



SOPAC GOVERNING COUNCIL SUB-COMMITTEE MEETING

23 February 2010

SOPAC Secretariat

SUMMARY RECORD

A. INTRODUCTION

1. A special SOPAC Council Subcommittee Meeting was convened on 23 February 2010 at the SOPAC Secretariat to address various issues that needed resolving following the SOPAC 38th Session held in Port Vila, Vanuatu in October 2009.
2. The Subcommittee meeting was Chaired by the Honourable Paul Telukluk, Minister of Lands, Geology, Mines, Energy and Rural Water Supply of Vanuatu.
3. The Summary of Outcomes in the form of recommendations to be circulated to the SOPAC Governing Council for members' endorsement out of session is provided below.

B. SUMMARY OF OUTCOMES

4. A special SOPAC Council Subcommittee Meeting was convened on 23 February 2010 at the SOPAC Secretariat to address the issues of: (i) the unsecured 2010 Work Plan and Budget and (ii) to review progress with implementation of the Regional Institutional Framework (RIF) reform.

Recommendation 1 – Progress with the implementation of the RIF

5. The SOPAC Council Subcommittee agreed that a two-track approach based on the following is the expeditious way forward on the RIF –
 - i) **Track 1:** *Involves (i) the transfer of agreed SOPAC activities to SPREP; (ii) the transfer of the ICT Outreach activities of SOPAC to SPC, and (iii) the transfer of the Energy activities of SOPAC to SPC. Each of these clusters of activities can be transferred easily, simply and expeditiously, as was noted by the SOPAC Governing Council at its last meeting in Vila, and in a manner consistent with previous practice in the region. Each cluster is relatively small, certainly no larger than the activities previously transferred between regional organisations, for example when the Energy activities of PIFS transferred to SOPAC in 1998. Each transfer can be fully implemented subject to an Exchange of Letter between the respective CEOs and can be completed as early as 31st March with the agreed activities to be in SPREP and SPC respectively from 1st April 2010.*
 - ii) **Track 2:** *Dealing with the transfer of the bulk (or Core) of the SOPAC work programme to SPC. This is a substantive matter and involves around 100 staff and FJ\$30 million budget for*

2010. No transfer of this magnitude has taken place between regional organisations previously and it almost certainly must be accompanied by changes to the SOPAC Constitution to facilitate the process, and subsequently the dissolution or suspension of the Commission. This will require careful consideration and be subject to a substantive Agreement and accompanying Implementation Plan between the governing bodies of SOPAC and the Pacific Community. The responsibility for drafting and circulating this Agreement and accompanying Implementation Plan, together with the relevant changes to the SOPAC Agreement will be with the Director of SOPAC and will be completed by July 2010. The Director General of SPC will be fully engaged. Consideration by SOPAC Council will take place in October 2010 (anticipated timing of Council Meeting during the week of the 18th) followed immediately by the SPC governing body. This process and timeframe is in accord with the SOPAC Council decision at its last meeting in Vila. Full and effective implementation will be from 1 January 2011.

Recommendation 2 – 2010 Unsecured Work Plan and Budget

6. The SOPAC Council Subcommittee agreed that the Secretariat prepares a revised 2010 Work Plan and Budget by mid March taking into consideration the outcomes of this subcommittee meeting and circulate this to members for consideration.

C. PARTICIPATION

7. The following member states of SOPAC were represented at the Sub-committee meeting: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Vanuatu. A list of participants is attached in Annex 1.

8. The national representative of New Caledonia sent his apologies and the Government of Samoa sent a statement of support for the consensus decision.

D. SUMMARY RECORD OF PROCEEDINGS

9. The representative of the Cook Islands offered the opening prayer.

10. The following provisional agenda was adopted:

Item 1 – Welcome (SOPAC Director)

Item 2 – Introduction (SOPAC Chair)

Item 3 – Consideration of 2010 Work Plan and Budget

Item 4 – Update on Progress with fulfilling requirements on Council resolution on the RIF

Item 5 – Confirmation of Arrangements for 2010 Annual Session

Item 6 – Other Matters

Item 7 – Closing

11. A summary of proceedings under each item follows below.

Agenda Item 1. Welcome (SOPAC Director)

12. The Interim Director (Russell Howorth) [henceforth called Director] welcomed the member delegates to the Secretariat and acknowledged that a number of member representatives whose governments had no Suva-based mission had been sidetracked on the way home from an Extended Continental Shelf meeting held in Sydney to participate at this Subcommittee meeting. He highlighted the papers for the meeting that had been sent out to delegates by the Secretariat and revealed his deep concern at the lack of security with regard to the SOPAC 2010 Work Plan and Budget that was clearly intimately linked to the progress on the RIF and had implications for major disruptions to service delivery. He also mentioned the support by his fellow CROP CEOs for the process he outlined in the Issues Paper for moving forward with the RIF and requested clear instructions to the Secretariat with respect to the 2010 Work Plan and Budget. The Director's Welcoming Remarks are available in full in Annex 2.

Agenda Item 2. Introduction (SOPAC Chair)

13. The Chair read an opening statement, which highlighted the split within Council ranks on the issue of the timeframe for progressing the RIF reform. The disagreement amongst members led to Council not being able to approve a fully secured 2010 Work Plan and Budget at its Port Vila meeting last October. Chair urged members to reflect positively on the merits of the recommendations by the Director and supported by his colleagues from SPC and SPREP in their signed letter of understanding (see Annex 3). Chair also took the opportunity to reflect on the paramount aspect of the full and effective implementation of the RIF decision from the perspective of the Pacific island states; and that was the need to safeguard the PICs' intellectual property for which SOPAC is custodian. The Chair's Introductory Remarks are available in full in Annex 2.

14. The Director informed the meeting of the arrangements for producing the record of the meeting in that a short summary outcome statement (see Section B, above) would be prepared for the Subcommittee to consider before closure of the meeting; and a Summary Record of discussions would be prepared from audio recordings of the proceedings and circulated for comment in about a weeks time.

Agenda Item 3. Consideration of 2010 Work Plan and Budget &

Agenda Item 4. Update on Progress with fulfilling requirements on Council resolution on the RIF

15. The Director then introduced the Issues Paper (see Annex 4) which discussed both items three and four; that though separated were actually so intimately related that he was sure they would be discussed together. He presented the paper up to the consideration of the option one of recommendation two; the purpose of which was to provide the Subcommittee with a brief but complete introduction to the two main issues behind the call for the special meeting – firstly the issue of the unsecured 2010 Work Plan and Budget; and secondly to provide an update on progress with implementation of the RIF reform process.

16. The Fiji representative greeted his member colleagues and commended the Secretariat for the detailed paper that clearly set out the issues. Fiji agreed to recommendation one and

recommendation two, option one (adopting the draft 2010 Work Plan and Budget as presented to the last Council Meeting) – but this he pointed out was up to all members of the SOPAC Council and especially to the positions that would be taken by the Australia and New Zealand.

17. The representative of Tonga supported the Fiji proposal.

18. The representative of the Marshall Islands greeted everyone and stated that it supported the Fiji and Tonga positions.

19. The Vanuatu representative supported the proposal from Fiji, Tonga and Marshall Islands.

20. The Cook Islands representative registered his support for the position as taken by his colleagues previously.

21. The Tuvalu representative had no reservation in supporting the position taken by his colleagues.

22. The New Zealand representative stated that it remained deeply concerned at SOPAC's failure to act on and implement the decisions of the Forum Leaders with respect to the RIF; and specifically the transfer of its functions to SPC and SPREP from 1 January 2010. New Zealand was only prepared to meet its assessed budget contribution provided there was full, absolute and speedy compliance with Leaders decisions. While supportive of the proposed Track 1 process to transfer energy and ICT outreach functions by 1 April, the proposed phrasing of Track 2 was not acceptable to New Zealand. The representative informed the meeting that any specific and final decisions on New Zealand funding or position would be referred back to capital for decision.

23. The Fiji representative noted that the Director had presented in great detail the progress so far on the implementation of the RIF reforms, hence it was of the view that the process was underway in terms of compliance with the Leaders' decision; albeit with some difference in timing. Fiji stated that the Track 2 language was about the interests of the small Pacific island countries, especially those who could not afford their own scientific services that also went some way in addressing a part of the Leaders' decision in that implementation of the RIF reforms should not affect services to Pacific island countries. Fiji reminded members that they had to walk away from this meeting with a substantive decision on whether there was a secured budget; and that anything other than that was going to be detrimental to SOPAC as the organisation and to Pacific Island countries in as far as service delivery by SOPAC was concerned.

24. The Australia representative was able to endorse Track 1 as she noted that it was a concrete statement of progress with absolute clarity about the transfer of the ICT [Outreach] and energy functions. In terms of Track 2, the Australia representative echoed the concerns expressed by New Zealand and was looking for a "full, absolute and speedy compliance with the Leaders' decisions on RIF" – and the Track 2 language as it had been presented by the Director did not give certainty about that. The representative also noted that the Director had spoken of accepting Track 2 "or a variation of it"; and she was therefore interested in hearing what that modification might be. She reiterated that as presented, Track 2 did not give assurance of any expeditious, speedy and absolute implementation of the Leaders' decision.

25. The Solomon Islands representative thanked the Director for the detailed presentation of the Issues Paper (Annex 4). She reported that the Solomon Islands was not represented at the Port Vila meeting (2009) and it was not able to send someone from Honiara to this particular meeting. Solomon Islands endorsed Track 1 and requested an indication of the timeframe for Track 2 from the Director.

26. The Director noted that he had two items to respond to – (i) the question from the Solomon Islands; and (ii) the allusion to a variation of Track 2 language by Australia.

27. The Director explained that his point in the Issues Paper (Annex 4) was to try to separate what could be done relatively easily and what in the process would require more time according to the Council agreed resolution out of the Port Vila meeting in 2009. With respect to the alternate language for either Track 1 or Track 2, the Director was looking to the meeting to provide the modification if there was going to be modification. The Director explained that he assumed that if the members were comfortable with the two-track approach that the meeting would finalise the language as a result of dialogue within the meeting and that the Secretariat stood ready to make amendments to the text, which would then be part of the outcome statement.

28. In response to the Solomon Islands question about timing, the Director explained that he anticipated that the Track 2 timeline would go up as far as the middle of October. While he noted the omission of the timeline, it was his clear impression that once Council made its decision in October and if that decision gave the green light that he could see no reason why Track 2 would not be completed by the end of the year (2010). While certain transfers (e.g. EU funds) may not be 100 % complete due to the inherently lengthy process involved and some paperwork left over to tidy up at the end; the Director offered that a two-step process was probably all that was required for the effective transfer to be completed and operational from the first of January 2011.

29. The representative of Papua New Guinea greeted everyone and stated that all member country representatives were ultimately accountable to their Leaders and ministers for the decisions they took and this was important to bear in mind. She noted that the RIF had been going on for some time, but in the last couple of years it had been given a timeframe, with endorsement from the three CEOs that it would all be over in January 2010 – and the Leaders had endorsed that. Now that an extension was being introduced in the process, the representative raised concerns about how Leaders might react and she suggested that perhaps a representation from SPC and SPREP to this meeting on what was going on might help with explanation to Leaders.

30. The Chair interpreted that most members were respectful of the Leaders' decision on the implementation of the RIF. He had noted the Director's earlier report on the progress of that implementation, although the timing was not strictly adhered to. Difficulties were now being experienced due to the position taken by Australia and New Zealand; and he encouraged members to make comments that would help the meeting arrive at decisions to take the issue forward.

31. The Fiji representative informed the meeting that Council decided in Vila in 2009 to abide by the legal aspects required under the SOPAC constitution when it came to the point of dissolving SOPAC; and that was what determined the timeframe that was embedded in the Track 2 language. The Fiji delegate was of the view that representatives sat around speaking for their countries and their Leaders and he believed that Leaders were quite well informed about the outcome of the SOPAC meeting in Vanuatu and that each delegate had reported back to capitals and that information would have already been digested by their Leaders. Fiji was hearing around the room a lot of support for both Tracks 1 and Track 2; and this was obviously coming from delegates who had the mandate to speak for their countries and this should be accounted for. The representative emphasised that there was no resisting the Leaders' decision – that it was being implemented and part of that implementation was ensuring that services were not diminished and that the timeframe implied in the Track 2 language was a requirement under the SOPAC constitution.

32. Chair interpreted that the Port Vila meeting uncovered a legal problem with the requirements under the SOPAC constitution and that Council needed to be guided by it to ensure that whatever it did with the organisation was legal.

33. The Kiribati representative greeted everyone and said that her country supported the Leaders' decision on the implementation of the RIF process. While in attendance at the SOPAC Vila meeting, Kiribati recognised the significance of the legal concerns raised in Port Vila in terms

of “doing it right”. The Kiribati view was that the Leaders’ decision was being implemented, which was addressed by Track 1; and that it was important to do the implementation right, which is addressed by Track 2.

34. The representative of the Republic of the Marshall Islands greeted everyone and noted that while the Leaders’ decisions were being followed in a lot of things she had been recently to a trade ministers’ meeting in Brisbane which the Leaders’ had decided to hold in Micronesia and yet the meeting was held instead in Brisbane. As Pacific islands it was not uncommon to change decisions due to bad timing or lack of resources; hence she questioned the pressure being applied to follow Leaders’ decisions when some of those decisions had not been implemented due to lack of resources and time and pleaded with Australia and New Zealand to reconsider their position and be more accommodating of the smaller members with resource constraints. The representative stated that the implementation of the RIF was being honoured in Track 1; but then she noted that the three CEOs found there was a problem with SOPAC core into SPC. She also noted that SOPAC into SPC had really become too big and expressed concern that island members may not get all the benefits and services currently enjoyed. The representative hoped that members would mend fences and come to a common ground where a decision could benefit all.

35. The Papua New Guinea representative said she had recalled the papers presented at the July 2009 Joint Councils Meeting, especially the financial report by KPMG and the legal interpretation of the SOPAC constitution on the processes required to take the RIF objectives forward and she thought those had been sufficient for SOPAC to move forward.

36. The Director responded from a perspective of one who had only assumed the SOPAC CEO seat in the last three weeks; and from another perspective of having been part of the three consultants team that prepared documentation regarding the way forward on the RIF for the then three CEOs that presided over the Joint Councils Meeting in July 2009. He confirmed the Papua New Guinea recollection of the papers at the July 2009 meeting; but excused the gap in this knowledge as he had not been involved in the intervening period after July 2009 to February 2010. He understood from his discussions with the CEO of SPC (as someone who had the benefit of all the information from having been involved in the process throughout) that what was before the SOPAC Governing Council in Port Vila in October 2009 was the “latest state of play”; consequently the SOPAC Council decision in October 2009 superseded the documentation referred to by Papua New Guinea. The Director concluded that he was confident that if the SOPAC Council Port Vila decision was followed through in terms of all the issues to be addressed within the necessary timelines that its logical conclusion would be full and effective implementation by the end of 2010.

37. The Solomon Islands representative thanked the Director for the answer to the question she had asked previously and that it was sufficient response to state that the Solomon Islands also wanted the Leaders’ decision followed, but the issue was a matter of timing. Within the language of the two-track approach; and the indication of timeline from the Director, the representative concluded that the process was in line with implementation of the Leaders’ decision in that it would eventually get there, but that there was a one-year delay which was not a lengthy delay given the way things happen in the Pacific with resource constraints etc. The representative recalled an earlier Marshall Islands comment on the SPC grown to monstrous size and enquired whether the SPC had been assessed for its capacity in terms of effective delivery given that it was absorbing all the technical areas.

38. The Director responded that the Solomon Islands question with regard to SPC was addressed to the wrong person and he could only repeat what he had heard from the SPC CEO that the SPC Secretariat was prepared to do all it could to rise to the occasion and cope. The science and technology that SOPAC had been doing for around four decades would be new to SPC; and the Director reported that he had been invited to the SPC executive management planning retreat expressly so SPC could hear how SOPAC conducted its business and to start

exploring ways in which both agencies could work together even more closely. The Director was optimistic and promised to stand by his responsibility for ensuring that it worked and that there would be a process to be played out in the future where executives would look to integrating the current core SOPAC work programme into the current and ever-changing arrangements within SPC itself. The Director had noted the many times it had freely been mentioned about the burgeoning size of SPC due to the RIF exercise, and with the impending SOPAC core's amalgamation with it; SPC would inflate from 450 staff and a \$70 million dollar budget to 550 staff and a \$100 million dollar budget – an exercise which would be a lot more involved than the transfer of the Energy and ICT Outreach units. The Director acknowledged the enormity of the merger but he also acknowledged that given enough time the merger could be managed well to ensure that disruption to service delivery was minimal.

39. The Cook Islands representative expressed appreciation for the comments made by his colleagues from Fiji, Marshall Islands and Solomon Islands in support of the way forward. He said that things had moved on since the July 2009 meeting and even beyond the Port Vila October 2009 meeting; and echoed a view expressed earlier that each representative was sitting at the table as full representatives of member governments. The two-track language read as it did because he surmised that the process had moved beyond Port Vila. Further, he concurred with several of his colleagues in the view that the Leaders' decision was being honoured in terms of ensuring that the services to the Pacific Island Countries were not in any way jeopardised; and advised that with the New Zealand position on its funding was already known and he advised pushing on to considering the language of recommendation two to further gauge the Australia and New Zealand positions with respect to the shortfall of 16% in the 2010 Work Plan and Budget. He said that the dual hats of donor and member worn by Australia and New Zealand would always cause confusion; and at this point members had gathered to consider the impact of the budget shortfall. He referred to an attachment in the Issues Paper that highlighted the potential impact of the shortfall to the core funding in terms of certain key positions at the Secretariat being compromised. The representative informed the meeting about certain developments in his country with respect to deepsea minerals and its economic zone and the work it was reliant on SOPAC for in terms of realising the benefits of the Cook Islands' deepsea mineral prospects. He knew of other island member countries that were in the same position relying on SOPAC for guidance and advice in this very important area and therefore the Cook Islands was all for treading with care when proceeding with the amalgamation of the Ocean and Islands part of the core SOPAC programme into SPC.

40. The Cook Islands representative had noted at the Port Vila SOPAC meeting (2009) that the SPC's financial strategy did not include any for the programmes that were currently resident with SOPAC; and this was of grave concern to him. He echoed the Solomon Islands concern and expressed anxiety that the SOPAC programmes would be absorbed and forgotten about or undergo meltdown into the SPC system. He concluded by reminding the meeting that the legal implications had been identified in Vanuatu the year before (2009); subsequently the two-track approach that was before the committee for finding a way forward; it appeared Track 1 had everyone's agreement, but with Track 2 some had expressed reservations; so therefore it was time to consider the options available to representatives to ensure that the programmes were not compromised according to the Leader's decision.

41. The Chair noted that most countries had submitted their comments on the two-track process except two and he invited the Federated States of Micronesia and Nauru to make their comments before he called for a refreshment break.

42. The Nauru representative informed the meeting that Nauru had no decision at this point but he expressed no major issues with Track 1. He recalled that Nauru took the view in Port Vila that it would adhere to the heads of states' decisions; but as was highlighted by the Chair in his opening statement, Council should move forward and not hold anything back. While expressing great disappointment that a decision had been made to advise the Leaders to agree to a position that officials could not agree to; he encouraged that Council should move forward and thanked

the Cook Islands for clarifying many of the issues that were on his mind and on that note he concluded that Nauru would go along with the consensus in the meeting as a way forward.

43. The representative of the Federated States of Micronesia said that they didn't really have a position and that he fully agreed with the island members and he also agreed fully with big donor countries; however, he expressed a hope that Australia and New Zealand would look with favour on the small islands so all would work together, as islanders would always need their support. He thought getting together to talk about things would get the wisdom for a good decision and move forward.

44. Chair invited Council members to consider the recommendations that were presented in the Issues Paper in light of the previous discussion.

45. The Australia representative pointed out that the recommendation as presented read "Council endorses the two-track approach as an expeditious way forward on the RIF ..."; and the discussions had been referring to the two parts separately; hence she didn't think the recommendation should be couched in the terms presented.

46. The Fiji representative expressed endorsement of the two-track approach as recommended and agreed to Tracks 1 and 2 as they stood.

47. The Director intervened to agree with the point made by Australia that the one liner introductory to the Track 1 and 2 text was insufficient and that it would be couched differently in the final outcome statement.

48. The representative from Fiji noted from the previous discussion that all seemed to have agreed to Track 1; and reiterated the Fiji position of also endorsing the Track 2 language given that the three CEOs had agreed to the same and were the ones who would do the implementation.

49. The Australia representative asked that Fiji repeat what was just stated as she had missed the second part.

50. The Fiji representative apologised and repeated that since the language in Track 2 had the agreement of the three CEOs who would implement the decision Fiji's preference was to leave the language as presented.

51. The Cook Islands representative registered his concurrence with the Fiji view.

52. The representative of Tonga supported the recommendation as stated by Fiji and the Cook Islands.

53. Vanuatu endorsed the two-track approach.

54. Papua New Guinea supported the recommendation, but the representative wanted to be sure (given the funding implications if Australia and New Zealand did not support the majority view) that there was a possibility of looking at other non-traditional donors to assist in the process given the new timeframe that would be part of the final language of the recommendation.

55. The Solomon Islands representative reminded the meeting that she had raised the issue of the new timeframe and if that could be reflected then the Solomon Islands would be comfortable and endorse the recommendation.

56. The Director offered that the timeline language to provide closure, as requested by Solomon Islands, could be added to the end of the Track 2 language. The Port Vila decision though lacking specificity in stating actual timelines implied that once decisions were made at the

October 2010 SOPAC meeting, full and effective implementation could be in place by 1 January 2011; and he personally could not envisage at this point what might preclude that.

57. The New Zealand representative stated that New Zealand could support Track 1; but not Track 2 as it did not provide full, absolute and speedy compliance with the Leaders' decisions. She added that discussions so far in the meeting also had not given New Zealand the confidence that there was a mindset among members to proceed in line with those decisions.

58. Australia endorsed the New Zealand comments; adding that the Track 2 language and the discussions so far had given them the view that there was no certainty regarding timeframes.

59. The Fiji representative concluded that given the position taken by Australia and New Zealand there would be financial implications and suggested that the subcommittee look to the language of recommendation 2, option two before going into the issue of other donors.

60. Chair suggested that the subcommittee endorse Track 1 of the two-track system and note the Australia and New Zealand concerns, and to proceed to recommendation 2.

61. Australia requested the Chair to repeat what it was he was suggesting for endorsement.

62. Chair repeated that the subcommittee was endorsing recommendation one as agreed by Council members while noting somewhere the concerns by Australia and New Zealand, and that he had suggested moving to recommendation 2.

63. Papua New Guinea requested the Secretariat to work on the language of the recommendation 1.

64. The Director summarised his hearing of the proceedings so far that the recommendation 1 would state that the committee had endorsed the two-track approach, with the full text of the approaches to be added to the Outcome Statement and some text on full and effective implementation by 1 January 2011 to be added at the end of the Track 2 language.

65. The Director clarified that as a consequence of the endorsement of the two-track approach then there would be a near immediate movement of the Energy and ICT Outreach functions of the SOPAC into SPC; and other activities into SPREP. Further he alluded to an earlier point made by Papua New Guinea that if the endorsement of the two-track approach would cause a problem with funding then recommendation 2 would go into an either/or situation and explained that for the Secretariat to continue to function properly without diminution of services that Council members would need to urgently identify alternate sources of funding to secure or partially secure the shortfall in the 2010 budget. The Director also touched on the worst case scenario from the perspective of the Secretariat in that if financial resources to balance the work plan and budget could not be found then Council would have to look seriously at 'cutting its cloth to measure' by reducing the work programme and referred to Attachment 4 of the Issues Paper which indicated the staff positions that would be affected by the financial shortfall.

66. The Australia representative requested clarification on what had been agreed to in recommendation 1 as her understanding was that something would be written down and the meeting would return to it – she was reluctant to move on until there was clarity on what had been agreed to.

67. Chair responded that the Director had clarified the recommendation, and suggested that the Director repeat the clarification for the benefit of Australia and the meeting could move to recommendation 2.

68. The Director requested five minutes for the Secretariat to organise the projection of the text onto a screen so members could read the text for themselves.

69. Chair offered from his hearing of the discussion that the only text addition was from the Solomon Islands on the issue of adding a timeline.

70. New Zealand made a small point of clarification on the figures ascribed to it for 2010 in the meeting papers being based broadly on the 2009 figures; and that New Zealand funding into SOPAC ended in 2009 and there has been no agreement between it and SOPAC as to the quantum of funding for 2010.

71. The Director clarified that the figures had come out of the budget presented in Port Vila (2009) and were based on the 2009 figures as pointed out by New Zealand; they were not the correct numbers but subject to confirmation.

72. New Zealand responded that they were not the correct numbers because there was no agreement to fund SOPAC at this point.

73. The Cook Islands representative in response to the New Zealand intervention stated that regardless of the accuracy of the figures the fact of the matter was that the key positions that implemented the work programmes that were of utmost importance to the island members would be adversely affected. He suggested the Secretariat also draft additional language that the stance taken by Australia and New Zealand would directly contribute to diminishing the services to PICs and this was detrimental to the latter part of the Leaders' decision.

74. Fiji fully agreed with the Cook Islands; the representative adding that the meeting had discussed at length recommendation 1, tracks 1 and 2 language and upon considering recommendation 2 on the work plan and budget for 2010, the only problem (and the reason for the subcommittee meeting) that could be identified was the unsecured funds attributed to Australia and New Zealand of around five million dollars. Given that funding was the crux of the matter, if those funds could be secured work would go on as normal; hence the representative suggested that the commitment (or lack thereof) from Australia and New Zealand to provide those funds should be established; once that was done, then the meeting could move on.

75. The Chair invited New Zealand and Australia to comment on the matter of their funding of the SOPAC 2010 budget.

76. The New Zealand representative restated that it was not in a position to support Track 2 (recommendation 1), and their reasons had already been outlined in that it was not providing full, absolute and speedy way forward in line with the Leaders' decision.

77. The Australia representative made observations that similar to New Zealand the figures presented were not from an agreed amount and that Australia had been funding SOPAC on a year-by-year basis. The representative also pointed out that Attachment 4 (of the Issues Paper) was the first time communication was received from SOPAC that these were the positions funded from Australia and New Zealand regular budget funding. Agreements between Australia and SOPAC had never specified what positions were funded. She also wished to place on record that if the meeting had been convened to consider the budget, that the full budget should have been presented and not a partial budget; as it was if salaries were going to be apportioned particular funding sources then it would have been appropriate to present the full information and not only part of the information. In terms of Australia's funding support for the budget, its position was similar to New Zealand in that they were looking for certainty in the timeframe and in the implementation of the Leaders' decision; and since this was absent, Australia was not in a position to make a contribution.

78. The Director clarified that there was no new information being presented to Council members; and that the budget that was presented in Port Vila was the same that was before the subcommittee and he excused his not making more copies to being a conservationist. The only

new information in the attachment was the names of people associated with the positions and salaries; the latter had always been part of the full budget document.

79. The Fiji representative concurred with the clarification made by the Director; and observed that it seemed clear that the SOPAC budget for 2010 was not secured given the stand taken by Australia and New Zealand and requested the Chair that alternative funding be discussed instead.

80. Chair announced that given the information provided by Australia and New Zealand and the other interventions around the table, it was appropriate to move to discussion on option 2 of recommendation 2.

81. The Fiji representative requested clarification on whether Australia and New Zealand were withholding both their core and programme funding.

82. The Australian and New Zealand representatives responded that since there was no certainty for them about recommendation 1, they were therefore not in a position to comment.

83. With those comments the Fiji representative said he would go along with identifying alternate funding. Fiji also informed Council that there was alternative funding, and given the gravity of the situation after Port Vila and in preparation for a possible shortfall due to the financial withdrawal of Australia and New Zealand; Fiji had gone out to talk to donors as endorsed by the SOPAC Governing Council in Vanuatu (2009) and funds had been secured with the donor requesting that Council members make an approach today (23 February 2010) and have an agreement signed.

84. Chair suggested that a small committee as called for in option two of recommendation 2 be formed to work with the Director so that this committee make the approach to the donor as requested to discuss funding.

85. The representative of Tonga supported the idea and called for an adjournment to allow those countries' representatives to make the approach and the meeting could reconvene when the group had returned with the result of their approach.

86. Nauru sought clarification as to the suggestion by Tonga as the representative understood that processes involved in approaching donors were lengthy, hence he enquired as to the identity of the donors and what timeframe was involved in securing the funds.

87. The Fiji representative responded that he had just spoken to the donor and that they were on standby to receive the delegation that would make the approach, as the donor had a stance that should PICs be in trouble that they were prepared to assist.

88. The Papua New Guinea representative expressed the view that the responsibility for approaching donors should be left to the Secretariat and the members to hear from it later instead of individual countries making representation on behalf of the Pacific.

89. The representative of Fiji explained that it would carry more weight if a sub-committee of the SOPAC Council actually met with the donor and discussed the various issues regarding the funding that would bridge a gap that would be there with Australia and New Zealand withholding their funding.

90. Chair asked for volunteers to be in the sub-committee and the following countries came forward: Fiji, Tonga, Tuvalu and Vanuatu. Chair announced that the small group with the Director would make the visit to the donor and report back to the meeting.

91. The Director sought clarification that his involvement in the smaller sub-committee was as adviser and secretariat rather than being in the lead; as he wanted it clearly understood that the Secretariat was not spearheading the initiative.

92. The Papua New Guinea representative said she hadn't attended the Port Vila meeting in 2009, hence was enquiring if there was a terms of reference for the current subcommittee; and what of the even lower subcommittee – she stressed that some clear directions on what each subcommittee was supposed to do would be appropriate.

93. The Fiji representative advised that why the current subcommittee convened on the day was clear to most around the table; he encouraged that the focus at this point should be the visit to the donor and requested an adjournment to give time to the (fundraising) subcommittee to meet the donor and report back on the result of the discussion later.

94. Chair adjourned the meeting for the smaller subcommittee to go and do its work and the remainder to take their lunchbreak.

95. At the resumption of the meeting the Director requested to make a clarification on one of his earlier interventions concerning the make up of the budget tables in the Issues Paper. Attachment 1 (of the Issues Paper) was requested in Port Vila to show secured and unsecured funds in the 2010 budget and the distribution generally through the programmes; hence the table in the mentioned attachment was not part of the Work Plan and Budget tabled in Vila. The Director also corrected what he said about the initial tables of Attachment 4 (of the Issues Paper) being part of the Work Plan and Budget tabled in Port Vila; they were not, they were actually part of the normal high-level consultations of Australia and New Zealand with the Secretariat over the years. The Director also clarified that it was not normal practice to show how membership contributions were allocated in the regular budget but it was information that was available to members should they wish to see it. He apologised for any earlier misrepresentation and that it was not his intent to mislead.

96. Chair returned the meeting to the matter at hand and asked Fiji for a report back from the approach made to the donor.

97. The Fiji representative before updating the meeting raised the appropriateness of Australia and New Zealand being part of the discussion at this point given that PICs were moving on without their financial support. He suggested to the Chair that it was probably better if only PICs be allowed to discuss the issue with the new donor amongst themselves.

98. Chair suggested that members decide on the matter and requested the Fiji representative to repeat what he just said.

99. Fiji repeated that since the PICs were moving forward without the funding of Australia and New Zealand he questioned the appropriateness of their remaining when issues with new donors were discussed among island members.

100. Chair repeated his earlier wish to leave it to members to decide.

101. The representative of Tonga registered his support for excluding Australia and New Zealand from the discussions around new donors because of what he perceived to be their responsibility in placing the organisation in a very difficult position. The step which they had taken was going to result in definite diminishing of services; and the representative expressed grave concern that the two funding agents were not prepared to compromise and their assistance had conditions attached; and this was not a spirit he wanted to entertain at this forum.

102. The Papua New Guinea representative advised that the meeting should also differentiate between donors and members of Council; and that Australia and New Zealand had the same

rights as everybody else around the table to take a decision. Papua New Guinea would have reservations about excluding them.

103. The Fiji representative understood very well where Papua New Guinea was coming from and that she was correct; however the fact could not be ignored that the two countries had of their own accord withheld their member contribution from SOPAC as such it should be questioned whether they took ownership anymore of the organisation. The withholding of their contributions was known would affect services against the Leaders' decision and that they were in a position to pay but chose not to.

104. The Nauru representative respected the views and the rights of everyone around the table to express those views; and also the views and comments from others should be respected, which is a reason a meeting could convene to share thoughts and ideas together. Nauru stated that the view and positions stated by Australia and New Zealand were their governments' view and this should be respected and could not be altered. He pointed out a fact which should also be appreciated by PICs, and that was the level of past assistance that had been received from both the countries in question. While appreciating the views by Tonga and Fiji, Nauru associated itself with the reservations expressed by Papua New Guinea.

105. The representative of the Solomon Islands suggested that the Secretariat might usefully enlighten members on the processes and rights of members in a meeting in terms of who should be sitting at the table at what time. This she concluded would ensure that whatever steps or decisions made would be aligned with exactly the same reasons that the SOPAC Council had got to this stage, which was to adhere to the requirements of the SOPAC constitution.

106. The Director acknowledged that he had a working knowledge of the SOPAC constitution as good as anyone else's but his recollection was that Council had never been in a situation such as this previously. It was also his recollection that there had never been an instance where full participatory rights was withheld from any member on any particular issue; hence the Secretariat advised that the meeting continue as it began, with members in attendance participating fully.

107. Papua New Guinea also advised that any resolutions or recommendations that the subcommittee makes must have the full endorsement of the whole SOPAC Governing Council.

108. For the record the representative of Australia recalled that she had not responded to Fiji's direct question about Australia refusing to pay its membership contribution but had sought further information about what it was that had been agreed about the two-track approach of recommendation one. There had been a promise for the recommendation 1 language to be put up on the board, which did not happen. The representative wanted it clearly stated for the record that Australia had not said that it would not be paying its membership fee. The representative also requested clarification on the status of the current meeting; she noted that it had been constituted as a subcommittee of the SOPAC Council but there seemed to be no agreement around the table on what the actual status of the meeting was; and this was related to an earlier question by Papua New Guinea about it.

109. The Director informed the meeting that the Secretariat was ready to project text onto a screen for the members as soon as Council was ready. On the matter of the status of the meeting, he stated that Council had the right to constitute a subcommittee on any particular issue at any time and this particular meeting was constituted as such by the SOPAC Chair (Vanuatu). Accordingly, the Director explained the issue would be around the status of the outcomes of the meeting, and he suggested that the more members sitting around the table the clearer the status of the outcomes. He concluded that subcommittees procedurally made recommendations to the full SOPAC Governing Council for endorsement to arrive at decisions out of session; and therefore the more members there were doing the work at subcommittee level the clearer it would be whether recommendations would become out-of-session decisions.

110. The Director at this point suggested that the text of the recommendation already agreed be projected on the overhead screen as requested by Australia.

111. The New Zealand representative reiterated the point made by Australia in that New Zealand had advised at the outset of the meeting that funding decisions would be taken by its minister and informed by the outcome of this meeting; therefore the representative was not in a position to confirm funding. The New Zealand view was that it was unfortunate that the subcommittee had not been able to reach agreement on a Track 2 that would lead to full absolute and timely implementation of the Leaders' decisions.

[Text of agreed recommendation is now projected on the overhead screen]

112. New Zealand understood from the earlier discussions that there was consensus around the Track 1 as worded but not around Track 2.

113. Chair stated that he had heard consensus around the table and the [full] text had been endorsed; he asked the members how they felt about the comment by New Zealand.

114. Fiji thought the meeting had agreed on Track 1 and the majority had agreed on Track 2 except Australia and New Zealand who had expressed reservations; and Fiji concluded that if it was the intention to revisit what had already been agreed there was not time enough to finish the meeting in the one day.

115. Australia mentioned Tonga's point on the need to compromise and find a way with things which all can agree on and move forward. She suggested to members that separating the two tracks was a way to move things forward somewhat. Australia registered her support for the suggestion that the Director made [on separating the two tracks]; and if agreement on Track 1 could be got then that was a step of agreement; however putting the two tracks together did not have any step forward on getting agreement so the representative endorsed the Director's suggestion.

116. Fiji pointed out that the reluctance to see changes in the Track 2 language was because the text captured a lot of what was agreed to in Vila; and also that the three CEOs had come together and agreed a way forward with respect to implementation. To introduce changes would consequently change the decisions already passed by the SOPAC Governing Council in Vanuatu.

117. The Cook Islands saw the text as it stood as reflecting the way forward that was endorsed in Vila and agreed with what the Director had established as he was responsible to Council at the end of the day to ensure that the correct language was used to denote Council's agreement. Cook Islands noted what had been incorporated a result of the request by the Solomon Islands on timing.

118. The Director summarised that the projected text was from the three CEOs that closely mirrored the intent of the Council resolution of 2009 from Vila; and the modification introduced following earlier discussions added the closure date at the bottom. He understood that Australia and New Zealand had difficulties with the language currently embedded in the Track 2 approach and were seeking a modification.

119. The Fiji representative requested that Australia and New Zealand re-affirm the language change with respect to Track 2.

120. The New Zealand representative recalled the Leaders' decisions, reading out the 2008 decision for the benefit of members, and reminded that Forum Leaders met in 2009, considered the institutional arrangements that members had signed up to in July 2009 with the undertaking to take final decisions on the detailed implementation plans in 2009 and for implementation to be

effective from 1 January 2010. The representative concluded that as a Forum country New Zealand did not have a mandate to sign up to something that talked about implementation in 2011.

121. Chair believed that captured in the resolution from the Port Vila Governing Council meeting was an agreement that members were not against the Leaders' decision but were willing to implement it, but with caution and care to ensure that whatever would be done would not diminish the services.

122. Fiji endorsed the remarks made by the Chair on the decision in Port Vila being behind members at this point and that Council needed to move forward.

123. The representative of Australia recalled that the Director while introducing the language of Tracks 1 and 2 had said that it would be important for this meeting to consider the two-track approach "or a variation or some modification of it"; and in her view there may be ways that Track 2 could have a variation or a modification. With respect to the 'full and effective implementation from 1 January 2011' addition to the Track 2 text, she expressed that unfortunately back in July 2009, New Zealand and Australia undertook to support a process that would see the implementation of the Leaders' decision by the time the Leaders said they wanted it. She observed that that decision upon which a decision of goodwill to support had been made was undone; and on that basis Australia would be looking for something of an assurance of more than just the words 'full and effective implementation from 1 January 2011' at the bottom of Track 2. In the light of what's already happened Australia was looking to this subcommittee to come up with the process that gave assurance and absolute certainty that the Leaders' decision was going to be implemented. The representative said that the language as it currently stood did not have the certainty but if the subcommittee could agree on a process that started things moving on basically what needs to happen before the Leaders' decision could be implemented: i.e. that there needed to be agreement on the status of SOPAC. The SOPAC Agreement [constitution] said there needed to be agreement on dissolution but then it also stated that the decision would need to be ratified; and the representative wished to hear discussion at this meeting of a process by which that dissolution could be achieved.

124. The Fiji representative suggested that the process had already started as was discussed in Vanuatu and that Track 2 was part of the process. The three directors had met and mapped a path forward which would be circulated to members by July in line with the three months criteria that is stipulated by the Constitution before it can be discussed in the Governing Council in October. The representative recorded that the constitution demands that before any dissolution was agreed to by the Governing Council, three months notice was required ahead of that and ratification as mentioned by Australia; and concluded that the process was clear and it was underway.

125. The Cook Islands confirmed the Fiji sentiments and added that the real issue was ensuring that the transition was undertaken with care and due diligence in terms of assets given the size of the transfer taking place with a potential of a budget of 30 million being just lost into the system if not handled with care. The representative alluded to a "very articulate constitution or rules of procedure" that should be followed and Council had tasked the Secretariat to look at all the requirements of the Agreement Establishing SOPAC with regard to the way forward. He mentioned that if one were to track back and revisit all the legal implications of the whole process it would open up other issues surrounding legal instruments and what was legally binding among the different regional organisations; but such an approach would impede the process being mapped out at this meeting. The representative had had the opportunity to read through some of the legal papers previously prepared along the way by Heather Latu, Mausio Nidung and also the K&L Gates paper presented at the Vanuatu meeting and he appreciated that there were a lot of issues that needed to be clarified and/or its implications. He noted the Marshall Islands' comment earlier on the later decisions that were made straight after a decision had been made to reflect the change in circumstance or situation. The July 2009 meeting of joint Councils he alluded to earlier was superseded by the Vila meeting at where the due process before the subcommittee at

this meeting was realised. The representative submitted that the introductory remarks of the meeting were self explanatory with respect to the two critical issues that were sure to affect services: one of which was the funding deficit of 5.5 million or sixteen percent of the working budget for the Secretariat for 2010. He reckoned that it would have been irresponsible of the Director (or of the Secretariat) not to have signalled the need to have dialogue over the concerns of the shortfall; which to his view was paramount, to ensure that services continued around the Pacific islands. The Cook Islands concern was that the language reflected the process that was stipulated in 2009; therefore he registered his support for the language as it stood noting the Solomon Islands request to indicate a timeline that had been established to be 'full implementation by 1 January 2011'. The representative concluded that in this way members would be responsible for ensuring that the first part of Track 2 was addressed with due care for the services that would be delivered to the PICs.

126. The Tuvalu representative stated that Council had a duty of care to look at the issues and decide what was best for the organisation and he saw no real point for rushing forward. On the status of the discussions he observed that the meeting seemed to be moving round in circles and suggested to the Chair that a vote be cast on the issue. Tuvalu fully supported Tracks 1 and 2 and the delegate reiterated that in the interest of moving forward that a vote be cast.

127. Chair on taking note of comments made by Fiji, Cook Islands and Tuvalu understood that a number of those at this meeting were not part of the meeting in Port Vila and referred to the legal opinion that was provided in Port Vila concerning the RIF issue with respect to SOPAC and as such requested Council members to exercise responsibility and due care in whatever decisions each would need to take during the two-track process as articulated and ruled that the meeting move ahead with what has been provided as mapped out in Port Vila.

128. Chair moved the meeting back to consideration of recommendation 2, option 2 and invited Fiji to report to Council.

129. Fiji reported that the group that went out before lunch approached a new donor that was very receptive; and understood the situation. A letter had been handed over and the donor expressed a wish to get back to its headquarters so that an answer would be returned in black and white before the delegate could make an announcement and the indication was that an answer would return within one week. The donor has expressed support and understanding of the predicament of the PICs and also the fact that the support being given for SOPAC to continue with its scientific and technical support to PICs that cannot afford that support otherwise; was not political. The Fiji representative left it at that for a later opportunity to discuss it further.

130. The New Zealand representative expressed a wish for clarity as to which members around the table supported the language of Track 2 as it stood.

131. Chair decided to go round the table and ascertain which members supported Track 2 and started with Australia.

132. Australia stated that it had given its position on Track 2 earlier; and had also expressed a willingness to look at a way that could expedite the process that could have a decision on Track 2 as it currently stood. With the statement that the process would be implemented by 1 January 2011, there was a need to know how, what process would be used to implement and until what that would be and how it would happen with proper assurance that it would happen, it was not something Australia could support. The representative was happy to consider that as a way forward given the situation where a SOPAC Council decision was made in October 2009; and there was a deadline that the Leaders also set in 2009 for implementation by the first of January 2010, that was not met and could not be met. The representative reiterated that Australia was seeking certainty that the date put on the board would actually be met because in July 2009 a date and a process had been agreed and on that basis Australia made a commitment to the budget of this organisation and then that changed. The representative was looking at the

subcommittee to come up with a process that could quickly expedite a way for getting that assurance, that definitely by 1 January 2011 all of what the Track 2 statement says would be accomplished. The representative further suggested that the subcommittee could perhaps agree as a subcommittee to recommend that within a few weeks the committee convened again to make a decision about what needed to be done about a dissolution of the organisation or of the Council and then in due course in accordance with the Agreement Establishing SOPAC and over a period give countries time to consider the ratification process. Countries could then by the end of the year have duly considered the ratification of the dissolution and by 1 January 2011 decision would have been established. The representative offered what she just explained as a compromise – an approach that could be used to get through and the assurance that Council would be through. A decision within a couple of weeks by the Council to dissolve would give Australia the certainty that it was seeking, without which it was very difficult to understand how forward movement was possible.

133. The Cook Islands representative registered support for the language as it stood repeating that what had been established by the July 2009 meeting was superseded by the decision in the Port Vila meeting that redrew a way forward according to the legal steps articulated by the Gates opinion. The only amendment to the earlier process was the portion on the time being an implementation by 2011, rather than 2010. The representative viewed that everything else within the transitional process had been amply articulated since the earlier part of 2008 towards the RIF process and tabled for the consideration at two council meetings; and concluded by suggesting endorsement of the Track 2 language and agreement on a 1 January 2011 deadline.

134. The representative of the Federated States of Micronesia indicated support for Track 2 as drafted.

135. The Fiji representative echoed the Cook Islands and registered his support for Tracks 1 and 2 as they stood; and according to Fiji that process was simply that the directors collaborate to come up with an implementation plan to be circulated to member countries by July, giving them ample time to go through it before the SOPAC meeting in October. Once members were satisfied with the plan, then Council would go ahead and make the decision to dissolve SOPAC. With reference to the suggestion by Australia on reconvening as subcommittee in a few weeks to dissolve the SOPAC Council, the representative stated that he did not think that was possible under the SOPAC constitution, because it requires three months notice to members before any such decision can be made and effected.

136. In the absence of the representative of Kiribati, Chair ruled that the representative had articulated well its support of the two-track process and he would take that as read.

137. The Marshall Islands also registered its support for the decision as just explained by previous colleagues and added that he had noted the three captains of the ship had already made their interaction and it would be very hard to change the course.

138. The Nauru representative reminded that he had already outlined the Nauru position on Tracks 1 and 2 earlier and had also stated that Council should move forward with he being willing to go along with consensus; however, in light of new information that he had not been aware of and given that Nauru made the statement at the 2009 meeting that they would go along with the Leaders' decision he appreciated the point of compromise made by Australia as a way of moving forward for those that had already adopted the Leaders' position. The representative therefore concluded that he would echo views as suggested by Australia.

139. The New Zealand representative stated that the Track 2 text as currently drafted seemed not to provide a certainty of an end date; neither did it provide the certainty of the steps to be taken and when they were to be taken to allow arrival at that end point. The representative recalled that the Leaders had been calling since 2008 for implementation plans and there was still no clear enough articulation of the steps that needed to be taken and no commitment from

members to deliver on a timely conclusion of the RIF question. On the question of dissolution the representative was not sure she had the answer but she had seen nothing on dissolution that required a three-month notice, only for constitutional amendment hence she requested clarity on that point, concluding that in any case whether it was three weeks or some time well before Forum Leaders met again, it appeared that unless some very big decisions were made to demonstrate moving forward then the report to Forum Leaders in August (2010) would effectively show that nothing had been done and this was very difficult to reconcile.

140. The Papua New Guinea representative explained that their earlier statement had supported Tracks 1 and 2; however members needed to take into consideration that all PICs had also adopted the Leaders' decision, hence she concurred with Nauru and Australia on meeting in a few weeks time to talk about good steps that could be implemented within the time frame because if the Leaders meet in August and learn that dates of implementation had been postponed they would return to officials to ask why. She concluded that the Papua New Guinea position was that it would support but suggested that some new language be added to Track 2 to indicate some timeframe and to account for the views of all council members.

141. Solomon Islands noted that it had not participated in the Vila meeting; and states that it was important for the Solomon Islands to be doing or seem to be doing the Leaders' decision which was the reason they had requested an indication of time since the 1 January 2010 deadline had been missed. The Solomon Islands would be fine if there was a timeframe to work towards. With the three CEOs of the three organisations already signed up to the two-track approach, it seemed logical to the representative that these three had the best perspectives for the practical way forward and Solomon Islands therefore agreed to the two-track approach with a date to work towards.

142. The representative of Tonga stated that he had already voiced his support for keeping Tracks 1 and 2 as they stood, as it should reflect what had been agreed in Port Vila. The amendment suggested by Solomon Islands on giving the date of 1 January 2011 was not a big change; and the representative said that members could return to the Leaders and explain that with the information that was currently before members at the time that was given by Leaders for officials to implement those activities, officials should advise their Leaders that after a very careful look officials recommended that it should take extra time to look at and provide for the issues of the legal implications that had been raised by members.

143. The representative of Tuvalu stated that Tuvalu had already made its position on supporting both tracks clear; and repeated an earlier point he'd made encouraging Council members to be responsible and take seriously their duty of care. He spoke for himself as a technical scientist and a manager and that he took pride in advising members that they needed to take the next steps in the process cautiously and with diligent care.

144. Vanuatu reconfirmed its support from earlier discussions for Tracks 1 and 2.

145. Chair concluded that after going round the table it appeared that the majority supported the text that had been provided and therefore it was approved according to the Port Vila SOPAC Council decision which established the preferred process for the way forward on the RIF and the Leaders' decision.

146. Australia requested to see again what had been agreed.

147. The Director offered some structural changes to the text and cosmetic edits to do away with the reference to a track one and a track two and end up with two paragraphs, one having the Track 1 language and the second with the Track 2 language; however if there was comfort with the language as presented ... he left it for the subcommittee to decide.

148. Chair stated that based on the roundtable just concluded he had ruled that most were comfortable with the text stood as it stood at that point therefore the text was to be left alone and called for a refreshment break.

149. After the afternoon tea break Chair drew Council members to recommendation two option two, recalling that a brief report had already been given by a member of the committee that was looking at the possibility of tapping donor to assistance with the shortfall within the budget that was being discussed by the subcommittee. Chair had asked the Director to work closely work with the subcommittee so that there was something concrete by mid-March from the donor that was approached; given the assurance by the donor that they could give an indication within a week. Chair had also decided to task the Director with the responsibility to work with the small committee to ensure that funds could become available to cover the gap.

150. Australia requested firstly that the letter that was prepared and delivered by the group at lunch time to the donor be tabled in the interest of transparency so members could understand on what basis the request had been made. Secondly, clarification was sought from the Chair as to in whose capacity had the request been made, whether it had been made on behalf of the Council as a whole or on behalf of the subcommittee.

151. The Fiji representative reminded the meeting that the subcommittee did not have any assurances regarding funding and certain positions were stated that clearly gave the impression that the 2010 funding would be a problem. Under the circumstances the rest of the member countries decided to approach a non-traditional donor given the fact that it was also resolved in Vila that member countries seek out non-traditional donors. The decision to seek out non-traditional donors was not taken at this meeting by the subcommittee; it was endorsed by the full council in Vila, hence the members were only implementing instructions as given by the full council in Vila and the reasons are critical – because the organisation would not be able to continue to provide services to member countries when sixteen percent of the budget was uncertain. It was under that uncertainty that the approach to the donor was made and the donor received the approach; and the representative noted for mention that it was after the meeting with the new donors that it was articulated by Australia that they had not said that they would withhold their membership contribution; but at the same time Fiji noted that Australia did not say that they would give their member contribution, hence the uncertainty remained. Fiji believed that all members were in agreement that they could not walk out of the current meeting with that uncertainty hanging over the Secretariat because it would certainly affect services; and staffing – those were the critical issues to be taken into account. Fiji offered those as the reasons for why the majority of member countries represented decided to take the option given by the SOPAC Governing Council in Vanuatu in 2009.

152. Australia repeated its earlier request to have the letter tabled for the meeting.

153. Fiji responded that he thought the tabling of the letter should only be to the members who agreed to approach the donor – the new donor – because that approach was a direct result of the uncertainty of the funding that was supposed to be forthcoming in 2010 from the traditional partners. Fiji didn't that think these traditional partners should have the right to demand from the rest of the members since they were the reason for the action that was taken earlier in the day. Fiji expressed that most PICs would have been content if everything was normal between traditional partners because that was the preference; however, the representative noted that everything was not normal and therefore decisions had to be taken; hence for those countries that visited the donor the view was that the letter was confidential between those countries and the donor, until the donor responded.

154. The Solomon Islands representative apologised for her ignorance but it was her understanding that in regional CROP agencies, the Secretariat also sought donor funding for programmes within the organisation after which members were informed and she enquired

whether that was the same with SOPAC. The representative concluded that maybe at a later stage, after confirmation from the donor that all members should be notified of the approach.

155. At a signal from the representative of Australia for the floor Chair enquired of the representative whether she was going to repeat something she had already said, and if so he was considering disallowing it.

156. The Australia representative said she would leave it to the Chair to decide whether it was a repetition but what she had to say was that in the interests of the credibility of the organisation and the governance of the same; for there to be business that was being conducted without it being shared with members at the request of members was a sign the organisation was not an open and transparent one. She expressed the view that in the interests of good governance there should be open correspondence and if business was being conducted on behalf of a group or the whole of the membership then that should be a transparent process tabled for members to see, particularly those who were not represented at the meeting.

157. Fiji submitted that the critical issue at this point was that members did not all agree to approach the donor – the majority agreed to the approach donor and one or two did not. The representative thought that those who did not agree should not have the right to demand from those that went, the letter that they wrote. The letter should be between the countries that went down to request assistance and the donor. The donor is well aware of the countries that were represented; and also the countries who were not part of that delegation so the donor would not in any way include those who were not part of this in their deliberations regarding that request; therefore Fiji's firm view remained that what transpired between the delegation that went down and the donor should remain confidential between them until such a time when a response was forthcoming from the donor and then the remaining member countries may be informed; otherwise the risk was high of someone here in disagreement with others undermining the move or the position that has been taken by the majority of the members of the SOPAC Council.

158. The New Zealand representative was not sure whether she had expressed a view on the issue of the subcommittee approaching the donor but that in any case New Zealand certainly supported the Solomon Islands and Australia view that the credibility of the organisation was very very much at stake if decisions were not taken, and business not conducted, openly for all to see.

159. The representative of Tonga cited the need for financial assistance for the organisation as being the crucial issue, and given that New Zealand and Australia had resisted to offer that assistance –for the rest of the members it was simple common sense not to leave the organisation paralysed because of that! The representative continued that it was the right of Australia and New Zealand to decide whether to give financial assistance or not; but the island countries were not prepared to sit and watch the organisation collapse because that was not in their interest. PICs want the organisation running smoothly, which was the reason for the approach to the donor and it was a concern to those that made the approach to safeguard it while it was underway and with confirmation from the donor yet to be come; therefore Tonga's view was that at this point this was not a very big issue. The approval to approach other donors had been given in Vanuatu, and a small group had been tasked by the meeting to go and look for that donor. Tonga strongly supported the Fiji proposal to set the matter aside, wait until the donor confirmation was received, then circulate the letter together with the confirmation.

160. The Fiji representation added that there was more to the matter than just the delegation that went down to see the donor – the position of the donor itself should be respected.

161. The Papua New Guinea representative advised that a look at the practices in other CROP agencies as raised by Solomon Islands might be useful; and she conceded it was maybe the manner in which the approach was constituted earlier that was probably not appropriate. She understood that it was part of the role and responsibility of the Secretariat to ensure that all member countries would be notified in due course and suggested that the process be allowed to

take its course and not to bring up any other issues of concern to other members around the table. With the due process that was already in place in terms of donors (new donors), along with the process involved in the entire running of the Secretariat it seemed that in due course all members would eventually be notified and the representative concluded that it was probably not appropriate at this time to publicise the process.

162. The Cook Islands decided the issue had been well covered by Fiji, Tonga, Solomon Islands and Papua New Guinea; however, he reminded his colleagues that all the documents pertaining to the exercise that could take place because of the concerns with respect to the shortfall of the 16% of the budget having the potential to cripple the organisation, had all been circulated before the subcommittee meeting. The representative pointed out that the recommendations in the Issue Paper did already stipulate in the second portion of recommendation 2 that a small committee of Council would be seeking non-traditional donors. The representative therefore agreed with his colleagues that until such time as when the confirmation from the donor was received only then would the rest of the members be appropriately informed about the transaction.

163. Chair proposed to go along with what had been submitted by Fiji to let the matter rest until such a time when funding had been secured and then members would be made aware through letters of correspondence; and he felt that this also concluded discussions on items 3 and 4 of the agenda.

164. The Cook Islands representative felt he should highlight for the benefit of his colleague from New Zealand that the three months notice mentioned by Fiji was in Article 14 of the SOPAC Agreement. At the Port Vila meeting it was raised that for certain timelines to be possible, articles that needed to be invoked were Article 14 and Article 16, hence the requirement highlighted by Fiji on the circulation three months prior to the annual meeting of information regarding dissolution.

165. The New Zealand representative responded to her colleague from Cook Islands that Article 14 related to amending the constitution, and Article 16 related to dissolving the organisation, which did not require three months notice – that was the point she had highlighted.

166. The Director suggested that before moving to the next agenda item, there was clearly a need to arrive at some language to substitute what was in the paper with respect to recommendation 2. Having listened and heard all the conversation and looking at where the outcome statement might finish up the Director read out what he considered to be a very short but possibly adequate closure on the discussion on the matter of being able to (or otherwise) endorse the 2010 work plan and budget. The text read was as follows: 'The Council subcommittee agreed that the Secretariat prepare a revised 2010 work plan and budget by the middle of March taking into consideration the outcomes of the subcommittee meeting and circulate this to members for their consideration' – to mean that everything discussed during the subcommittee meeting would then be captured in a revised budget that would be circulated to members along with an estimate of the timeframe for that to occur.

167. Solomon Islands enquired whether the revised statement would account for whether there was a donor or not.

168. The Director responded in the affirmative stating that the drafted language did take into consideration the outcomes of the subcommittee meeting; and the Director was simply flagging at this point before the move on to the next agenda item that he needed to be given some clear instructions and Council itself needed clarity on what the next step was. He deduced that under the circumstances, what was required was a work programme and budget revision. The Director also felt that other issues could also arise in the interim after reflections on the outcome and the record of the subcommittee meeting; and he asked to be given two or three weeks given the urgency to complete the paperwork.

169. Chair moved the meeting to agenda item five on confirmation of arrangement for 2010 annual session.

Agenda Item 5. Confirmation of Arrangements for 2010 Annual Session

170. The Director presented the item with a view to updating members on his discussions with the SPC CEO on holding back-to-back annual meetings in 2010 according to the instructions contained in the Summary Record of the Vila meeting; and also to get more clarity on what actually was the outcome of the discussions in Vila on the venue and the host of the 2010 annual SOPAC meeting. He mentioned that following several discussion with Dr Rodgers on the matter of back-to-back meetings, he learned that SPC would hold its meeting during the week beginning 25 October 2010; and he was therefore suggesting that the SOPAC dates be the week beginning 18 October.

171. The Fiji representative noted that there was a space of one week between the two meetings and in thinking of the formats of holding STAR and the CRGA before the respective Council meetings he thought there should be two weeks between the SOPAC and the SPC meetings.

172. The Director clarified what he meant by saying that the SOPAC meeting should end by Friday, the 22nd of October instead of implying that it started strictly on the 18th of October; so that people that intended to attend both meetings had time to get from Nadi (which he understood to be the venue of the 2010 SOPAC meeting) to Noumea in time for a 26th October start to the SPC Council meeting. The meetings are literally back-to-back with a weekend in between.

173. Chair requested clarity on who was hosting the next SOPAC meeting given that the tentative dates seemed settled.

174. The Fiji representative reported that it had been agreed in Port Vila that Australia host the meeting in Nadi, Fiji. Further, he offered that if Australia had some difficulty given their current position that Fiji was willing to host and chair the meeting.

175. The Australia representative reported that their position remained that they were happy to host and chair the meeting as agreed in Port Vila.

176. The Fiji representative was of the view that Australia should only host and chair if their membership contribution was paid.

177. The Australia representative sought clarity on whether discussions held so far between the CEOs of SPC and SOPAC on their respective meetings had discussed the venue of the SOPAC meeting.

178. The Director noted that his impression on reading the Port Vila meeting record was that the venue would be Nadi and discussions between the CEOs had therefore assumed a Nadi meeting for SOPAC, and a Noumea meeting for SPC.

179. Chair requested clarification on who was hosting the SOPAC annual session in Nadi – Australia or Fiji?

180. The representative of Fiji expressed the view it would not be 'right' for Australia to take the Chair if their position was to withhold their membership contribution until October. The representative repeated Fiji's offer to host and chair the 2010 SOPAC meeting.

181. The Australia representative requested to put on record (yet again) Australia's very strong support for the SOPAC programmes. Australia, she said, was a founding member of SOPAC; and

just over the last four years has provided over \$13 M to SOPAC to carry out its functions. These functions involved those activities which they not only strongly supported financially but as a member; and she reminded the meeting that this included the very important work on the extension of the continental shelf. She stated that Australia had made its position clear at this meeting in seeking clarity as to where the organisation was going; and instead of getting it there had been obfuscation in that a transparent process would not be followed with respect to tabling information for the benefit of those members that were not at the meeting. The representative rejected as inappropriate and unfair, suggestion that there was no commitment from Australia to the scientific work of SOPAC and she was not about to let such a suggestion go unchallenged. For the record, Australia was fully supportive of the scientific programme that SOPAC carried out, attested to by their contributions as a member; donor; and right across the gamut of Australian scientific and other organisations over the years. Furthermore, while she realised that this subcommittee group would be making recommendations to Council, she requested that before the meeting closed that there was clarity as to how the outcomes and recommendations from this subcommittee meeting would be passed on to Council members and how they were expected to be considered and dealt with by the full SOPAC Governing Council.

182. Fiji thanked Australia for the sentiments expressed and the representative recognised the fact that Australia has been a significant donor through the years to the work of SOPAC and this was very much appreciated. The representative expressed no desire to offend anybody but the urgency of the current financial uncertainty facing the organisation placed island members in a very difficult situation that needed appropriate decision at this point.

183. Chair ruled that the next SOPAC annual session would be held in Nadi at the date proposed by the Director for a back-to-back schedule with the SPC annual meeting; and that the meeting would be hosted by Australia.

Agenda Item 6. Other Matters

184. Director advised the meeting of two other matters from his perspective. Firstly, for the information of members the Director had progressed the matter of recruiting the next Director in so far as updating the Director Position Information Package. The updated information package was ready for circulation to members for comment, and the timeline for an advertisement in May for a June deadline for applications was on track.

185. The second matter was to seek from the members absolute clarity on "*what happens now*" – meaning that members and the Secretariat needed to go away from the meeting with the "*clear and common understanding*" on the work that was to be undertaken in the period following the meeting up to the time of "*Full and effective implementation ... from 1 January 2011.*" The Director elaborated that the second matter was related to Australia's seeking clarification on how the outcome statement from the meeting would be treated.

186. Director explained that there would be two main documents issued as this subcommittee meeting outcomes. The first document was an Outcomes Statement, text of which was to be agreed by the subcommittee before the closure of the meeting and circulated to full Council immediately after. The Outcomes Statement would essentially become SOPAC Governing Council decisions out of session (see Summary of Outcomes at the beginning of this document). The second document was a Summary Record to be circulated later to the subcommittee for their comments and verification before being made available as the official record of the SOPAC Governing Council Sub-committee Meeting, 23 February 2010.

187. Australia requested a spelling out clearly of what exactly was expected to be done by all members and the Secretariat within the timeframe of the Track 2 approach in the Outcomes of the meeting. The requested articulation of the required actions at the October 2010 meeting and

in the intervening period was to verify whether they were doable in the timeframe specified for 'full for effective implementation' of the transfer of the core functions of SOPAC into SPC.

188. Fiji was of the view that countries needed to receive all the implementation documentation from the directors before each country could prepare for the October meeting and that it was not possible at this point to say exactly what would be discussed in October. The three months within which countries were to consider the implementation plan documentation and to ascertain how it would affect each country's national interest, was reckoned by Fiji to be enough time to prepare what to take to the October meeting. Dissolving SOPAC would not be a problem once PICs were satisfied with the plan.

189. In reference to Fiji's comment, the New Zealand representative stated that she could not see where in the Track 2 process a decision would be taken on the implementation plan prior to the October meeting. The representative said there was big gap between July (when the full package of information got to capitals) and October (the time of the SOPAC meeting); and that if Council was only going to make decisions on the implementation plan in October then it appeared highly unfeasible that implementation would be achieved by 1 January 2011 – New Zealand could not see how it all fit together and insisted there was still a lack of clarity in the steps toward meeting the deadline.

190. Director acknowledged his reception of the New Zealand concerns, which was a repeat of concerns raised earlier in the day and that he had been thinking of a response in terms of an amendment to the text of Track two currently offered in the Outcome Statement. He explained that the text hinged on the Port Vila (2009) resolution of the SOPAC Council and that he and his fellow CEOs were not questioning any more the language in said resolution. The Director further explained that he saw the period from the end of the meeting until the end of March as being taken up with preparing the letters of exchange for the transfer of the smaller components of SOPAC into SPC and SPREP; and also with revising the 2010 work plan and budget according to the instructions of the meeting. He saw the three month interval of April to June as the period for the preparation of the documentation on the transfer of the core SOPAC functions into SPC required by the early July deadline according the Vila resolution – the documentation to include a draft integration agreement between the two organisations, which would have an implementation plan as an attachment; and the suggested textural amendments to the Agreement Establishing SOPAC (SOPAC Constitution). The textural amendments to the SOPAC Constitution was targeted merely at facilitating the process; and that the July deadline date for preparing all documentation was based on the timeline required by the SOPAC Constitution for the submission of amendments to the SOPAC Council three months prior to its annual meeting.

191. Director suggested that the language at Track two could be strengthened on the point that Council would not only be considering amendments to the SOPAC Constitution in October but would actually be taking necessary decisions that would bring the whole issue to closure once and for all so that implementation by the end of the year could be completed. He elaborated that his understanding of the Vila decision was that members needed that period between July and October to provide feedback on the documentation to finesse it via a number of iterations between capitals and the Secretariat so that members would be heading to the October meeting to take decisions rather than just consider the documentation for the first time. The Director expressed optimism that implementation could be achieved in the period after the decisions in October and the January fully and effective implementation date but could not promise as he felt he didn't have all the dominoes lined up at this point; and he pointed out that the dominoes were not lined up at the Port Vila meeting, neither were they lined up at the July 2009 joint councils meeting. He expressed some reservation that funding arrangements from certain donors may take longer to amend for transfer within the implementation period so he thought transfer of those funding contracts may have to be conducted in a couple of phases. The Director had been confident in presenting the text in the Outcome to the meeting as signed up to by the three CEOs because he felt it had sufficient guidance but noted that it did not provide Australia and New Zealand with sufficient surety that the deed would actually occur. He concluded that though the

text for the Track 2 approach could be tightened up he was looking to the two delegations to provide the suggestions for textual amendments.

192. The New Zealand representative enquired whether the Director proposed to submit to Council in October an integrated budget reflective of the integrated organisation.

193. The Director pointed out that while SOPAC had prepared its own 2010 budget it also had prepared something in the SPC format.

194. The New Zealand representative then asked that Director whether that meant he was recommending that funding be channelled through SPC from 2011.

195. The Director responded by stating that the New Zealand question was surely taken care of by "full and effective implementation" from the first of January next year (2011).

196. The New Zealand representative explained that she had felt confused because the Director had mentioned that funding arrangements may not have been transferred from other donors when to her mind a fully integrated budget with SPC meant that the step to transfer funds would have already occurred in order to preset all the budget information for 1 January 2011.

197. The Director elaborated that in that context he had been referring in particular to the well documented lengthy processes required between implementing agencies and Brussels to amend contractual agreements that involved European Union funds. The Director was confident of following due process and completing most of the arrangements for transfer of all contracts but that some details that were subject to approval of donors may have to be bedded down into the new year. He pointed that he was trying to facilitate a process rather confuse people.

198. The representative of Australia requested maximum clarity with respect to the SOPAC Constitution; to ensure there was full and effective implementation by 1 January 2011. She wanted a spelling out of all that members were required to do in July and subsequently in October according to the SOPAC Constitution so that the subcommittee was not making a decision that was contrary to the Constitution and therefore impossible to carry out according to its terms.

199. The Director summarised his understanding of the current circumstances and the anticipated way forward (below).

200. The Leaders' decision was a given to which all countries were committed with some timing qualifications and the need for some reassurances to progress that decision. The Leaders' decision as recorded in the annexes of the Cairns Communiqué spelled out the various parts of the current SOPAC work programmes to be dispersed to either SPC or SPREP; and the current meeting had dealt (with reasonable agreement) with the smaller items [Track 1]. It was being done somewhat later than what had been anticipated but it would be achieved fairly soon. Then the core – the substantial part of the work programme remained. The instruction from Vila was to prepare for Council all the necessary paperwork to move the core with confidence from the current SOPAC into a new division of SPC as soon as possible and to facilitate that, Council asked for all the documentation by the middle of the July of this year (2010) with a view to making a decision at its October meeting for full and effective implementation from the first of January 2011, as suggested at this meeting. Once the decision to move was made, as the SOPAC Council, and all the details were satisfactorily addressed with that transfer into SPC; then SOPAC is left with coming back to the first part of Article 16 – "The Governing Council may resolve that the Commission be dissolved or its activities be suspended" – because of the lack of clarity in Article 16 as a whole and that a lot of time was implied there in terms of ratification and so on after decisions; it does appear that an amendment to finesse the implication of Article 16 could usefully be part of the documentation on the way forward into SPC. The logical order in which these steps are to be taken would be to make the final move into SPC and then deal with the winding up of the organisation. The modification to the Constitution in terms of how to deal with

suspension or dissolution along with the whole issue of dealing with assets as currently embedded in Article 16 could be dealt with in the implementation plan. Council can deal with that by seeing a draft of a possible amendment in July, considering it ready for the October meeting so that when the decision to move the work programme was gavelled; Council would at the same meeting also gavel the decision about dissolution or suspension; and to be able to do that in short order the suggested simplest solution would be to amend Article 16 of the Constitution. None of this was on paper at this point; but once the text was prepared and transmitted to capitals by July, it was hoped that the period from July to October would be enough time to get the necessary feedback to the Secretariat so that the text Council would consider in October was amply finessed and ready to be agreed to so that the thing was accomplished from the first of January 2011.

Agenda Item 7. Closing

201. Chair thanked Council members for their time and participation in the deliberations of the meeting and for the set of instructions given to the Director of the Secretariat on the actions to be undertaken henceforth until January 2011. Chair also apologised for any offence he may have caused to anyone in the course of conducting the meeting, and declared the meeting closed at 5 pm.

ANNEX 1

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Suva

Monday, 12 April 2010

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ANNEX 2

Welcome Remarks by the Director of SOPAC Secretariat and Introductory Remarks by the Chair of the SOPAC Governing Council

Welcome Remarks by Russell Howorth, Interim Director of SOPAC Secretariat

First may I take this opportunity to welcome you all here to the Secretariat, especially to those who are visiting for the first time, and in particular to the Chair of SOPAC, Minister and his Delegation from Vanuatu. The Secretariat appreciate moments such as this as it clearly demonstrates the visibility and interaction between the Council members of the Commission and its Secretariat and the staff.

I am also pleased to acknowledge that we have been able to sidetrack several member representatives who do not have Suva-based missions to attend on their way home from an ECS SOPAC Workshop held in Sydney for the past 2 weeks.

By any stretch of the imagination this is an important meeting and it is therefore appropriate that we have as full a representation of Council members as possible.

I would also like to acknowledge the representatives here today from members with Suva-based missions, many of you were not in attendance at the last Annual Session of Council in Port Vila. I thank you for taking the time to work with colleagues from capitals in particular those who did attend in Vila to ensure a full brief.

The Secretariat has circulated by email, fax and hard copy three papers for the meeting; The Provisional Agenda; an Issues Paper, and a Background Paper. The latter is the Summary Record (Version 4) of the 38th Annual Session of Council convened in Vila last October. My understanding since taking up this position on 1st February is that this record is still being finalised.

As I mentioned in my email to the Chair on the day I took up this position, I am grateful for the trust and confidence Council has placed in me and I hope I can respond by giving you the deliverables expected of me.

I was deeply concerned when taking up the Interim Director position about the current financial circumstances and I believed, and I still believe, that Council had to be brought together to address this issue with urgency. Hence this meeting today, and Chair I thank you for instigating this meeting in order that a way forward can be determined, and clear instructions given to the Secretariat.

The outcomes from today I also believe should be unequivocal and unconditional. The implications for major disruption are immediate and impact on service delivery will be huge.

The Issues Paper you have before you I hope prepares you for the discussions you are to have today. It includes suggested recommendations and options for the decisions you must make. I have worked hard in recent weeks to develop a scenario for a way forward which I believe is acceptable and I am pleased to report that my CEO colleagues and the SG are supportive. Hence the advice to you in regard to progress with the RIF.

The two issues relating on the one hand to the lack of security in regard to the 2010 Work Plan and Budget, and the progress with the RIF on the other hand are clearly intimately related, and whilst I have separated them on the agenda it is likely that discussion will take place in tandem once I have introduced the Issues Paper.

May I take this opportunity Chair to wish Council well with its deliberations today and assure you that I standby to provide advice as requested.

Thank You.

Suva
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Introductory Remarks, by Honourable Paul Telukluk, Minister for Lands, Geology, Mines, Energy, and Rural Water Supply (Vanuatu)

Council Members and Director,

I would like to begin my introductory remarks by acknowledging your support for Vanuatu in its role as Chair of SOPAC Council. In particular, I would highlight your willingness to come together today at short notice to address issues in regard to the Commission which are of paramount importance both immediately and for the future.

To enable myself to fulfil my role as Chair I have brought with me staff who will themselves articulate our national position. As Chair, I look for your individual and collective support to ensure that we arrive at consensus decisions.

I was planning a visit to the Secretariat at about this time to familiarise myself with the operations of our Secretariat, but I realised that I had to use this opportunity to bring us together. We have a collective responsibility as Council members to make decisions in order to give the Secretariat clear instructions and guidance.

Let me now address the status of the outcomes of our deliberations here today. Under the circumstances I had to convene this meeting as a Subcommittee of Council, which by its nature should make recommendations back to full Council for a decision "Out of Session". I note that we have been able to bring together 12 members and therefore if we can reach agreement without dissension we will in fact have a decision, based on the fact that a twothirds majority is required, or 12 out of the 17 full members of Council. As a courtesy however I feel I have to circulate our non-attending members with the outcomes from today giving them a few days to consider and hopefully endorse the Subcommittee recommendations so we have decisions of full Council "Out of Session". Should you wish to discuss this aspect of our meeting, or more specifically the status of our outcomes, I am happy to do so before we engage in the substantive agenda items.

Colleagues, I have had the opportunity to reflect on some of the history behind the process which has brought us here today, and most recently the Summary Record of the last Council meeting held in Vila last October.

It is abundantly clear that the need for SOPAC's work is not in question. It is equally clear that the role played by STAR must not be put at risk. We indeed have to arrive at an outcome that not only safeguards these assets but strengthens them and improves on the benefits we currently enjoy.

What is equally abundantly clear are the reservations being aired amongst the majority of the island member delegations. This has been ongoing throughout the RIF process, and was in essence re-stated in the resolution on the RIF at the 38th Council Meeting. In particular in Vila the reservations manifested themselves in disagreement amongst members on the timeframe for progressing the RIF reform. In turn this matter led to Council being unable to approve a fully secured 2010 Work Plan and Budget.

Without mixing words we have an unfortunate situation where Council is clearly split on this matter, and it is our responsibility today to find a way forward.

I would urge you to reflect positively on the merits of the recommendation before us from the Interim Director supported by his colleagues from SPC and SPREP. The message contained in their signed Letter of Understanding is clear. We are advised it also has the support of the Secretary General. I feel if we can endorse this approach, it will go a long way towards repairing the split in our ranks. It is a short paper which was circulated a week ago, we have all had time to reflect on it, and determine our positions.

Before I close, may I take this opportunity to reflect on one aspect of full and effective implementation of the RIF decision that the island members of Council must surely recognise as paramount. I refer to the need to protect our intellectual property for which SOPAC is custodian. I know we all associate intellectual property with our culture and our traditional history. In the context of SOPAC our intellectual property is in the form of data and knowledge that contributes to our geological history and thereby to an understanding of our natural resources endowment. That natural

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resource endowment managed and used sustainably will inevitably contribute to our economic development, and improve the livelihoods of our people. No better example exists at this moment than our potential seabed mineral assets, the very essence of the rationale to establish SOPAC back in 1972 nearly forty years ago.

For many of us, including Vanuatu who joined SOPAC upon independence in 1979 some thirty years ago, we recognise much if not all of our intellectual property in this regard is with SOPAC. We were made very mindful of this when we experienced a fire in buildings adjacent to our Geological Survey offices a few years ago.

Whatever happens to SOPAC we island members need assurance, if not a guarantee, that our intellectual property is safeguarded. The so-called draft Integration Agreement referred to in our resolution on the RIF at the last Council Meeting must satisfactorily address this issue. I recognise that Australia and New Zealand are not in this same position as they have substantive national capacity, and have no intellectual property in the care of SOPAC.

In closing, we must now chart our course and commence our work, but I will close by supporting the comment made by the Interim Director that we must reach an unequivocal and unconditional outcome before we end our session today.

Thank You

ANNEX 3

2010 Letter of Understanding of CEOs of SPC, SPREP & SOPAC

LETTER OF UNDERSTANDING

Progress with Implementation of the Regional Institutional Reform (RIF)

Noting that we met on Thursday 4th February 2010 in Noumea, and had met previously (Howorth/Rodgers) on 5th January 2010 and (Howorth/Sheppard) on 27th January 2010.

We have agreed as follows.

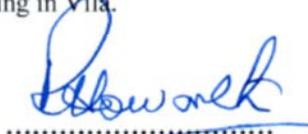
In order to progress the RIF as desired by the Leaders and our respective Councils, and cognisant that the intention is for the SOPAC Chair to call a Subcommittee Meeting on 23rd February 2010, we agreed that a two-track implementation approach provides the best way forward as it demonstrates progressive implementation of the leaders' decision while also recognising the need for due process in addressing the dissolution or suspension of the SOPAC agreement as it relates to the core SOPAC work programme.

The basic elements of the two-track implementation are as follows.

Track 1: Involves (i) the transfer of agreed SOPAC activities to SPREP; (ii) the transfer of the ICT Outreach activities of SOPAC to SPC, and (iii) the transfer of the Energy activities of SOPAC to SPC. Each of these clusters of activities can be transferred easily, simply and expeditiously, as was noted by the SOPAC Governing Council at its last meeting in Vila, and in a manner consistent with previous practice in the region. Each cluster is relatively small, certainly no larger than the activities previously transferred between regional organisations, for example when the Energy activities of PIFS transferred to SOPAC in 1998. Each transfer can be fully implemented subject to an Exchange of Letter between the respective CEOs and can be completed as early as 31st March with the agreed activities to be in SPREP and SPC respectively from 1st April 2010.

Track 2: Dealing with the transfer of the bulk (or Core) of the SOPAC work programme to SPC. This is a substantive matter and involves around 100 staff and FJ\$30 million budget for 2010. No transfer of this magnitude has taken place between regional organisations previously and it almost certainly must be accompanied by changes to the SOPAC Constitution to facilitate the process, and subsequently the dissolution or suspension of the Commission. This will require careful consideration and be subject to a substantive Agreement and accompanying Implementation Plan between the governing bodies of SOPAC and the Pacific Community. The responsibility for drafting and circulating this Agreement and accompanying Implementation Plan, together with the relevant changes to the SOPAC Agreement will be with the Director of SOPAC and will be completed by July 2010. The Director General of SPC will be fully engaged. Consideration by SOPAC Council will take place in October 2010 (anticipated timing of Council Meeting during the week of the 11th) followed immediately by the SPC governing body. This process and timeframe is in accord with the SOPAC Council decision at its last meeting in Vila.

Russell Howorth
Director of SOPAC



David Sheppard
Director of SPREP



Jimmie Rodgers
Director General SPC



4th February 2010

ANNEX 4

Issues Paper



SOPAC GOVERNING COUNCIL SUB-COMMITTEE MEETING

23 February 2010

SOPAC Secretariat

ISSUES PAPER

Purpose of the Issues Paper

The purpose of this paper is to introduce briefly the two main issues surrounding the call for this special Council Subcommittee Meeting namely: (i) the unsecured 2010 Work Plan and Budget, and (ii) an update on progress with implementation of the Regional Institutional Framework (RIF) reform. The two are clearly inter-related as the Summary Record of the 38th Annual Session held in Port Vila demonstrates.

Overarching Consideration

As prescribed by the Forum leaders and the membership of the respective governing bodies of SOPAC, SPC and SPREP, an overriding consideration is the need to avoid fragmentation or diminution of SOPAC's core services, which are highly valued by SOPAC Council members, and to ensure that the region benefits from enhanced synergies and efficiencies as a result of any rationalisation resulting from the RIF process.

2010 Unsecured Work Plan and Budget

The Summary Record of the 38th Annual Session Agenda Item 13.2 paragraphs 371-382 concludes that "Council approved the 2010 Work Plan and Budget of \$F34,019,618 noting that it would be revised to show secured and unsecured funds". That revision is summarised in Attachment 1 to this Issues Paper. As the record also shows this unsecured Work Plan and Budget resulted from concern/reservations expressed by Australia and New Zealand in regard to the timeliness of progress with implementation of the RIF.

"372. Australia stated that they were committed to supporting SOPAC programmes but currently core budget support was on an yearly basis due to the current RIF situation. In terms of the notional funding allocation for 2010; following the July 2009 SOPAC Governing Council, Australia advised SOPAC that the allocation was the same as for 2009. Australia also stated its concerns with respect to the implementation plan timeframe given the current stance of Council based on the legal advice tabled at this meeting; and as such the representative had no authority to confirm the funding allocation for 2010.

373. New Zealand explained that its position on funding for the 2010 work programme was linked to discussions on the implementation plan to transfer SOPAC functions into SPC and SPREP, as funding allocations had been approved taking into account decisions taken at the July meetings. Therefore New Zealand similarly could not confirm the level of funding for the 2010 budget".

The funding allocations referred to totals FJ\$5,568,938 (or close to 16% of the total 2010 proposed budget of FJ\$34,019,618) and includes the following (refer Attachment 1 which is summarised from the 2010 draft Work Plan and Budget presented to Council at its Vila meeting):

- Australia: Total allocation FJ\$2,776,725 comprising membership contribution (FJ\$531,667) and project funding (FJ\$2,245,058) of which approximately 50% is for staff position support.
- New Zealand: Total allocation FJ\$2,792,212, comprising membership contribution FJ\$531,667) and project funding (FJ\$2,260,545) of which approximately 50% is for staff position support.

This position was reconfirmed when the Director met with representatives from Australia and New Zealand on 1st February.

In response at the Vila meeting several countries, Federated States of Micronesia, Fiji, Kiribati, Papua New Guinea, and Vanuatu supported a call to seek support from non-traditional donors to meet any budget shortfall. Should this option be pursued, it may be a consideration to establish a small subcommittee of Council to work with the Director to facilitate progress.

In a meeting on January 25th with the SOPAC Auditors (Director/Ernst & Young) it was noted that SOPAC Council has worked in recent years with a fully secured approved work plan and budget. This is international best practice. The Auditors advised that the current circumstance is to be avoided and addressed immediately otherwise severe interruption to service delivery will be inevitable, noting that some 15% of the current proposed budget will not be forthcoming.

Given these circumstances and the advice of the Auditors the incoming Interim Director approached the Chair of SOPAC Council immediately upon taking up appointment on February 1st, and suggested the convening of an urgent Council Subcommittee Meeting to determine a way forward that would not result in a diminution of services to island members.

Progress with the implementation of the RIF

At its last meeting Council approved a resolution in regard to progressing the implementation of the RIF (Attachment 2). The Secretariat notes Council's acknowledgement that implementation as already commenced and currently going through a transition period. It is in that context this update with progress is provided in so far as activities during the transition period are concerned.

Over the past month the Secretariat has taken significant steps towards progressing the implementation of the RIF. In particular meetings with the CEOs of SPC and SPREP have reached agreement on a recommended "two track" process for moving forward (Attachment 3). In summary this recommendation is as follows and it has the support of the Secretary General of PIFS, and the European Union as the principal donor partner.

Track 1: Involves (i) the transfer of agreed SOPAC activities to SPREP; (ii) the transfer of the ICT Outreach activities of SOPAC to SPC, and (iii) the transfer of the Energy activities of SOPAC to SPC. Each of these clusters of activities can be transferred easily, simply and expeditiously, as was noted by the SOPAC Governing Council at its last meeting in Vila, and in a manner consistent with previous practice in the region. Each cluster is relatively small, certainly no larger than the activities previously transferred between regional organisations, for example when the Energy activities of PIFS transferred to SOPAC in 1998. Each transfer can be fully implemented subject to an Exchange of Letter between the respective CEOs and can be completed as early as 31st March with the agreed activities to be in SPREP and SPC respectively from 1st April 2010.

Track 2: *Dealing with the transfer of the bulk (or Core) of the SOPAC work programme to SPC. This is a substantive matter and involves around 100 staff and FJ\$30 million budget for 2010. No transfer of this magnitude has taken place between regional organisations previously and it almost certainly must be accompanied by changes to the SOPAC Constitution to facilitate the process, and subsequently the dissolution or suspension of the Commission. This will require careful consideration and be subject to a substantive Agreement and accompanying Implementation Plan between the governing bodies of SOPAC and the Pacific Community. The responsibility for drafting and circulating this Agreement and accompanying Implementation Plan, together with the relevant changes to the SOPAC Agreement will be with the Director of SOPAC and will be completed by July 2010. The Director General of SPC will be fully engaged. Consideration by SOPAC Council will take place in October 2010 (anticipated timing of Council Meeting during the week of the 11th) followed immediately by the SPC governing body. This process and timeframe is in accord with the SOPAC Council decision at its last meeting in Vila.*

In addition, several joint initiatives are currently underway by SPC and SOPAC in the context of the transfer of energy and ICT Outreach functions. In particular these include:

- working together on upcoming energy and ICT officials and ministerial meetings to be convened before mid-year;
- the review of the Regional Energy Policy;
- recruitment of the Deputy Director of Energy for the new Economic Development Division of SPC; and
- the SOPAC Director to attend the SPC Executive Planning Meeting in Noumea, 4th March.

Recommendations

Recommendation 1

Council endorses the “two track” approach as an expeditious way forward on the RIF.

Recommendation 2

Council review the issues raised in regard to the unsecured 2010 Work Plan and Budget and progress with the RIF, consider the options available, and provide clear guidance to the Secretariat. In this context these are the options to consider:

Option 1: Council approves in full the draft 2010 Work Plan and Budget as presented to the last Council Meeting.

Option 2: If Council cannot approve Option 1:

EITHER: Council approves the need to urgently identify alternate sources of funding to secure or partially secure the current shortfall of some FJ\$5.5million, and establishes a small subcommittee to work with the Director to facilitate the process noting that some diminution of the work programme may result from any delays.

OR: Council identify the staff positions and work programme activities that cannot be funded and approves a work plan and budget with reduced funding. For this Option, Attachment 4 details the current allocations of the Australia and New Zealand funding. This option will result in immediate severe disruption to service delivery.

STATUS OF FUNDING - 2010 TOTAL BUDGET
SUMMARY OF SECURED, PROBABLE AND UNSECURED FUNDING

	SECURED FUNDS	PROBABLE FUNDS	UNSECURED FUNDS	TOTAL FUNDING	%
<i>Ocean and Islands</i>					
Resource Use Solutions	1,764,286	0	451,779	2,216,064	6.5%
Monitoring Physical & Chemical Change in Ecosystems	362,200	0	208,834	571,034	1.7%
Ocean Governance	50,000	0	858,455	908,455	2.7%
Total	2,176,486	0	1,519,067	3,695,553	10.9%
	59%	0%	41%	100%	
<i>Community Lifelines</i>					
Resource Assessment, Development & Management	7,125,764	0	680,825	7,806,588	22.9%
Asset Management	190,000	0	706,067	896,067	2.6%
Advocacy & Governance within Community Lifelines	911,286	0	507,166	1,418,452	4.2%
Total	8,227,049	0	1,894,057	10,121,107	29.8%
	81%	0%	19%	100%	
<i>Community Risk</i>					
Strengthening Resilience to Disasters	8,984,430	0	509,754	9,494,184	27.9%
Mitigating the Effects of Hazards	10,079	0	304,754	314,833	0.9%
Mainstreaming Risk Management	6,355,090	0	224,754	6,579,844	19.3%
Total	15,349,599	0	1,039,263	16,388,861	48.2%
	94%	0%	6%	100%	
<i>Corporate Services</i>					
Information & Communications	538,448	0	354,100	892,547	2.6%
Finance	334,029	0	396,794	730,823	2.1%
Administration	1,241,926	0	0	1,241,926	3.7%
Total	2,114,402	0	750,894	2,865,296	8.4%
	74%	0%	26%	100%	
<i>Directorate</i>	583,144	0	365,656	948,800	2.8%
GRAND TOTALS	28,450,680	0	5,568,937	34,019,618	100%
% OF TOTALS	83.6%	0.0%	16.4%	100%	
Regular Budget (RB)	2,733,446	0	1,063,334 *	3,796,780	10%
Regular/Extra Budget (RXB)	0	0	223,635	223,635	1%
Extra Budget (XB)	25,717,234	0	4,281,969	29,999,203	88%
TOTAL FUNDING	28,450,680	0	5,568,938	34,019,618	100%

Summary of unsecured funding	AusAID	NZAID	TOTAL FJD
Regular Budget (RB)	531,667	531,667	1,063,334 *
Regular/Extra Budget (RXB)	152,904	70,730	223,635
Extra Budget (XB)	2,092,154	2,189,815	4,281,969
Total FJD	2,776,725	2,792,212	5,568,938
Equivalent in AUD	1,800,000		
Equivalent in NZD		2,150,000	

* This is the total of approved 2010 membership contribution from both Australia and New Zealand:50% each

COUNCIL RESOLUTION ON THE RIF271. Resolution¹

- i) The Governing Council of SOPAC considered a legal memorandum regarding the implications for SOPAC associated with the implementation of the RIF decision in regard to the transfer of the functions of SOPAC into SPC and SPREP. Council expressed its appreciation to the law firm K&L Gates for their services facilitated through the SOPAC/STAR network and the legal advice given in the memorandum. The memorandum is attached in Appendix 5.
- ii) Council considered the matter at length and the verbatim report of the discussion is appended to this Summary Record of the 38th Annual Session of Council as Appendix 5.
- iii) Council recognised that the challenge is to effectively address the legal and practical implications of implementation of the RIF decision by the January 2010 timeline set by Leaders in Niue in 2008, while complying with the legal requirements of the “Agreement Establishing SOPAC”, the timelines in the Agreement; external legal obligations, and the need to preserve service delivery to its island members.
- iv) Council noted with pleasure the assurances provided by Australia, New Zealand and the European Union in regard to their funding commitments in support of the SOPAC work programme when it has been transferred to SPC and SPREP. Council also noted the difficulty for Australia and New Zealand to enter into long-term funding arrangements while there was still some uncertainty about the transfer of functions, and noted the need to secure funding from non-traditional donors.
- v) Council further noted with pleasure the unequivocal assurances provided by the CEOs of SPC and SPREP that they would support and actively pursue the continuation of STAR and PMEG.
- vi) Council concluded and agreed as follows:
 - a) The SOPAC Agreement is an international agreement between states and territories.
 - b) Compliance with the 2007/8/9 Forum RIF decisions must accord with the principles of the Pacific Islands Forum in regard to good governance, transparency and accountability, and Council is vested with this responsibility under the SOPAC Agreement.
 - c) The full and effective implementation of the RIF decision from Jan 2010 will require a transition period, during which issues such as funding contracts (current and new), employee contracts and relationships, intellectual property, budget and governance must be addressed and resolved through the development of Integration Agreements between SOPAC and the receiving organisations (SPC and SPREP).
 - d) Council must continue its role as provided for in the SOPAC Agreement, supported by a Director, during this transition period, and recognised that this transition period had already begun.
 - e) The Director of SOPAC together with the Director General of SPC and Director of SPREP in the period to July 2010 develop draft detailed Integration Agreements to be circulated to members three months ahead of the 2010 Council meeting. Council will consider and approve these agreements at its 2010 meeting.

¹ This summary record shows the final resolution. Its contents were discussed at various times during the meeting, not only under Agenda item 10.1

- f) These Integration Agreements with SPREP and SPC must: ensure all parties are in agreement as to the key terms of the transactions; provide a “Road Map” for orderly implementation; provide employees and third parties with certainty regarding structure of transactions and composition of the resulting entities; and include oversight and recourse procedures.
 - g) It is envisaged that the SOPAC/SPREP agreement and the SOPAC/SPC agreement dealing with energy and ICT outreach will be relatively simple and straightforward.
 - h) The SOPAC/SPC agreement dealing with the core of the SOPAC work programme being integrated into SPC as a new Applied Science and Technology Division as agreed by the July 2009 SOPAC Council meeting may require suspension, dissolution or amendment to the SOPAC Agreement.
 - i) Notices of proposals for suspension, dissolution or amendment to the SOPAC Agreement in accord with Article 14, to facilitate full and effective implementation must be circulated by July 2010 three months ahead of the next annual session of Council.
 - j) Any decisions at the 2010 meeting in regard to suspension, dissolution or amendment of the Agreement, will require ratification by the members, recognising that a ratification by 2/3rds (12 out of 17) of the full members is required before the decisions may be implemented.
 - k) In order to have full and effective implementation of the RIF decision and complete the transfer of SOPAC functions, Council noted alternatives to suspension or dissolution. Council agreed to defer consideration of this issue until an appropriate later date².
 - l) Council through the Chair will seek the agreement of SPC to hold its next annual session in close conjunction with the 2010 meeting of the CRGA. It would be convenient for the SOPAC Council to meet immediately before CRGA thus the latter could be informed of the Council’s decisions.
 - m) Council requested the Director to inform the Secretary General of PIFS, Director General SPC, Director of SPREP and all SOPAC donors and partners of the outcomes of its deliberation on the progress with implementation of the RIF reform and seek their support during the transition period and beyond.
- vii) Council recognised the second three-year contract of the current Director ends on 31st January, and the current Deputy Director ends on 31st March, and under the circumstances decided to revisit this matter under Other Business and in Closed Session.

272. Council endorsed the resolution as a way forward for implementing the Leaders’ decision on the rationalisation of SOPAC functions into SPC and SPREP and complying with the requirements of the Agreement Establishing SOPAC

² The example of the Western European Union and the Council of Europe

LETTER OF UNDERSTANDING

Progress with Implementation of the Regional Institutional Reform (RIF)

Noting that we met on Thursday 4th February 2010 in Noumea, and had met previously (Howorth/Rodgers) on 5th January 2010 and (Howorth/Sheppard) on 27th January 2010.

We have agreed as follows.

In order to progress the RIF as desired by the Leaders and our respective Councils, and cognisant that the intention is for the SOPAC Chair to call a Subcommittee Meeting on 23rd February 2010, we agreed that a two-track implementation approach provides the best way forward as it demonstrates progressive implementation of the leaders' decision while also recognising the need for due process in addressing the dissolution or suspension of the SOPAC agreement as it relates to the core SOPAC work programme.

The basic elements of the two-track implementation are as follows.

Track 1: Involves (i) the transfer of agreed SOPAC activities to SPREP; (ii) the transfer of the ICT Outreach activities of SOPAC to SPC, and (iii) the transfer of the Energy activities of SOPAC to SPC. Each of these clusters of activities can be transferred easily, simply and expeditiously, as was noted by the SOPAC Governing Council at its last meeting in Vila, and in a manner consistent with previous practice in the region. Each cluster is relatively small, certainly no larger than the activities previously transferred between regional organisations, for example when the Energy activities of PIFS transferred to SOPAC in 1998. Each transfer can be fully implemented subject to an Exchange of Letter between the respective CEOs and can be completed as early as 31st March with the agreed activities to be in SPREP and SPC respectively from 1st April 2010.

Track 2: Dealing with the transfer of the bulk (or Core) of the SOPAC work programme to SPC. This is a substantive matter and involves around 100 staff and FJ\$30 million budget for 2010. No transfer of this magnitude has taken place between regional organisations previously and it almost certainly must be accompanied by changes to the SOPAC Constitution to facilitate the process, and subsequently the dissolution or suspension of the Commission. This will require careful consideration and be subject to a substantive Agreement and accompanying Implementation Plan between the governing bodies of SOPAC and the Pacific Community. The responsibility for drafting and circulating this Agreement and accompanying Implementation Plan, together with the relevant changes to the SOPAC Agreement will be with the Director of SOPAC and will be completed by July 2010. The Director General of SPC will be fully engaged. Consideration by SOPAC Council will take place in October 2010 (anticipated timing of Council Meeting during the week of the 11th) followed immediately by the SPC governing body. This process and timeframe is in accord with the SOPAC Council decision at its last meeting in Vila.

Russell Howorth
Director of SOPAC



David Sheppard
Director of SPREP



Jimmie Rodgers
Director General SPC



4th February 2010

GOVERNMENT OF AUSTRALIA (GOA) FUNDING TO SOPAC**PROPOSED ALLOCATION OF TOTAL FUNDING (2010)**

F\$

A. Total anticipated funding/grant (AU\$1,800,000 @ .65)	2,776,725
Less : Regular Budget (RB) - Proposed Membership Contribution *	531,667
Balance available for RXB and XB activities	2,245,058

B Less: Proposed Allocation of Funds to RXB & XB activities

	PERSONNEL	WORK PROGRAM	TOTAL
(1) OCEAN & ISLANDS			
- Senior Electronics Technician	81,767		
- Senior Geology Technician	35,826		
TOTAL			117,593
(2) COMMUNITY LIFELINES			
- Technical Support Assistant	35,311		
TOTAL			35,311
TOTAL RXB ALLOCATION	152,904	0	152,904
(1) OCEAN & ISLANDS			
- Programme Manager Support Costs	261,181		
- Marine Geophysicist	249,400		
- O&I Activities Support Costs		370,000	
TOTAL			880,581
(2) COMMUNITY LIFELINES			
- CLP Activities Support Costs		565,000	
TOTAL			565,000
(3) COMMUNITY RISK			
- Programme Manager Support Costs	126,526		
- CR Programme Adviser	113,075		
- Programme Research & Resource Development Officer	9,972		
- CRP Activities Support Costs		397,000	
TOTAL			646,573
TOTAL XB ALLOCATION	760,154	1,332,000	2,092,154
TOTAL RXB & XB ALLOCATION	913,058	1,332,000	2,245,058

NET BALANCE (DEFICIT)

-0

SUMMARY

RB Contribution - Membership
 XB Activities

TOTAL GRANT

AU\$	F\$
344,651	531,667
1,455,349	2,245,058
1,800,000	2,776,725

* - Member Country Contributions (MCC) based on a 0% increase over 2009 levels.

Note: average exchange rate (Jan. 2009 to Sept. 2009) - FJ\$1.00 = AU\$0.64825

NEW ZEALAND

PROPOSED ALLOCATION OF TOTAL FUNDING (2010)

F\$

A. Total anticipated funding/grant (NZ\$2,150,000 @ 0.77) 2,792,208

Less : Regular Budget (RB) - Proposed Membership Contribution * 531,667

Balance available for RXB and XB activities 2,260,541

B Less: Proposed Allocation of Funds to RXB & XB activities

	PERSONNEL	WORK PROGRAM	TOTAL
(1) OCEAN & ISLANDS			
- Program Support Assistant	26,343		
- Workshop Assistant	18,421		
TOTAL			44,764
(2) COMMUNITY LIFELINES			
- Program Support Assistant	25,966		
TOTAL			25,966
TOTAL RXB ALLOCATION	70,730	0	70,730
(1) OCEAN & ISLANDS			
- Natural Resources Governance	221,130		
- O&IP Activities Support Costs		255,000	
TOTAL			476,130
(2) COMMUNITY LIFELINES			
- Programme Manager Support Costs	25,613		
- Manager Minerals & Water Support Costs	292,948		
- ICT Manager Costs	170,389		
- Energy Advisor Support Costs	143,745		
- Database Development Advisor Costs	103,431		
- CLP Activities Support Costs		455,000	
TOTAL			1,191,126
(3) COMMUNITY RISK			
- Programme Manager Support Costs	126,526		
- CR Programme Adviser	113,075		
- Research & Planning Officer	9,972		
- Project Assistant	25,117		
- CRP Activities Support Costs		118,000	
TOTAL			392,690
(4) DIRECTORATE			
TOTAL		129,870	129,870
TOTAL XB ALLOCATION	1,231,945	957,870	2,189,815
TOTAL RXB & XB ALLOCATION	1,302,675	957,870	2,260,545

NET BALANCE (DEFICIT)

-5

SUMMARY

RB Contribution - Membership
XB Activities

TOTAL GRANT

	NZ\$	F\$
RB Contribution - Membership	409,384	531,667
XB Activities	1,740,616	2,260,541
TOTAL GRANT	2,150,000	2,792,208

* - Member Country Contributions (MCC) based on a 0% increase over 2009 levels.

Note: average exchange rate (Jan. 2009 to Sept. 2009) - FJ\$1.00 = NZ\$0.77

2010 UNSECURED STAFF POSITIONS						
POSITION	STAFF NAME	DONOR	RB COSTS	RXB COSTS	XB COSTS	TOTAL COSTS
<i>Ocean and Islands</i>						
1 Programme Manager Support Costs	Arthur Webb	AusAID			261,181	261,181
2 Marine Geophysicist	Robert Smith	AusAID			249,400	249,400
3 Senior Electronics Technician	Peni Musunamasi	AusAID		81,767		81,767
4 Senior Geology Technician	Sekove Motuiwaca	AusAID		35,826		35,826
5 Programme Support Assistant	Virginia Rokoua	NZAID		26,343		26,343
6 Assistant Geological Technician	Donata Roqica	NZAID		18,421		18,421
7 Natural Resources Governance	Paula Holland	NZAID			221,130	221,130
Total Ocean & Islands			0	162,357	731,711	894,067
<i>Community Risk</i>						
8 Programme Manager Support Costs	Mosese Sikivou	AusAID			126,526	126,526
Programme Manager Support Costs	Mosese Sikivou	NZAID			126,526	126,526
9 CR Programme Adviser	Michael Bonte	AusAID			113,075	113,075
CR Programme Adviser	Michael Bonte	NZAID			113,075	113,075
10 Research & Resource Development Officer	Fane Ravula	AusAID			9,972	9,972
Research & Resource Development Officer	Fane Ravula	NZAID			9,972	9,972
11 Programme Support Assistant	AsenacaRokamanalagi	NZAID			25,117	25,117
Total Community Risks	12		0	0	524,263	524,263
<i>Community Lifelines</i>						
12 Programme Manager Support Costs	Paul Fairbairn	NZAID			25,613	25,613
Programme Manager Support Costs	Paul Fairbairn	RB	76,654			76,654
13 Manager Minerals & Water Support Costs	Recruiting	NZAID			292,948	292,948
14 ICT Manager Support Costs	Leonard Wong	NZAID			170,389	170,389
15 Energy Advisor Support Costs	Rupeni Mario	NZAID			143,745	143,745
16 Database Development Advisor Costs	Sachindra Singh	NZAID			103,431	103,431
17 Programme Support Assistant	Pooja Pal	NZAID		25,966		25,966
18 Technical Support Assistant	Graeme Frost	AusAID		35,311		35,311
Total Community Lifelines			76,654	61,278	736,126	874,058
<i>Corporate Services</i>						
19 Manager Corporate Services	Mohinish Kumar	RB	277,664			277,664
20 Accountant	Lucia Kafoa	RB	119,130			119,130
21 Advisor ICT CS	Sakaio Manoa	RB	143,552			143,552
22 Publications Coordinator	Mereseini Bukarau	RB	210,548			210,548
Total Corporate Services			750,894	0	0	750,894
<i>Directorate</i>						
23 Interim Director	Russell Howorth	RB	235,786			235,786
Total Directorate			235,786	0	0	235,786
Grand Total			1,063,334	223,635	1,992,099	3,279,068