

**The North Atlantic Salmon
Conservation Organization**

**Report of the Twenty-First Annual Meeting of
the Finance and Administration Committee
7 June 2004, Reykjavik, Iceland**

Chairman: Mr Steinar Hermansen (Norway)
Vice-Chairman: Mr Andrew Thomson (European Union)
Secretary: Dr Malcolm Windsor

CNL(04)7

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*Report of the Twenty-First Annual Meeting of
the Finance and Administration Committee of
the North Atlantic Salmon Conservation Organization
7 June, 2004
The Radisson SAS Saga Hotel, Reykjavik, Iceland*

1. Opening of the Meeting

- 1.1 The Chairman of the Committee, Mr Steinar Hermansen (Norway), opened the meeting and welcomed members of the Committee to Reykjavik.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its agenda, FAC(04)7 (Annex 2).

3. 2003 Audited Accounts

- 3.1 The Secretary introduced the audited accounts for 2003, FAC(04)2. During the year a payment of £18,036 had been made to the Working Capital Fund. This was less than anticipated due to the refurbishment of the Headquarters property. However, because of the settlement with PWC (see paragraph 5) there had been no need to utilise the Working Capital Fund to cover the costs approved by the Council of any legal action.
- 3.2 The Committee considered the 2003 audited accounts and recommended their adoption by the Council.

4. Relationship with ICES

- 4.1 A report on the continuing consultations with ICES was presented, FAC(04)3. It had been agreed that NASCO's present MoU would be renewed until the end of 2006 and that during this period the price charged to NASCO by ICES for scientific advice will be adjusted only to take account of the rate of inflation in Denmark. The Council had agreed, however, that from 2004 NASCO would pay a share of a stipend to the Chairman of the ACFM. At a meeting between ICES' Management Committee on the Advisory Process (MCAP) and the client Commissions, cost data had been provided that indicated that in 2003 the cost of providing the advice was 16% higher than the amount paid by NASCO. ICES may, therefore, seek further increases in NASCO's payment when the MoU expires in 2006 and may also wish to reformulate the description of the standard or recurring advice in any new MoU, which could have cost implications. The Committee expressed its satisfaction at the continuation of stable payments to ICES and the extension of the MoU until 2006 but expressed concern at the level of the actual costs of providing the advice. The Committee asked the Secretary to continue to liaise with ICES and the other fishery Commissions with a view to ensuring stability in payments when the present MoU expires in 2006 and to ensure that consultations occur before additional costs are attributed to NASCO by

ICES. The Committee also noted that there may be benefits from improved internal coordination between each Party's delegate to ICES and its representatives to the Fishery Commissions which receive their advice from ICES. The Committee recommends that each NASCO Party undertake such internal coordination.

- 4.2 The Committee was informed that as part of a review of NASCO's working methods the possibility of requesting scientific advice every two years rather than annually, as at present, would be discussed by Heads of Delegations. The Committee briefly discussed the option that if advice is not sought from ICES each year, information on status of stocks could be provided by the scientific advisers to the Parties during the NASCO Annual Meetings in alternate years. This arrangement would lead to cost savings to NASCO.
- 4.3 Last year the Committee had discussed an indication from ICES that they might admit NGO observers to the meetings of the Working Group on North Atlantic Salmon. The Committee had asked the Secretary to obtain further information on this proposal from the General Secretary of ICES and on any conditions that would apply to observer status. At the MCAP meeting, ICES had confirmed that it intends to make observer status available to some of its Working Groups on a pilot basis in 2004 although the Working Group on North Atlantic Salmon is not included. ICES is also considering admitting observers to ACFM meetings but the situation is not yet resolved. The client Commissions had expressed concern about this new ICES policy since ICES advice is required, under the MoUs, to be independent and free from political influence. Different views were expressed by members of the Committee about this new policy. Some delegations expressed concern that it could jeopardize the independence of the advice. Other delegations noted that the matter may not be an issue depending on the rules set by ICES to govern NGO participation. The Committee agreed to review the outcome of the pilot exercise and asked the Secretary to obtain further information from the General Secretary of ICES on the conditions governing observer attendance at the Working Group meetings. The Secretary should indicate to ICES that NASCO would wish to be consulted before any decision is taken to admit observers to the Working Group on North Atlantic Salmon. The Committee also asked the Secretary to seek further clarification from ICES of the roles of the ICES science and advisory programmes and their funding.

5. PricewaterhouseCoopers Settlement

- 5.1 In 2001, the Council agreed to establish a NASCO Staff Fund because of the financial difficulties experienced by Equitable Life and the losses incurred by Secretariat Staff Members. Concern had been expressed by the Committee about the quality of the advice received from NASCO's financial advisors, PricewaterhouseCoopers (PWC), which had resulted in substantial losses for the three Secretariat Members concerned. The Committee considered that, although there was not a legal obligation on the part of NASCO to put right the losses suffered by the Secretariat Members, there was a moral obligation to support the staff, who had been placed in this situation. Accordingly, the Committee had recommended that the Council, as the employer, authorize the Secretary to use the Working Capital Fund to take legal action to deal with this matter to the extent agreed by the Heads of Delegations.
- 5.2 The Secretary reported, FAC(04)4, that following further protracted negotiations a settlement had been reached with PWC. The final settlement was about 75% of the

loss but the remainder had not been recovered. In addition, there are significant additional losses from the Staff Fund which could not be claimed from PWC. Nevertheless, the Secretary expressed appreciation, on behalf of the Secretariat Members, for the support shown by the Committee which had certainly helped to produce the settlement. The Chairman indicated that he would write to PWC to reconfirm that the issue was now closed.

- 5.3 The Committee agreed that in order to assist the current Secretariat Members who had been affected by the losses associated with the collapse of Equitable Life, it would recommend to the Council that, consistent with Rule 2.1 of the Staff Fund Rules, those Staff Members retain Secretarial Member status while a deferred salary is being drawn from the Staff Fund. In order to facilitate investment planning, the Committee also agreed to recommend to the Council the following addition to the Staff Rules:

“A Secretariat Member aged over 55 years may request the Secretary to transfer to the Staff Fund up to 20% per annum of the estimated value of his or her lump sum entitlement so as to enable investment planning. Such transfers will be deducted from the final payment.”

- 5.4 In the event that the Council adopts these recommendations the Secretary should amend the Staff Rules accordingly.

6. Consideration of the 2005 Draft Budget, Schedule of Contributions and 2006 Forecast Budget

- 6.1 The Chairman referred to the Organization’s financial status. The Organization owns its own Headquarters property, an asset worth around £1.5 million which generates about £60,000 rental income a year and which has increased in capital value by about £60,000 per annum. Furthermore, the Organization does not pay rent for its own accommodation. The Secretary introduced the draft 2005 budget, FAC(04)5, which proposed a reduction in real terms of 1.2% compared to the 2004 budget. However, if the contribution to the Stabilisation Fund (which does not represent current expenditure) is excluded, the reduction in real terms is 7%. Reductions in real terms were proposed in eight budget headings. The Secretary referred to the reasons for the increases in the other sections.

- 6.2 The Committee noted that there was no budgetary provision in 2005 in relation to the International Atlantic Salmon Research Board. The Secretary indicated that at the Board’s meeting that morning, commitments to the Fund had been made by most Parties, and that the Board had decided to utilise some funds for professional advice on the development of a fund-raising strategy and in hosting a workshop to further develop the SALSEA project. The Board was not, however, seeking a further contribution from NASCO.

- 6.3 The Committee expressed the view that NASCO should soon take steps to develop an effective communications strategy and noted that this issue would be considered by the Heads of Delegations as part of the review of NASCO’s working methods. The Secretary was asked to obtain costings from public relations companies for the development of a communications strategy designed to improve NASCO’s outreach and education efforts, including highlighting the Organization’s many achievements

and to report back to the Committee at its next meeting. This strategy should include recommendations for further development of the Organization's website.

- 6.4 The Committee discussed whether documents for NASCO's Annual Meetings should be made available to delegates electronically, as hard copies, or both. The Secretary indicated that for the Twenty-First Annual Meeting he had offered delegates a choice but very few had asked for the documents electronically, although these had been made available on the Organization's website following their distribution to delegates. The Committee asked that this arrangement continue.
- 6.5 The Committee asked that at future Annual Meetings at least two computers and printers should be made available for use by delegates.
- 6.6 The representative of the US asked the Secretary if there was a role for the Finance and Administration Committee in reviewing the accounts of the International Atlantic Salmon Research Board. The Secretary indicated that the Board has its own financial rules governing internal control, preparation of accounts and external audit, and that it is the role of the Board to review the financial statements.
- 6.7 The Committee discussed the element in the 2005 budget for President's travel and subsistence. The Secretary indicated that this had been included some years ago at the suggestion of the President at the time, Einar Lemche, in order to allow attendance at relevant non-NASCO meetings where the President was representing the Organization. The sum budgeted had been subsequently increased to cover the President's attendance at NASCO's Annual Meetings.
- 6.8 The Committee recommended to the Council the adoption of the annexed Draft Budget and Schedule of Contributions (Annex 3).

Note: The budget shown in Annex 3 is as adopted and includes additional sums of £7,000 under Section 1: 'Staff-related costs' to cover costs incurred by Mr Jacque Robichaud in his capacity as Special Advisor to NASCO, and £5,000 under Section 5: 'Meetings' to cover the anticipated costs associated with the meetings of the Working Group on the Next Steps for NASCO.

7. Appointment of Auditors

- 7.1 The Committee recommended to the Council the appointment of PricewaterhouseCoopers of Queen Street, Edinburgh as auditors for the 2004 audited accounts or such other company as may be agreed by the Secretary in consultation with the Chairman of the Finance and Administration Committee.

8. Any Other Business

- 8.1 There was no other business.
- 8.2 In closing the meeting the Chairman thanked the members of the Committee for their valuable contributions.
- 8.3 A list of Finance and Administration Committee papers is given in Annex 4.

List of Participants

Mr Tim Young	Canada
Ms Ane Skak	Denmark (in respect of the Faroe Islands and Greenland)
Ms Ulla Wang	Denmark (in respect of the Faroe Islands and Greenland)
Mr Andrew Thomson	European Union
Mr Guðmundur B Helgason	Iceland
Mr Arni Isaksson	Iceland
Mr Steinar Hermansen (Chairman)	Norway
Dr Svetlana Krylova	Russian Federation
Dr Boris Prischepa	Russian Federation
Ms Elena Samoylova	Russian Federation
Ms Kimberly Blankenbeker	USA
Mr Stetson Tinkham	USA
Dr Peter Hutchinson	Secretariat
Dr Malcolm Windsor	Secretariat

FAC(04)7

**Meeting of the Finance and Administration Committee
Radisson SAS Saga Hotel, Reykjavik, Iceland**

Monday 7 June, 2004

Agenda

	Paper No.
1. Opening of the Meeting	
2. Adoption of the Agenda	FAC(04)1
3. 2003 Audited Accounts	FAC(04)2
4. Relationship with ICES	FAC(04)3
5. PricewaterhouseCoopers Settlement	FAC(04)4
6. Consideration of the 2005 Draft Budget, Schedule of Contributions and 2006 Forecast Budget	FAC(04)5
7. Appointment of Auditors	
8. Any Other Business	
9. Report of the Meeting	

**North Atlantic Salmon Conservation Organization
2005 Budget and 2006 Forecast Budget (Pounds Sterling)**

Section	Description	Expenditure	
		Budget 2005	Forecast 2006
1	Staff-related costs	308,710	317,960
2	Travel and subsistence	39,950	40,760
3	Research and advice	47,710	38,840
4	Contribution to Working Capital Fund	0	0
5	Meetings	12,500	12,870
6	Office supplies, printing and translation	27,500	25,050
7	Communications	15,250	15,690
8	Headquarters Property	-24,760	-23,760
9	Office furniture and equipment	9,750	7,280
10	Audit and other expenses	9,000	9,250
11	Tag Return Incentive Scheme	4,500	5,000
12	International Atlantic Salmon Research Fund	0	0
	Total	450,110	448,940

		Revenue	
		Budget 2005	Forecast 2006
13	Contributions - Contracting Parties	472,110	471,940
14	Miscellaneous Income - Interest	4,000	4,000
15	Stabilisation	-26,000	-27,000
16	Surplus or Deficit (-) from 2003	0	0
	Total	450,110	448,940

Section 1	Staff-related costs	Budget 2005	Forecast 2006
1.1	Secretariat members	200,190	206,190
1.2	Temporary and support staff	21,800	22,450
1.3	Staff Fund contributions, allowances, public liability, insurances and other staff-related costs	86,720	89,320
	Total	308,710	317,960

Section 2	Travel and subsistence	Budget 2005	Forecast 2006
2.1	Travel to post and annual meeting	6,200	6,000
2.2	Official travel and subsistence	29,750	30,640
2.3	President's travel to represent NASCO	4,000	4,120
	Total	39,950	40,760

Section 3	Research and advice	Budget 2005	Forecast 2006
3.1	Annual contribution to ICES	37,710	38,840
3.2	Contribution to symposium	10,000	0
	Total	47,710	38,840

Section 4	Contribution to Working Capital Fund	Budget 2005	Forecast 2006
4.1	Working capital	0	0

Section 5	Meetings	Budget 2005	Forecast 2006
5.1	Costs of annual meeting	3,000	3,090
5.2	Costs of other meetings	9,500	9,780
	Total	12,500	12,870

Section 6	Office supplies, printing and translation	Budget 2005	Forecast 2006
6.1	Office supplies	17,000	17,510
6.2	Printing	9,000	6,000
6.3	Translations	1,500	1,540
	Total	27,500	25,050

Section 7	Communications	Budget 2005	Forecast 2006
7.1	Telephone charges	5,750	5,920
7.2	Other telecommunications	3,250	3,340
7.3	Postal charges	6,250	6,430
	Total	15,250	15,690

Section 8	Headquarters Property	Budget 2005	Forecast 2006
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	33,540	34,540
8.3	LESS Income from property	-58,300	-58,300
	Total	-24,760	-23,760

Section 9	Office furniture and equipment	Budget 2005	Forecast 2006
9.1	Furniture	1,250	1,280
9.2	Equipment	8,500	6,000
	Total	9,750	7,280

Section 10	Audit and other expenses	Budget 2005	Forecast 2006
10.1	Audit and accountancy fees	5,200	5,350
10.2	Bank charges and insurances	500	510
10.3	Miscellaneous	3,300	3,390
	Total	9,000	9,250

Section 11	Tag Return Incentive Scheme	Budget 2005	Forecast 2006
11.1	Prize money	4,500	5,000

Section 12	Contribution to International Atlantic Salmon Research Fund	Budget 2005	Forecast 2006
12.1	IASR Fund	0	0

**Adjustments to 2004 contributions (Pounds Sterling)
to take into account confirmed 2002 Catch Statistics**

Party	2002 Provisional catch	2002 Confirmed catch	2004 Contribution based on provisional catch	2004 Contribution based on confirmed catch	Adjustment to 2004 contribution
Canada	148	148	37,219	37,117	-102
Denmark (Faroe Islands and Greenland)	9	9	20,447	20,441	-6
European Union	1,235	1,245	168,372	168,723	+352
Iceland	92	97	30,462	30,999	+537
Norway	1,019	1,019	142,310	141,610	-700
Russian Federation	118	118	33,599	33,518	-81
USA	0	0	19,362	19,362	0
TOTAL	2,621	2,636	451,770	451,770	0

Note: A positive adjustment represents an underpayment in 2004.

**NASCO Budget Contributions for 2005 and Forecast
Budget Contributions for 2006 (Pounds Sterling)**

Party	2003 Provisional catch (tonnes)	Contribution for 2005	Adjustment from 2004	Adjusted contribution for 2005	Forecast contribution for 2006
Canada	137	38,556	-102	38,454	38,542
Denmark (Faroe Islands and Greenland)	9	21,437	-6	21,431	21,429
European Union	1,039	159,191	+352	159,543	159,134
Iceland	108	34,677	+537	35,214	34,665
Norway	1,071	163,471	-700	162,772	163,412
Russian Federation	107	34,544	-81	34,463	34,531
USA	0	20,233	0	20,233	20,226
TOTAL	2,471	472,110	0	472,110	471,940

Contributions are based on the Official Catch Returns supplied by the Parties. Column totals can be in error by a few pounds due to rounding.

List of Finance and Administration Committee Papers

FAC(04)1	Draft Agenda
FAC(04)2	2003 Audited Accounts
FAC(04)3	Relationship with ICES
FAC(04)4	PricewaterhouseCoopers Settlement
FAC(04)5	2005 Draft Budget and 2006 Forecast Budget
FAC(04)6	Draft Report
FAC(04)7	Agenda