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Report of the Finance Committee

1. During the tenth session of the International Seabed Authority, the Finance Committee held four meetings, on 26, 27, and 28 May 2004. The Committee re-elected Mr. Hasjim Djalal as Chairman.

I. Agenda

2. The Committee adopted the agenda, noting that consideration of the supplementary agreement between the International Seabed Authority and the Government of Jamaica would be considered under other matters.

II. Budget for the financial period 2005-2006

3. The Committee examined the proposed budget of the International Seabed Authority for the two-year financial period 2005-2006 (ISBA/10/A/4-ISBA/10/C/6) in the amount of 10,816,700 United States dollars. In examining the budget the Committee considered the overall nominal increase in relation to prevailing inflation rates, the work programme of the International Seabed Authority for the period from 2005 to 2007 (included in ISBA/10/A/3), the increased charges for conference services levied by the United Nations and its billing pattern, and the expenditure outcome for 2003.

4. Following the provision of some supplementary information, including clarification of the staffing table, the Committee decided to recommend the approval of the proposed budget for the financial period 2005/2006 in the amount of \$10,816,700. The Committee further noted that in accordance with the Authority's financial regulations the final assessed amount would be reduced by the application of the remaining accumulated balance of the General Administrative Fund at the end of the previous financial period. The Committee also decided to recommend that for 2005 and 2006 the Secretary-General be authorized to transfer between appropriation sections up to 30 per cent of the amount in each section. The details of the approved budget are set out in annex I to the present report.

5. The Committee requested that future budget proposals include comparative details of actual expenditure for the previous year, by budget item, showing the percentage each item contributes to the overall budget amount, as well as more detail in respect of the items in section 1 of the budget. The Committee also requested that the secretariat provide details of all its scientific programmes, including the activities and outputs under each in order to ascertain the cost-effectiveness of actions taken.

III. Scale of assessments for 2005-2006

6. The Committee took note of General Assembly resolution 58/1 B regarding contributions for 2004, 2005 and 2006, which incorporated a resolution on an ad hoc adjustment to the rate of assessment of Argentina (resolution 57/4) in response to an appeal by that country.

7. The Committee recommends that, in line with article 160 (2) (e) of the United Nations Convention on the Law of the Sea, the scale of assessments to the administrative budget of the International Seabed Authority for 2005-2006 be based on the scale of assessments to the regular budget of the United Nations for 2004-2005, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent, differences in membership and the contribution of the European Community.

IV. Audit report for 2003

8. The Committee considered the audit report for 2003 and accompanying financial statements. The Secretariat confirmed that the auditor did not believe there were any issues that warranted the sending of a management letter and provided clarification about the time and effort applied on the compilation of the audit report.

V. Voluntary trust fund

9. The Committee expressed appreciation for the assistance provided through the voluntary trust fund to enhance the participation of members from developing countries in the meetings of the Legal and Technical Commission and the Finance Committee.

10. The Committee recommended that a strong appeal be made to members of the Authority to contribute to the fund, noting that the amount available following the tenth session would be approximately half of the amount paid into the fund.

11. Noting the residual balance of the advance made by the Secretary-General to the voluntary trust fund, the Committee decided to recommend that to supplement the voluntary contributions, the Secretary-General be authorized to advance, to the extent necessary, up to a further 10,000 United States dollars from interest from the Pioneer Fund for the operation of the voluntary trust fund in 2005.

12. The Committee also recommended that the provisional terms and conditions for the use of the fund be amended by deleting paragraph 3 (b) of the annex to the Committee's 2003 report (ISBA/9/A/5-ISBA/9/C/5), which reads "Consideration

should be given to the expertise of the member, taking into account his or her qualifications, continuity in attendance and contributions to the meetings”.

13. The Committee requested that the Secretary-General should provide a detailed annual report on the use and status of the fund and, in light of the decisions recorded above, decided to defer any recommendation on future funding of the voluntary fund until its next meeting in 2005.

VI. Pension entitlement of the Secretary-General

14. The Committee considered document ISBA/9/FC/R.1, “Terms of service of the Secretary-General of the International Seabed Authority, including pension arrangement”.

15. The Committee decided to recommend that the Secretary-General of the International Seabed Authority be able to choose between the options of either joining the United Nations Joint Staff Pension Fund or the so-called “International Civil Aviation Organization (ICAO) arrangement”, whereby a contribution equivalent to that otherwise payable to the United Nations Joint Staff Pension Fund be paid as a monthly supplement to the Secretary-General’s remuneration.

VII. Contributions

16. The Committee noted the status of contributions to the administrative budget and expressed concern about the number of member States in arrears for multiple years and the effect of that situation, including on voting processes.

17. The Committee recommended that the Assembly urge members to pay their assessed contributions on time and in full.

18. The Committee recommended that Canada and Lithuania, which became members of the Authority in 2003, contribute the following amounts towards the administrative budget of the Authority and the Working Capital Fund for 2003 and 2004.

2003

<i>States</i>	<i>Date of membership</i>	<i>United Nations scale rate 2003</i>	<i>Adjusted ISA scale 2003</i>	<i>Contribution to General Administration Fund for 2003 (United States dollars)</i>	<i>Contribution to Working Capital Fund (United States dollars)</i>
Canada	7 Dec. 2003	2.579	3.782	10 039	9 153
Lithuania	13 Dec. 2003	0.017	0.025	50	109
Total				10 058	9 262

2004 (full year)

<i>States</i>	<i>Date of membership</i>	<i>United Nations scale rate 2004</i>	<i>Adjusted ISA scale 2004</i>	<i>Contribution to General Administration Fund for 2004 (United States dollars)</i>	<i>Contribution to Working Capital Fund (United States dollars)</i>
Canada	7 Dec. 2003	2.558	3.566	138 188	0
Lithuania	13 Dec. 2003	0.017	0.024	918	0
Total				139 106	0

VIII. Supplementary headquarters agreement

19. The Committee examined the Supplementary Headquarters Agreement (ISBA/10/A/2-ISBA/10/C/2) and decided to recommend to the Council and the Assembly that it be approved.

20. The Committee congratulates the Government of Jamaica and the Secretary-General on the successful completion of this important agreement and the conclusion of a long outstanding matter.

IX. Recommendations of the Finance Committee

21. In light of the foregoing, the Committee recommends that the Council and the Assembly:

(a) Approve the budget for the financial period 2005-2006 in the amount of 10,816,700 United States dollars, as proposed by the Secretary-General;

(b) Authorize the Secretary-General to establish the scale of assessments for 2005-2006, based on the scale used for the regular budget of the United Nations for 2004-2005, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent;

(c) Urge the members of the Authority to pay their assessed contributions to the budget on time and in full;

(d) Authorize the Secretary-General to advance up to a further 10,000 United States dollars in 2005 from interest from the Pioneer Fund to supplement the voluntary trust fund, if required;

(e) Decides to provide the Secretary-General with the option to choose between the United Nations Joint Staff Pension Fund or the "ICOA arrangement" as set out in document ISBA/9/FC/R.1. If the Secretary-General chooses the "ICAO arrangement" he/she shall inform the Assembly of this choice upon election;

(f) Approve the Supplementary Agreement between the International Seabed Authority and the Government of Jamaica regarding the headquarters of the International Seabed Authority and the use of the Jamaica Conference Centre complex.

Annex I

Summary of budgetary requirements for the International Seabed Authority for the period from 1 January 2005 to 31 December 2006

(Thousands of United States dollars)

		<i>Total</i>		<i>Total</i>	
		<i>2003-2004</i>	<i>2005</i>	<i>2006</i>	<i>2005-2006</i>
Part 1	Administrative expenses of the secretariat				
Section 1	Established posts	4 731.6	2 417.1	2 484.8	4 901.9
	General temporary assistance	55.8	18.0	18.5	36.5
	Overtime	45.3	22.4	22.9	45.3
	Consultants	180.0	90.0	90.0	180.0
	Promotion and encouragement of the conduct of marine scientific research	101.1	50.0	50.0	100.0
	Ad hoc expert groups	400.0	200.0	200.0	400.0
	Central data repository	80.0	35.0	35.0	70.0
	News digest on seabed and ocean floor policy development	50.8	0.0	0.0	0.0
	Geological model		75.0	75.0	150.0
	Common staff costs	1 888.0	989.4	1 017.1	2 006.5
	Staff assessment	1 347.8	665.1	683.7	1 348.8
	Staff assessment credit	(1 347.8)	(665.1)	(683.7)	(1 348.8)
	Subtotal, section 1	7 532.6	3 896.9	3 993.3	7 890.2
Section 2	Official travel	232.0	121.1	124.5	245.6
	Subtotal, section 2	232.0	121.1	124.5	245.6
Section 3	Communications	145.5	72.8	72.8	145.6
	External printing	128.5	50.0	50.0	100.0
	Training	52.1	26.0	26.1	52.1
	Library books	109.1	50.0	50.0	100.0
	Official hospitality	22.0	11.0	11.0	22.0
	Acquisition of furniture and equipment	66.7	31.7	35.0	66.7
	Rental and maintenance of furniture and equipment	47.7	11.5	11.5	23.0
	Supplies and materials	97.3	47.8	49.5	97.3
	Miscellaneous	89.2	41.3	42.9	84.2
	Information technology	219.4	39.0	41.9	80.9
	Audit fees	34.5	17.3	17.3	34.6
	Subtotal, section 3	1 012.0	398.4	408.0	806.4

		<i>Total</i>		<i>Total</i>	
		<i>2003-2004</i>	<i>2005</i>	<i>2006</i>	<i>2005-2006</i>
Section 4					
	Building management	618.0	231.5	243.0	474.5
	Subtotal, section 4	618.0	231.5	243.0	474.5
	Total, part 1	9 394.6	4 647.9	4 768.8	9 416.7
Part 2					
	Conference-servicing costs	1 115.1	690.0	710.0	1 400.0
	Total, part 2	1 115.1	690.0	710.0	1 400.0
	Grand total	10 509.7	5 337.9	5 478.8	10 816.7

Annex II**Revised secretariat staffing table^a**

<i>Functional title</i>	<i>Professional</i>	<i>General Service</i>
Secretary-General	1 (USG)	
Executive assistant		1
Administrative assistant (New York office)		1
Deputy to the Secretary-General	1 (D-2)	
Administrative assistant		1
Legal adviser	1 (D-1)	
Senior legal officer	1 (P-5)	
Legal officer	1 (P-4)	
Librarian	1 (P-2)	
Assistant protocol officer/administration	1 (P-1)	
Secretary		1
Senior scientific officer	1 (P-5)	
Scientific officer (marine geologist)	1 (P-4)	
Scientific officer (marine biologist)	1 (P-4)	
Scientific officer (geostatistician)	1 (P-4)	
Scientific officer (GIS)	1 (P-3)	
Marine science assistant		1
ICT officer	1 (P-4)	
Webmaster/publications officer	1 (P-3)	
Database assistant		1
Executive officer	1 (P-5)	
Secretary		1
Budget/internal oversight officer	1 (P-4)	
Finance officer	1 (P-4)	
Personnel officer	1 (P-3)	
Personnel assistant		1
Procurement assistant		1
Budget and treasury assistant		1
Finance assistant		1
Senior security officer	1 (P-2)	
Security officer		1
Security officer		1
Driver		1
Driver		1
Driver		1
Total posts	19	16

^a Two General Service staff posts have been frozen for the time being.