



## Assembly Council

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### **Proposed budget for the International Seabed Authority for the financial period 2013-2014**

#### **Report of the Secretary-General**

#### **I. Introduction**

1. The present report sets out the proposed budgetary requirements for the International Seabed Authority for the financial period 2013-2014. The Secretary-General estimates that taking into account the increased workload of the Authority (an increased number of annual reports for review, the increased number of applications for approval of plans of work for exploration and the formulation of regulations for the exploitation of polymetallic nodules in the Area), the budgetary requirements of the Authority for 2013 and 2014 will be in the amounts of \$8,352,000 and \$8,150,100, respectively. The estimated requirement for 2013 comprises \$6,561,700 for the administrative expenses of the Authority and \$1,790,300 for conference-servicing requirements. The estimated requirement for 2014 comprises \$6,334,500 for the administrative expenses of the Authority and \$1,815,600 for conference-servicing requirements. A summary of the proposed administrative budget for the financial period 2013-2014 totalling \$16,502,100 is contained in the annex.

2. The proposed budget for 2013 represents an increase of 27.4 per cent in nominal terms over the approved budget for 2012, while the proposed budget for 2014 represents a decrease of 2.4 per cent in nominal terms over the proposed budget for 2013. However, it may be noted that the inflation projection of the Government of Jamaica for 2013-2014 is between 10 and 15 per cent and more than 10 per cent of the budget is subject to local inflation. Taking these factors into account, in real terms, the proposed budget for 2013-2014 shows an increase in the region of 25 per cent compared with the previous biennium.

3. It should be noted that the increase in the budget for the biennium 2013-2014 is mainly attributed to the increased workload of the Authority arising from the applications for approval of plans of work for exploration, the ongoing supervision of exploration contracts and future work on regulations for exploitation of



polymetallic nodules. These are captured in 15 objects of expenditure as set out below.

## II. Summary of budget proposals for the financial period 2013-2014

### Part 1

#### Section 1

4. **Established posts.** The United Nations salary scale has increased, on average, more than 1.5 per cent annually over the last three years. In view of the increased workload of the Authority, in addition to the 35 established posts requested in the previous biennium, it is proposed that the two General Service posts that have been frozen since 2006 should be restored, as well as two additional Professional posts at the P-4 level, which are requested for this biennium to help reduce the cost of consultants to perform the additional work. These additional staff will help the secretariat to undertake the additional work as follows:

(a) *Legal Officer (P-4).* The work of the Office of Legal Affairs has increased and evolved over the past 10 years. Its primary function is to provide legal advice to the Secretary-General, the secretariat and other organs of the Authority in the field of public international and private law. An additional post for a mining lawyer at the P-4 level is required to provide in-house capacity to manage contracts issued by the Authority for activities in the Area, to establish a mining registry for the Authority and to advise on issues relating to exploitation of seabed minerals, as well as to respond to increased demands in other work areas;

(b) *Mineral Economist (P-4).* With the exploration code for polymetallic nodules and polymetallic sulphides in place, the Authority has issued several exploration contracts. It is also expected that during the biennium, the rules, regulations and procedures for exploration for cobalt-rich ferromanganese crusts in the Area will be adopted by the Authority and contracts issued for their exploration. Contracts for each of the three mineral resources are supported by annual reports and five-year reviews, which contractors are required to submit and which have to be supervised by the Authority. In addition, in view of the specialized reports that will be required by the Legal and Technical Commission and the Council in their deliberations on the rules, regulations and procedures for exploitation for polymetallic nodules in the Area, it is proposed that a second position of Minerals Economist at the P-4 level be created to help reduce the cost of consultants. The work involved may include monitoring metal trends and prices for the metals and by-products associated with polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts; resource evaluation of deposits based on prospecting and exploration data; formulation of cost models associated with polymetallic nodule mining and the processing of polymetallic nodules; and other statistics of relevance to membership in the Council.

5. **Consultancies.** With the expected increase in the legal, scientific and technical aspects of the work programme of the Authority, in addition to its other specialized requirements necessitating the use of consultants, if additional posts cannot be approved by the Finance Committee, the Secretary-General proposes to use

consultants for international workshops, seminars, ad hoc expert group meetings and for some of the additional tasks arising from the increased workload of the secretariat. Consultants will be engaged to service the international workshop on article 82 of the United Nations Convention on the Law of the Sea (the Convention); the expert group meeting to review a study providing advice on the scope of the proposed regulatory framework for the exploitation of polymetallic nodules, as well as a synthesis of commercial norms and precedents found in existing and proposed regulatory regimes for land-based and marine mining; and the proposed system of payments for exploitation of polymetallic nodules in the Area. Additionally consultants will be recruited to advise on the establishment of a mining claims register for the Authority, on international monopoly law and on national legislative provisions (the estimated cost is \$61,000).

6. **Ad hoc expert groups.** The Authority will convene four workshops during the biennium. Three workshops will focus on standardization of the taxonomy of fauna associated with polymetallic nodules in the Area. The fourth workshop will focus on the standardization of the morphology of polymetallic nodules. The Authority also proposes to participate in ad hoc expert groups to support delivery of legislative requests by the Assembly and Council on matters pertaining to article 82 of the Convention, the exploitation code, payments for exploitation and the environmental management plan.

7. **Central data repository.** A review and redesign of the central data repository, designed in 2002, is a normal procedure. As with any software product, it has a life cycle and after 10 years, its content, structure, design and web interfaces will certainly benefit from new technologies, new ideas and enhanced features. A complete review will ensure that the data repository provides an integrated solution that meets the needs of the secretariat and the mandate for data dissemination to stakeholders. The redesign cost is estimated at \$60,000.

8. **Common staff costs.** Contributions to the United Nations Joint Staff Pension Fund make up more than 39 per cent of common staff costs. Between 1 September 2008 and 1 August 2011, the pensionable remuneration table, on which the cost of contributions to the Pension Fund is based, was increased by 2.73 per cent. Home leave travel and insurance subsidy for staff have been subject to significant increments of 32 and 29 per cent respectively over the previous budget. All these costs come from standard United Nations cost templates and the Authority has no control over them.

## Section 2

9. **Official travel.** In addition to the official travel of the Secretary-General, the proposed travel budget incorporates staff travel costs to support the delivery of legislative requests by the Assembly and the Council, including meetings of the General Assembly, States parties to the Convention, ad hoc experts group meetings, the ad hoc open-ended working group to study issues relating to the conservation and sustainable use of marine biological diversity beyond areas of national jurisdiction, and other meetings convened by organizations of which the Authority is a member or has observer status.

### Section 3

10. **Communications.** Communication costs have consistently increased over the years, although the budget for communications has remained frozen over several fiscal periods. The actual expenditures for 2007-2008 were \$190,689 or 31 per cent over the approved budget, for 2009-2010 actual expenditures were \$190,102 or 30 per cent over the approved budget and for 2011 they were \$92,522 or 29 per cent over the approved budget.

11. **External printing.** External printing costs have consistently increased over the years, although the budget has remained frozen over several fiscal periods. The actual cost for external printing in 2011 was \$77,792 or 57 per cent over the approved budget. The budget of \$188,100 for 2013-2014 reflects the increase in costs for printing the selected decisions of the eighteenth and nineteenth sessions of the Authority (\$15,000 each), the Authority handbook (\$6,000), two technical studies (\$20,000 each), workshop proceedings (\$20,000) and several minor printings for each year.

12. **Acquisition of furniture and equipment.** In accordance with the Authority's policy for the replacement of fixed assets at intervals of four years, which is based on standard international practice, a number of assets have reached the end of their life cycle and will need to be replaced. The increase of \$73,607 (129.8 per cent) reflects the need to replace furniture showing normal wear and tear, including the renewal of the furniture in the Secretary-General's office (purchased in 2002) at an estimated cost of \$20,000 and the replacement of the Secretary-General's official vehicle (purchased in 2008) at an estimated cost of \$50,000. The revenue generated from the resale of the current vehicle will be considered as miscellaneous income.

13. **Miscellaneous services.** Bank service charges have consistently increased over the years, rising from \$5,609 in 2007-2008 to \$18,795 in 2009-2010. Actual expenditure in 2011 was \$15,010, or 50 per cent over the approved budget. The increase of 30 per cent in the budget for miscellaneous services largely reflects the expected increase in bank service charges.

14. **Information technology.** The increase of \$110,900 (137.1 per cent) for the 2013-2014 biennium compared with 2011-2012 reflects the additional costs for the following:

(a) Integrated library management system (\$40,000);

(b) Web page redesign (\$40,000);

(c) Miscellaneous information technology (IT) expenditures (\$30,900) such as software updates, specialized training in newly acquired software, unforeseen technical support, or system failure and urgent replacement of hardware.

15. **International Civil Service Commission.** As requested by the Council in its decision of 20 July 2011 (ISBA/17/C/18), the Finance Committee should consider and make recommendations on whether the Authority should subscribe to the statute of the International Civil Service Commission (ICSC). The details of the related financial implications are contained in document ISBA/18/FC/2, which include mandatory contributions to ICSC, related bodies and system-wide initiatives, as well as the costs for participation in relevant meetings and workshops. The financial contribution to ICSC and related bodies will be \$231,000.

16. **Implementation of international public sector accounting standards.** A separate report has been provided to the Committee detailing the advantages and disadvantages for the Authority of adopting the international public sector accounting standards (IPSAS), including the financial implications of adoption (ISBA/18/FC/3). As set out in that report, the initial cost associated with the adoption and implementation of IPSAS is estimated at \$120,000 for the financial period 2013 to 2014. Ongoing and recurrent costs thereafter are \$7,500 per annum, which represents the membership fee for the Authority in the related project being pursued by the United Nations system-wide Task Force on Accounting Standards. Should the Committee decide to recommend the adoption of IPSAS, provision will need to be made within the budget for the initial costs of \$120,000.

#### Section 4

17. **Building management.** The \$117,575 (15.7 per cent) increase in the proposed budget reflects the cost of refurbishing the second floor of the secretariat office, which includes painting and replacement of the carpet. The last carpet replacement, which took place in 1999, cost \$110,000.

#### Part 2

18. **Conference services.** The \$1,515,817 (72.5 per cent) of additional funds requested reflects mainly the projected increase in the cost of conference services as follows:

(a) *Documentation services* (\$821,600). Four contractor's applications were processed in 2011. This additional workload implied an expenditure of \$727,384, or 194 per cent, over the approved budget for 2011. Based on this experience, it is highly likely that additional applications will be received during the next fiscal period;

(b) *Meeting services* (\$565,800). During the seventeenth session, the Council expressed its satisfaction to the Secretary-General for the efforts being made in the implementation of the budget and in achieving savings without impairing the quality of services. The provision of full United Nations interpretation services for the annual sessions of the Authority and meetings of the Legal and Technical Commission (two per year) has been requested.

19. The proposed budget makes provision for the full costing of 39 established posts (21 at the Professional level and above and 18 at the General Service level). Two additional P-4 posts are requested for this biennium in lieu of an increase in expenditure on consultants resulting from the increase in activities in the Area. It is also requested that the two General Service posts, which were frozen during the 2005-2006 financial period, be restored for 2013-2014.

20. The proposed budget allows for a single session of the Assembly and the Council and two one-week sessions for the Legal and Technical Commission in both 2013 and 2014. Based on the actual expenditure for 2011 and projected expenditure for 2012, conference-servicing costs for the next biennium are budgeted at \$3,605,900, representing an overall increase of \$1,515,900 (72.5 per cent) for the biennium. Regular meetings of the Authority will cost \$2,005,900, work associated

with reviewing the annual reports of contractors \$500,000 and work associated with processing new applications \$1,100,000.

### **III. Work programme and activities during the financial period 2013-2014**

21. The work programme and activities during the period 2013-2014 are contained in detail in the report of the Secretary-General under article 166, paragraph 4, of the Convention (ISBA/18/A/2).

22. In addition to the request made by the Council, which may require the secretariat to undertake additional work in relation to rules, regulations and procedures for the exploitation of polymetallic nodules in the Area, as detailed in the decision of the Council contained in document ISBA/17/C/20, and the increased workload from applications for approval of plans of work in the form of contracts, associated annual reports and five-year reviews, the proposed work programme is organized thematically around the following major substantive work streams, reflecting the provisions of paragraph 5 of section 1 of the annex to the 1994 Agreement:

(a) Ongoing supervision of contracts for exploration and award of new contracts as necessary;

(b) Progressive development of the regulatory regime for activities in the Area;

(c) Monitoring trends and developments relating to deep seabed mining activities, including world metal market conditions and metal prices, trends and prospects, and cost-effective and environmentally friendly technological developments with regard to seabed mining activities;

(d) Collection and assessment of data from prospecting and exploration, and analysis of the results;

(e) Promotion and encouragement of marine scientific research with respect to activities in the Area and the collection and dissemination of the results of such research and analysis, when available, with particular emphasis on research related to the environmental impact of activities in the Area;

(f) Development of specialized databases on the work of the Authority;

(g) Public information services, publicizing the work of the Authority, redesign and retooling of the Authority's website, outreach and maintenance of external relations, including the relationship with the host country and international organizations.

#### **A. Ongoing supervision of contracts for exploration and award of new contracts as necessary**

##### **1. Ongoing supervision of exploration contracts**

23. For each session since 2003, the secretariat has reviewed the annual reports submitted by contractors in fulfilment of their obligations under their contracts with

the Authority. This review includes the progress under schedule of their contracts, the submission of environmental, geologic, mining and processing data, the reporting of expenditures in accordance with the recommendations of the Legal and Technical Commission and any other matters requested by the Commission. The reviews of the annual reports are made available to the Commission to facilitate its work at each session. During the session, and as required, the secretariat prepares draft recommendations for the Commission, as well as its final recommendations to the Council. In addition, the secretariat examines the five-year reviews submitted by the contractors and makes its comments known to the Secretary-General so that he can communicate them to the contractors.

## **2. Annual reports of contractors**

24. At the seventeenth session, the secretariat reviewed eight annual reports by contractors for polymetallic nodules. It is expected that for this session, there will be a total of nine annual reports for review. Two of the three new contractors (nodules and sulphides) who signed their contracts late last year will not submit annual reports until 2013. The third contractor (sulphides) is expected to sign a contract later this year and is in a similar position. Five applications for approval of plans of work for exploration (two for sulphides and three for nodules) have been submitted for the eighteenth session. If they are all approved and contracts signed, during the biennium the secretariat will have to review 17 annual reports for each session.

25. The eight annual reports that were processed last year required five Professionals and one General Service staff member working full time over an eight-week period (pre-session and in-session). By the nineteenth session, if the five new applications submitted during the eighteenth session are approved, it is expected that the workload will more than double (including the three contracts from the seventeenth session), requiring an additional eight weeks of work by the five Professionals and an additional five weeks of work by one General Service staff member. The total amount of additional work will amount to over 10 man months of Professional staff time and 1 man month of General Service staff time during the year. The conference-servicing costs of processing an annual report (documentation and the costs of the meetings of the Legal and Technical Commission) are considered elsewhere.

## **3. Five-year reviews**

26. During the biennium, no five-year reviews will be undertaken.

## **B. Award of new contracts**

### **Applications for approval of plans of work for exploration**

27. The work of the secretariat in this respect comprises a preliminary review of the application. This includes a check of coordinates to make sure that the areas submitted are indeed accurate and that no overlaps exist with other contract areas; that the environmental requirements are met; that the geologic information and data required have been submitted; that other particulars of the contract have been met; that the requisite notifications are made; that receipt of the application has been acknowledged and the fees have been paid; and that documents submitted in the other official languages of the Authority are translated and the packages for the

Legal and Technical Commission are prepared. Staff time is also required during the consideration of the application. Normally, the Legal and Technical Commission takes up to one and a half days to consider an application. The secretariat prepares the draft recommendations of the Legal and Technical Commission and its final recommendations. Following consideration of the application by the Council, the secretariat prepares a draft decision and subsequently the final decision of the Council.

28. At the seventeenth session, two applications for approval of plans of work for exploration for polymetallic nodules and two applications for approval of plans of work for exploration for polymetallic sulphides were processed by the secretariat. Each application, took five Professional staff two days to review, two days to prepare the draft recommendations of the Legal and Technical Commission and a day to prepare the final recommendations of the Commission following its consideration of the draft. The draft decision of the Council following its review of the recommendations took an additional two days and the final decision of the Council took another day. The General Service staff time required over the period was 10 days. For the successful applicants, contracts had to be prepared inclusive of their training programmes. The time required by two Professional staff members to prepare these contracts varied from five to eight days. The total number of Professional staff days needed to complete the process was 56 days for the two contracts or 28 days per contract (approximately 1.5 man months). At the eighteenth session, there are five applications to be considered by the Legal and Technical Commission.

29. While the number of applications per session cannot be predicted, it is expected that during the biennium 2013-2014, the regulations for prospecting and exploration for cobalt-rich ferromanganese crusts will be adopted. It is also expected that applications for approval of plans of work for exploration will also be submitted in subsequent sessions.

### **C. Ad hoc expert groups**

30. During the biennium, the Authority will convene four workshops, two expert group meetings and two sensitization seminars.

### **D. Workshops**

31. The Authority will convene four workshops during the biennium. Three workshops will focus on standardization of the taxonomy of fauna associated with polymetallic nodules in the Area. The fourth workshop will focus on the standardization of the morphology of polymetallic nodules.

#### **1. Taxonomic workshops**

32. Three workshops will be convened to standardize the taxonomy of megafauna, microfauna and meiofauna associated with polymetallic nodule deposits in the Clarion-Clipperton Zone. Each workshop will comprise experts for the different fauna to be found in each class. There are 11 groups of megafauna, 10 groups of microfauna and 3 groups of meiofauna. The workshops will be convened at facilities where laboratory facilities are available. The Authority will be responsible for the



cost of participation of each expert and contractors will be responsible for their own costs of participation. It is estimated that the megafauna, microfauna and meiofauna workshops will cost \$65,000, \$115,000 and \$80,000 respectively. The expected outcomes of the workshops will be: (a) standardized identification keys that will be used by all contractors in reporting to the Authority on fauna associated with their contract areas, (b) standardized identification keys for use by scientific researchers and marine scientific research institutions to gather data and information on fauna in these areas and (c) a means by which periodic reports on the state of the marine environment in the Clarion-Clipperton Zone resulting from activities in the Area may be prepared.

## **2. Standardization of nodule morphology**

33. The fourth workshop will help to standardize the morphology of polymetallic nodules in the Area, specifically their shapes, sizes and texture, which are all linked to abundance and grade. The expected outcome of the workshop will be uniform reporting of nodule morphology by contractors, greater correlation between nodule morphology and grade and abundance and better resource evaluation. It is estimated that the cost of the workshop will be \$75,000.

## **3. Expert group meetings**

34. The Authority will convene two expert group meetings during the biennium. One expert group meeting will review a study providing advice on the scope of the proposed regulatory framework for the exploitation of polymetallic nodules, as well as a synthesis of commercial norms and precedents found in existing and proposed regulatory regimes for land-based and marine mining, and will define and assess the impact of application economic issues. This meeting will also refine the initial study. The second expert group meeting will develop rules and regulations to implement article 82 of the Convention.

35. It is proposed that an expert group meeting be convened to advance work on the exploitation code for deep seabed mining. The expert group meeting will review an initial study of existing regulatory regimes for land-based and marine mining and will provide advice on the scope of the proposed regulatory regime and the applicability of existing commercial norms and precedents.

36. The estimated cost of each expert group meeting is \$75,000.

## **4. Sensitization seminars**

37. It is proposed that two sensitization seminars be convened during the biennium. The first seminar will be hosted by Sri Lanka and will cater to some of the neighbouring States, including India, Thailand and Malaysia. The second seminar will be hosted by Ghana on behalf of the African Union.

## **E. Information technology**

38. The Authority's information technology infrastructure comprises its day-to-day operating system, its website, a central data repository, its seabed patents database, an environmental database, a bibliographic database, the Geographic Information System (GIS) database and a library database. Each component was developed

separately and added on to the existing infrastructure. This has taken place over the life of the initial system set up in 1998.

39. With efforts under way to input data and information for the purposes of regional assessments and resource evaluation based on standardized data, other issues arise such as the need for, inter alia, a data manager. The entire system will be reviewed during the biennium, with a view to streamlining the system, including the organization of the Information Technology Unit.

## **F. Website**

40. The Authority's website was redesigned in 2007 using Drupal, a sophisticated programming interface and open software written in PHP that is used as a back-end system to drive many websites today. The new United Nations website, for instance, is just one of the millions that are now making use of Drupal front-end features.

41. In an effort to integrate the website with the central data repository and its many databases, the seabed patents database, the environmental database, the bibliographic database and the GIS atlas, it is recommended that the website be further redeveloped to portray one visual site instead of three separate entities. This would mean hiring an external contractor to develop and merge a host of core interfaces to assist the Authority in promoting its work.

42. The website, which serves as the Authority's portal to the international community, while containing an impressive amount of data and information, is quite chaotic. It needs to be redesigned, with a view to making it much more user friendly. For example, for each resource for which the Authority is in the process of adopting regulations, the steps required to commercialize it need to be clearly laid out. This would mean introducing linkages between the legislative instruments and, inter alia, the technical material leading to the recommendations that resulted in the instruments. At the same time it is necessary to group the legislative instruments for each mineral resource. In the case of nodules, these include: regulations for prospecting and exploration of polymetallic nodules, notification of intention to engage in prospecting, application for approval of a plan of work for exploration to obtain a contract, contract for exploration and standard clauses for exploration contracts. There is no reference to the recommendations issued by the Legal and Technical Commission for contractors, nor is there a link to the supporting documentation for either the regulations or the recommendations. During the biennium, the secretariat will bring order to this situation.

## **G. Central data repository**

43. The secretariat maintains a central data repository, comprising a series of databases on polymetallic sulphides, cobalt-rich ferromanganese crusts and polymetallic nodules, a web-based GIS, the library catalogue, a bibliographic database and a seabed patents database. The central data repository was designed in 2002 with an Oracle database management suite that constitutes the platform for the system. After more than seven years, design and web interfaces would benefit from new technologies, new ideas and enhanced features. It is proposed that, as in the case of the main website of the Authority, a consultant be hired during the biennium to review the status of this database with a view to improving its capabilities,

making it more user friendly and improving the web interface. In addition to the Oracle database, which holds the data on major mineral resources, the secretariat maintains GIS databases for resource data and any geographical information related to the international seabed area. Software updates are required on a regular basis for this system.

## **H. Library**

44. Library and documentation services are increasingly being digitized. During the biennium, the objective of the library services is to enhance and maintain the existing collection of the Authority, provide for access to essential research materials through electronic means and meet the information and research needs of the Authority. It is proposed that an integrated library management system be implemented to cater for the library catalogue, acquisitions and serials management and report generation. The proposed system will cost \$40,000.

## **I. Progressive development of the regulatory regime for activities in the Area**

45. The major task to be undertaken during the biennium is the formulation of the exploitation code for polymetallic nodules. At its last meeting in July 2011, the Council requested the secretariat to prepare a strategic workplan for the formulation of regulations for mining deep-sea minerals (polymetallic nodules) in the Area. In partial response to this request, the secretariat commenced work in 2012 on an initial study undertaken by a consultant from within existing financial resources. The study is intended to provide advice on the scope of the proposed regulatory framework, as well as a review of commercial norms and precedents found in existing and proposed regulatory regimes for land-based and marine mining and to define and assess the impact of application economic issues. It is further proposed to convene a small expert group before the nineteenth session in 2013 to peer review and refine the initial study. For the nineteenth session, it is also proposed that the process of selection of the payment system be facilitated through studies on, inter alia:

(a) The use of royalty or profit-sharing systems in countries where copper and nickel mine production have only started in the last decade;

(b) The use of royalty or profit-sharing systems in countries where copper and nickel mine production is expected to start this decade and/or where exploration is growing;

(c) The use of royalty or production-sharing systems in countries that have had limited copper and/or nickel mine production but are expected to become substantial copper and nickel mine suppliers by the end of the decade.

46. In addition to the payment system, other issues that have to be addressed with regard to the exploitation code include, inter alia, a cost model to help facilitate this work, as well as provide the required insights for contracts, such as the duration of mining operations; studies of comparable land-based ores and the applicable payment systems; the establishment of a maximum time interval after the exploration stage is completed and the exploitation stage begins to achieve

commercial production, taking into account unavoidable delays in the construction schedule; and the protection and preservation of the marine environment based on the results of testing mining systems and arising from the data and information acquired during exploration from shipboard processing immediately above a mine site of polymetallic nodules and also taking into account the extent to which such harmful effects may directly result from drilling, dredging, coring and excavation and from disposal, dumping and discharge into the marine environment of sediment, wastes and other effluents.

47. During the biennium, consultants will be required to prepare reports on the use of the royalty or profit-sharing system in countries where (a) copper and nickel mine production have started in the last decade; (b) copper and nickel mine production is expected to start this decade and/or where exploration is growing and (c) copper and nickel mine production was limited but it is expected that they will become substantial copper and nickel suppliers by the end of the decade. Consultants will also be engaged to provide reports on a cost model of a deep seabed polymetallic nodule mining operation, taking into account the pre-production stage, the establishment of a commercial mining register for use by the Authority and the environmental monitoring requirements during exploitation. It is estimated that the cost of the consultancies outlined above will be \$90,000.

48. Other matters to be addressed in the progressive development of the regulatory regime for activities in the Area concern polymetallic sulphides and deposits of cobalt-rich ferromanganese crusts. For both types of mineral resources, as was the case for polymetallic nodules, recommendations for the guidance of contractors to assess the possible impact of their activities on the environment need to be addressed for the purposes of environmental protection. Unlike polymetallic nodules, which had a history of commercialization before the establishment of the Authority, neither polymetallic sulphides nor cobalt-rich ferromanganese crusts have any such history. The Authority therefore has the opportunity to initiate the standardization of environmental and geologic data concurrently with the exploration for these deposits. It is proposed to engage the services of two consultants to initiate work in this regard. One consultant will prepare a report on the typical fauna associated with inactive polymetallic sulphides deposits in the Area and standardization requirements and the other will prepare a report on the typical fauna associated with deposits of cobalt-rich ferromanganese crusts and standardization requirements.

## **J. Monitoring trends and developments relating to deep seabed mining activities**

49. In addition to work to be completed on the use of royalties as the payment system for the Authority and in order to facilitate the formulation of regulations for the exploitation of polymetallic nodules from the Area, further work is required with respect to cost models of a proposed nodule mining operation, processing options for the target metals and the utilization of by-products from nodule mining. In addition to the metals to be found in nodules, metal price trends for the other base metals from sulphides and crusts will also have to be tracked, along with land-based resources/reserves of those metals.

**K. Promotion and encouragement of marine scientific research with respect to activities in the Area and the collection and dissemination of the results of such research and analysis**

50. Environmental issues with regard to fauna at inactive polymetallic sulphide deposits are not well understood. Much of the interest to date has been focused on fauna at active vent sites because they are spectacular and occur in extreme conditions (e.g. 350 degrees centigrade ambient temperature). With the increasing interest in these resources that is manifest in the number of applications for approval of plans of work for exploration submitted to the Authority during the present biennium, efforts will be made to enter into collaborations to investigate the possibilities of standardizing taxonomic data on fauna at inactive deposits.

**L. Public information services and publicizing the work of the Authority**

51. The website is the primary portal for disseminating information and publicizing the work of the Authority. On account of the increasingly technical nature of this work, it is proposed that a museum be created at the headquarters of the Authority, working with contractors and other organizations to acquire the material in support of such an effort. The costs associated with the endeavour would be the Authority's contribution to the maintenance cost of a suitable area within the headquarters building, payment for shipments of samples, models etc. to the Authority from contractors and other costs associated with running the facility.

**IV. Scale of assessment for the contributions of members of the Authority to the administrative budget**

52. In accordance with the United Nations Convention on the Law of the Sea and the Agreement relating to the Implementation of Part XI of the Convention, the administrative expenses of the Authority are to be met by assessed contributions of members of the Authority, until the Authority has sufficient funds from other sources to meet those expenses. The scale of assessment is based upon the scale of assessment for the regular budget of the United Nations, as adjusted to reflect the differences in membership between the Authority and the United Nations.

53. Since the scale of assessment for contributions to the budget of the Authority for 2013 and 2014 would be based on the scale of assessment for the regular budget of the United Nations for 2010, it is recommended that the maximum assessment rate for the budget of the Authority remain at 22 per cent, with the minimum rate remaining at 0.01 per cent.

## Annex

### Summary of budgetary requirements for the International Seabed Authority for the period 1 January 2013 to 31 December 2014

(Thousands of United States dollars)

	Approved for 2011/2012	2013	2014	Total 2013/2014	Increase/(decrease)	
					Amount	%
<b>Part 1</b>						
<b>Administrative expenses of the secretariat</b>						
<b>Section 1</b>						
Established posts <sup>a</sup>	5 683.2	3 169.7	3 169.7	6 339.4	656.2	11.5
General temporary assistance	30.0	14.8	15.2	30.0	0.0	0.0
Overtime	45.3	22.7	22.7	45.4	0.1	0.2
Consultants	150.0	106.0	105.0	211.0	61.0	40.7
Promotion and encouragement of the conduct of marine scientific research	100.0	50.0	50.0	100.0	0.0	0.0
Ad hoc expert groups	320.0	289.0	251.9	540.9	220.9	69.0
Central data repository	70.0	70.0	60.0	130.0	60.0	85.7
Geological model	150.0	0.0	0.0	0.0	(150.0)	(100.0)
Common staff costs <sup>a</sup>	2 551.9	1 383.4	1 402.9	2 786.3	234.4	9.2
<b>Subtotal (section 1)</b>	<b>9 100.4</b>	<b>5 105.6</b>	<b>5 077.4</b>	<b>10 183.0</b>	<b>1 082.6</b>	<b>11.9</b>
<b>Section 2</b>						
Official travel	295.6	182.0	186.7	368.7	73.1	24.7
<b>Subtotal (section 2)</b>	<b>295.6</b>	<b>182.0</b>	<b>186.7</b>	<b>368.7</b>	<b>73.1</b>	<b>24.7</b>
<b>Section 3</b>						
Communications	145.6	78.8	81.3	160.1	14.5	9.9
External printing	100.0	93.5	94.6	188.1	88.1	88.1
Training	52.1	26.1	26.1	52.2	0.1	0.2
Library books	100.0	49.2	50.8	100.0	0.0	0.0
Official hospitality	22.0	11.0	11.0	22.0	0.0	0.0
Acquisition of furniture and equipment	56.7	144.6	20.3	164.9	108.2	190.9
Rental and maintenance of furniture and equipment	23.0	11.3	11.7	23.0	0.0	0.0
Supplies and materials	80.3	39.5	40.8	80.3	0.0	0.0
Miscellaneous services	84.2	54.0	55.6	109.6	25.4	30.2

	Approved for 2011/2012	2013	2014	Total 2013/2014	Increase/(decrease)	
					Amount	%
Information technology	80.9	100.6	91.2	191.8	110.9	137.1
Audit fees	34.6	17.3	17.3	34.6	0.0	0.0
United Nations Organization	0.0	115.5	115.5	231.0	231.0	100.0
IPSAS implementation	0.0	60.0	60.0	120.0	120.0	100.0
<b>Subtotal (section 3)</b>	<b>779.4</b>	<b>801.4</b>	<b>676.2</b>	<b>1 477.6</b>	<b>698.2</b>	<b>89.6</b>
<b>Section 4</b>						
Building management <sup>a</sup>	749.3	472.7	394.2	866.9	117.6	15.7
<b>Subtotal (section 4)</b>	<b>749.3</b>	<b>472.7</b>	<b>394.2</b>	<b>866.9</b>	<b>117.6</b>	<b>15.7</b>
<b>Total (part 1, sections 1-4)</b>	<b>10 924.7</b>	<b>6 561.7</b>	<b>6 334.5</b>	<b>12 896.2</b>	<b>1 971.5</b>	<b>18.0</b>
<b>Part 2</b>						
<b>Conference-servicing costs of the Authority</b>						
Conference services <sup>a</sup>	2 090.0	1 790.3	1 815.6	3 605.9	1 515.9	72.5
<b>Total (part 2)</b>	<b>2 090.0</b>	<b>1 790.3</b>	<b>1 815.6</b>	<b>3 605.9</b>	<b>1 515.9</b>	<b>72.5</b>
<b>Total administrative budget</b>	<b>13 014.7</b>	<b>8 352.0</b>	<b>8 150.1</b>	<b>16 502.1</b>	<b>3 487.4</b>	<b>26.8</b>

<sup>a</sup> Expenditures where the Authority has no or limited control.