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

INDICATIVE COSTS FOR A COMMISSION SECRETARIAT AND RELATED ISSUES

Prepared by the Secretariat

I. INTRODUCTION

1. During the second session of the Preparatory Conference (PrepCon 2) in March 2002, Working Group I (WG. I) was able to further clarify the service needs of the future Commission during the early years of its operations and elaborate upon possible options for the delivery of those service needs, including an appropriate secretariat structure. It is 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.

2. WG.1 adopted an indicative programme of work for the third and fourth sessions of the Preparatory Conference. In accordance with that programme of work, WG.I is to focus its work at PrepCon 3 on the development of greater precision in the provisional indicative budget of the Commission with respect to:

(a) the costs of a Commission secretariat to deliver core functions and science;

(b) the costs associated with the various options for providing additional Commission services;

(c) possible mechanisms for funding the participation of developing states consistent with article 30, paragraph 3, of the Convention;

(d) the application of cost recovery principles for the provision of specified Commission services.

3. To assist WG.I in considering these matters the Preparatory Conference Secretariat was requested to prepare working papers addressing the following issues:

(a) Information on the various options available for the remuneration of the staff of the Commission secretariat;

(b) The costs associated with a core secretariat structure, on the basis of that proposed in working paper WCPFC/PrepCon/WP.3, together with a science secretariat on the basis of the discussions in WG.II;

(c) Estimates of the costs associated with the provision of such additional Commission services as may be required in the medium term, including a comparison between the costs of utilizing existing regional programmes or systems and the 'in-house' provision of these services by the Commission;

(d) Estimates of the potential size and scope of the special fund established pursuant to article 30, paragraph 3, of the Convention;

(e) Information on the application of cost recovery principles to various Commission services.

II. SECRETARIAT STRUCTURE AND INDICATIVE COSTS

A. Proposed secretariat structure

4. 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 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 at PrepCon 2 in both WG.I and WG.II.

5. It will be recalled that, although the outcome of the discussions within WG.II was not conclusive, WG.II did develop a revised alternative for the structure of the scientific functions (WCPFC/PrepCon/15, Annex I). Under the alternative developed by WG.II a staff of one senior scientist and one scientific analyst would be required to manage the external provision of science services. For data services, a staff of one data manager, one observer programme manager (as necessary), two data analysts (one dealing with commercial fisheries data and one dealing with observer and research data) and two data entry clerks would be required.

6. These additional requirements have been taken into account in developing the revised model structure set out in Annex I to the present document. As far as possible, the functions identified by WG.II have been assimilated into the provisional structure reviewed by WG.I (e.g. the functions of Science Manager and Senior Scientist are merged, as well as the functions of IT Manager and Data Manager). By combining the outcome of the discussions in WG.I and WG.II an overall staffing level of 17 (eight Professional and nine General Service) is achieved.

7. It would clearly be unrealistic to expect the secretariat to be fully functional in its first year of operation. Accordingly, an evolutionary approach to the establishment of the secretariat is proposed whereby, in the first year of operation, it would be necessary to fund a core staff of 10. During the second and third years of operation, this would be increased to a total of 17 positions as the secretariat begins to carry out the full range of functions identified in the Convention.

8. In considering in more detail the need for each staff position, it has been possible to give greater precision to the functions of each proposed staff member. The broad functions of each proposed staff position are elaborated in the table contained in Annex II to the present document. The table also indicates the year in which it might be anticipated that each staff position would become operational. It is considered that the structure outlined in Annexes I and II should be sufficient to meet the Commission's service needs in the medium term provided that the use of external providers of certain technical functions is maximized.

B. Indicative costs of proposed secretariat structure

9. 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 of the present report.

1. Remuneration system for staff of the secretariat

10. At least in the early years, the largest component of the budget 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.

11. 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).

11. One option would clearly be for the Commission to participate in the United Nations common system of salaries and allowances. This is a comprehensive system, covering all aspects of employment in the international civil service, including salaries and allowances, pension entitlements and a system of administrative justice. The system is regulated and coordinated by the International Civil Service Commission. In addition to the United Nations and its specialized agencies, the system is also applied by numerous other international organizations, including several regional fisheries management organizations and some of the existing tuna management organizations and other regional organizations with jurisdiction in the Pacific region.[1] Among the advantages of applying this system to the Commission would be its transparency, its portability, and the fact that it is already accepted by all participating governments as satisfying the criteria set out in article 16. There also exists a well-developed and transparent system for the administration of justice and the staff of the Commission would have the benefit of eligibility to participate in the United Nations Joint Staff Pension Fund. One significant advantage for the purposes of budgeting is that sophisticated methodologies exist for standardized costing of staff positions. On the other hand, it may be argued that the UN system is administratively complex and unnecessarily burdensome to apply within a relatively small organization.

12. Another option would be to look to 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).[2] CROP adopted a harmonized set of employment conditions for its agencies in January 2001 under which salaries for professional staff are based upon the median of the Australian Public Service Base Salary market. While the CROP system is not as well-developed as the UN system, it retains the same basic features, including the link to a comparator civil service for establishing the base salary scale and the usual expatriate benefits such as recruitment and re-assignment grants, removal allowances, home leave, education grant, medical and life insurance, superannuation and cost of living adjustments applicable to specific duty stations. The major defect with the CROP system, as applied to the Commission, is that it is not designed to accommodate the needs of countries which are not members of the CROP organizations. Further, those countries have not 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. Indeed, under their respective constituent instruments the governing bodies of the CROP

[1] 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); the Indian Ocean Tuna Commission (IOTC).

[2] 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).

organizations have different membership and retain the power to adopt and amend Staff Regulations which are specific to the organization concerned.

13. Since neither the UN common system nor the CROP system seem entirely appropriate for the needs of the Commission, it is suggested that WG.I may wish to consider applying a system for remuneration which is based upon the CROP system but with such modifications as may be necessary in order to satisfy the requirements of article 16. In this way, initial appointments to the Commission secretariat could be made at least on a short-term basis in accordance with the existing CROP system, pending the approval by the Commission of Staff Regulations in its first few years of operation. Any adjustments to the CROP system that may be required for practical purposes could be reflected in the Staff Regulations.

14. In terms of budgeting, the most significant component of the difference in salary costs between the UN common system and the CROP system is the base salary component of each salary scale. However, once other factors have been taken into consideration, including the considerable overlap that exists between salary scales, it would appear that the financial implications of using either scale are quite similar. Whilst, in general terms, the UN salary scale appears higher than the CROP salary scale, the point at which an individual staff member is placed on the CROP scale is influenced to a greater extent by market conditions and the circumstances of the individual concerned (e.g. number of dependents etc). As it is probably not necessary at this stage of the deliberations to adopt definitively either scale, the anticipated staff costs of the Commission in the first years of operation are presented in Annex III to the present paper in the form of an indicative range, based on an assessment of the likely range of costs under either a UN system or a CROP-based system. The notes to the tables presented in Annex III explain the assumptions that have been used in compiling the tables. It must be stressed that, while budgeting methodologies for the UN system are relatively certain, those for the CROP-based system are less easy to predict, and the tables have therefore been compiled using the mid-point on the CROP salary scale. Regardless of the eventual decision of the Commission with regard to the terms and conditions of the staff of the secretariat, it is considered that the tables in Annex III are a reliable indication of the likely staff costs for the Commission over the first three years of its operation and should be regarded as such by WG.I for the purposes of determining the likely budget of the Commission.

2. General operating expenses

15. In addition to staffing costs, the Commission will also have to meet the ongoing general operating expenses of the secretariat. These would include staff travel, 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. Since many of these items, especially those relating to utilities, security and communications, are heavily influenced by the location 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.

3. Purchase and maintenance of capital assets

16. It is assumed and proposed that the Commission will not own real estate assets. Office accommodation, free of charge, should be provided by the host government. 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.

4. Meeting costs

17. 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. Depending upon the facilities available at the site of the headquarters of the Commission, there will also be a need to make provision for the hire of meeting space, including rental of additional photocopiers, computers and other essential equipment.

III. MODALITIES FOR FUNDING THE PARTICIPATION OF DEVELOPING STATES

18. Article 30, paragraph 3, of the Convention requires the Commission to establish a fund to facilitate the participation of developing States Parties, particularly small island developing States, and where appropriate, territories and possessions. For the purpose of the present analysis the funding of territories and possessions has not been considered as it is assumed that the State Party responsible for the international affairs of such territories and possessions will as necessary assume responsibility for the funding of participation. Should this assumption be incorrect, the following paragraphs would need to be revised accordingly.

A. Extent of the Fund

19. In order to determine the potential costs associated with the funding of the participation of developing States Parties a number of assumptions have been made. It is assumed that all developing States Parties (a total of 17 States on the basis of participation in MHLC and the Preparatory Conference process to date) will be eligible for funding; funding will be on the basis of an economy return airfare (assumed to be on average approximately US$2,500) for one delegate (the Commissioner) from each eligible developing State Party; and per diems will be paid for a 7 day period (5 days for the Commission meeting plus one day travel either side) at a rate of US$ 145 per day (the highest UN per diem rate for the known range of potential host countries for the Commission headquarters).

20. On the basis of the assumptions outlined in the preceding paragraph the total size of the fund to be established under article 30, paragraph 3, of the Convention would be in the order of US$ 42,500.

B. Financing the Fund

21. The Convention in articles 17, 18 and 30 (the various articles concerned with the finance of the Commission and the funding of developing State party participation) does not give clear guidance as to the mechanism to be used for financing the fund under article 30 paragraph 3. Article 18 of the Convention, concerned with the budget of the Commission, places the onus on the Executive Director to identify those items of the budget to be financed through assessed contributions and those which are to be financed through either voluntary contributions, the fund under article 30, paragraph 3, or other funds received. In practice, two main options are available for providing financial assistance to members of the Commission from developing States. One option is to establish a voluntary trust fund for such purpose. The other option is to make provision from within the administrative budget of the Commission (i.e., through assessed contributions).

1. Voluntary contributions and other funds

22. The general approach internationally to funding of developing State participation in international meetings is through reliance upon voluntary contributions. No regional fisheries management organization currently provides for an explicit fund financed via the normal funding provisions of the organization in order to facilitate participation by developing States Parties. Within the United Nations system, for example, voluntary contributions are an important source of financing. There are, for example, a number of programmes approved by the General Assembly which are funded in whole or in part by voluntary contributions from Member States, non-Member States and other sources. These programmes include, inter alia, UNICEF, UNHCR, UNRWA, UNIDO, UNDP and UN peace-keeping operations. Voluntary contributions are not treated as part of the regular budget of the United Nations, but are designated as extra-budgetary funds or trust funds. While international organizations create trust funds for various activities, the only general condition for their establishment is that their purposes must fall within the aims of the organization. Generally, the Financial Regulations of the organization concerned would contain special provisions relating to trust funds.

23. In the present case, the size of the fund envisaged, $42,500, is such that it is not unreasonable to expect that voluntary contributions alone could be sufficient to sustain the fund. If it were assumed that the voluntary contributions involved are all derived from those members of the Commission with developed economies then, based upon a Commission consisting of 24 members, the level of voluntary contributions would be in the order of US$6,000 per contributing member. It is also possible that external funding sources such as international development agencies and the development and aid agencies of various non-members of the Commission may contribute to the voluntary fund in support of participation by developing States and in particular the small island developing States of the region.

2. Assessed contributions

24. At various times both in the MHLC and in the Preparatory Conference some developing States have expressed concern about reliance upon voluntary contributions to finance the fund envisaged under article 30, paragraph 3. It is perceived by some that reliance upon voluntary contributions does not create sufficient security. An alternative approach would be to include this item of the budget within those that are to be financed through assessed contributions under article 17, paragraph 1(a). This approach would see all members of the Commission making some contribution towards the fund; however, the majority of the burden for financing the fund would continue to rest with the members of the Commission with developed economies. Article 18, paragraph 2, of the Convention outlines the matters to be given due consideration in the development of an assessed contributions formula for the Commission. It is clear from article 18, paragraph 2, and the recent approaches adopted by tuna commissions such as the IOTC and ICCAT that there will be a significant weighting in the assessed contributions formula of the Commission in favour of developing States. Recent international instruments such as the 1995 UN Fish Stocks Agreement and the discussions at the WSSD would also support the development of a contributions formula that makes adequate provision for the circumstances of developing countries.

IV. PROVISION OF EXTERNAL SERVICES

25. In the medium term there are a number of services that the Commission may require which can most efficiently be provided by external service providers. Those services may include:

(a) Science and research;

(b) Data management;

(c) Administration of the vessel register;

(d) Vessel Monitoring System.

26. The major difficulty in determining cost estimates for the provision of services has been the absence of definitive information on the nature and extent of the services required. The information summarized below reflects estimates based upon a number of assumptions. In each case the assumptions are outlined. As WG.II and WG.III begin to identify more precisely the technical services required in their respective fields, it will be possible to further refine the cost information for determining the initial budget of the Commission. The analysis in this section of the present paper is based upon cost estimates provided by existing regional organizations (the Oceanic Fisheries Programme of the SPC (OFP) and the Forum Fisheries Agency) and, where possible, advice and cost information from commercial service providers.

A. Science and research

27. In the long-term, the Commission's stock assessment needs may include skipjack, yellowfin, bigeye, South and North Pacific albacore, Pacific bluefin tuna, and broadbill swordfish. There may also be a requirement for assessments of important non-target species, such as various species of marlins, blue shark, and possibly protected species such as marine turtles.

28. In the medium term it has been assumed that the stock assessment needs of the Commission will focus on skipjack, yellowfin, bigeye and South Pacific albacore tunas. Further, it is assumed that these four stocks will be subject to detailed stock assessments once every two years i.e. two stock assessments will be undertaken each year. It has also been assumed that ad-hoc assessments for other species will be conducted less frequently.

29. The OFP currently undertakes science and research in relation to the stocks of concern to the Commission. One potential source of scientific advice and research services to the Commission is through the use of the existing OFP services. On the basis of the above assumptions, OFP has advised that the full costs associated with OFP providing these services would be approximately US$ 520,000. This includes US$ 281,787 per annum for stock assessments of the main tuna species, US$ 75,000 per annum for assessments of other target and non-target species, US$ 114,000 for development, testing and documentation of stock assessment methods and a 10 per cent levy for administrative support.

30. It is estimated that the cost of contracting stock assessment work to commercial science providers (of which there are a number in the Pacific region and further afield) would be in the region of US$ 300,000 for two large stock assessments per year. This figure would include the development, testing and documentation of assessment models and methods.

31. In order to obtain a more accurate assessment of costs there is a need to better identify the nature and extent of stock assessment advice to be sought. This would enable potential service providers (including OFP) to develop specific proposals including detailed cost estimates that can be directly compared and evaluated. This requires clear direction from the Commission as to how it wishes to manage fisheries to ensure that the science fits the management needs.

32. For the purposes of developing an indicative budget for the Commission, however, on the basis of the advice provided by OFP and the indications of the potential cost of utilizing commercial science providers it is likely that the cost of science services to the Commission in the medium term will be in the order of US$ 300-500,000 per annum.

B. Data Management

33. The SCG meeting in Hawaii in July 2002 noted that priorities for fisheries data are (1) estimates of annual catches; (2) catch and effort data, preferably on an operational level (e.g. longline sets, purse-seine sets); and (3) size composition data (length or weight). While these priorities were established in the context of the data needs of the Preparatory Conference it is suggested that these same priorities will likely apply to the Commission in the medium term. On the basis of these priorities the primary focus of the Commission's data management needs in the medium term will be the management of fishery and biological data, primarily catch and effort data and observer data.

34. OFP has advised that the costs associated with OFP providing to the Commission those of its current data services which directly relate to the data needs of the Commission would be approximately US$ 1.1 million. This sum comprises approximately US$ 337,000 for compilation and dissemination of fishery and biological data, approximately US$ 491,000 for financial and technical support to port sampling programmes and observer programmes, US$ 96,000 for statistical analysis of data in relation to data quality and adjustment of estimates, US$ 101,000 to statistical support services for the Scientific Committee of the Commission and for stock assessment activities funded by the Commission, and the remainder of the costs are those associated with administration.

35. The extent to which the Commission will require extensive port sampling programmes in the medium term has not been determined. If it is considered that the specific data needs of the Commission in the medium term do not include port sampling programmes, then the costs indicated by OFP in relation to sampling programmes (US$ 490,000) are not entirely applicable. This would not mean that the Commission would not receive and manage sampling data as clearly the OFP costs for compilation and dissemination of fishery and biological data include provision for such services. Excluding the provision for financing and supporting port sampling programmes the total cost of data services from OFP would be in the order of US$ 590,000 per annum.

36. It should also be noted, however, that included within the figure of US$ 337,000 allocated to compilation and dissemination of fishery and biological data from OFP are costs associated with the employment of four data entry clerks that currently input data from hardcopy sheets. This entry of data from hard sheets is currently undertaken in any event by OFP for its own purposes, recognizing that a number of OFP member states do not have the resources to undertake electronic data submission. It is therefore arguable that the Commission should not be expected to assume the full costs for this service, which would be carried out in any event.

37. It is estimated that the cost of data management if tendered to commercial providers would be in the region of US$ 400,000 – 500,000 per annum. This figure includes provision for a high degree of error checks per form and is on the basis of approximately 250,000 forms processed each year.

38. For the purposes of developing an indicative budget for the Commission, it may be assumed that the likely cost of data services to the Commission in the medium term will be in the

order of US$ 500,000 per annum. As already noted in relation to science services, in order to obtain a more accurate assessment of costs there is need to better identify the nature and extent of data management services to be sought.

C. Vessel Register

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

40. 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.

41. 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.

42. 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 and secretariat overheads, would be in the order of US$ 120,000 per annum.

43. 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.

D. Vessel Monitoring System

44. In accordance with article 24, paragraph 8, of the Convention, the Commission is required to establish a satellite-based vessel monitoring system (VMS) in order to monitor all vessels that fish for highly migratory fish stocks on the high seas in the Convention Area.

45. There are a number of VMS technologies currently available and the extent that the Commission seeks to provide for each technology within the Commission system has significant implications for the cost of the system. The two predominant VMS technologies in the region at the present time are based on either INMARSAT C or ARGOS systems. The 16 member States of the FFA operate a VMS within their EEZ jurisdictions that is based upon Inmarsat C. Some coastal and flag states in the region operate Argos-based VMS upon certain categories of vessels. It has been assumed that costs associated with purchase of vessel transponder equipment, type-approval and installation of units will not be borne by the Commission but will rather be the responsibility of the vessel operator or the flag State of the vessel.

46. FFA has advised that the if it were to provide VMS services to the Commission, the cost would be in the order of US $1.05 million in the first year with annual costs in subsequent years of US$ 976,000 per annum. The first year costs include programming and hardware costs associated with modifying the current FFA VMS in order to accommodate Argos-based VMS technology. If the Commission were to establish an in-house vessel monitoring system based upon the following parameters: (1) capacity for 1000+ vessels; (2) one central monitoring centre with provision to communicate VMS information to member states; (3) ability to accommodate a number of technologies e.g. Inmarsat and Argos; and (4) vessel operators assuming the costs associated with vessel transponder equipment, type-approval and installation, then the cost in the first year could be in the order of US$ 1.4 million. Annual costs in subsequent years may be in the order of US$ 800,000 per annum. Current provisions for secretariat staff, as proposed in Annex II, plus possibly one additional junior professional staff member (as a VMS officer to prepare reports) should be capable of supporting in-house provision of a Commission VMS. The choice of system has the potential to greatly influence the airtime communications costs, which are a significant portion of the annual costs associated with the VMS. If the Commission were to decide on a single technology type this would greatly reduce the establishment cost of any system. One argument in favour of this approach may be the 600+ vessels currently operating in the region, most, if not all, of which will likely be subject to the Commission's VMS requirement, using Inmarsat C technology.

47. Clearly, it is extremely unlikely that the Commission would be in a position to agree on and implement a VMS within the first three years of its operations. There are many technical aspects of the VMS which need to be considered in greater detail by WG.III and, at a later stage, by the Compliance Committee of the Commission. In terms of costs, it is also likely that, with a system as large in scope as that needed by the Commission, further savings in establishment costs could also be realized through international competitive tendering and through negotiations with potential system vendors.

E. Regional observer programme

48. An additional service, the delivery of which will be the subject of further decisions by the Commission, is a regional observer programme. At present a number of options remain to be discussed on the nature of the programme. The proposed Commission secretariat structure, as contained in Annex II, makes provision for the employment of an observer programme manager in the third year of the Commission's operation. If, in the medium term, the Commission relies upon current observer data from national and regional programmes with the Commission secretariat simply administering the system then there will be few additional costs to the Commission.

49. If the Commission wishes to enhance existing observer coverage in the region in the medium term then one option would be to use the observer services available within the FFA.

FFA has advised that if it were to administer a regional observer programme on behalf of the Commission, based upon approximately 2,900 observer days on the high seas with flag states bearing the cost of placement and observer costs (salaries, allowances etc.), then this would entail costs to the Commission in the order of US$ 201,000. If the costs associated with placement of observers and the observer costs were also included then this cost would rise to US$ 428,000 per annum. These costs do not include costs associated with the training of observers. Training costs may, depending on the location of the course and the countries that observer trainees are drawn from, be in the order of US$ 40,000 for up to 20 participants from around the region.

F. Summary

50. In the absence of more detailed information on the nature and extent of some of the larger cost service items, namely the science, data management and VMS services of the Commission, it is difficult to accurately assess the cost of the provision of additional services to the Commission. On the basis of the information currently known and the assumptions outlined in the text above, the total cost of additional services to the Commission in the medium term, excluding additional Commission-run observer coverage, is likely to be in the order of US$ 2 million. As the various working groups begin to better define the service needs of the Commission then it will be possible to further refine this figure.

V. COST RECOVERY

51. It will be recalled that the secretariat has also been requested to provide further information to WG.I on the application of cost recovery principles for the provision of specified Commission services. A separate working paper (issued as WCPFC/PrepCon/WP.8) has been prepared on this issue.

VI. INDICATIVE BUDGET

52. For the purposes of the discussions in WG.I, a draft indicative budget for the first three years of the Commission has been prepared and is contained in Annex IV to the present paper. The draft indicative budget is based upon the assumptions contained in this paper and will clearly be subject to considerable change as discussions in the Preparatory Conference progress. In particular, greater precision will be possible once the following variables have been determined: (a) staff salary scales, (b) location of the Commission, and (c) service needs in relation to science and data management. Nevertheless, given the tenor of the discussions to date, it is suggested 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 should enable WG.I to progress to the next stage of its work, which is to determine how such a budget would be funded through a contributions formula in accordance with the Convention.

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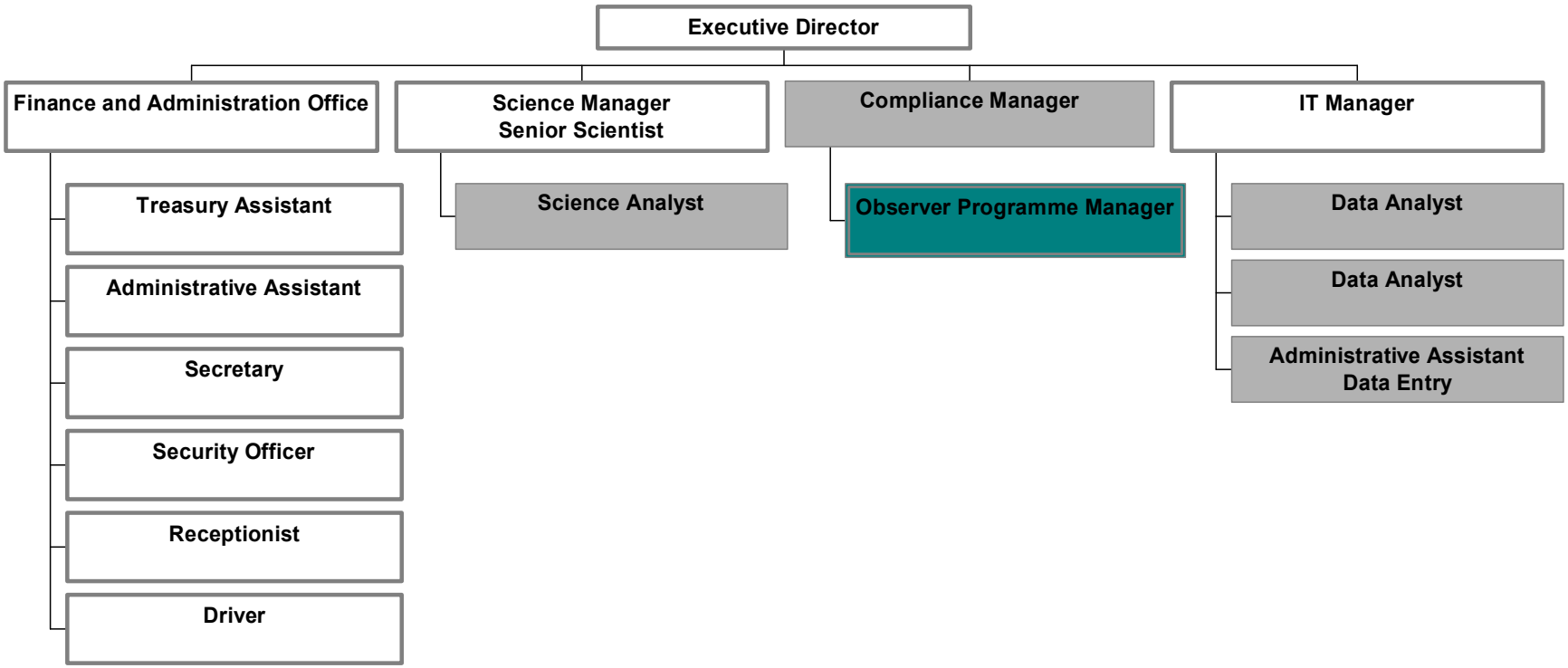
Annex I

PROPOSED SECRETARIAT STRUCTURE: ORGANIZATION CHART



Annex II

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

	Summary of functions	*Grade equivalent*		*Year 1*	*Year 2*	*Year 3*
		CROP	*UN*			
Executive Director	Functions as prescribed in the Convention	M	D-1	●	●	●
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.	K	P-3	●	●	●
Science Manager (Senior Scientist) *	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.	L	P-5	●	●	●
IT Manager (Data Manager)	Manage the IT requirements of the Secretariat, establish and maintain necessary database, network and communications services; ongoing management of service agreements with eternal providers for the provision of data services to the Commission.	L	P-4	●	●	●
Science Analyst	Assist Senior Scientist in analysis of scientific data and preparation of reports to the Commission.	J	P-3		●	●
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.	L	P-4		●	●
Data Analyst	Data analysis (commercial fisheries data)	J	P-2		●	●
Data Analyst	Data analysis (observer and research data)	J	P-2			●
Observer Programme Manager	Manage the Commission's observer programme; provide support to Compliance Manager	J	P-3			●
Total professional staff				***4***	***7***	***8***
Treasury Assistant	record contributions, process payments and assist the finance and administration officer with respect to the monitoring of the budget.			●	●	●
Secretary				●	●	●
Secretary					●	●
Network Administrator	Maintain Commission WAN, LAN and website; user support; software management.			●	●	●
Administrative Assistant / Data Entry	Data entry and assistance to scientific and data management unit			●	●	●
Administrative Assistant / Data Entry	Data entry; assist administration of the Commission's vessel register and the observer programme.				●	●
Security Officer				●	●	●
Receptionist					●	●
Driver				●	●	●
Total GS (locality) staff				***6***	***9***	***9***
Total Staff				**10**	**16**	**17**

Annex III

PROPOSED SECRETARIAT STRUCTURE: INDICATIVE STAFF COSTS IN THE FIRST THREE YEARS OF OPERATION

A: COMMISSION YEAR 1 WITH 10 STAFF

		CROP	UN
Exec. Director	*D1/M*	98,448	148,004
Science manager (Dep.Dir)	*P5/L*	88,831	135,376
Finance and administration officer	*P3/K*	79,269	104,110
IT Manager (data manager)	*P4/L*	88,831	118,540
Treasury assistant	*G6/G*	11,571	10,807
Secretary	*G4/E*	6,902	6,492
Network Administrator	*G6/G*	11,571	10,807
Admin Assistant/Data Entry	*G4/E*	6,902	6,492
Security officer	*G2/C*	3,896	3,785
Driver	*G2/C*	3,896	3,785
Total		**400,116**	**548,199**

B: COMMISSION YEAR 2 WITH 16 STAFF

		CROP	UN
Exec. Director	*D1/M*	98,448	148,004
Science manager (Dep.Dir)	*P5/L*	88,831	135,376
Finance and administration officer	*P3/K*	79,269	104,110
IT Manager (data manager)	*P4/L*	88,831	118,540
Compliance manager	*P4/L*	88,831	118,540
Science Analyst	*P2/J*	61,321	73,216
Data Analyst	*P2/J*	61,321	73,216
Treasury assistant	*G6/G*	11,571	10,807
Secretary	*G4/E*	6,902	6,492
Secretary	*G4/E*	6,902	6,492
Network Administrator	*G6/G*	11,571	10,807
Admin Assistant/Data Entry	*G4/E*	6,902	6,492
Administrative assistant 2	*G4/E*	6,902	6,492
Security officer	*G2/C*	3,896	3,785
Receptionist	*G3/D*	5,103	4,958
Driver	*G2/C*	3,896	3,785
Total		**630,497**	**831,115**

C: COMMISSION YEAR 3 WITH 17 STAFF

		CROP	UN
Exec. Director	*D1/M*	98,448	148,004
Science manager (Dep.Dir)	*P5/L*	88,831	135,376
Finance and administration officer	*P3/K*	79,269	104,110
IT Manager (data manager)	*P4/L*	88,831	118,540
Compliance manager	*P4/L*	88,831	118,540
Science Analyst	*P2/J*	61,321	73,216
Data Analyst	*P2/J*	61,321	73,216
Observer Programme manager	*P3/K*	79,269	104,110
Treasury assistant	*G6/G*	11,571	10,807
Secretary	*G4/E*	6,902	6,492
Secretary	*G4/E*	6,902	6,492
Network Administrator	*G6/G*	11,571	10,807
Admin Assistant/Data Entry	*G4/E*	6,902	6,492
Administrative assistant 2	*G4/E*	6,902	6,492
Security officer	*G2/C*	3,896	3,785
Receptionist	*G3/D*	5,103	4,958
Driver	*G2/C*	3,896	3,785
Total		**709,766**	**935,225**

Note: The following assumptions have been used in compiling the above tables:

- Costs associated with professional Staff P3/K and above have been calculated at dependent rates plus one child receiving maximum child benefits.
- Costs for professional staff P2/J and less are calculated at dependent rate but no provision is made for children.
- For calculation of Post Adjustment in UN scales Apia has been used for the reference.
- For UN scales no housing allowance has been provided as it is assumed that threshold value would not be met.
- Regarding pension, medical and life insurance for UN scales the approach taken by CCAMLR and CCSBT (both of which use ICSC salary conditions) has been taken. That approach requires staff to have pension and insurance and for the organization to contribute 2/3 of costs up to a total maximum level equal to that which would be paid under the UN pension scheme.
- Provision for pension and insurance for UN scales is based upon ICSC pensionable remuneration scales as at 1 Nov 2001.
- Air travel has been calculated on basis of an economy air ticket price of US$3,000.
- Any use of DSA in calculations has used the DSA rate for Apia (US$130)
- Freight calculation is on basis of one international shipping container and 80kg airfreight.
- For general service staff mid-point salaries have been used in all cases.
- For general service staff it is assumed all are locally engaged and have 2 children.

Annex IV

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

		Year 1	*Year 2*	*Year 3*
PART 1				
1	**Staff Costs**			
	Established posts	548.2	831.1	935.2
	General temporary assistance	7.0	7.0	7.0
	Overtime	10.0	10.0	10.0
	Consultancy	60.0	60.0	60.0
	Sub-total	***625.2***	***908.1***	***1,012.2***
2	**Staff travel**	80.0	80.0	80.0
	Sub-total	***80.0***	***80.0***	***80.0***
3	**General operating expenses**			
	Electricity	10.0	10.0	10.0
	Communications	50.0	50.0	50.0
	Office supplies	20.0	20.0	20.0
	External printing	15.0	15.0	15.0
	Library books and supplies	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	***142.0***	***142.0***	***142.0***
4	**Capital expenditure**			
	Vehicle	40.0	0.0	0.0
	Computers	35.0	25.0	25.0
	Furniture and office equipment	35.0	20.0	15.0
	Sub-total	***110.0***	***45.0***	***40.0***
5	**Maintenance of capital assets**			
	Vehicle maintenance	3.0	5.0	6.0
	Computer maintenance	6.0	6.0	6.0
	Insurance	7.0	7.0	7.0
	Sub-total	***16.0***	***18.0***	***19.0***
6	**Meeting services**			
	Annual session of Commission	12.0	12.0	12.0
	Annual session of Committees	15.0	15.0	15.0
	Sub-total	***27.0***	***27.0***	***27.0***
	Sub-total Part 1	***1,000.2***	***1,220.1***	***1,320.2***
PART 2				
1	**Special fund (Article 30)**	42.5	42.5	42.5
	Sub-total Part 2	***42.5***	***42.5***	***42.5***
PART 3				
1	**Science services**	500.0	500.0	500.0
2	**Data management**	500.0	500.0	500.0
3	**Vessel register**	200.0	200.0	200.0
	Sub-total Part 3	***1,200.0***	***1,200.0***	***1,200.0***
TOTAL BUDGETARY REQUIREMENTS		**2,242.7**	**2,462.6**	**2,562.7**