



**The North Atlantic Salmon
Conservation Organization**

**Report of the Thirty-Fifth Annual Meeting of the
Finance and Administration Committee
11 June 2018, Portland, Maine, USA**

Chair: Ms Kim Blankenbeker (USA)

Vice-Chair: Mr Calvyn Wenghofer (Canada)

Secretary: Dr Emma Hatfield

CNL(18)05

*Report of the Meeting of the Finance and Administration Committee of the
North Atlantic Salmon Conservation Organization*

Holiday Inn by the Bay, Portland, Maine, USA

Monday 11 June 2018

1. Opening of the Meeting

- 1.1 The Chair, Ms Kim Blankenkaker (USA), opened the meeting and welcomed members of the Committee to Portland.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its Agenda, FAC(18)05 (Annex 2).

3. Election of Officers

- 3.1 The Committee re-elected Ms Kim Blankenkaker (USA) as its Chair and Dr Dennis Ensing (European Union) as its Vice-Chair.

4. 2017 Audited Accounts

- 4.1 The Secretary introduced the Audited Accounts for 2017, FAC(18)02. She reported that the accounts indicate that the Working Capital Fund, which had been almost entirely utilised in 2012, remained at its ceiling of £200,000 and the Contractual Obligation Fund was utilised in 2017 and reduced to £3,557. However, with the incorporation of the 2017 year-end surplus it now stands at approximately £56,000. This will be further re-built over the coming years. The Recruitment Fund balance was reduced to around £45,000 due to the recruitment of a new Secretary and Assistant Secretary. The International Year of the Salmon (IYS) Fund stands at about £125,000, which includes £44,589 in a voluntary contribution from Canada.
- 4.2 The Secretary responded to several questions, noting that no portion of the salary of the Assistant Secretary is covered by the IYS Fund and that some salary costs were lower than expected as recent hires did not require provision of the expatriation and other allowances that had been budgeted. She also reported that the communications budget has increased given the need for additional IT support and to purchase a cloud-based phone system.
- 4.3 The Committee recommended to the Council that it adopt the 2017 Audited Accounts.

5. Relationship with ICES

- 5.1 In 2007, the Council had entered into a Memorandum of Understanding (MoU) with ICES that is subject to review every three years. In both 2010 and 2013, on the recommendation of the FAC, the Council had agreed to continue the MoU on the understanding that there would be no increase in the cost of providing the advice, other than to reflect the rate of inflation in Denmark. In 2015, the Council had recognised that the relationship with ICES was working well and agreed that the MoU should continue, without amendment, for a further three years from 2016 with the next renewal due in 2019.

- 5.2 Since its most recent extension, the Secretary indicated that the MoU with ICES has continued to work well, with improvements made to the format of the scientific advice in response to NASCO requests, stability in NASCO's payments made in Danish Kroner, and the advice being made available slightly before the deadline specified in the MoU.
- 5.3 The Committee asked that the Secretary continue to liaise with ICES on any issues that arise relating to the provision of advice under the MoU, request that the advice be made available as early as possible and begin the process of extending the MoU before its expiration in 2019.

6. MoU with the OSPAR Commission

- 6.1 The Chair reported on the operation of the MoU between NASCO and the OSPAR Commission which came into effect on 5 August 2013, FAC(18)03. The level of information exchange continues to be good.
- 6.2 The Chair noted that Contracting Parties of the OSPAR Commission are to report on the implementation of OSPAR Recommendation 2016/3 on furthering the protection and conservation of the Atlantic salmon (*Salmo salar*), in Regions I, II, III and IV of the OSPAR maritime area (as previously discussed by the Committee) by 31 December 2019 and every six years thereafter. Once the Contracting Parties to OSPAR make their reports to the OSPAR Secretariat, NASCO will receive any relevant information from OSPAR, which is likely to occur prior to the 2020 NASCO Annual Meeting. In response to a question, the Chair noted that OSPAR has incorporated input from NASCO into the recommendation before adoption and, at that time, NASCO noted that it was not endorsing or taking a policy position on the recommendation. The FAC agreed that NASCO should continue to track this issue but that there was no specific action required of the Council.
- 6.3 The Chair also reported that the OSPAR Secretariat had informed NASCO that a discussion has begun in OSPAR on the possibility of establishing a Marine Protected Area (MPA) in the central Atlantic Ocean, part of which occurs in the NEAFC area. OSPAR is now at the stage of collecting relevant technical and scientific data and information to help evaluate the possible utility of an MPA. Few details are available at this time with regard to the exact co-ordinates of a possible central Atlantic MPA, what its specific purpose would be, or what activities would be prohibited in such an area. If establishment of an MPA looks promising based on the data and information collected, a proposal could be put forward to the OSPAR Commission in June 2019.
- 6.4 Given the distribution of Atlantic salmon and the potential limitations on fishing and / or other activities in any MPA that might be established, the Committee noted that it is in NASCO's interest to track the progress of discussions on this issue by the OSPAR Commission. The Committee asked the NASCO Secretary to continue to liaise with the OSPAR Executive Secretary in this regard and, if needed, provide or direct OSPAR to any relevant information on distribution and fishing activities for salmon in the Atlantic Ocean. Depending on the progress of discussions in OSPAR, NASCO may need to consider more substantive engagement on this matter at a future meeting. In response to a question, the Chair responded that there are no administrative or financial obligations facing NASCO related to this matter. A report of a recent meeting between OSPAR and the Northeast Atlantic Fisheries Commission where the MPA issue was discussed is available at <https://www.ospar.org/meetings/archive/4th-meeting-under-the-collective-arrangement>. The Secretary noted that the NASCO Secretariat was invited to attend but was unable to do so due to the pressure of other business.

7. Review of the Tag Return Incentive Scheme

- 7.1 At its 2014 Annual Meeting, the Committee had recognised that the Tag Return Incentive Scheme had brought benefits in terms of publicity for the work of the Organization and the need to return tags. The Secretary was asked to prepare a brief review of the operation of the Scheme for consideration at the 2015 Annual Meeting (FAC(15)04). In 2015, the Committee decided not to make changes to the operation of the scheme, but to undertake a further review of its operation at the 2018 Annual Meeting. In 2017, the Rules of the Scheme were amended to set future prizes in pounds sterling rather than US dollars. The Committee agreed that the scheme continues to work well and brings good publicity to the Organization. There were no suggestions to alter the scheme at this time.

8. Consideration of the 2019 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

- 8.1 The Secretary introduced document FAC(18)04. She indicated that the 2019 budgeted expenditure (£636,000) represents a reduction of about 1% (or 4% in real terms) compared to that in the 2018 Budget (£641,400) and is in-line with that anticipated for 2019 in the 2018 - 2022 Budgeting Plan for 2019 (£635,800). The amount included in the 2019 Draft Budget for the International Year of the Salmon Fund (£20,000) is in-line with that included in the 2018 – 2022 Budgeting Plan. It was noted that there also continues to be a large contribution to the budget due to income from the NASCO Headquarters property.
- 8.2 The Committee thanked the Secretary for her helpful budget commentary and the five-year forecast to understand what the Organization’s financial situation is expected to be going forward.
- 8.3 In response to a question about budgeting to support the NASCO website, the Secretary noted that funds allocated under the ‘Communications’ budget head covered some IT support, including development of a Google search function on the NASCO website, as well as website maintenance. She noted that funds were not available to conduct a website redesign that would be needed, in particular, to ensure the website was capable of supporting content related to IYS. She also noted that visits to the NASCO website had been declining, indicating that it was not as effective a communication tool as it should or could be. Given the need to overhaul the architecture of the NASCO website and, more generally, make the website more appealing and useful, it was suggested that the IYS fund be used to cover this work. The Secretary reported that the total cost of such a redesign was expected to be approximately £15,000 and to take approximately 6 – 9 months. One Party also noted that it was easier to make voluntary contributions to the IYS Fund than to other NASCO reserves or budget heads.
- 8.4 The FAC strongly supported the need to redesign the NASCO website and, pending agreement by the North Atlantic Steering Committee (NASC), agreed to recommend to the Council that the IYS Fund be accessed to support this work. Should the NASC not approve use of the IYS Fund for this purpose, the FAC agreed to recommend to the Council that the website redesign be funded out of the Working Capital Fund, which stands at its maximum level of £200,000. The FAC noted that, in this latter case, any budget surplus would, according to the rules, first be credited to the Working Capital Fund until it was rebuilt.
- 8.5 The FAC also discussed posting FAC documents on the NASCO website together with all other documents suitable for public consumption prepared for the meeting. The FAC agreed that this would improve the transparency of the Organization and facilitate the work of the Committee and requested the Secretary to begin implementing this change

in procedure if acceptable to the Council. The FAC also considered that there would be utility in creating a password protected part of the NASCO website to post any documents, such as draft proposals, that were for members only. The FAC agreed to seek Council approval for the creation of a password protected portion of the NASCO website. Finally, the FAC considered that there may be other methods that could be used to facilitate the work of the Organization, including posting relevant meeting documents on the Cloud as is done by other RFMOs. The Secretary reported that some work in this regard was underway; however, technical difficulties had been encountered. Nevertheless, the FAC agreed that the Secretariat should continue exploring options for improving document sharing and access.

- 8.6 The FAC briefly discussed the potential implications of Brexit on future NASCO budgets. The FAC requested the Secretary to run calculations in time for the 2019 FAC meeting showing forecast budgets that both include and exclude the UK. The Secretary indicated that such work was already under consideration.
- 8.7 In response to a question about the 2021 forecast budget, the Secretary indicated that she had anticipated the possible costs associated with a potential second independent performance review of NASCO. Toward that end, the 2021 forecast budget included an additional £50,000 in the 'Audit and other expenses' category, which was a similar figure to the cost of the last performance review.
- 8.8 The Committee agreed to recommend to the Council the adoption of the 2019 Draft Budget and 2020 Forecast Budget, FAC(18)08. The budget as adopted by the Council, CNL(18)40, is included in Annex 3 together with a Five-year Budgeting Plan (2019 - 2023) which is provided for information.

9. Consideration of the Need for Clarification of, or Amendment to, NASCO's Rules Relating to Finance and Administration Matters

- 9.1 The Chair reminded the FAC of the discussions held in 2017 when it considered and advised the Council on a number of issues related to providing lump sum payments exceeding the level required under Staff Rule 8.2(b) to two retiring staff members. She noted that the question of providing an extra lump sum had also arisen in 2012 upon the retirement of the first NASCO Secretary. The 2017 discussion related to the retirement of the second NASCO Secretary and the Personal Assistant to the Secretary. At neither time was there clear guidance on which to base a decision, and NASCO struggled to find a way forward. In the end, the two retiring NASCO Secretaries received a lump sum payment of about 1/8th (rather than 1/12th) of their final years' gross salary and allowances for each year of service with NASCO and the Personal Assistant to the Secretary received about 1/6th.
- 9.2 Following the 2017 discussion of the lump sum issue, the FAC agreed to consider at its 2018 meeting whether or not clarification or amendment to NASCO's rules relating to financial and administrative matters might be needed. The Parties briefly discussed the pros and cons related to the discretion in the Staff Rules that allowed for an increase the lump sum payment. Some Parties noted that, given the difficult decision-making regarding the discretionary lump sum payments in both 2012 and 2017, establishing a transparent, consistent and repeatable process would have value. In particular, it would bring predictability and certainty with regard to the lump sum issue that would allow for appropriate budgeting by NASCO and more effective retirement planning for Secretariat staff.
- 9.3 The members of the FAC noted that they were not prepared to recommend a way forward on this matter in 2018 but agreed that the issue should be considered further. In that regard, the Secretariat was asked to prepare a discussion paper in time for the 2019

meeting of the Committee. In support of that effort, several potential alternative approaches that could be included in a discussion paper were identified, as follows: (1) changing Staff Rule 8.2(b) to increase the lump sum required for payment to a full-time Secretariat staff member upon retirement, from 1/12th after tax of the final years' gross salary and allowances for each year of service with NASCO to some higher proportion and eliminate the possibility for an additional, discretionary lump sum payment above that amount; (2) changing Staff Rule 8.2(b) to a higher proportion but still allowing a discretionary additional lump sum payment based on strict criteria that would be implemented as a bonus system; (3) retaining the current lump sum proportion but developing clear criteria to guide decision-making on providing an additional lump sum payment above 1/12th; (4) considering the establishment of a pension programme for Secretariat staff as the lack of such a programme has contributed to the need to provide an additional lump sum payment to retiring full-time staff.

- 9.4 The Committee looked forward to the Secretariat's analysis and noted that, whatever the outcome of the lump sum discussion, NASCO had a responsibility to its staff. One Party suggested that the current members of the Secretariat should be treated similarly to retired staff with regard to the lump sum issue.

10. Appointment of Auditors

- 10.1 The Committee noted that Saffery Champness, Edinburgh Quay, Edinburgh, Scotland, had been appointed to conduct the 2018, 2019 and 2020 audits. The Committee recommended no change to this arrangement.

11. Other Business

- 11.1 There was no other business.

12. Report of the Meeting

- 12.1 The Committee agreed a report of its meeting.

13. Close of the Meeting

- 13.1 The Chair thanked participants for their contributions to the work of the Committee. On behalf of the FAC, she also sincerely thanked the Secretary for her excellent support to the committee.
- 13.2 The Chair adjourned the meeting.
- 13.3 A list of Finance and Administration Committee papers is given in Annex 4.

List of Participants

Canada

Kate Johnson

Denmark (in respect of the Faroe Islands and Greenland)

Birita i Dali

Tommy Petersen

European Union

Bernard Blazkiewicz

Dennis Ensing

Arnaud Peyronnet

Norway

Heidi Hansen

Russian Federation

Alexander Khatuntsov

United States

Kim Blankenbeker (Chair)

Alexis Ortiz

Rebecca Wintering

Secretariat

Emma Hatfield

Sarah Robinson

FAC(18)05

Meeting of the Finance and Administration Committee

Holiday Inn by the Bay, Portland, Maine, USA

Monday 11 June 2018

Agenda

1. Opening of the Meeting
2. Adoption of the Agenda
3. Election of Officers
4. 2017 Audited Accounts
5. Relationship with ICES
6. MoU with the OSPAR Commission
7. Review of the Tag Return Incentive Scheme
8. Consideration of the 2019 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan.
9. Consideration of the Need for Clarification of, or Amendment to NASCO's Rules Relating to Finance and Administration Matters
10. Appointment of Auditors
11. Other Business
12. Report of the Meeting
13. Close of the Meeting

CNL(18)40

**North Atlantic Salmon Conservation Organization
2019 Budget and 2020 Forecast Budget (Pounds Sterling)**

		Budget 2019	Forecast 2020
Expenditure			
1.	Staff-related costs	341,750	352,100
2.	Travel and subsistence	37,000	26,750
3.	Research and advice	69,000	71,000
4.	Contribution to Working Capital Fund	0	0
5.	Meetings	12,500	47,500
6.	Office supplies, printing and translation	29,500	29,500
7.	Communications	19,500	19,500
8.	Headquarters Property	44,250	43,000
9.	Office furniture and equipment	6,500	13,500
10.	Audit and other expenses	11,500	12,000
11.	Tag Return Incentive Scheme	4,500	4,500
12.	International Atlantic Salmon Research Fund	0	0
13.	Contribution to Contractual Obligation Fund	35,000	35,000
14.	Contribution to Recruitment Fund	5,000	5,000
15.	Contribution to IYS Fund	20,000	0
Total Expenditure		636,000	659,350
Income			
16.	Contributions - Contracting Parties	585,000	608,350
17.	General Fund – Interest	1,000	1,000
18.	Income from Headquarters Property	50,000	50,000
19.	Surplus or Deficit (-) from 2017	0	0
Total Income		636,000	659,350

2019 Budget & 2020 Forecast Budget (Pounds Sterling) - Expenditure by Sub-section

	Draft 2019	Forecast 2020
1. Staff related costs		
1.1 Secretariat members	227,150	234,000
1.2 Temporary and part-time staff costs	32,800	33,800
1.3 Staff Fund, allowances, insurances and other costs	81,800	84,300
Total	341,750	352,100
2. Travel & subsistence		
2.1 Travel to Annual Meeting	12,000	1,000
2.2 Official travel and subsistence	25,000	25,750
Total	37,000	26,750
3. Research and advice		
3.1 Contribution to ICES	69,000	71,000
3.2 Other research & advice	0	0
Total	69,000	71,000
4. Contribution to Working Capital Fund	0	0
5. Meetings		
5.1 Costs of annual meeting	5,000	40,000
5.2 Costs of other meetings	7,500	7,500
Total	12,500	47,500
6. Office supplies, printing and translation		
6.1 Office supplies	19,000	19,000
6.2 Printing	8,000	8,000
6.3 Translations	2,500	2,500
Total	29,500	29,500
7. Communications		
7.1 Telecommunications	4,500	4,500
7.2 Postage and courier services	3,500	3,500
7.3 IT Support & Website	11,500	11,500
7.4 Communications, professional support and design	0	0
Total	19,500	19,500
8. Headquarters Property		
8.1 Capital and interest payments	0	0
8.2 Maintenance, services and other building related costs	44,250	43,000
Total	44,250	43,000
9. Office furniture and equipment		
9.1 Furniture	0	1,500
9.2 Equipment	6,500	12,000
Total	6,500	13,500
10. Audit and other expenses		
10.1 Audit and accountancy fees	6,500	7,000
10.2 Bank charges and insurances	1,000	1,000
10.3 Miscellaneous	4,000	4,000
Total	11,500	12,000
11. Tag Return Incentive Scheme	4,500	4,500
12. Contribution to IASRF	0	0
13. Contribution to Contractual Obligation Fund	35,000	35,000
14. Contribution to Recruitment Fund	5,000	5,000
15. Contribution to IYS Fund	20,000	0
Total Expenditure	636,000	659,350

2018 Budget Contributions (Pounds Sterling) Adjusted for Confirmed rather than Provisional 2016 Catches (tonnes)

Party	2016 catch (provisional)	2016 catch (confirmed)	2018 contribution (provisional)	2018 contribution (confirmed)	Adjustment
Canada	135	135	81,169	81,169	0
Denmark (Faroe Islands and Greenland)	27	26	39,930	39,548	-382
European Union	256	257	127,371	127,753	382
Norway	612	612	263,307	263,307	0
Russian Federation	56	56	51,003	51,003	0
USA	0	0	29,620	29,620	0
Total	1,086	1,086	592,400	592,400	0

Note: A positive adjustment represents an underpayment in 2018.

11 NASCO Budget Contributions for 2019 and Forecast Budget Contributions for 2020 (Pounds Sterling)

Party	2017 catch (provisional)	2019 contribution	Adjustment from 2018	2019 adjusted contribution	2020 forecast contribution
Canada	112	71,954	0	71,954	74,826
Denmark (Faroe Islands and Greenland)	28	39,926	-382	39,544	41,520
European Union	223	114,277	382	114,658	118,838
Norway	664	282,423	0	282,423	293,696
Russian Federation	47	47,170	0	47,170	49,053
USA	0	29,250	0	29,250	30,418
Total	1,074	585,000	0	585,000	608,350

Contributions are based on the official returns.

Column totals in both tables can be in error by a few pounds due to rounding.

Five-year NASCO Budgeted Expenditure and Income Projections 2019 – 2023

		2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
Expenditure						
1.	Staff related costs	341,750	352,100	362,663	373,543	384,749
2.	Travel & Subsistence	37,000	26,750	35,000	37,000	39,000
3.	Research & advice	69,000	71,000	72,500	74,000	76,000
4.	Contribution to Working Capital	0	0	0	0	0
5.	Meetings	12,500	47,500	13,000	13,500	14,000
6.	Office supplies, printing and translations	29,500	29,500	30,000	31,000	31,000
7.	Communications	19,500	19,500	20,500	21,500	21,500
8.	Headquarters Property	44,250	43,000	43,000	43,500	44,000
9.	Office furniture & equipment	6,500	13,500	6,500	6,500	6,500
10.	Audit & other expenses	11,500	12,000	62,500	12,500	13,000
11.	Tag return incentive scheme	4,500	4,500	4,500	4,500	4,500
12.	International Cooperative Research	0	0	0	0	0
13.	Contribution to Contractual Obligation Fund	35,000	35,000	35,000	35,000	35,000
14.	Contribution to Recruitment Fund	5,000	5,000	0	0	0
15.	Contribution to IYS Fund	20,000	0	0	0	0
Total		636,000	659,350	685,163	652,543	669,249
Income						
16.	Contributions of Contracting Parties	585,000	608,350	634,163	601,543	618,249
17.	Interest Received on General Fund	1,000	1,000	1,000	1,000	1,000
18.	Income from HQ property	50,000	50,000	50,000	50,000	50,000
Total		636,000	659,350	685,163	652,543	669,249

List of Papers

FAC(18)01	Draft Agenda
FAC(18)02	2017 Audited Accounts
FAC(18)03	MoU with the OSPAR Commission
FAC(18)04	2019 Draft Budget, 2020 Forecast Budget and Five-Year (2019 - 2023) Budgeting Plan
FAC(18)05	Agenda
FAC(18)06	Draft Report of the Finance and Administration Committee
FAC(18)07	Report of the Finance and Administration Committee
FAC(18)08	2019 Budget and 2020 Forecast Budget, and Five-year Budgeting Plan (2019 - 2023)