



**MINISTERIAL FORUM FISHERIES COMMITTEE
SPECIAL TWENTY-SECOND MEETING**

*Kokopo, Papua New Guinea
5 September 2023*

Agenda Item	4
Paper No	FFCMIN22-WP1
Title	Distribution of the US Government Payment under the Economic Assistance Agreement: Matters for the consideration of Members

Introduction

1. At the end of the FFCMIN meeting last week, the focus of the discussion largely revolved around Scenarios 3 and 10. It is recognised that not all were supportive of either of these respective proposals. The table below shows the outcomes under each of these scenarios with respect to the proportions and amounts payable equally shared payment and payments related to fishing access/activity. Payments to individual PIPs are provided in the accompanying spreadsheet available [here](#).

Table 1: Distribution of USG payment of \$60 million under scenarios 3 and 10.

% Share of \$60 mill	Scenario 3	Scenario 10
Admin and Management fee	2%	2%
Equal Share + PDF	80%	45%
Top up + activity related payment	18%	53%
TOTAL	100%	100%

\$ share of 60 mill	Scenario 3	Scenario 10
Admin and Management fee	1,265,000	1,265,000
Equal Share + PDF	48,000,000	27,000,000
Top up + activity related payment	10,735,000	31,735,000
TOTAL	60,000,000	60,000,000

2. At the outset, given the significant variance, it would be important for Members to continue to carefully consider their respective positions. The Secretariat remains available to assist any Members or groups of Members with understanding any of the figures or discussions to date.

3. The Secretariat has put together this paper of matters that Members may wish to take into consideration as they continue to undertake their internal discussions.

Considerations

(i) Carving out \$21 million then dividing \$39 million

4. Members may wish to consider carving out \$21 million of the \$60 million and distributing this in the same way as in previous years when the US Government contribution was \$21 million (as shown in Table 2 below).

Table 2: Distribution of USG payment of \$21 million in 2022

% Share of \$21 mill	2022
Admin and Management fee	6%
Equal Share + PDF	76%
Top up + activity related payment	18%
TOTAL	100%
\$ share of \$21 mill	2022
Admin and Management fee	1,265,000
Equal Share + PDF	15,942,200
Top up + activity related payment	3,792,800
TOTAL	21,000,000

5. Members were in agreement with how that amount has been distributed for the last 6 years. This then leaves \$39 million.

6. Members may then wish to consider that the remaining \$39 million be shared according to the primary scenarios that have been tabled, that is, the equal share payments under Scenarios 3 and 10 (80% and 45% respectively) with the rest going to fishing access/activity payments. The outcomes for this (referred to as Scenarios 3a and 10a) are provided in Table 3 below.

Table 3: Distribution of USG payment of \$39 million under Scenario 3a and 10a.

% Share of \$39 million	Scenario 3a	Scenario 10a
Admin and Management fee	0%	0%
Equal Share + PDF	80%	45%
Top up + activity related payment	20%	55%
TOTAL	100%	100%
\$ share of \$39 million	Scenario 3a	Scenario 10a
Admin and Management fee	0	0
Equal Share + PDF	31,200,000	17,550,000
Top up + activity related payment	7,800,000	21,450,000
TOTAL	39,000,000	39,000,000

7. Finally, Table 4 provides the overall outcome of this process of distributing \$21 million as per 2022 and \$39 million as per the equally shared payments proportion under Scenarios 3 and 10. Outcomes for each PIP are provided in the accompanying spreadsheet.

Table 4: Distribution of USG payment of \$60 million under Scenario 3a and 10a.

% Share of \$60 mill	Scenario 3a	Scenario 10a
Admin and Management fee	2%	2%
Equal Share + PDF	82%	56%
Top up + activity related payment	16%	42%
TOTAL	100%	100%

\$ share of 60 mill	Scenario 3	Scenario 10a
Admin and Management fee	1,265,000	1,265,000
Equal Share + PDF	49,092,200	33,492,200
Top up + activity related payment	9,642,800	25,242,800
TOTAL	60,000,000	60,000,000

(ii) A combination of consideration (i) with any other scenarios

8. Members may wish to consider a combination of consideration (i) with other scenarios. The Secretariat is available to assist Members with clarifying the figures.

(iii) Scenario 6.5

9. It is observed that Scenario 6.5 is the midpoint between the two primary positions, Scenarios 3 and 10 as shown in Table 5 below. A comparison of Scenarios 3, 6.5 and 10 are provided in the accompanying spreadsheet as is the breakdown of the payments for each PIP under these scenarios.

Table 5: Distribution of USG payment of \$60 million under Scenario 6.5.

% Share of \$60 mill	Scenario 6.5
Admin and Management fee	2%
Equal Share + PDF	63%
Top up + activity related payment	35%
TOTAL	100%

\$ share of 60 mill	Scenario 6.5
Admin and Management fee	1,265,000
Equal Share + PDF	37,500,000
Top up + activity related payment	21,235,000
TOTAL	60,000,000

(iv) Other matters***a. Post-2024 days***

10. Apart from the Exploratory Pool, Parties have not yet determined their number of days committed from 2025 and beyond. One of the considerations for Members is whether they are intending to put in the same number of days after 2024.

b. Australia's PDF and equal share

11. The PDF and equal share payments due to Australia from \$21 million are redistributed at Australia's discretion and in 2022 was distributed as follows:

- The PDF (\$156,250) payment was provided to the FFA Secretariat.
- The equal share was distributed equally to PIPs, with each receiving \$56,009.

12. In 2023 (noting the US Government payment of \$31 million), payments due to Australia are redistributed as follows:

- The PDF (\$156,250) payment was provided to the FFA Secretariat.
- \$250,000 of the equal share was paid to the exploratory pool in lieu of the previous upfront payment made by the US Industry.
- The remainder of the equal share was distributed equally to PIPs, with each receiving \$81,009.

(c) Administrative Costs and Management fees

13. The fixed amount for administrative costs and management fees is currently set at \$1,265,000. Members will recall that these are to be reviewed. At FFC126 in May in Majuro, Officials determined that these reviews would "commence following the conclusion of the UST negotiations".

14. It is important to note that any monies not used by the Secretariat from the administrative costs are shared equally between Members.

15. In past years, expenditure has consistently fallen short of the fixed amount. Therefore, it is highly likely that in the review of these costs and fees, less will be required to administer the Treaty. This in turn means that more funds could be available to PIPs.

(d) Schedule of payments

\$31 million 2022-2023

16. The one-off payment of an additional \$10 million from the US Government for the final year of the previous EAA - making this a total of \$31 million - was agreed by Parties to be shared equally. As of 26 August 2023, the US has advised that the work on the Memorandum of Agreement relating to these funds has been progressed from their side and takes into account the views provided earlier this year by PIP Officials. This matter will be placed before PIP Officials for their consideration, and once this is agreed and signed, the funds are ready for transfer.

\$60 million for 2023-2033

17. The US has advised Officials and the Secretariat that the first tranche of \$60 million is to be transferred in the middle of next year.