall

for the translation costs of documents now that French has become the third language of ACAP.

Income

Contributions from Parties have been received from Australia, New Zealand, South Africa and the United Kingdom. Contributions from Spain and Ecuador were outstanding as of 10 July 2005.

The scales of contribution agreed at MOP1 include provisions for determining the contributions of new Parties ratifying in 2005 and 2006 (Resolution 1.3). With the recent addition of two new Parties to the Agreement, the annual contributions of Peru and France can be expected to supplement the 2005 and 2006 budgets by US\$ 69,500 (AUS\$ 90,883), calculated as follows:

			<b>US \$</b>	<b>AUS \$</b>
<b>Peru</b>	2005	Pro-rated from date of entry into force (1 August 2005)	833	1,083
	2006		2,000	2,600
<b>France</b>	2005	Pro-rated from date of entry into force (1 September 2005)	16,667	21,800
	2006		50,000	65,400

The Financial Regulations do not provide specific guidance on the due date for payment of contributions from new parties. Regulation 5.7 requires annual payments within 60 days of the beginning of the financial year, and Regulation 5.6 gives all Parties 90 days to pay in the first financial year of the Agreement. The interim Secretariat is intending to request that Peru and France provide their annual contributions for 2005 within 90 days of entry into force.

A voluntary contribution of £10,000 was received from the UK. This money has been notionally placed against two funds, an Advisory Committee Work Programme Fund and a Capacity Building Fund. A total of £5,000 (AUS\$ 12,650) has been placed against each of these funds (see budget lines 4.1 and 4.2 of Table 1). The UK has also provided additional funds (£25,000; AUS \$61,531) which have been placed against the Advisory Committee Work Programme Fund. The UK requested that this donation be re-routed to the Falkland Island Government to fund surveys of Southern Giant, Northern Giant and White-chinned petrels at South Georgia and the South Sandwich Islands. The request was agreed to because it appeared to meet the Guidelines for Accepting Voluntary Financial Contributions (Financial Regulations).

Two projects have been committed against the Advisory Committee Work Programme Fund so far: – the petrel surveys described above (AUS\$ 61,531), and the development of a bibliographic database for the Taxonomy Working Group (AUS\$2,000). Before any further appropriations are made from these two funds, guidance is sought from the Advisory Committee on their appropriate use.

Change to line items.

The line item system used in the budget considered and approved at MoP1 (Resolution 1.2) was found to be impractical when put into use. As a result, the Interim Secretariat has developed a new line item system following discussions with the Australian Antarctic Division Accounts Manager. The new system follows professional accounting practices more closely and is shown in Table 2. It should be noted that it may be necessary to add new line items as the budget develops.

In implementing a revised line item system the Secretariat has been careful to ensure no changes were made to the appropriations agreed at MOP1 (Resolution 1.2). Some additional line items have, however, been included as explained below:

- The MOP1 budget contained a single line item for Advisory Committee Meetings. This has been broken down into sub-items in the same way as the costs for Meetings of the Parties.
- Translation costs for documents were included in a number of line items in the budget agreed at MOP1. The original intention was to separate the costs of translating meeting documents from those of translating non-meeting documents. In practise this has proven difficult so all document translation costs (including a proportion of the MOP1 budget for the Advisory Committee) have been lumped into a new line item (Item 5).

## **Issues**

### Staff Salaries

The budget for Staff Salaries (Item 1.1) is currently AUS \$85,150, based on a part time position at an equivalent rate to the United Nations P3 and including allowances. Both Australia and the United Kingdom have substantially underwritten the work of the Secretariat and it is estimated that one full time and one half-time position are required to maintain the level of service currently provided by the Secretariat. The interim Secretariat is currently staffed by one full time post (Helen Riley, on secondment from the United Kingdom) with part-time assistance from staff from the Australian Antarctic Division (Barry Baker, Warren Papworth and Cathy Bruce). The secondment of Helen Riley to the interim Secretariat, which began in October 2004, was extended from an initial period of 5 months through until 15 August 2005. The first five months of the secondment were funded by the United Kingdom and the extension funded from the ACAP salary budget. Input of staff time from the Australian Antarctic Division to the Agreement between MOP1 and AC1 will not be charged to the Agreement budget but this situation is not sustainable in the long term. The limited budget for Secretariat Staff is potentially a significant restraint on the future progress of the Agreement. Future budgets for the Agreement need to take this into consideration.

### Currency for budgeting and expenditure

Following the decision at MoP1 to locate the Agreement Secretariat in Australia, it would appear appropriate that future financial activities of the Agreement be budgeted for and accounted in Australian Dollars. This would greatly facilitate financial management and banking, particularly as many of the operational costs of the Secretariat will be paid within Australia. Secretariats of other international agreements and commissions based in Australia (e.g. Commission for the Conservation of Antarctic Living Resources – CCAMLR, Council of Managers of National Antarctic Programs – CONMAP, Commission for the Conservation of Southern Bluefin Tuna – CCSBT) currently budget in Australian Dollars. For this proposal to be implemented it will be necessary to amend the Financial Regulations (Regulation 3.6 and 5.3).

## **Action by Advisory Committee**

The Advisory Committee is asked to:

1. Support the proposal that the Secretariat develops and manages the budget in Australian Dollars, the currency of the Secretariat Host Government, noting that this will require the approval of the Meeting of the Parties;
2. Support the change in Budget Line Items to those identified in Table 2;
3. Urge Parties that have yet to provide their 2005 contribution to facilitate payment as a matter of urgency; and
4. Provide guidance on the appropriate use of the donation from the United Kingdom.

**Table 1. The ACAP Budget for 2005 and 2006 (as at 10 July 2005)**

INCOME		BUDGET 2005 AUS\$	ACTUAL 2005 AUS\$	BUDGET 2006 AUS\$
<b>SUBSCRIPTIONS FROM PARTIES</b>				
	Australia	65,400	65,400	65,400
	Ecuador	2,600	0	2,600
	France*	21,800	0	65,400
	New Zealand	49,700	49,700	49,700
	Peru*	1,083	0	2,600
	Spain	32,700	0	32,700
	South Africa	26,100	26,083	26,100
	United Kingdom	85,000	85,000	85,000
	Sub-total (subscriptions)	284,380	226,183	329,500
<b>DONATIONS</b>				
	United Kingdom (£10,000)	25,300	25,300	
	United Kingdom (£25,000, S Georgia Petrel Survey)	61,531	61,531	
	Antarctic Tasmania (Office Establishment)	1,650	1,650	
	Sub-total (donations)	88,481	88,481	
	<b>TOTAL INCOME</b>	<b>372,861</b>	<b>314,664</b>	<b>329,500</b>
<b>EXPENDITURE</b>				
<b>LINE ITEM</b>	<b>DESCRIPTION</b>	<b>BUDGET 2005 AUS\$</b>	<b>ESTIMATED EXPENDITURE 2005, AUS\$</b>	<b>BUDGET 2006 AUS\$</b>
<b>1</b>	<b>SECRETARIAT</b>			
1.1	Staff salaries	85,150	85,150	85,150
1.2	Staff support	21,615	21,615	21,615
1.3	Office equipment and support	57,325	44,880	55,675
	Subtotal (1)	<b>164,090</b>	<b>151,645</b>	<b>162,440</b>
<b>2</b>	<b>MEETINGS OF THE PARTIES (MOP)</b>			
2.1	Interpretation	0	0	23,580
2.2	Venue and meeting support costs	0	0	14,410
2.3	Sponsorship	0	0	0
	Subtotal (2)	<b>0</b>	<b>0</b>	<b>37,990</b>
<b>3</b>	<b>MEETINGS OF ADVISORY COMMITTEE (AC)</b>			
3.1	Interpretation	24,130	15,364	24,130
3.2	Venue and meeting support costs	7,450	5,291	7,450

LINE ITEM	DESCRIPTION	BUDGET 2005 AUS\$	ESTIMATED EXPENDITURE 2005, AUS\$	BUDGET 2006 AUS\$
3.3	Sponsorship	5,405	7,415	5,405
	Subtotal (3)	<b>36,985</b>	<b>28,070</b>	<b>36,985</b>
<b>4</b>	<b>FUNDS</b>			
4.1	Capacity Building Fund (Article IV)	12,650	0	0
4.2	Advisory Committee Work Programme	74,181	63,531	0
4.3	Contingency Fund	0	0	0
	Subtotal (4)	<b>86,831</b>	<b>63,531</b>	<b>0</b>
<b>5</b>	<b>TRANSLATION COSTS (DOCUMENTS)</b>			
5.1	Translation costs (documents)	33,100	33,100	54,060
	Subtotal (5)	<b>33,100</b>	<b>33,100</b>	<b>54,060</b>
	<b>TOTAL EXPENDITURE (1-5)</b>	<b>321,006</b>	<b>276,346</b>	<b>291,475</b>
	<b>NET SURPLUS / (DEFICIT)</b>	<b>51,855</b>	<b>38,318</b>	<b>38,025</b>

\* 2005 subscriptions from Peru and France will be invoiced when the ACAP Agreement enters into force for each Party (respectively 1 August and 1 September 2005)

**Table 2. Relationship between budget line items agreed at the first session of the Meeting of the Parties (MOP1) and those in the revised budget presented in this paper**

DESCRIPTION OF EXPENDITURE	LINE ITEM	
	MOP1 (Annex 1 of Resolution 1.2)**	REVISED
<b>SECRETARIAT</b>		<b>1</b>
<b>Staff salaries</b>		1.1
Executive Secretary (UN P3 - half time)	1	1.1.1
Support staff (UN L7)	2	1.1.2
<b>Staff support</b>		1.2
Misc. travel for Exec Secretary to attend other fora	4	1.2.1
Travel allowance	5	1.2.2
Staff training	9	1.2.3
<b>Office equipment and support</b>		1.3
Lease of office accommodation	11	1.3.1
Auditor and accountant	12	1.3.2
Insurance	13	1.3.3
Office equipment	7	1.3.4
Maintenance of equipment	8	1.3.5
Light and power	14	1.3.6
Printing and copying	15	1.3.7
Stationery	16	1.3.8
Translation*	18	5.1 (see below)
Telephone, fax, internet	20	1.3.9
Postage and miscellaneous	21	1.3.10
Miscellaneous	17	1.3.11
Donation from Antarctic Tasmania		1.3.12
<b>MEETINGS OF THE PARTIES (MOP)</b>		<b>2</b>
<b>translation and interpretation</b>		2.1
Simultaneous interpretation	24	2.1.1
Translation of meeting documents*	25	5.1 (see below)
Translation/preparation of final report *	26	5.1 (see below)
Hire of interpretation equipment	27	2.1.2
<b>Venue and meeting support costs</b>		2.2
Hire of venue (including catering)	29	2.2.1
Hire of equipment (photocopiers, computers etc)		2.2.2
Support staff	30	2.2.3
<b>Sponsorship</b>		2.3
Sponsorship of Experts	32	2.3.1

DESCRIPTION OF EXPENDITURE	LINE ITEM	
	MOP1 (Annex 1 of Resolution 1.2)**	REVISED
Sponsorship of Delegates	33	2.3.2
<b>MEETINGS OF ADVISORY COMMITTEE (AC)</b>	<b>36</b>	<b>3</b>
<b>Interpretation</b>		3.1
Simultaneous interpretation		3.1.1
Hire of interpretation equipment		3.1.2
Translation of meeting documents and report*		5.1 (see below)
<b>Venue and meeting support costs</b>		3.2
Hire of venue (including catering)		3.2.1
Hire of equipment (photocopiers, computers etc)		3.2.2
Support staff		3.2.3
<b>Sponsorship</b>		3.3
Sponsorship of experts / delegates		3.3.1
<b>FUNDS</b>		<b>4</b>
<b>Capacity Building Fund (Article IV)</b>	37	4.1
<b>Advisory Committee Work Programme</b>		4.2
Support for Taxonomy Working Group		4.2.1
Petrel Census South Georgia / South Sandwich		4.2.2
<b>Contingency Fund</b>	38	4.3
<b>TRANSLATION COSTS (DOCUMENTS)</b>		<b>5</b>
Translation costs (documents)	See expenditure marked with * above	5.1

\*\* Note that line items from the MOP1 budget relating to totals and subtotals have not been transferred across to the new system and are not included in the above table (relates to line items 3, 6, 10, 19, 22, 23, 28, 31, 34, 35, 39, 40 and 41)