SEABED AUTHORITY’S PROPOSED BUDGET FOR 2015-2016 FEATURES NEW INCOME SECTION; COUNCIL DISCUSSES INCREASED WORKLOAD OF SEABED AUTHORITY AND EFFORTS AT COST SAVINGS

The Council of the International Seabed Authority, meeting in Kingston this morning, discussed recommendations of the organization’s Finance Committee for a US$15,743,143 budget for the Authority for the biennium 2015-2016.

The Finance Committee, in its report (ISBA/20/C/19) presented by its Chairman, Olav Myklebust (Norway), recommended that the Council approve the budget as proposed by the Secretary-General.

Opening the meeting, the President of the Council, Tomo Monthe (Cameroon), proposed that the three agenda items – Report of the Finance Committee, the Draft Decision of the Council relating to the budget of the International Seabed Authority for the financial period 2015-2016 (ISBA/20/C/L.2), and the proposed budget – be considered together since they were all part of the Finance Committee’s report.

Finance Committee Report

The Finance Committee took note of the report on the budget performance for the financial period 1 January 2014 to 31 May 2014, and expressed its appreciation to the Secretary-General on the efforts being made to effect savings in the Authority’s budget.

The Committee took note of the balance of the International Seabed Authority Endowment Fund in the amount of US$3,493,257, as at 30 June 2014, including accrued interest of $46,219 intended to be utilized to support the participation of qualified scientists and technical personnel from developing countries in marine scientific research and approved programmes.

It also took note of the balance of the Voluntary Trust Fund in the amount of US$237,300, as at 30 June 2014, and requested the Secretary-General to prepare a report on the possibility, from a legal perspective, of considering advances from the Endowment Fund to the Voluntary Trust Fund as grants, for its meeting in 2015.

The Secretary-General was also requested to take the necessary steps to transfer funds of the Voluntary Trust Fund from JP Morgan Chase Bank N.A. into short-term deposits at Scotia Investments Jamaica Ltd.
The Committee took note of the status of the Working Capital Fund as at 30 June 2014 with advances of $558,245 out of a ceiling of $560,000. It noted that each Member State’s share of the Working Capital Fund did not correspond with the latest scale of assessment, and said that it would revisit the issue in the context of the next revision of the level of the Fund.

On the status of the implementation of the overhead charges, the Committee noted that, of the 16 relevant contractors, the following had agreed to amend their contracts and to pay the overhead charges: Deep Ocean Resources Development Ltd., the Federal Institute for Geosciences and Natural Resources of the Federal Republic of Germany, Tonga Offshore Mining Limited and G-TEC Sea Mineral Resources N.V. The Committee said that the UK Seabed Resources Ltd. had paid the overhead charge for 2014, but the contract was yet to be amended in accordance with Assembly decision ISBA/19/A/12.

The Committee noted with appreciation the progress of the Secretary-General in the negotiation of the overhead charges and encouraged him to continue his consultations with the remaining contractors to ensure equitable burden-sharing among all contractors.

**International Seabed Authority Museum**

The Committee concluded that the Secretary-General’s proposal of a museum at the Authority’s headquarters should not be included in the Authority’s budget for the forthcoming biennium. The Committee said the proposal was discussed in detail and that there were differing views as to whether the museum should be a priority for the Authority at this time. Other options for raising public awareness and education in respect of the Authority’s work were also considered. The Committee also noted with appreciation the generosity of the host country, Jamaica, in providing the physical space to house the museum.

The Committee expressed its appreciation that, as requested in its last year’s report (ISBA/19/C/11), for the first time, the budget proposal for 2015-2016 contained an income section. The new income section reflected the different sources of income available to finance the Authority’s general administrative budget: contributions from member States, savings from the previous biennium and miscellaneous income, which was primarily the overhead charges and application fees.

The Committee noted that, while the revised budget proposal foresaw an increase of 9.99 per cent over the next biennium, contributions from member States would decrease by 13.62 per cent in comparison to the last biennium.

It emphasized this important milestone on the way to achieving the Authority’s goal of generating sufficient income to meet its administrative expenses from sources other than contributions. That achievement was in part a consequence of the 2013 decision to institute a fixed overhead charge for contractors, the Committee observed.

The Committee said it discussed its role in the development of the exploitation code, noting that it would increase its work, especially in the area of determining a fiscal regime. In view of the expected workload, it underscored that its members must fulfill their appointed obligations to the Authority.

The Finance Committee held six meetings, between 8 and 10 July 2014 and re-elected Olav Myklebust (Norway) as its Chair and Duncan Muhumuza Laki (Uganda) as Vice-Chair.
Discussion on the Report

Access to documents reviewed by the Finance Committee in preparing its report, the increased workload of the Authority and efforts at achieving savings as represented in the budget, and the attendance of members of the Finance Committee at its meetings between 8 and 10 July, 2014 in Kingston were highlighted in deliberations on the report by members of the Council.

The United Kingdom, while noting the increased workload, suggested a zero budgeting approach for subsequent budgets of the Authority, a view that South Africa also supported. Also commenting on the budget, Australia and Canada supported strong justification for the increases. The Netherlands sought clarification on whether some items were one-time increases, while China said that with the increased workload of the Authority a reasonable increase in the budget should be expected.

Jamaica shared the concern raised by a number of delegations, including Nigeria, in respect of the low attendance of the members of the Finance Committee at this year’s meetings. Delegations supported the view that the Finance Committee members must fulfill their appointed obligations to the Authority.

Brazil said it could not adopt the Finance Committee’s report due to the absence of supporting documents it needed to judge its contents. The representative said that his delegation would not be able to join in the adoption of any decision regarding the budget until it had examined the relevant background documents. Canada and Nigeria agreed with Brazil that it would be useful to have the material provided to the Finance Committee made available to member States to enhance transparency and aid in the consideration of the budget.

Netherlands said it would be useful to have a breakdown of projected costs in respect of large items of expenditure or those in which a significant variance in relation to the previous budget was proposed.

The proposal by the Secretary-General to establish a museum at the Authority elicited mixed responses. Trinidad and Tobago said that there was not sufficient public awareness about the Authority and the work that was invested in its establishment, and welcomed the proposal of a museum as an outreach strategy as well as a training resource. Jamaica said that it had always supported the concept of the museum, and added that it would play an important role in enhancing support for the Authority’s work and increasing understanding of the principle of the common heritage of mankind. The representative suggested that the museum could be developed on a smaller scale.

Kenya, Nigeria, the Russian Federation and Senegal, while acknowledging the budgetary constraints, expressed the hope that the museum would become a reality in the future. Argentina called for a written document outlining the objectives of establishing the museum and how they would be achieved so that the Council could consider the proposal more thoroughly.

On the other hand, Australia, Canada and the Netherlands agreed with the recommendations of the Finance Committee that the museum should not be included in the Authority’s budget at this time when international organizations were being encouraged to focus on priorities and effect cost savings.
A number of delegations, including Argentina, Jamaica, Kenya, and Nigeria expressed appreciation to Japan, Mexico, Norway, the Republic of Korea and the United Kingdom for their contributions to the Voluntary Trust Fund and the Endowment Fund. Senegal warned, however, that such voluntary contributions should not be seen as a way of “making up for the deficit in assessed contributions.” The representative of China pointed out that his government had recently made a contribution of $20,000 to the Voluntary Trust Fund.

The Voluntary Trust Fund, established in 2002, supports the participation of members of the Finance Committee and the Legal and Technical Commission from developing countries. The Endowment Fund aims to promote and encourage the conduct of marine scientific research for the benefit of humankind, in particular by supporting the participation of qualified scientists and technical personnel from developing countries in marine scientific research programmes.

In light of the comments and concerns expressed made by members, and at the request of the Council President, the Legal Counsel suggested new wording for some paragraphs of the draft decision on the budget to be adopted by the Council. However, a number of delegations, including Brazil, agreed to meet informally immediately following the meeting to develop a new text to be presented to the Council at its afternoon meeting.

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