

	<p>Finance and Administration Committee</p> <p><i>Report of the Meeting of the Finance and Administration Committee of the North Atlantic Salmon Conservation Organization</i></p>	<p>FAC(21)12</p> <p>Duplicated as CNL(21)06</p>
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***Report of the Meeting of the Finance and Administration Committee of the
North Atlantic Salmon Conservation Organization***

By Video Conference

26 and 28 May 2021

1. Opening of the Meeting

- 1.1 The Chair, Clemens Fieseler (European Union), opened the meeting and welcomed members of the Finance and Administration Committee (FAC) to the Meeting.
- 1.2 The Chair noted that for the second time, NASCO's face-to-face Annual Meeting had been cancelled, due to the Covid-19 pandemic. Parties had agreed that NASCO's business would be conducted through inter-sessional correspondence and video conference.
- 1.3 The Chair reminded participants that the period for inter-sessional correspondence had run from 3 May until 14 May. Members of the Committee had been able to use this time to consider the documents issued under each Agenda item and ask, and respond to, questions. The aim of the inter-sessional correspondence had been to streamline the work of the video conference to enable the members of the Committee to work as effectively as possible under the circumstances. The inter-sessional correspondence can be found in full in Annex 1.
- 1.4 The Chair referred participants to the Annotated Agenda, [FAC\(21\)09Arev](#). He noted that the Agenda, [FAC\(21\)09](#), was adopted by correspondence on 30 April, prior to the inter-sessional correspondence period (Annex 2).
- 1.5 A list of participants is contained in Annex 3.

2. 2020 Audited Accounts

- 2.1 The Chair informed participants that there had been inter-sessional correspondence on this Agenda item and noted that the questions had been answered by the Secretary.
- 2.2 The representative of Norway asked whether the use of a four-year time frame, accounting for the depreciation of equipment, was consistent with the Secretariat's policy of replacing laptops every three years. The Secretary agreed to consult the auditor on this issue, and align these time frames in future, as appropriate.
- 2.3 The Committee agreed to accept the audited financial statements and to refer them to the Council for adoption.

3. Relationship with ICES

- 3.1 The Chair reminded participants that NASCO had signed a Memorandum of Understanding (MoU) with ICES on 8 June 2007, which outlines the provision of Scientific and Advisory information by ICES to NASCO. The MoU specifies recurrent requests for advice and procedures for ad hoc requests for advice, as well as key administrative procedures and financial aspects. The Chair reported that the MoU has

been extended five times since adoption and the current extension ends in 2021.

- 3.2 As requested, the Secretary had liaised with ICES inter-sessionally since the 2018 FAC meeting. In 2019, ICES explained that it wished to review the NASCO-ICES MoU to align it with the new and revised agreements and MoUs that it had concluded with other advice requesters. ICES requested that this work be initiated in 2020. A proposed revised MoU has been provided, [FAC\(21\)05](#).
- 3.3 A representative of ICES, Lotte Worsøe Clausen, was invited to attend to clarify issues raised by the representative of the United States on the proposed revised ICES MoU. Dr Worsøe Clausen confirmed that the questions developed by the Standing Scientific Committee and adopted by NASCO for ICES each year would be the subject of the advice NASCO receives, and that not all of the items listed in the MoU would need to be addressed by ICES if they are not relevant or appropriate in a given year. She indicated that the process remained the same in the proposed revised MoU as in the current MoU.
- 3.4 Dr Worsøe Clausen also clarified the cost structure in the MoU. She noted that ICES has been reviewing all MoUs to ensure transparent costing in all agreements. A 100% cost recovery of advice services is applied, but with a minimum fee which ensures that ICES basic costs are met. She noted that since NASCO's cost is based on the minimum fee, there is no flexibility to reconsider the fee in any given year should ICES be unable to provide updated information as required. She also informed the Committee that although the MoU refers to a temporary costing, she does not expect it to change significantly.
- 3.5 When asked about the removal of the text 'When assessing the contributions to be paid by NASCO, due account shall be taken of contributions made by ICES Member Countries or international client Commissions of ICES with interests in the same issues and in the same geographical area', the representative of ICES stated that it is a fundamental principle of ICES that all members make expertise available for ICES work. As this is a requirement across all agreements, ICES felt it was unnecessary to include it explicitly in the MoU.
- 3.6 Dr Worsøe Clausen said that it was for NASCO to determine, in paragraph 11, when the three-year review is to occur.
- 3.7 The FAC continued the discussion of these issues once the representative of ICES left the meeting.
- 3.8 Norway sought clarification on whether the proposed revised MoU would result in increased expenses for non-recurring advice requests than the current MoU, given its emphasis on fisheries management. The Secretary explained that her understanding, having spoken with ICES, was that the breadth of advice that has always been sought will continue to be available under the annual recurring advice through NASCO's request to ICES.
- 3.9 Norway expressed concern that if the proposed revised MoU is in line with MoUs for other organizations it may not be appropriate for NASCO's work, as NASCO may want advice on a broader range of topics than just marine issues. This could include issues such as freshwater systems or climate change. The representative of the UK also wanted to ensure that a broad range of advice was available and sought to clarify that the fact that the advice bullets fall under the heading 'Advice on fishing opportunities, catch, and effort' on page 8, will not constrain NASCO's ability to request broad advice.

- 3.10 The representative of Canada suggested that the proposed revised MoU refer both to marine and freshwater systems. The representative of the United States suggested text be added to paragraph 11 to clarify when the next review is required.
- 3.11 The FAC agreed to recommend the proposed revised MoU to the Council, conditional upon the following revisions being made:
- written recognition in the paragraphs under ‘Ecosystem and Fisheries advice’ on page 7 in the proposed revised MoU either that a) ‘ecosystem’ refers to both marine and freshwater ecosystems, or b) freshwater ecosystems are also referred to paragraphs a, b, and c;
 - under paragraph 11 in ‘General Administrative Arrangements’ clarification is included that the three-year review will take place from the date of the signature of the MoU; and
 - to change the title ‘Advice on fishing opportunities, catch, and effort’ on page 8, to ensure that NASCO’s ability to request a broad range of advice is not constrained.
- 3.12 The FAC agreed to recommend to the Council that:
- the Secretary liaise with ICES to request revision of the proposed revised MoU as set out above;
 - the resulting document be considered by the FAC by correspondence, inter-sessionally; and
 - the Council adopt the finalised MoU, inter-sessionally, by correspondence.

4. MoU with the OSPAR Commission

- 4.1 The Chair noted that the MoU between NASCO and the OSPAR Commission came into effect on 5 August 2013. In 2019, the FAC agreed that the Secretary should continue to liaise with OSPAR on issues of mutual interest and bring relevant information and developments to its attention. The Secretary reported on the four main issues of interest to NASCO currently.
- 4.2 First, she reported that OSPAR began a discussion on the possibility of establishing a Marine Protected Area (MPA) in the central Atlantic Ocean in 2018. The proposed MPA is called the ‘North Atlantic Current and Evlanov Seamount Marine Protected Area’ (NACES MPA). The analysis on the proposed MPA, to which NASCO contributed, is now complete and a ‘background’ nomination proforma document for the NACES MPA is now on OSPAR’s website. OSPAR’s aim is to secure agreement to designate the MPA at the OSPAR Ministerial Meeting from 27 September to 1 October 2021.
- 4.3 Secondly, the Secretary informed the Committee about 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, which became effective on 24 June 2016. A review of the implementation of the recommendation was undertaken in 2019. The intention was to consider the first draft of an overview assessment of the implementation reporting at OSPAR’s Biodiversity Committee (BDC) meeting from 12-16 April. However, this did not take place and further information is not yet available.
- 4.4 Third, it became known to the Secretariat in early 2020 that OSPAR was thinking about generating a request for ICES Advice on salmon, among other species. A proposal was discussed at OSPAR’s Biodiversity Committee (BDC) meeting in 2020 on four

diadromous species, including salmon, but was then not taken forward as a request to ICES. The OSPAR Executive Secretary has said he will keep NASCO informed of any developments.

4.5 Finally, the Secretary noted that France is leading on an OSPAR status assessment of salmon, together with Norway on a number of other diadromous species, in 2021. OSPAR aims to hold a workshop to prepare a draft of the status assessment. If NASCO Parties are interested in attending the workshop (to be held on 23 June 2021), they should inform the Secretary who will contact OSPAR.

4.6 The Secretary noted that OSPAR has developed ‘Guidance on the Development of Status Assessments for the OSPAR List of Threatened and/or Declining Species and Habitats’ (OSPAR Agreement 2019-05). It states:

‘The assessment of the status of species or habitats is intended to inform OSPAR’s consideration of the effectiveness of the measures and actions that have been adopted and implemented by Contracting Parties. Thus, the focus of the assessment should be to explore if existing measures are effective and sufficient. This can be done by assessing the status of a feature, or through a proxy approach, by assessing changes in human activities and pressures that are threats to the feature.’

4.7 The Committee expressed concern relating to the actions OSPAR appears to be taking in relation to Atlantic salmon. In particular, the Committee was concerned that responsibilities and related tasks that fall under NASCO’s authority and competence might be inappropriately duplicated by OSPAR, which could create contradictory information, and possibly bring the two organization’s roles and responsibilities into conflict. The Committee felt it was important to bring these concerns to OSPAR’s attention and affirm NASCO’s competence as the only inter-governmental organization with competence over the conservation and management of Atlantic salmon.

4.8 The Committee agreed to ask the Secretary to write a letter to OSPAR welcoming continuing co-operation between the two organizations. The letter should refer to correspondence in 2016 in relation to OSPAR’s draft recommendation on salmon (Annex 4) to reflect that NASCO’s concerns expressed at that time remain. The letter should stress that OSPAR’s status assessment should reflect the work and advice provided by ICES for Atlantic salmon populations in the OSPAR area and encourage that any additional scientific work be carried out in consultation with ICES. The letter should also caution that the outcome of the status assessment should not lead OSPAR to propose measures for the conservation and management of Atlantic salmon that fall under the competence of NASCO.

4.9 The FAC agreed that it would review the draft letter inter-sessionally with a view to seeking timely approval from the Council and sending it to OSPAR before 23 June 2021, when the OSPAR workshop to prepare a draft of the status assessment, would take place. The FAC agreed that the President should sign the letter on behalf of NASCO.

5. Consideration of the 2022 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

5.1 The Chair referred the Committee to document [FAC\(21\)07](#), and the Inter-Sessional Correspondence that was set out in the Annotated Agenda, [FAC\(21\)09Arev](#).

5.2 The Secretary noted that information in this year’s budget had been expanded following a request in 2020. A comprehensive analysis of each budget line, to ensure the budget

accurately reflects the needs of the Organization, is now included. Information on the most recent actual expenditures is also now included.

- 5.3 The Secretary informed the Committee that the 2022 budgeted expenditure (£638,090) represents a decrease compared to that in the 2021 Budget (£665,730) and is 1.8% higher (although no real change in real terms) than that anticipated in the 2021 – 2025 Budgeting Plan for 2020 (£626,500). The Organization’s reserves were utilised in 2012 but have been rebuilt. The 2020 Audited Accounts indicate that the Working Capital Fund is at its ceiling of £200,000, as is the Contractual Obligation Fund, at £250,000. The Recruitment Fund has been rebuilt slightly in 2020 and now stands at almost £58,000. There is no longer any contribution to the International Year of the Salmon Fund. In 2021, there is a contribution of £15,000 to the new Periodic Projects Special Fund, established in 2020. This fund 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, IYS legacy activities, and other costly special projects that may occasionally arise.
- 5.4 The contributions for each Party have been calculated in accordance with Article 16, paragraph 2 of the Convention. The 2021 contributions have been recalculated to take account of the difference in the provisional and confirmed 2019 catch statistics and the appropriate adjustments have been made to the 2022 contributions. Changes in the contributions can occur even with stable budgets when a Party’s proportion of the total catch changes.
- 5.5 The representative of Canada asked why there was an element of budgeted contribution to the Contractual Obligation Fund in 2026. The Secretary replied that 2025 is the last of the eight years during which the current incumbent may be Secretary. Should she be awarded a discretionary lump sum, this would be drawn down from the Contractual Obligation Fund, which would then need to be rebuilt from 2026.
- 5.6 The Committee approved the budget for 2022 and forecast budget for 2023 and agreed to refer them to the Council for adoption.

6. Appointment of Auditors

- 6.1 The Chair explained that Saffery Champness, Edinburgh, Scotland, was appointed to conduct the 2018, 2019 and 2020 audits. The Committee must now consider auditors for 2021 onwards. He referred participants to paper FAC(21)08, ‘Appointment of Auditors’ which is not publicly available because it contains confidential information. He reminded the Committee that in 2019, the FAC discussed extending the auditing cycle from three years to five years. The FAC asked the Secretary to liaise with Saffery Champness on the question of costs and report back. The Committee agreed that this would help inform future discussions on whether to change from the current three-year auditing cycle to something longer.
- 6.2 The Chair noted that in the inter-sessional correspondence, it was stated that the current senior auditor has been involved with NASCO since 2012.
- 6.3 The Secretary informed the Committee that she had approached a number of accountancy firms to tender for the auditing of NASCO’s accounts, and two had responded: the current auditors and a company who had previously acted as auditors for NASCO.
- 6.4 The FAC agreed that principles of good governance and transparency suggest that changing accountancy firms may be considered good practice. However, NASCO found itself in a unique situation due to the limited number of firms interested in

tendering for the work and because of the movement of personnel between the two firms that did submit a tender.

- 6.5 The Committee agreed that the auditors should be appointed for a three-year cycle.
- 6.6 In order to demonstrate due diligence, the Committee agreed to recommend to the Council that the Secretary continue efforts to establish whether another suitable accountancy firm in Edinburgh is interested in tendering a bid for NASCO's audit work for 2021, 2022 and 2023, consulting with the President and FAC Chair on relevant developments. If no appropriate firm is available, the Committee agreed to recommend to the Council the appointment of Saffery Champness for the audits for 2021, 2022 and 2023.

7. Other Business

- 7.1 The Chair noted that during the inter-sessional correspondence, the representative of the United States requested discussion of the 'Need for Clarification of, or Amendment to, NASCO's Rules Relating to Finance and Administration Matters.' The Chair explained that due to the pandemic, he had decided to delay further substantive discussion of this matter to 2022. However, he agreed that some discussion of how to progress this issue inter-sessionally would be useful to prepare for a substantive discussion by the FAC in 2022.
- 7.2 The representative of the United States understood the reason for the delay in consideration of this matter and stated her preference to put arrangements in place to move this issue forward substantively at the 2022 FAC Meeting. She noted there could be three options regarding lump sum payments and the associated Staff Rules and Staff Fund Rules: 1) leave the rules as they are; 2) update and clarify the current rules; 3) consider an entirely new system with, for example, retirement benefits for NASCO Secretariat staff.
- 7.3 The Committee agreed that:
- the Secretary would finalise the background paper on these issues and circulate it to the FAC by mid December 2021;
 - all FAC members would be invited to a virtual inter-sessional meeting in late January or early February 2022 to discuss and progress the issue; and
 - discussions from the 2022 intersessional meeting would be taken forward for further consideration and decision at the FAC Meeting in 2022
- 7.4 Norway submitted a statement for the record regarding the payment of lump sums to retiring Secretariat staff (Annex 5).

8. Report of the Meeting

- 8.1 The FAC agreed the Report of the Meeting by correspondence.

9. Close of the Meeting

- 9.1 The Chair thanked the Committee and closed the meeting.

List of Annexes

- Annex 1 Inter-Sessional Correspondence
- Annex 2 Agenda
- Annex 3 List of Participants
- Annex 4 Correspondence in 2016 in relation to OSPAR's draft recommendation on salmon
- Annex 5 Statement submitted by Norway regarding payment of lump sums

Inter-sessional Correspondence of the Finance and Administration Committee

The Finance and Administration Committee's inter-sessional correspondence took place between 3 - 14 May. It is set out below, under the relevant Agenda item. If an Agenda item is not listed, no inter-sessional correspondence took place.

2. 2020 Audited Accounts

Q1. Comment from United States (13 May):

We are again pleased to find the organization's books to be in good standing and appreciate the hard work of our Secretariat and auditors Saffery Champness to resolve the issue with the bank this past year. We would also like to reiterate once again that we greatly appreciate the additional clarity about voluntary contributions in the audit.

Q2. Norway asked the Secretariat (14 May):

The Organization has various funds but Audited Accounts only describe Working Capital, Contractual Obligation and Recruitment Funds. Not so IYS Fund and Special Fund. Could you explain these and include text in future accounts? Under Special Funds could you please remind what is difference between Periodic Projects Fund and Special Fund? Are substantial voluntary contributions shown in these funds ring-fenced and if yes, for what purpose?

A2. Secretariat response (14 May):

I am not clear what you mean when you state 'Audited Accounts only describe Working Capital, Contractual Obligation and Recruitment Funds. Not so IYS Fund and Special Fund'.

The Audited Accounts mention all of the funds that you refer to in different places in the audit report, on page 3 – net income allocation, on page 4 – net assets, on page 9 – section 11 bank and cash balances (although the Special Fund amounts are not mentioned as these funds are held in the resources account, and then for the funds individually in sections 14 to 19).

Clarification on what it is you would wish to see would be greatly appreciated. The auditors produce the report on the basis of what NASCO requests, so extra information could be requested from them for presentation of the audited accounts for 2021.

The IYS Fund is the fund that was established for the International Year of the Salmon. Now it contains the sum set aside for the IYS Concluding Symposium (£25,000) and voluntary contributions from the European Union to fund two projects under the 'Grants for an Action' scheme of the European Commission.

The distinction in the Special Funds was made on the suggestion of the auditors. Both Funds are ring-fenced.

The Periodic Projects Special Fund is the Fund that was established last year. Its purpose is to help avoid large swings in NASCO's budget from year-to-year where monies are needed to support necessary and higher cost intermittent activities, such as future performance reviews, International Year of the Salmon (IYS) legacy activities such as those agreed by Council in 2019 (i.e. the updates to the State of North Atlantic Salmon report and follow up Symposia), and other costly special projects.

The sum of £31,400 designated as ‘Special Fund’ was a voluntary contribution from the United States in 2020. It was given specifically to support the costs of NASCO’s third performance review.

Q3. Norway asked the Secretariat (20 May):

In Accounting Policies on page 5 of Audited Accounts, FAC(21(03), there are only three funds described but not Special Projects Fund, Special Fund and IYS Fund. It would help us to have all funds described there. And on page 12 maybe notes about the ring-fencing of voluntary contributions and what is there purpose could be helpful as well. Thanks for agreeing to ask auditors to include next year.

• ***A3. Secretariat response (21 May):***

I have noted these requests for the audit of the 2021 accounts.

3. Relationship with ICES

Q4. Comment from Norway (14 May):

We have some questions but need time to consider further and will raise at meeting.

5. Consideration of the 2022 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

Q5. United States asked the Secretariat (13 May):

On the consideration of the 2022 Draft Budget, Schedule of Contributions and five-year budgeting plan, we are pleased to see that the organization continues to be in sound financial shape, with robust Working Capital and Contractual Obligation Funds. We did have two questions:

1. The Secretariat reached out several months ago noting that Kim Gibson was leaving the Secretariat and Parties would be subsequently contacted about her lump sum. We have not heard anything since that time and wanted to confirm if such a payment was made or is still being considered and, if the latter, if input will be sought from the FAC?

2. We note the cost estimate for hosting the 2022 Annual Meeting in-person in Edinburgh has increased by £6,000 from the 2021 estimate. Could the Secretariat kindly clarify the reason for this estimated increase? Is it because the hotel holding our 2020 deposit is no longer willing to apply it toward the costs of a future meeting?

• ***A5. Secretariat response (13 May):***

1. I produced a spreadsheet with the lump sum calculation options at 1/12th, 1/10th, 1/8th and 1/6th after tax of the final year’s gross salary and allowances for each year of service with the Organization, fractions of a year to count pro-rata, and shared this with the NASCO President.

In line with the decision that was made when Kim Gibson’s predecessor, Mairi Ferguson, left NASCO, the President felt that 1/6th after tax of the final year’s gross salary and allowances for each year of service with the Organization was the appropriate amount to pay to Kim Gibson. No action is required by the FAC.

2. The cost is based on the proposal received in April 2021 from the Dalmahoy Hotel and Country Club for the 2022 meeting. Nearly all of the costs associated with the use of the hotel: rental of the main suite for the plenary; rental of delegations rooms; meeting dinner costs; the daily delegate rate etc. have increased from the 2021 costs. This is not unsurprising given the losses that this, and many other hotels, have incurred during the Covid-19 pandemic. The meeting deposit for the 2021 Annual Meeting has been refunded.

The Dalmahoy still offers excellent facilities at much lower rates than would be available in central Edinburgh hotels.

Q6. Norway asked the Secretariat (14 May):

Thanks for papers for the FAC meeting. Like US we appreciate situation of organisations finances but have some points where we appreciate some feedback before meeting. Thanks for answer to US about lump sum payment to Kim Gibson. The Text in Staff Rules 8.2 (b) reads: "*Prior to a Secretariat Member retiring from full-time employment with NASCO, a lump sum payment will be made into that Secretariat member's Staff Fund of not less than one-twelfth after tax of the final year's gross salary and allowances for each year of service with the Organization, fractions of a year to count pro[1]rata. A Secretariat member aged 55 years or over may request the Secretary to transfer to the Staff Fund up to 20% per annum of the estimated current value of his or her lump sum entitlement. Thereafter, the balance of the lump sum entitlement will be transferred on an annual basis.*" For clarification, is this case a resignation or retirement? If the latter, what is the retirement age in NASCO?

• **A6. Secretariat response (14 May):**

Kim Gibson has resigned her post. The lump sum payment is not a retirement benefit – NASCO has no retirement benefits. The lump sum is a contractual obligation to full-time staff members when they leave NASCO. This was confirmed to me by Saffery Champness when Sarah Robinson resigned as Assistant Secretary. They advised '*The Staff Fund Rules are consistent for all Secretariat members so the lump sum calculation for Sarah should be in line with the approach taken for Peter and Mairi*'. There is no formal retirement age for NASCO staff members.

Q7. Norway asked the Secretariat (20 May):

Norway certainly wants to do the best for our Secretariat staff, so it is important that we are clear about these lump sum payments. We do not understand that you say NASCO has no retirement benefits. NASCO does not have a pension fund, but it does have retirement benefits. The lump sum payments made on retirement as required in Staff Rule 8.2 have been very substantial in the past, and the Contractual Obligation Fund ceiling was set at £250,000 for this purpose.

Staff Rule 8.2 says lump sum is payable '*Prior to a Secretariat Member retiring from full-time employment with NASCO.*' We need to be clear what the rule means. You have said Kim resigned rather than retired. In the past it only applied to retirement and that is Norway's understanding of the Rule. If a lump sum payment is to be paid in all circumstances when a staff member leaves NASCO and not only on retirement, the wording in Staff Rule do not seem right, but as indicated all previous discussions were in connection with the retirement of staff.

• **A7. Secretariat response (21 May):**

I agree that the wording is ambiguous. However, the Parties agreed in 2019, through discussion in HoDs meetings, that Sarah Robinson should be awarded a discretionary lump sum when she resigned from her full-time position at NASCO. The Parties would have considered that the lump sum was part of NASCO's contractual obligation to Sarah.

Q8. Norway asked the Secretariat (20 May):

The comment from the Auditors about lump sum is also unclear. It says '*The Staff Fund Rules are consistent for all secretariat members so the lump sum calculation for Sarah should be in line with the approach taken for Peter and Mairi*'. However, Staff Fund Rules do not cover this lump sum at all which is in Staff Rules. The approach used in 2017 was that the President made a proposal well before Annual Meeting, and this was then discussed at length in HODs taking account of individuals circumstances (e.g. length of service). Norway does not think it

is for auditors to decide which dispositions NASCOs puts into place for its staff nor to decide on individual cases or the level of payment and so far it has been the HODs who decided to pay different fraction of salary in each case. Those circumstances in 2017 were unusual and justified a higher but different fractions of salary than 1/12 base.

- **A8. Secretariat response (21 May):**

Nothing was decided by the auditor. It is absolutely not his place to decide anything. I spoke with the senior partner at Saffery Champness today 21 May and he explained that his advice at that time was based on the understanding from the wording both in the Staff Rules and the employment contracts that the lump sum was a contractual obligation to staff members leaving full-time employment with NASCO. I then took this forward to the Heads of Delegations for discussion in relation to the payment of a lump sum payment to Sarah Robinson.

Q9. Norway asked the Secretariat (20 May):

To help discussions Norway would appreciate if Saffery Champness could clarify to Council before the FAC virtual meeting what they mean by this statement.

- **A9. Secretariat response (21May):**

See above.

Q10. Norway asked the Secretariat (20 May):

Thanks for the information that there is no formal retirement age in NASCO, but Staff Rule 8.2 does refer to access to lump sum transfer applying after age 55. Is that relevant?

- **A10. Secretariat response (21May):**

I am unable to answer your question. This is something that would have to be addressed to an employment lawyer.

Q11. Norway asked the Secretariat (14 May):

The Introduction gives assumptions in budget but still refers to situation in 2012 and 2013 but much has happened since. Could be updated and what assumptions made about how pandemic situation affect NASCO work when preparing budget. It refers to payment to Periodic Projects Fund in 2021 but not situation in 2022 budget which was different? In Table 2 actual staff costs shown as £340,226 in 2020 but over £380,000 in 2021 and 2022. What is reason for large increase? Headquarters Property says rent review postponed – any details of when this now done and likely outcome on income. In Table 5 why is income in 2022 less than expenditure? Also assumes annual meetings away from Edinburgh in 2023-2026. If not invited costs to NASCO increase substantially so is this based on indications of invitations in future years?

- **A11. Secretariat response (14 May):**

I am happy to change the introductory section of the budget paper if the FAC would like me to do so in future.

£15,000 was budgeted in 2021 to pay into the Periodic Projects Special Fund to take the fund to its ceiling of £100,000. Given that expenditure in 2021 from the Periodic Projects Special Fund is unknown at this time, no monies were budgeted for payment into the Fund in 2022, on the assumption that the fund would still be at its ceiling.

Staff Costs: Please see the table below for the breakdown of staff costs in 2020, 2021 and 2022.

Staff-related Costs	2020	2021	2022
Secretariat members' salaries (incl. employee Staff Fund payments)	£233,270	£239,470	£246,240
Staff Fund contributions by NASCO	£47,570	£48,710	£49,840
Insurances	£27,510	£28,350	£25,060
Allowances	£11,030	£8,350	£7,200
Temporary, part-time and support staff costs	£33,800	£58,200	£57,800
Total	£353,180	£383,080	£386,140

The staff costs from 2021 onwards include an increase in hours for NASCO's one part-time staff member, from 19 to 24 hours per week, along with the associated benefits paid to full-time staff. There is also the sum of £8,500 added from 2021 for consultancy costs, in line with the agreement on the functioning of the NASCO Secretariat between the President and Secretary, following extensive discussions during and after the 2019 Annual Meeting. One full-time staff member's salary was re-evaluated following staff appraisal to reflect better the similarity of work being done by two staff members, and to reflect the commensurate salary. Other increases reflect cost of living increases of around 2 to 3 %.

Rent review: I am discussion with a Chartered Surveyor as to the best way forward for the rent review in terms of timing. I would hope to be able to update the FAC during the virtual meeting. The initial estimate of the rental increase was in the order of about 12% on the current sum, based on estimated rental values in late 2019. I am not sure if the market is considered to have changed since then.

In answer to your question 'In Table 5 why is income in 2022 less than expenditure?'. This is a mistake – thank you for spotting it. The figures should be the same as those in Table 2, i.e.

16. Contributions of Contracting Parties	£585,590
17. Interest Received on General Fund	£500
18. Income from HQ property	£52,000
Total	£638,090

You are correct that for 2023 to 2026, the 'Meetings' budget is based on Annual Meetings being hosted by NASCO's Parties. The 2023 estimate is based on average costs for 2016-2019 under 5.1 Costs of annual meeting and 5.2 Costs of other meetings. Subsequent increases reflect cost of living increases of around 2 to 3 %.

Q12. Norway asked the Secretariat (20 May):

Thanks for agreeing to update the introduction to budget in future.

The table with breakdown of Staff Costs you provided refers to the 2020 budget figures (£353,180), whilst my question was about the actual 2020 cost (£340,226) shown in Table 2. You refer that £8,500 of the increase was due to consultancy fees in 2022 budget £6,500 (10 days @£650) is included.

• A12. Secretariat response (21 May):

£8000 is budgeted rather than £8500 – my mistake. This is 10 days for a consultant, as you state, plus £1500 – the sum usually included for agency staff.

Q13. Norway asked the Secretariat (20 May):

Thanks for the information on the rent review and your offer for an update at FAC virtual. It seems like a substantial increase in rent income maybe due when the review occurs.

• ***A13. Secretariat response (21 May):***

I have been able to determine that a rent review in a similar building in a similar part of town resulted in a 4.08% increase. However, the Chartered Surveyor has stated ‘I anticipate that the increase on your own review will be higher (in percentage terms) because there is an element of car parking at the rear of the office’.

Q14. Norway asked the Secretariat (20 May):

If 2023 to 2026 Annual Meetings budgeted for Parties hosting and not NASCO, that could result in a substantial cost increase if invitations are not received. If that's the case, would reserve funds be used rather than increasing the budget?

• ***A14. Secretariat response (21 May):***

I think this is a matter for the FAC to discuss and to refer to Council.

6. Appointment of Auditors

Q15. Norway asked the Secretariat (20 May):

Some previous discussions in FAC were about good practice to change audit staff from time to time. It could help to know how long the current senior auditor has been involved.

• ***A15. Secretariat response (21 May):***

I have been able to determine that he has been involved since 2012.

7. Other Business

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

Q16. United States asked the Secretariat (13 May):

The United States would like to discuss the “Need for Clarification of, or Amendment to, NASCO’s Rules Relating to Finance and Administration Matters.” We understand that the Chair made the decision, due to the pandemic, to further delay substantive discussion of this matter to 2022. Nevertheless, we believe an update from the Secretariat on work already done will assist the FAC in preparing to have a substantive discussion in 2022. Specifically, in 2019, the FAC requested the Secretariat to liaise with other relevant RFMOs to seek information on their approaches to retirement benefits for their staff, such as pensions, lump sum payments, etc., and to prepare a paper comparing and contrasting those approaches to NASCO’s retirement benefits package for the 2020 Annual Meeting. Could the Secretariat please provide the FAC with a status update on the work undertaken so far on this issue and what more still needs to be done before the requested information can be shared?

Taking into account the input from the Secretariat on this matter, the United States asks that time be allotted under “Other Matters” this year for the FAC to discuss the work that needs to be done ahead of the 2022 Annual Meeting, including the process for doing so, to ensure we will be in a position to decide on a way forward next year. We note that we have been considering this matter on and off for five years now, and often arrive at the Annual Meeting having had little to no exchanges inter-sessionally. We hope that by planning now for the work and discussions needed throughout the year, we can be poised to address this issue once and for all at the 2022 Annual Meeting.

- ***A16. Secretariat response (13 May):***

Relating to the original 2020 Agenda item ‘Need for Clarification of, or Amendment to, NASCO’s Rules Relating to Finance and Administration Matters.’ As was requested in 2019, I reached out to four Organizations with similar sized Secretariats to NASCO (these were agreed by the FAC by correspondence on 10 January 2020: a UK-based Regional Fishery Body; two RFMOs, one of which is UK-based; and a UK-based IGO) to seek information on the ‘retirement benefits’ offered by them to their staff. I compiled a draft paper with their responses. Given that the Agenda item was dropped from the Agenda in 2020 I did not finish the paper.

In late 2020, in anticipation that the Agenda item would be on the 2021 FAC Meeting Agenda, I reached out to the senior auditor at Saffery Champness, who was heavily involved in drawing up NASCO’s Deferred Salary Scheme, to ask for his feedback on the draft paper I had compiled in 2020 and to advise me on what is possible for NASCO staff to receive given the NASCO rules on the Staff Fund and Deferred Salary Scheme. I had a very interesting discussion with him, where he reminded me that NASCO does not have any ‘retirement benefits’. It was agreed during the review leading up to the revision of the rules in 2014 that it was very important to NASCO not to have a ‘pension’ or ‘retirement benefit’.

Once a way forward for this matter has been agreed by the FAC, I will be able to rework the paper that I drafted in early 2020 to take into consideration NASCO’s Deferred Salary Scheme and the review of that scheme to provide a clearer commentary on what the four Organizations offer their staff and whether what they offer would be possible for NASCO staff without a major review of NASCO’s rules.

I have discussed the addition of the item ‘Need for Clarification of, or Amendment to, NASCO’s Rules Relating to Finance and Administration Matters’ with the FAC Chair and he has advised that he is willing for this to be discussed under Agenda item 7 ‘Other Business’.

FAC(21)09

Meeting of the Finance and Administration Committee

By Video Conference

26 and 28 May 2021

Agenda

1. Opening of the Meeting
2. 2020 Audited Accounts
3. Relationship with ICES
4. MoU with the OSPAR Commission
5. Consideration of the 2022 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan
6. Appointment of Auditors
7. Other Business
8. Report of the Meeting
9. Close of the meeting

2021 FAC – List of Participants

Canada

Doug Bliss
Natalie Her
Dale Marsden

Denmark (In respect of the Faroe Islands and Greenland)

Maria Strandgård Rasmussen

European Union

Ignacio Granell
Clemens Fieseler (Chair)
Arnaud Peyronnet

Norway

Heidi Hansen (Vice-Chair)
Raoul Bierach

Russian Federation

Alexander Khatuntsov
Kristina Belogurova
Ekaterina Kazantseva

UK

Ruth Allin

USA

Rebecca Wintering
Kim Blankenbeker
Kim Damon-Randall
Mavish Madad

Secretariat

Emma Hatfield
Wendy Kenyon

NASCO 11 Rutland Square Edinburgh EH1 2AS Scotland UK
 Telephone: (Int +44) 131 228 2551 Fax (Int +44) 131 228 4384
 e-mail: hq@nasco.int website: www.nasco.int



APR43.086

10 June 2016

Mr. Victor Escobar
 Chairman
 The OSPAR Commission
 Victoria House
 37-63 Southampton Row
 London
 WC1B 4DA
 United Kingdom

Dear Mr Escobar

On behalf of the Council of North Atlantic Salmon Conservation Organization (NASCO), I am writing with regard to the invitation from your Organization to provide input on the 'Draft OSPAR Recommendation 2016/XX on furthering the protection and conservation of the Atlantic salmon (*Salmo salar*) in Regions I, II, III, and IV of the OSPAR maritime area' dated 28 April 2016 (HOD 16/2/2 Add.2). We appreciate your efforts to coordinate with us on this issue of mutual interest, as we had requested and as envisioned by our Memorandum of Understanding (MOU) adopted in 2013. We understand that the Draft Recommendation will be presented for adoption at the OSPAR Commission's 2016 Annual Meeting, which commences on June 20.

NASCO has just concluded its 2016 Annual Meeting at which the Draft Recommendation was considered. We greatly appreciated the attendance, at part of our meeting, of your Secretary and the clarification he provided that the OSPAR Commission's intention is to complement and support NASCO's actions. In reviewing the proposal, the Council recognised the considerable work that has gone into revising the document over the course of the last year, including changes aimed at addressing the concerns NASCO conveyed to you in our letter dated 4 June 2015. In considering its feedback, the Council noted that its primary interest is that the document:

- (1) clearly articulate the respective and distinct competences of NASCO and the OSPAR Commission so that there is no ambiguity or misunderstanding regarding the roles and responsibilities of our two Organizations as articulated in our MOU and in accordance with our respective Conventions. Specifically, the document should reflect NASCO's primary role as the RFMO charged with the conservation, restoration, enhancement and rational management of salmon stocks throughout their range in the North Atlantic Ocean whilst indicating the OSPAR Commission's complementary role in taking measures to protect the marine environment in the

North-East Atlantic from adverse effects of human activities to safeguard human health, conserve marine ecosystems and their biological diversity and, where practicable, restore marine areas that have been adversely affected.

- (2) reflect relevant, factually correct information about NASCO and its work, including recognition of measures and actions taken by NASCO and its Parties to implement the objectives of the Convention.

Recognising the revisions that have already been made by the OSPAR Commission to incorporate earlier comments by NASCO in the current version of the Draft Recommendation, we have suggested a few additional revisions to the text to improve its clarity and better reflect the interests set forth above. These are presented in line in/line out form in the attached Annex.

Finally, the Council wished me to underscore that the feedback provided on this OSPAR Commission proposal should not be interpreted as agreement on, endorsement of, or support for its contents. We have taken note of the Draft Recommendation, and furthermore, we are interested in being apprised of its final disposition and of any actions of relevance to NASCO's work that may flow from its implementation consistent with our MOU. NASCO, however, is not expressing any policy position regarding the proposal as a whole or any element within it.

Thank you again for the opportunity to comment on the Draft Recommendation. We look forward to an update on this matter after the close of the OSPAR Commission's Annual Meeting.

Yours sincerely,



Steinar Hermansen
President of NASCO

cc: the OSPAR Commission Secretary

NASCO suggested edits to excerpted paragraphs of the ‘Draft OSPAR Recommendation 2016/XX on furthering the protection and conservation of the Atlantic salmon (*Salmo salar*) in Regions I, II, III, and IV of the OSPAR maritime area’ dated 28 April 2016 (HOD 16/2/2 Add.2).

Affected Preambular Paragraphs:

13. Noting that under Article 2 of the Convention for the Conservation of Salmon in the North Atlantic Ocean, fishing for Atlantic salmon is prohibited beyond areas of fisheries jurisdiction of coastal States and within areas of fisheries jurisdiction beyond 12 nautical miles, subject to exceptions at West Greenland and the Faroe Islands.

~~14. Noting that under Article 2 of the Convention for the Conservation of Salmon in the North Atlantic Ocean, fishing for Atlantic salmon is prohibited beyond areas of fisheries jurisdiction of coastal states within areas of fisheries jurisdiction beyond territorial seas, subject to exceptions at West Greenland and the Faroe Islands.~~

15. Noting that several Contracting Parties to OSPAR have fully or partially prohibited fishing of Atlantic salmon within their territorial sea;

Affected Operative Paragraphs:

2.1. The purpose of this Recommendation is to assist in strengthening the protection of the Atlantic salmon at all life stages in order to restore its populations, to improve its status, and to ensure that its populations are effectively conserved in Regions I, II, III, and IV of the OSPAR maritime area.

3.1 Each Contracting Party should consider in Regions I, II, III, and IV:

a. ~~the possibility of introducing legislation~~ need to introduce additional measures applicable to its jurisdiction to enhance the conservation and protection of the Atlantic salmon at all relevant life stages in light of the review carried out pursuant to paragraph 3.1.b;

b. ~~assessing whether all-existing management~~ measures applicable to its jurisdiction that contribute to the conservation, protection, and restoration of Atlantic salmon and its ecosystems, including those under NASCO, are effectively addressing the key threats as identified in the Background document (OSPAR publication 2010/480) including:...

c. encouraging liaison within their national administration in developing future NASCO Implementation Plans, and in reporting on progress ~~with their implementation~~ against those plans as well as the effectiveness of the actions taken, as reported through NASCO Annual Progress Reports;

e. improving scientific communication and information exchange, including participating in and supporting NASCO’s research priorities, to coordinate research on Atlantic salmon;

3.2. Acting collectively within the framework of the OSPAR Commission and, where relevant, working under the MoU with NASCO, with the aim of promoting an ecosystem-based approach, Contracting Parties should:

e. in accordance with Article 4 of Annex V of the OSPAR Convention, where coordination and cooperation with other international organisations and bodies is appropriate concerning a question relating to the management of fisheries, draw ~~the~~ that question ~~of strengthening the protection of Atlantic salmon~~ to the attention of the relevant authority or international body ~~competent for that question, and encourage that authority or international body to take appropriate measures~~, drawing upon the actions and measures suggested in the Background Document (OSPAR publication 2010/480) to address in particular:

- (i) any bycatch in fisheries that leads to overexploitation of Atlantic salmon;
- (ii) overfishing of food sources of the Atlantic salmon (e.g. sand eel).
- ~~(iii) diseases, parasites and gene pool dilution from aquaculture activities; and~~
- ~~(iv) the obstacles to migration as the key threats, having regard to management objectives and the supporting scientific advice, where this is necessary for conservation and recovery of Atlantic salmon.~~

Statement from Norway regarding the payment of lump sums to retiring Secretariat staff

As stated in the correspondence FAC(21)09A rev, it is Norway's understanding that a lump sum is only payable 'Prior to a Secretariat Member retiring from full-time employment with NASCO', and that the percentage payable is decided by the Heads of Delegations. Therefore, and in accordance with current staff rules, no lump sum is payable to staff members resigning from a position, regardless of what might have been the case since the last full-time staff member did retire.