



**The North Atlantic Salmon
Conservation Organization**

**Report of the Thirty-Seventh Annual Meeting of the
Finance and Administration Committee**

**28 and 29 May 2020
By Video Conference**

Chair: Kim Blankenbeker (USA)

Vice-Chair: Dennis Ensing (European Union)

Secretary: Emma Hatfield

CNL(20)06rev

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

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1. Opening of the Meeting

- 1.1 The Chair, Kim Blankenkemper (USA), opened the meeting and welcomed members of the Committee to the video conference.
- 1.2 The Chair noted that for the first time ever, NASCO's face-to-face Annual Meetings had been cancelled, due to the Covid-19 pandemic. Parties had agreed that, like other NASCO bodies, the Committee would conduct its business through inter-sessional correspondence and video conference. In addition, the Council intends to hold an Inter-Sessional Meeting in the autumn. She stated that some business has been cancelled or postponed until 2021. She thanked all delegates for their flexibility and willingness to participate in this extraordinary year.
- 1.3 The Chair reminded participants that the period for inter-sessional correspondence had run from 8 May until 22 May. This provided an important opportunity for Parties to consider the documents issued under relevant Agenda items, ask clarifying questions and receive responses, and generally exchange views on the issues before the Committee. The aim of this inter-sessional correspondence had been to streamline the Committee's work during the video conference to enable it to complete its work as effectively and efficiently as possible. An Annotated Agenda, [FAC\(20\)06A](#), which included a summary of the inter-sessional correspondence, was issued to all delegates on 26 May to help Parties with their meeting preparations. Where issues were raised during the inter-sessional correspondence period, they have been noted in this report and the summary of this correspondence is given in Annex 1.
- 1.4 A list of participants is contained in Annex 2.

2. Adoption of the Agenda

- 2.1 The Committee adopted its Agenda via correspondence on 8 May, [FAC\(20\)06](#) (Annex 3).

3. Election of Officers

- 3.1 The Committee elected Clemens Fieseler (European Union) as its Chair (proposed by the representative of Norway, seconded by the representative of Canada). The Committee was informed that the incumbent Vice-Chair was not available to serve as an officer to NASCO. The Committee therefore elected Heidi Hansen (Norway) as its Vice-Chair (proposed by the representative of the United States, seconded by the representative of the European Union).
- 3.2 The Committee thanked the outgoing Chair for her excellent work as Chair of the Finance and Administration Committee over the past four years, and the Secretary expressed her gratitude for the Chair's guidance. The Chair highlighted the superior support provided to her by the Secretary and her staff, noting that any success she had

in the position was in large part because of the strong team at the Secretariat. She also warmly thanked her friends and colleagues on the Committee for their help, support and hard work during the last four years.

4. 2019 Audited Accounts

- 4.1 The Chair noted that while NASCO's 2019 accounts had been audited, due to exceptional administrative delays by NASCO's bank, the auditors had not been able to sign off the audited accounts. The Secretary had, therefore, circulated financial statements to the President, Heads of Delegations and members of the Finance and Administration Committee for their consideration on 14 February 2020.
- 4.2 The Secretary noted that the year-end accounts indicated that the Working Capital Fund remained at its ceiling of £200,000. The Contractual Obligation Fund, which had been utilised in 2017 and reduced to £3,557, had been rebuilt to its ceiling of £250,000 in 2019 through the incorporation of the 2019 year-end surplus. The Recruitment Fund, which had been reduced from its standing level of £60,000 to £45,000 due to the recruitment of the Secretary and previous Assistant Secretary, had been further utilised in 2019 due to the recruitment of a new Assistant Secretary. However, through budgetary provision this Fund had been rebuilt to £52,800 in 2019. The International Year of the Salmon Fund stood at £259,000, due to a grant payment of £148,005 from the European Union in addition to the budgetary provision.
- 4.3 The Chair noted that there had been inter-sessional correspondence on this Agenda item, included in Annex 1. She asked the Secretary to provide any further information on this Agenda item. The Secretary noted that while the circulated document is a record of the 2019 financial statements, it could not be signed by the auditors due to NASCO's bank not providing the requested information. The Secretary further advised that the financial statements will not change; they were signed by her on 14 February 2020. The auditors are looking at the possibility of making some contingency arrangement to allow their sign off of the accounts. The Secretary is unsure of the time frame for this and has requested clarification from the auditors ahead of the upcoming Council meeting.
- 4.4 Given the exceptional nature of the delay in receiving the audited accounts, the Chair proposed that the Committee, as an initial step, accept the 2019 financial statements, in the hope that the auditors provide an alternative agreement prior to the Council meeting. The Committee could then take the decision this week to recommend the adoption of the audit to the Council. However, she noted that the audited accounts needed to be signed off and adopted by the Council in 2020, but not necessarily during the Annual Meeting in June; as such an inter-sessional decision may be necessary.
- 4.5 The representatives of Canada and the United States supported the Chair's proposal and the representative of the United States also noted that the inter-sessional meeting of the Council in the autumn could provide a forum for final acceptance if need be.
- 4.6 The representative of the United States noted the good standing of the Organization's finances and appreciated clarity in the financial statements on the various funds received.
- 4.7 The Secretary reported that she had considered changing the bank in light of the difficulties receiving the needed information to finalise the audited accounts. In exploring this matter with others, an initial concern is that moving to another similar bank likely would not mean improved service. On the other hand, a private bank may provide a better service but would be expensive. The Chair noted that this was the first

time this situation with the accounts had occurred and suggested the Committee see how things go over the next year. If problems continue, the Committee may wish to ask the Secretary to explore more seriously the possibility of changing the bank.

- 4.8 In light of the foregoing discussions, the Committee agreed as an interim step to recommend to the Council at its June meeting that it accept the financial statements should the audited accounts not be finalised by then. Once the audited accounts are received, they will be forwarded as soon as possible, and within the required 14 day deadline, to the Committee Members. The Committee would further recommend to the Council that the Committee consider the audited accounts by correspondence once received, and, depending on the timing of receipt, that the Council consider its recommendations on the audited accounts at either the Annual Meeting in June or the autumn Inter-Sessional Meeting of the Council.

5. Relationship with ICES

- 5.1 The Chair reminded participants that NASCO had signed a Memorandum of Understanding ([MoU](#)) with ICES on June 8, 2007, which outlines the provision of Scientific and Advisory information by ICES to NASCO. The MoU specifies recurrent requests for advice, procedures for *ad hoc* requests for advice as well as key administrative procedures and financial aspects. The MoU has been extended four times since adoption and the current extension ends in 2020.
- 5.2 In 2019, ICES requested that the revision of the NASCO-ICES MoU be initiated in 2020 to enable it to be aligned with the new and revised agreements and MoUs that ICES had concluded with other advice requesters. The Council of NASCO agreed to this request, and asked that the current MoU be extended for one additional year, i.e. through 2020, to ensure the provision of scientific advice in 2020.
- 5.3 The Secretary reported that, as requested by the Committee in 2019, she had liaised with ICES inter-sessionally to discuss the MoU. Significant progress had been made with a revised NASCO-ICES MoU. However, due to delays resulting from the Covid-19 pandemic, it had not been possible to complete that work and provide a revised document to the Committee for deliberations prior to the 2020 Annual Meeting. ICES had indicated that it is able, in the current circumstances, to continue to provide its advice under the current NASCO-ICES MoU, while inter-sessional work on the revised MoU continues between the two Organizations to prepare it for adoption by NASCO in 2021.
- 5.4 The inter-sessional correspondence related to this Agenda item is contained in Annex 1.
- 5.5 The Secretary noted that the revised MoU is almost ready to share and requested from the Committee an understanding of their preferred process once the revised MoU is circulated to the Committee.
- 5.6 The Chair asked if the Committee was prepared to extend the current NASCO-ICES MoU for one additional year to ensure scientific advice would continue to be received in 2021, which was a regulatory year. She also asked for reactions to the Secretary's request concerning the process for the Committee's review of the revised MoU. The representative of the United States supported the extension and suggested that the revised MoU could be sent out to members of the Committee once it has been received by the Secretary with the aim to consider the revised version at the inter-sessional meeting of Council in the autumn or, at the latest, at the 2021 NASCO Annual Meeting.

- 5.7 The representative of the United States also expressed her gratitude and support to the ICES Working Group Chair for adapting to work under these new circumstances.
- 5.8 In light of the above, the Committee agreed to recommend to the Council that the current MoU with ICES be extended for one additional year (i.e. through 2021). Pending agreement by the Council, the Secretary was asked to reaffirm this arrangement with ICES through appropriate means, as necessary.
- 5.9 The Committee requested that the Secretary circulate the revised MoU to the Committee for inter-sessional review and comment as soon as it is available, to facilitate its adoption at latest in 2021.

6. Consideration of the 2021 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

- 6.1 The Chair recalled that the information in document [FAC\(20\)05](#), presenting the Draft Budget for 2021 and Forecast Budget for 2022 had been discussed at length during the inter-sessional correspondence period (Annex 1). The Committee noted that in that document, for the purposes of calculating adjustments to contributions for 2020, the UK's 2018 catch was included in the EU's catch. Additionally, the 2021 draft budget contributions in document FAC(20)05 included the UK as if it were an independent Contracting Party to NASCO.
- 6.2 The Chair explained that, following the inter-sessional correspondence period, the Secretary produced revised budget and contribution tables removing the UK from the calculations for 2021 and 2022 and incorporating its catches in the calculations for the EU contribution. Further, there was a meeting of the Heads of Delegations on 27 May 2020, after which the Secretary revised the budget and contribution tables again to reflect her understanding of the potential agreements reached. The Secretary shared and explained these revised tables with the Committee. The performance review costs of £97,500 were removed from section 10 given that agreement was reached to delay the performance review by at least one year. £15,000 was included as a possible budget contribution for a new Special Fund to be created to reduce the potential for large fluctuations in the budget caused by intermittent and costly projects, such as performance reviews. Additionally, based on this revised proposed budget for 2021, the Secretary shared a revised budget contribution table for the current six Contracting Parties to NASCO.
- 6.3 The representative of the European Union stated that the UK confirmed that it is still their intention to join NASCO as of 1 January 2021 and that they will contribute to NASCO budget in line with the NASCO Convention. He pointed out that the projections presented in the revised tables include the UK 2019 provisional catches within the EU 2019 provisional catches for calculation of the 2021 Parties' contributions. Given that the UK might be a Contracting Party to NASCO in 2021, the EU representative highlighted that, for the time being, it is premature to assume that the EU contribution should be based on catches including the UK catches and additional discussions are needed with the UK. The EU therefore expressed a reservation regarding the proposed contributions by the Parties in 2021.
- 6.4 The Committee noted that any change to the NASCO membership would impact the contribution table for all Parties but also understood this was a particular situation for the EU. It was agreed that this issue would require additional discussion by the Council in the autumn when the broader question of UK accession to NASCO is taken up. The representative of the United States clarified that the comments made by the United States during the inter-sessional period were in regard to the adoption of the various

contribution tables in the draft budget, which should only include current Parties. The Committee also noted the expectation that, should the UK join NASCO, it will pay its share of the budget, calculated consistent with Articles 16(2) and 16(5) of the Convention and the expectation of the United States that there should be no outcome related to the treatment of 2019 and 2020 catches due to Brexit that causes an increase in the contributions of other Parties relative to the 2021 and 2022 budgets.

- 6.5 The Committee agreed the content of the revised tables, noting the reservation expressed by the EU, and asked the Secretary to provide the full set of budget tables for review with the report of the meeting, which could then be forwarded for agreement by the Council.
- 6.6 The representative of the Russian Federation stated that the Russian Federation supported the budget for 2021 and the budget forecast for 2022.
- 6.7 With regard to the establishment of a new Special Fund, the Chair informed the Committee that the Heads of Delegations had discussed three possible sources of funding: a small budget contribution in 2021; transfer of any 2020 budget surplus; and transfer of the IYS Fund surplus (£60,800). Additionally, the Heads of Delegations had determined that the Special Fund should be used to fund recurring special business and projects, such as regular performance reviews and legacy outreach activities arising from the International Year of the Salmon, thereby reducing the chance of large swings in the size of the annual budget.
- 6.8 The representative of the United States stressed that the purpose of the fund should be clearly articulated and understood. In that regard, she stressed that the Special Fund should not be used to support activities that belong in the annual operating budget, such as inter-sessional Commission meetings.
- 6.9 The representative of the United States asked for clarity on what the IYS legacy activities might cost. She also suggested that a very clear name be used for the fund, such as ‘Long-Term Special Projects Fund’. The Secretary stated that the IYS legacy activities costs would depend on any Terms of Reference decided by Council.
- 6.10 The representative of the European Union stated that he understood that the Heads of Delegations had agreed that the surplus in the IYS Fund could be used in the new Special Fund, and supported its inclusion.
- 6.11 The Chair stated that the Committee seemed to agree that the new Special Fund should be set up through receipt of a £15,000 budget contribution in 2021 and any 2020 budget surplus. However, she stated that it was less clear as to whether the IYS fund surplus should also contribute to the Special Fund, and what the interim ceiling might be.
- 6.12 The representative of Norway suggested a ceiling for the fund of £100,000 would be sufficient.
- 6.13 The representative of United States asked for clarification on several issues before agreement could be reached to transfer the IYS Fund surplus to the new Special Fund. She requested that the Secretary provide details of the expenditure of the Voluntary Contribution from the United States in 2018 and an understanding if the IYS Fund surplus could be ring-fenced inside a larger fund. The Secretary agreed to provide this in writing.
- 6.14 The representative of Canada suggested that a future discussion should be held as to the financial relationship of NASCO to the Board, recognising previous Council decisions in this regard. He noted that although there is a line item in the budget for the Board, no funds have been budgeted for the Board for some years. The Chair recalled that the

original idea in setting up the Board was that it would become financially self-sufficient. The representative of Canada indicated that the Board had not become fully self-sufficient and suggested that given the importance of the Board science activities to NASCO objectives, that some surplus funds could be directed to the Board in the future.

- 6.15 The Chair summarised the agreement reached by the Committee, as follows:
- a new Special Fund is to be established that is intended to help avoid large swings in NASCO's budget from year-to-year where monies to support necessary and higher cost intermittent activities, such as future performance reviews and IYS legacy activities, would be allocated; a name for, and clear articulation of the scope and purpose of, the fund should be developed inter-sessionally for consideration by the Council;
 - the initial ceiling for the new Fund should be £100,000, which could be revisited as needed once the draw on the Fund is established;
 - any 2020 budget surplus will be transferred to the new Special Fund after the audit of the 2020 accounts;
 - £15,000 will be included in the 2021 budget as the initial contribution to the Special Fund; and
 - pending the review of the information requested by the United States and subsequent agreement by the Council, the IYS Fund surplus of £60,800 could be transferred to the Special Fund.
- 6.16 Taking into account the above discussions, the Committee agreed to recommend to the Council the adoption of the revised 2021 Draft Budget and 2022 Forecast Budget, FAC(20)08 (Annex 4).
- 6.17 In addition, the Committee asked the Secretary to:
- prepare a comprehensive analysis of each budget line to ensure the budget accurately reflects the current needs of the Organization in time for 2021 budget deliberations; and
 - include information in future budgets on the most recent actual expenditures in the narrative section together with the current and proposed budget figures.

7. Other Business

- 7.1 The representative of the United States requested information on recovering costs related to the cancellation of the 2020 Annual Meeting. The Secretary replied that as of 26 April 2020, NASCO had paid half of the costs of the cancelled Annual Meeting, as agreed when the contract was signed. She explained that she has had discussions with the hotel that those costs might be recouped against future possible meetings. However, negotiations are ongoing.

8. Report of the Meeting

- 8.1 The Committee agreed a report of its meeting.

9. Close of the Meeting

- 9.1 The Chair thanked participants for their contributions to the work of the Committee and closed the meeting of the Finance and Administration Committee.

Note: The budget contained in Annex 4 was adopted by the Council. However, following the accession of the UK to NASCO, the Schedule of Contributions was revised and agreed by the Council. The Revised Schedule of Contributions has been included in Annex 4 of this report

FAC(20)11

Inter-sessional Correspondence for the Finance and Administration Committee

The Finance and Administration Committee's inter-sessional correspondence took place between 8 - 22 May. It is set out below, under the relevant Agenda item. If an Agenda item is not listed, no inter-sessional correspondence took place.

4. 2019 Audited Accounts

- 4.1 The representative of the United States noted the delay in receiving the final audited accounts from Saffrey Champness due to a bank delay. She expressed concern as the United States needs these documents for their records. The representative of the United States asked for an update on the current situation.
- 4.2 The Secretary replied that she had been informed by the auditors on 21 May, that the authorisation required by the bank was now in place and that the bank was 'arranging for the request to be looked into on priority for completion'. The auditors gave the bank a deadline of Monday 25 May.
- 4.3 The representative of Canada responded saying that he appreciated the updated information provided by the Secretariat and looked forward to receiving the audit financial statements when available.

5. Relationship with ICES

- 5.1 The representative of the United States noted that ICES is dealing with challenges due to Covid-19, which has delayed development of a revised MoU. She asked that, with regard to the process for revising the MoU during the 2020-21 intersessional period, that a draft be circulated to the Parties for review and comment as soon as it becomes available and well before the 2021 NASCO Annual Meeting.
- 5.2 The Secretary informed the representative of the United States that the revised MoU is reasonably close to the point that it can be distributed to the FAC for review and comment.
- 5.3 The representative of Canada stated that Canada supports extending the existing MoU by another year to allow for revision and renewal in 2021. He would appreciate receiving a draft for review and comment when it is available.

6. Consideration of the 2021 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

- 6.1 Overarching Comments: The representative of Norway noted that the draft Budget for 2021 indicates an increase from approximately £636,00 in 2020 to £748,000 in 2021 (18% increase). This is due largely to the inclusion of £97,500 for the third performance review. She stated that this is a significant increase and suggested the FAC might look for savings in the budget.
- 6.2 The representative of the United States also noted that the 2021 budget is significantly higher than anticipated due to the next performance review. The representative of the United States noted and appreciated concerns about this. She said that the performance

review could be delayed and noted that if the Council could decide on this question, that would ease the work of the FAC in 2020.

- 6.3 The representative of the United States noted underspend in many budget lines in recent years, since expenses are unpredictable and suggested a comprehensive analysis of each budget line, to ensure the budget accurately reflects the current needs of the organization. She suggested that such analysis would benefit budget deliberations in 2021.
- 6.4 The representative of the United States also suggested that in future the budget might include information on the most recent actual expenditures in the narrative section together with the current and proposed budget figures.
- 6.5 The representative of Canada supported the U.S. suggestion for the Secretary to undertake, between now and the next Annual Meeting, a comparison of budgeted amounts and actual expenditures in recent years. He stated that Canada would welcome incorporation of the results into next year's budget, as well as a brief summary of the results of the exercise at the next FAC.
- 6.6 The representative of Canada also asked whether the Secretary expects any savings or increases on budgeted 2020 expenditures due to postponed or cancelled activities (especially travel), or lack of income on the property due to the Covid-19 pandemic. He noted that this might help inform discussions on other budgetary issues.
- 6.7 The representative of the European Union noted that with the exception of a significant increase related to the next performance review, the proposed budget only slightly increases compared to 2020. He also acknowledged the sound financial situation of the Organization.
- 6.8 The representative of Canada noted that NASCO seems to be financially healthy. He commented that the Board is again not budgeted to receive any funds from NASCO. He asked whether, given the importance of science-based activities to NASCO's success, this might be an opportunity to grant the Board some funding from the NASCO budgets.
- 6.9 Following these comments on the Board from Canada, the representative of Norway reminded the Parties about why the Board was set up outside NASCO (should not be financed through the NASCO budget). NASCO only provided 'seed corn' funding to start in the very early years of the Board and has not done so since.
- 6.10 Section 1.2 (Temporary and part-time support staff): The representative of Norway referred to the Section 1.2 (Temporary and part-time support staff) of FAC(20)05, highlighting a new element 'Ten days of consultancy costs, at £650 per day'. She asked what kind of support this refers to and the rationale behind it.
- 6.11 The Secretary explained that following the 2019 Annual Meeting, the NASCO President and Secretary discussed the effective functioning of NASCO. The Secretary was encouraged to seek assistance from sources with experience and knowledge of NASCO processes, which could include former employees of NASCO. The President and Secretary agreed that a way forward could be to work with the former NASCO Secretary. The President discussed with the former NASCO Secretary, Peter Hutchinson, the possibility of his being engaged by the Secretary via contract to serve as a consultant on selected areas of NASCO's work that the Secretary considered could benefit from his experience and knowledge. Dr Hutchinson had confirmed his willingness, in principle, to assist NASCO but it is unclear how much work there will be and when. A rate has yet to be agreed so the per diem rate of £650 per day was used

in the budget.

- 6.12 Meetings: The representative of the European Union noted that it may be necessary to organise an inter-sessional meeting of the West Greenland Commission in 2021 to discuss regulatory measures. Other additional meetings in 2021 may also be needed. The representative of the European Union asked whether the £8,000 budgeted under cost heading 5.2 will cover such eventualities.
- 6.13 The Secretary responded is difficult to know exactly what will be needed in 2021 and presented a table to show the expenditure against the budget for the cost headings 2.2 (Official Travel and Subsistence) and 5.2 (Costs of other meetings) from 2017 to 2019. 5.2 showed an underspend in 2017 and 2018 and a slight overspend in 2019. There were other (IYS) meetings in 2019 funded directly from the IYS Fund.

		2020	2019	2018	2017
Official T&S	<i>Budget</i>	28000	25000	20000	20000
	Expenditure		20853	27457	14988
Other meetings	<i>Budget</i>	7750	7500	7000	7000
	Expenditure		7757	6124	5099

- 6.14 She explained that if a Party is willing to host a meeting, that would leave more money in the NASCO budget for other meetings. She also noted that there is the ability to transfer money between budget headings with the agreement of the President so money could be transferred from cost heading 2.2 to 5.2.
- 6.15 The representative of Canada supported the European Union’s suggestion to have a contingency fund for inter-sessional meetings that may be necessary to support West Greenland Commission discussions, dealing with extraordinary situations such as the UK, or other additional meetings.
- 6.16 Section 10 (Audit and other expenses): The representative of Norway referred to Section 10 (Audit and other expenses) of FAC(20)05, ‘2021 Draft Budget, 2022 Forecast Budget and Five-Year (2021 – 2025) Budgeting Plan’. She said that there appeared to be little rationale for the budgeted figure of £97,500 for the performance review. She noted that for the last NASCO performance review in 2012, £50,000 was budgeted, but thought that a lesser sum was spent (although she did not have access to the 2012 audit). The representative of the Norway asked for information on the spend on the last performance review in 2012 and stated that the next performance review should not be much more than last time.
- 6.17 The Secretary replied that she would be happy to provide the information as soon as she is able to return safely to the office after the lockdown in Scotland is lifted. The electronic records only go back to the audit of the 2014 NASCO accounts; 2012 accounts are in a hard copy file.
- 6.18 The Secretary explained that the budget for the performance review in paper CNL(20)15 is a hypothetical budget for NASCO given a certain set of possibilities. It uses a per diem (£650) that reflects the figures paid to external reviewers over the last three years (in the region of £550 to £750 per day). The Secretary said that she had been assured by several independent reviewers that the acceptable per diem has increased significantly since 2012. The reviewer costs then reflect the number of external experts, and the total number of days they might be expected to be involved. These costs could be reduced if Parties felt less time would be needed for NASCO’s performance review.

The Secretary stated that other costs are for travel and subsistence, using current estimates, for the external reviewers for one five-day meeting in Edinburgh. The flight component of those costs would vary depending on the reviewers' countries of origin. The final component for the budget is for the Chair to attend the NASCO Annual Meeting both prior to and after the performance review, as is best practice.

- 6.19 The representative of the European Union agreed with the representative of Norway that the proposed budget for the performance review could be reduced. He noted that this would be dependent on the type and scope of performance review and expressed the view that the moderate level of complexity of NASCO (single species and six Contracting Parties) should be reflected in the format of the performance review.
- 6.20 The representative of Norway stated that 2020 has been an extraordinary year, mostly due to the Covid-19 situation, and if the performance review were delayed until 2022 or 2023 its cost could be budgeted for over more than one year. This could involve setting up a performance review Special Fund as provided for under Financial Rule 6.1 and as was done for the IYS and Recruitment Funds. She stated that if a Performance Review Fund were set up in 2020 it could hold funds until the next performance review and allow smooth budgeting towards a further performance review in seven or eight years' time. The representative of the United States said she supported this idea and also agreed that the performance review could be delayed, noting that if the Council could decide on this question, that would ease the work of the FAC in 2020. The representative of the European Union agreed that Norway's proposal should be given full consideration. He noted the proposal to postpone the performance review and said this could provide some flexibility in starting such a fund.
- 6.21 The representative of the European Union proposed an alternative or a complement to Norway's proposal, to explore the possibility to use the Working Capital Fund to finance the next performance review. This would provide added flexibility.
- 6.22 The FAC may wish to note that as part of Council Agenda item 6(a) relating to the third performance review, the representative of the United States expressed concern that the agreement to postpone discussion on the performance review until the autumn could impact the ability to agree a budget. She said she supported at least a one-year delay in conducting the performance review, and that the decision should be agreed informally prior to the FAC meeting and agreed formally during the Council video conference.
- 6.23 The representative of the Norway suggested that any surplus in the IYS Fund be reattributed to the budget / Performance Review Special Fund in 2021 and that there might be a further contribution in the 2022 budget when there is a better idea of the scope and nature of the review. The representative of the United States expressed concern on this point. She noted that the IYS Fund was established as a Special Fund under Financial Rule 6.1, and that Special Funds are established for a specific purpose and separately held in accordance with Financial Rule 10.4. She stated that the IYS Fund includes voluntary contributions which need special consideration, as well as funds provided through NASCO's budgetary process. She recognised that the IYS Fund will need to be closed at some point but considered that funds in this account should be spent on IYS-related activities if at all possible. She said that if money remain in the IYS Fund after these activities had concluded, only then could other, non-IYS related uses be considered for the funds. The representative of the United States said that in order to do so, however, the FAC would need to review additional, detailed information about the income and expenditures related to the IYS Fund since its inception, including the status of the U.S. voluntary contribution.

- 6.24 The representative of the United States noted that when first looking at the budget on pages 9 and 10 of document FAC(20)05, it was not immediately apparent that the large increase in sections ‘10. Audit and other expenses’ and ‘10.3 Miscellaneous’, respectively, were for the performance review. She asked that a footnote be added that specifies the reason for the increase to ensure clarity in the final budget document for future delegates or others who may be using these tables. The Secretary agreed to do so, if Parties agreed.
- 6.25 The representative of Canada noted the helpful suggestions with respect to the performance review scheduled for 2021. He stated ‘*we understand the need to conduct this in 2021 as this project has already been delayed.*’ The representative reported that Canada is comfortable with the projected budget as an estimate that was based on experiences on similar projects. He also recognised that as planning for the performance review evolves the budget may be revised downwards.
- 6.26 The representative of Canada expressed support for establishing a separate fund for performance reviews and suggested the FAC should consider such an approach for extraordinary expenses for State of the Salmon reports as well. The representative of Canada suggested that the matter of the specific amount to budget for the performance review be discussed in the FAC video conference.
- 6.27 In a further response following comments from other Parties and the Secretary, the representative of Norway noted that in CNL(20)15 (‘Consideration of the Process for Arranging a Third Performance Review in 2021’, an item postponed to the September inter-sessional meeting of Council) a proposed budget is set up in Annex 3 (£97,500). Norway had earlier proposed to delay the performance review and, given that the format of the previous performance review can be built on, Norway suggests a total of £30,000-£35,000 to be included in the 2021 budget with appropriate adjustment made in the 2022 budget when the extent of the performance review has been determined and detailed costings have been provided by the Secretary.
- 6.28 Contribution to IYS Fund: The representative of Norway referred to the ‘Contribution to IYS Fund’ noting that 2019 was the International Year of the Salmon and this section of the budget was therefore set to zero. She noted that the Audit Report / Financial Statements Report shows an IYS budget surplus of £43,747 in 2019 and that CNL(20)22 states that ‘there is approximately £61,000 as a surplus in the IYS Fund’. She asked if there is a total surplus of approximately £61,000 in the IYS Fund? The Secretary replied that the figure in document CNL(20)22, i.e. a surplus of approximately £61,000, once the £25,000 ring-fenced for the concluding Symposium (as agreed by Council in 2018) is accounted for, is correct. This is based on the accounts up to the end of April 2020.
- 6.29 The representative of the Norway suggested that any surplus in the IYS fund is reattributed to the NASCO budget, thus easing the burden on Parties.
- 6.30 The representative of the European Union suggested that consideration should be given to using the surplus from the IYS fund for redeveloping the NASCO website. He stated that this would be consistent with the purpose of the fund and would deliver substantial benefits for the organization. The Secretary replied that the IYS fund is being used to redevelop the NASCO website. She reported that the new website is at an advanced stage and the Secretariat is running it off-line, in parallel with the current website during the Annual Meeting preparations, to test it internally.
- 6.31 The representative of Canada agreed with the United States that the IYS Fund should be used for IYS-related activities where possible. He noted that Canada has already

suggested that establishing or improving the appropriate data or information-base of metrics for future State of Salmon reports might be an appropriate use of such funds. He also suggested that the Board's Fund might be a beneficiary for IYS funds.

- 6.32 In a further response following comments from other Parties and the Secretary, the representative of Norway asked the Secretary if it was possible, before the FAC meeting, to provide a more detailed overview of what IYS activities the various contributions have been spent on and to clarify the extent of any remaining voluntary contributions in the IYS Fund surplus.
- 6.33 Suggestion to re-establish a Stabilisation Fund: The representative of Norway referred to her earlier suggestion of setting up a performance review Special Fund. She noted that Canada had suggested establishing a fund for future State of Salmon reports and the European Union said '*it might be necessary to organise an intersessional meeting of the WGC in 2021 in order to discuss regulatory measures. In addition, with the uncertainties related to the C-19 Pandemic, it might also be necessary to organise additional meetings in 2021 if some agenda items require discussions before the annual meeting*'. The representative of Norway suggested that an approach to all these suggestions might be to re-establish a Stabilisation Fund and build it specifically to cover peaks in budgets associated with performance reviews, State of Salmon reports etc. This could be built by budget contribution and year-end budget surpluses and possibly the IYS surplus. She said that if there is likely to be a budget surplus in 2020 then this Fund should be established and built by any year-end surplus. She referred to earlier comments from the representative of Canada who stated that there may be surpluses in 2020 because of reduced activity due to Covid-19. The representative of Norway suggested that any Stabilisation Fund could be limited to a ceiling of, for instance, £100,000 but initially it would be dedicated to the next performance review.
- 6.34 Budget Contributions: UK Projections: The representative of Norway noted the uncertainty surrounding the budget given the lack of clarity on the status of the UK within NASCO. She noted that if the UK joins NASCO part way through a financial year, Financial Rule 5.4 states that '*The contribution of a Party for which the Convention has entered into force during the course of a financial year shall, for that year, be a part of the annual contribution proportional to the number of complete months remaining in the year from the date of entry into force for that Party*'. The representative of Norway stated that if it is not possible for the Secretary to get a renewed guarantee from the UK Government on when the UK can formally be a NASCO member, NASCO should budget without the UK as a member, or have a mechanism in place to fill the gap if the UK does not join NASCO with effect from January 2021.
- 6.35 The representative of the United States agreed with Norway and requested that, until the United Kingdom formally accedes to the NASCO Convention, they are not included in official budget documents. However, she said it was helpful to consider how contributions may be affected if and when the United Kingdom joins NASCO, through informational documents.
- 6.36 The representative of the United States had a number of questions on the scenarios for contributions based on confirmed catches. First, she noted that the United States considered that catches for any given year must be attributed to whomever the Contracting Party to NASCO was at the time the catches were made, whether the catch data was provisional or confirmed. Consistent with this, the representative of the United States said all UK catches should be included as part of the EU catches for every year in which the United Kingdom was represented by the European Union at NASCO - i.e.

for the duration that the United Kingdom was an EU Member State as well as for the period that the withdrawal agreement is in effect. Therefore, the representative of the United States requested the following clarifications and changes to the tables on Page 12 of [FAC\(20\)05](#):

(1) removal of Scenario 1 as well as the reference to the UK on all three tables;

(2) for the first table (2020 budget contributions adjusted for confirmed catches), she asked the Secretary to verify the contribution levels reflected in scenario 2. If the confirmed UK catches are included in the EU catches as indicated in the footnote, it is not clear why the EU contribution would be lower under Scenario 2 than Scenario 1 and the contributions of most other parties higher.

(3) for Scenario 2 in the second table (budget contributions for 2021), the representative of the United States asked the Secretary to recalculate contributions based on including the 2019 UK provisional catches as part of EU catches; and

(4) for Scenario 2 in the third table (forecast budget contributions for 2022), the representative of the United States assumed whatever process was used to generate these figures did not contemplate inclusion of UK catches as part of the EU catches. Given that this budget will be based on 2020 catches, and 2020 is presumably the last year the EU will represent the UK in NASCO, the representative of the United States asked the Secretary to revise the table taking this situation into account.

- 6.37 The Secretary asked when the representative of the United States wanted to receive the revised tables. The representative of the United States replied that they would be usefully provided at least the day before the FAC video conference.
- 6.38 The representative of the European Union acknowledged that legitimate concerns were expressed by several Parties in relation to the potential impact of Brexit on the budget contributions in 2021. He noted that Article 16(2) of the Convention establishes the mechanism to calculate the contributions for each Party, and in the event that the UK would not be able to join NASCO in 2021, it was suggested that the 2019 catches from the UK should be counted as EU catches. He said that if, however, the UK joins NASCO in 2021, Article 16(5) would be relevant in calculating the contribution of the UK. The representative of the European Union noted that the UK had already expressed its interest in joining NASCO as soon as possible, and that the probability of the Parties' contributions being negatively impacted (i.e. increasing) by the departure of the UK from the EU remains low. He agreed that it is difficult to speculate on whether the UK will have departed the EU by 31 December 2020, or if the current Implementation Period will be extended.
- 6.39 The representative of the European Union had some reservations concerning the view that all UK catches should be included as part of the EU catches for every year for which the UK was represented by the EU. He said that this suggested that the UK's catches in 2019 and 2020 would be accounted for under the EU contribution, even in the event that the UK would be a member of NASCO starting in 2021. Instead, he said that the European Union believe that further discussions were required, in the context of the ongoing negotiations between the EU and the UK, to clarify aspects related to the participation of the UK to NASCO, and that until such exchanges take place it remains premature to make conclusions regarding how catches by the UK should be accounted for in terms of contributions to NASCO.
- 6.40 The Secretary informed Parties that the UK had yet to make a formal request to join NASCO. The UK's position has been laid out in document CNL(20)07, 'The Future

Status of the UK Within NASCO’ in the section entitled ‘The UK wishes to Accede to the Convention’. Whilst NASCO has had no formal correspondence with the UK Government since February 2019, the Secretary has had informal discussions with UK Government officials. Officials indicate that the UK wishes to accede to the Convention.

- 6.41 The representative of Canada recognised that this remains an area of great uncertainty. He stated that at this point Canada accepts that the only scenario for which we would have strong confidence in the numbers would be if the UK is not a Party to NASCO in 2021. He suggested that developing more options or trying to refine existing options may be premature. He noted that this is another instance whereby in this extraordinary year, for multiple reasons, the Finance and Administration Committee and Council may need to discuss budget refinements between Annual Meetings.

2020 FAC - List of Participants

Canada

Doug Bliss
Dale Marsden
Robynn Smith-Laplante

Denmark (in respect of the Faroe Islands and Greenland)

Sissel Fredsgaard

European Union

Arnaud Peyronnet
Clemens Fieseler
Ignacio Granell

Norway

Heidi Hansen
Raoul Bierach

Russian Federation

Alexander Khatuntsov
Ivan Kolobanov

USA

Kim Blankenbeker (Chair)
Rebecca Wintering
Kim Damon-Randall
Alexis Ortiz

Secretariat

Emma Hatfield
Wendy Kenyon



FAC(20)06

Meeting of the Finance and Administration Committee

By Video Conference

28 and 29 May 2020

Agenda

1. Opening of the Meeting
2. Adoption of the Agenda
3. Election of Officers
4. 2019 Audited Accounts
5. Relationship with ICES
6. Consideration of the 2021 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan
7. Other Business
8. Report of the Meeting
9. Close of the Meeting

FAC(20)08

North Atlantic Salmon Conservation Organization
2020 Budget, 2021 Draft Budget and 2022 Forecast Budget
(Pounds Sterling)

		Budget 2020	Draft 2021	Forecast 2022
Expenditure				
1.	Staff-related costs	353,180	383,080	393,800
2.	Travel and subsistence	39,500	32,500	39,750
3.	Research and advice	65,700	61,100	62,200
4.	Contribution to Working Capital Fund	0	0	0
5.	Meetings	12,750	43,000	13,250
6.	Office supplies, printing and translation	26,500	26,500	27,000
7.	Communications	19,750	20,300	20,750
8.	Headquarters Property	44,250	44,250	45,000
9.	Office furniture and equipment	17,000	17,000	6,500
10.	Audit and other expenses	13,500	13,500	13,750
11.	Tag Return Incentive Scheme	4,500	4,500	4,500
12.	International Atlantic Salmon Research Fund	0	0	0
13.	Contribution to Contractual Obligation Fund	35,000	0	0
14.	Contribution to Recruitment Fund	5,000	5,000	0
15.	Contribution to new Special Fund	0	15,000	0
Total Expenditure		636,630	665,730	626,500
Income				
16.	Contributions - Contracting Parties	583,630	612,730	573,500
17.	General Fund – Interest	1,000	1000	1,000
18.	Income from Headquarters Property	52,000	52,000	52,000
19.	Surplus or Deficit (-) from 2019	0	0	0
Total Income		636,630	665,730	626,500

2021 Draft Budget & 2022 Forecast Budget (Pounds Sterling) – Expenditure by Sub-section

	Draft 2021	Forecast 2022
1. Staff related costs		
1.1 Secretariat members	239,470	246,200
1.2 Temporary and part-time staff costs	58,200	59,800
1.3 Staff Fund, allowances, insurances and other costs	85,410	87,800
Total	383,080	393,800
2. Travel & subsistence		
2.1 Travel to Annual Meeting	4,500	11,750
2.2 Official travel and subsistence	28,000	28,000
Total	32,500	39,750
3. Research and advice		
3.1 Contribution to ICES	61,100	62,200
3.2 Other research & advice	0	0
Total	61,100	62,200
4. Contribution to Working Capital Fund	0	0
5. Meetings		
5.1 Costs of Annual Meeting	35,000	5,250
5.2 Costs of other meetings	8,000	8,000
Total	43,000	13,250
6. Office supplies, printing and translation		
6.1 Office supplies	16,000	16,250
6.2 Printing	8,000	8,250
6.3 Translations	2,500	2,500
Total	26,500	27,000
7. Communications		
7.1 Telecommunications	5,000	5,250
7.2 Postage and courier services	3,500	3,500
7.3 IT Support & Website	11,800	12,000
7.4 Communications, professional support and design	0	0
Total	20,300	20,750
8. Headquarters Property		
8.1 Capital and interest payments	0	0
8.2 Maintenance, services and other building related costs	44,250	45,000
Total	44,250	45,000
9. Office furniture and equipment		
9.1 Furniture	0	0
9.2 Equipment	17,000	6,500
Total	17,000	6,500
10. Audit and other expenses		
10.1 Audit and accountancy fees	8,000	8,250
10.2 Bank charges and insurances	1,000	1,000
10.3 Miscellaneous	4,500	4,500
Total	13,500	13,750
11. Tag Return Incentive Scheme	4,500	4,500
12. Contribution to IASRF	0	0
13. Contribution to Contractual Obligation Fund	0	0
14. Contribution to Recruitment Fund	5,000	0
15. Contribution to new Special Fund	15,000	0
Total Expenditure	665,730	626,500

2020 Budget Contributions (Pounds Sterling) Adjusted for Confirmed rather than Provisional 2018 Catches (tonnes)

Party	2018 catch (provisional)	2018 catch (confirmed)	2020 contribution (provisional)	2020 contribution (confirmed)	Adjustment
Canada	90	79	66,061	62,420	-3,641
Denmark (Faroe Islands and Greenland)	40	40	45,572	46,011	439
European Union ¹	192	178	107,857	104,074	-3,784
Norway	595	594	272,995	279,103	6,108
Russian Federation	80	80	61,963	62,841	878
USA	0	0	29,182	29,182	0
Total	997	971	583,630	583,630	0

¹ The UK's 2018 catch is included in the EU' 2018 catch for the purposes of calculating the adjustment.

Note. A positive adjustment represents an underpayment in 2020.

Revised NASCO Budget Contributions for 2021 and Forecast Budget Contributions for 2022 (Pounds Sterling)

Party	2019 catch (provisional)	2021 contribution	Adjustment from 2020	Adjustment accounting for UK 2020 accession	2021 adjusted contribution	2022 forecast contribution
Canada	94	75,428	-3641	-347	71,440	70,598
Denmark (Faroe Islands and Greenland)	29	41,429	439	-347	41,520	38,776
European Union	109	83,274	-3784	-347	79,143	77,942
Norway	510	293,022	6108	-347	298,782	274,261
Russian Federation	57	56,074	878	-347	56,605	52,484
United Kingdom ¹	21	37,244	-	2,084	39,329	34,860
USA	0	26,260	0	-347	25,912	24,579
Total	820	612,730	0	0	612,730	573,500

¹ The UK is now an independent Contracting Party to NASCO and has agreed that, in line with Article 16(2) of the NASCO Convention, its 2019 provisional catch should be used as the basis for its 2021 Budget Contribution. This figure is no longer, therefore, included in the EU's 2019 provisional catch.

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 2021 – 2025

		2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Expenditure						
1.	Staff related costs	383,080	393,800	404,826	416,162	427,814
2.	Travel & Subsistence	32,500	39,750	40,000	40,250	40,500
3.	Research & advice	61,100	62,200	63,300	64,450	65,500
4.	Contribution to Working Capital	0	0	0	0	0
5.	Meetings	43,000	13,250	13,500	13,750	14,000
6.	Office supplies, printing and translations	26,500	27,000	27,500	27,500	27,500
7.	Communications	20,300	20,750	21,000	21,250	21,500
8.	Headquarters Property	44,250	45,000	45,000	45,000	45,000
9.	Office furniture & equipment	17,000	6,500	6,500	6,500	6,500
10.	Audit & other expenses	13,500	13,750	14,000	14,250	14,500
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	0	0	0	0	0
14.	Contribution to Recruitment Fund	5,000	0	0	0	0
15.	Contribution to new Special Fund	15,000	0	0	0	0
Total		665,730	626,500	640,126	653,612	667,314
Income						
16.	Contributions of Contracting Parties	612,730	573,500	587,126	600,612	614,314
17.	Interest Received on General Fund	1,000	1,000	1,000	1,000	1,000
18.	Income from HQ property	52,000	52,000	52,000	52,000	52,000
Total		665,730	626,500	640,126	653,612	667,314