

**The North Atlantic Salmon
Conservation Organization**

**Report of the Nineteenth Annual Meeting of
the Finance and Administration Committee
3 June 2002, Torshavn, Faroe Islands**

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

CNL(02)7

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***Report of the Nineteenth Annual Meeting of
the Finance and Administration Committee of
the North Atlantic Salmon Conservation Organization
3 June, 2002
Hotel Foroyar, Tórshavn, Faroe Islands***

1. Opening of the Meeting

- 1.1 In the absence of the Chairman of the Committee, the meeting was opened by the Vice-Chairman, Mr Andrew Thomson (European Union), who welcomed members of the Committee to Tórshavn.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its agenda, FAC(02)9 (Annex 2).

3. 2001 Audited Accounts

- 3.1 The Secretary introduced the audited accounts for 2001, FAC(02)2. During the year a small surplus had been recorded which, in accordance with the Financial Rules, had been credited to the Stabilisation Fund. The Committee considered the 2001 audited accounts and recommended that they be adopted by the Council.

4. Review of the Annual Payment to ICES

- 4.1 In 1999 the Council had adopted a Memorandum of Understanding (MoU) with ICES, detailing the services that NASCO can expect from ICES and the financial arrangements. The Secretary reported on the continuing consultations with ICES, FAC(02)3.
- 4.2 During the period covered by the MoU (23 June 1999 - 22 June 2002) NASCO's contributions to ICES had increased by 67% and by 2001 NASCO had achieved payment of 100% of the figure requested by ICES under the MoU. At a meeting held on 29/30 April 2002, in Copenhagen, ICES had produced new costings for providing advice to the Commissions and had suggested that while all Commissions had reached the 100% cost recovery previously requested, the actual costs to ICES of providing the advice had significantly exceeded this. Thus, although NASCO had paid 100% of the figure requested in 2001 this payment now only represented 68% of ICES' costs. All fishery Commissions present had indicated that they had difficulty in understanding the data provided by ICES, that they were very concerned about the volatility of the ICES costing system and that they would have difficulty in accepting such significant increases after the high increases over the last three years in meeting

100% of the requested payments. It had, therefore, been proposed that the present MoU would continue for a further period, until the end of 2003, and during this period NASCO's and the other fishery Commissions' payments would be adjusted from the present level in 2002 to take account of inflation in Denmark. In accordance with this agreement, the sum of DKK337,000 had been included in the Draft 2003 budget.

- 4.3 The Committee expressed concern about the ICES proposals and suggested that the possibility of conducting an external evaluation of the ICES costing system be discussed with the other fishery Commissions prior to the next meeting with ICES. The Committee agreed that the existing MoU with ICES should be renewed for a period of one year, during which the contribution by NASCO to ICES should only increase from the 2002 payment to take account of inflation in Denmark, estimated by ICES to be around 2%. The Committee asked the Secretary to liaise with ICES and the other fishery Commissions in the development of a new MoU and stressed the need for:
- stability in NASCO's payments to ICES through continuation of the present level of fixed-rate payment adjusted only to take account of inflation in Denmark;
 - a mechanism for improved consultation with NASCO before any additional costs are attributed to NASCO;
 - continuation of the new arrangements for providing the advice on a timely basis and for an examination of the opportunities to make this arrangement more cost effective;
 - a critical re-examination of the balance between the advisory and core functions of ICES.
- 4.4 The Committee discussed the proposal made by the European Commission at the meeting with ICES that the Chairman of the ACFM be a paid member of the ICES Secretariat. The representative of the European Union indicated that this arrangement should lead to more efficient and timely provision of the advice and a clearer presentation of the advice to managers. Payment of the costs would be shared in proportion to the current payments by the fishery Commissions to ICES. In NASCO's case this would lead to a further increase in the payment to ICES of about £4,000. The Committee was advised that NASCO's contribution to the total budget of ICES is no more than 2.5%. Different views were expressed by the members of the Committee concerning this proposal. Some felt that there may be alternative arrangements for obtaining the scientific advice with consequential benefits for NASCO. The Committee agreed that the issue of arrangements for providing and funding the scientific advice to NASCO should be referred to Heads of Delegations.
- 4.5 ICES had indicated that NASCO and the other fishery Commissions may in future attend ACFM meetings in an observer capacity. The Committee agreed that, in the interests of maintaining the neutrality of the advice from ICES, NASCO would not take up the invitation to participate as observers to the ACFM meeting.
- 4.6 The Committee was advised of ongoing discussions with ICES, coordinated by the Secretary of the North Pacific Anadromous Fish Commission (NPAFC), concerning co-sponsorship of the joint meeting on "Causes of Marine Mortality of Salmon in the North Pacific and North Atlantic Oceans and in the Baltic Sea". ICES had been a co-sponsor but on the first day of the meeting had indicated that it would not be able to

contribute a share of the meeting costs. The Secretary of NPAFC had written to ICES on behalf of the other four co-sponsors asking that ICES fulfill its obligation since failure to do so would lead to increased costs for the other organizations. The Committee decided that if additional costs accrued to NASCO by ICES' failure to contribute its share, that amount should be withheld from NASCO's 2002 contribution to ICES until the situation is resolved.

5. NASCO Staff Fund

- 5.1 Last year the Council had agreed to establish a NASCO Staff Fund. This arrangement had been necessary because of the financial difficulties experienced by Equitable Life which had resulted in substantial losses for all the Secretariat Members. The Secretary introduced paper FAC(02)4. In order to ensure the smooth running of the Fund, rules had been developed after consulting the auditors. In January, the Parties had unanimously approved the transfer from the Working Capital Fund to the Staff Fund of £28,000 to cover additional losses in terms of fees and charges on re-investment of the Secretariat Members' funds. This gesture was greatly appreciated by the Secretariat Members concerned. The Committee suggested that the sum of £28,000 approved by the Heads of Delegations should now be transferred to the NASCO Staff Fund.
- 5.2 Last year the Committee had agreed that the need to take legal advice should be assessed as the situation with Equitable Life becomes clearer. The Secretary indicated that this had not yet been necessary since discussions with PricewaterhouseCoopers (PWC) were still not finalised. The Committee agreed that the need for such advice should be assessed in the light of the response from PWC. It was suggested that any legal action by NASCO against the company could have a significant effect on PWC's international reputation.
- 5.3 The contributions to the NASCO Staff Fund were lower than those of other international organizations based in the UK and the Chairman proposed that they should be brought into line by an increase to 15.8% of gross salary by NASCO and a minimum of 7.9% of gross salary by the employee. The Committee agreed to recommend this to the Council. The Committee also agreed to recommend to the Council the adoption of Rules for the NASCO Staff Fund, FAC(02)10 (Annex 3).

6. International Cooperative Salmon Research Fund and Donations to NASCO

- 6.1 At its Eighteenth Annual Meeting the Council established an International Cooperative Salmon Research Board (ICSRB) to direct and coordinate a programme of research to identify and explain the causes of marine mortality of Atlantic salmon and the possibilities to counteract this mortality. The inaugural meeting of the Board was held in December 2001. A summary of the financial and administrative issues arising from this meeting was presented, FAC(02)5.
- 6.2 The Board had proposed a structure for the programme which comprises Cooperative Salmon Research and a Fund. The Fund will be used to finance gaps in research and financial contributions from individuals and other interested Parties will be accepted

into the Fund. The Board had proposed that a fund-raising initiative be undertaken to finance gaps in research and an initial strategy had been developed which proposed that budgetary provision of £50,000 be made in the 2003 Draft Budget to cover the costs of a brochure and video (£30,000), travel and subsistence (£15,000) and administrative costs (£5,000). The Committee recognised that there may be other approaches to fund-raising which the Board may wish to explore including the use of expertise in fund-raising activities. However, the Board's longer-term objective is that the cost of running the Fund be met from the Fund and not from NASCO's budgets. Rules of Procedure for the ICSRB, Guidelines on Acceptance of Voluntary Contributions to the International Cooperative Salmon Research Fund (ICSRF) and Financial Rules of the ICSRF had been developed by the Board.

6.3 The Committee reviewed the recommendations from the inaugural meeting of the Board and agreed to recommend to the Council the acceptance of:

- the Rules of Procedure for the International Cooperative Salmon Research Board;
- the Guidelines on Acceptance of Voluntary Contributions to the International Cooperative Salmon Research Fund;
- the Financial Rules of the International Cooperative Salmon Research Fund;
- the Strategy for the Initial Fund-Raising Activities of the International Cooperative Salmon Research Board.

6.4 A range of different views was expressed by the Parties with regard to mechanisms to make the contribution to the initial fund-raising activity, which had been provisionally costed at £50,000. With alternative arrangements as suggested in paragraph 6.2 above, the Committee anticipated that possible cost savings could be made. The Chairman noted that the Parties were all committed to the Board and to the proposal that there should be an initial fund provided to promote the fund-raising activities, but that there was a need for a flexible approach to allow all Parties to contribute to the Fund in the manner which suited them.

7. Protection of NASCO's Name and Logo

7.1 At the Committee's last meeting the Secretary was asked to proceed with registering the Organization's logo (which includes the acronym 'NASCO') under the Paris Convention. The Secretary advised the Committee that a firm of Chartered Patent Agents had been instructed to proceed but that the process is likely to take some time. It is hoped that the logo will be registered before the end of the current year.

8. Consideration of the 2003 Draft Budget, Schedule of Contributions and 2004 Forecast Budget

8.1 The Secretary introduced the draft 2003 budget, FAC(02)6, which represents an increase in real terms of about 29%. However, this increase is due to the inclusion of the sum of £50,000 for the International Cooperative Salmon Research Fund in relation to initial fund-raising activities and the sum of £28,000 in order to replenish the Working Capital Fund. Furthermore, there are increased costs associated with meeting in Edinburgh and publication of a biennial report in 2003. If these costs, and the contribution to the Stabilisation Fund, which are beyond the Secretary's control, are excluded, the 2003 draft budget proposed represents a reduction in real terms of

about 3% compared to the 2002 budget. Reductions in real terms were proposed in four budget headings. The Secretary referred to the reasons for the increases in the other sections.

- 8.2 The Committee agreed to reduce the sum proposed for the International Cooperative Board Research Fund in section 12 of the budget to £12,000. However, the Committee was aware that there was a strong likelihood that one of the Contracting Parties would offer to host the Twentieth Annual Meeting in 2003. In this event the Committee recommends that a sum of £18,000, presently included in section 5 (Meetings) of the budget, be immediately transferred to the International Cooperative Salmon Research Fund, thus increasing the fund to £30,000. The members of the Committee also agreed to consult their authorities with regard to the possibilities of making voluntary contributions in order to further raise the level of this fund.
- 8.3 Following further consultations, the Committee recommended to the Council the adoption of the annexed Draft Budget and Schedule of Contributions (Annex 4).

9. Appointment of Auditors

- 9.1 The Committee recommended to the Council the appointment of PricewaterhouseCoopers of Queen Street, Edinburgh as auditors for the 2002 audited accounts or such other company as may be agreed by the Secretary in consultation with the Chairman of the Finance and Administration Committee.

10. Any Other Business

- 10.1 The representative of Denmark (in respect of the Faroe Islands and Greenland) said that, as this was the last meeting he would attend before he retired, he would like to express his appreciation to the Secretary and his staff for their excellent work for the Parties. The Committee concurred with this view and the Chairman then thanked the members of the Committee for their valuable contributions and closed the meeting.
- 10.2 A list of Finance and Administration Committee papers is given in Annex 5.

List of Participants

Mr Tim Young	Canada
Mr Lars Dyrlov Madsen	Denmark (in respect of the Faroe Islands and Greenland)
Mr Sofus Poulsen	Denmark (in respect of the Faroe Islands and Greenland)
Mr Hedin Weihe	Denmark (in respect of the Faroe Islands and Greenland)
Mr Andrew Thomson (Chairman)	European Union
Mr Arni Isaksson	Iceland
Mr Øyvind Walsø	Norway
Ms Svetlana Krylova	Russian Federation
Mr Boris Prischepa	Russian Federation
Ms Elena Samoylova	Russian Federation
Ms Kimberly Blankenbeker	USA
Ms Nikki Brajevich	USA
Dr Peter Hutchinson	Secretariat
Dr Malcolm Windsor	Secretariat

FAC(02)9

Meeting of the Finance and Administration Committee

Agenda

	Paper No.
1. Opening of the Meeting	
2. Adoption of the Agenda	FAC(02)1
3. 2001 Audited Accounts	FAC(02)2
4. Review of the Annual Payment to ICES	FAC(02)3
5. NASCO Staff Fund	FAC(02)4
6. The International Cooperative Salmon Research Fund and Donations to NASCO	FAC(02)5
7. Protection of NASCO's Name and Logo	
8. Consideration of the 2003 Draft Budget, Schedule of Contributions and 2004 Forecast Budget	FAC(02)6
9. Appointment of Auditors	
10. Any Other Business	

FAC(02)10

***NASCO Staff Fund
Rules***

1. **Application**
 - 1.1 These Rules apply to the NASCO Staff Fund and govern the operation of the Deferred Salary Scheme established by the decision of the Council, CNL(01)49.
2. **Membership**
 - 2.1 Any Secretariat Member may become a Member of the Scheme. Members of the Scheme may, at the discretion of the Council, retain Secretariat Member status, in an honorary or other capacity, while in receipt of benefits from the Scheme.
3. **Contributions**
 - 3.1 Contributions to the Scheme by NASCO and by the Members of the Scheme shall be held in the NASCO Staff Fund, established in accordance with NASCO Financial Rule 6.1, and sub-divided into a separate deferred salary account for each Member.
 - 3.2 The Organization will defer 15.8% of the gross salary of each Member of the Scheme to the Fund or such other amount as is determined by the Council from time to time. Each Member of the Scheme shall defer a minimum of 7.9% of gross salary or such other minimum amount as is determined by the Council from time to time. Members of the Scheme may request that additional contributions be deferred from salary and paid into the Fund. Contributions made to the Fund shall be enhanced by 5% by NASCO as a contribution to investment charges.
 - 3.3 The tax imposed on the salary of Secretariat Members for the benefit of the Organization shall be calculated on the sum remaining after deduction of their contributions to the Fund.
4. **Management of the Fund**
 - 4.1 Contributions retained by NASCO over the deferred period and thereafter may be held on deposit or, should the Member of the Scheme concerned so request, be otherwise invested.
5. **Benefits**
 - 5.1 Each Member of the Scheme shall at all times be fully vested and have entitlement to give notice requesting payment in whole or in part of their individual deferred salary account at any time whilst remaining a Secretariat Member or thereafter. Such benefits are considered as tax-paid deferred salary payments.
 - 5.2 In the event of death of a Member of the Scheme the Secretary shall return the full value of that Member's deferred salary account to that Member's spouse or such other dependant as may have been advised by written notice to the Secretary.

FAC(02)11

North Atlantic Salmon Conservation Organization
2003 Draft Budget And 2004 Forecast Budget (Pounds Sterling)

Section	Description	Expenditure	
		Budget 2003	Forecast 2004
1	Staff-related costs	268,880	276,930
2	Travel and subsistence	32,750	39,610
3	Research and advice	30,630	31,500
4	Contribution to Working Capital Fund	28,000	0
5	Meetings	25,500	8,630
6	Office supplies, printing and translation	28,000	24,500
7	Communications	14,650	15,080
8	Headquarters Property	-25,860	-24,860
9	Office furniture and equipment	7,250	7,460
10	Audit and other expenses	9,000	9,250
11	Tag Return Incentive Scheme	5,000	5,000
12	International Cooperative Salmon Research Fund	12,000	0
	Total	435,800	393,100

		Revenue	
		Budget 2003	Forecast 2004
13	Contributions - Contracting Parties	447,800	404,100
14	Miscellaneous Income - Interest	6,000	6,000
15	Stabilisation	-18,000	-17,000
16	Surplus or Deficit (-) from 2001	0	0
	Total	435,800	393,100

Section 1	Staff-related costs	Budget 2003	Forecast 2004
1.1	Secretariat members	177,560	182,880
1.2	Temporary and support staff	14,140	14,560
1.3	Pensions, allowances, public liability, insurances and other staff-related costs	77,180	79,490
	Total	268,880	276,930

Section 2	Travel and subsistence	Budget 2003	Forecast 2004
2.1	Travel to post and annual meeting	0	6,000
2.2	Official travel and subsistence	28,750	29,610
2.3	President's travel to represent NASCO	4,000	4,000
	Total	32,750	39,610

Section 3	Research and advice	Budget 2003	Forecast 2004
3.1	Annual contribution to ICES	30,630	31,500
	Total	30,630	31,500

Section 4	Contribution to Working Capital Fund	Budget 2003	Forecast 2004
4.1	Working capital	28,000	0

Section 5	Meetings	Budget 2003	Forecast 2004
5.1	Costs of annual meeting	21,000	4,000
5.2	Costs of other meetings	4,500	4,630
	Total	25,500	8,630

Section 6	Office supplies, printing and translation	Budget 2003	Forecast 2004
6.1	Office supplies	15,200	15,650
6.2	Printing	11,000	7,000
6.3	Translations	1,800	1,850
	Total	28,000	24,500

Section 7	Communications	Budget 2003	Forecast 2004
7.1	Telephone charges	5,250	5,400
7.2	Other telecommunications	2,000	2,060
7.3	Postal charges	7,400	7,620
	Total	14,650	15,080

Section 8	Headquarters Property	Budget 2003	Forecast 2004
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	33,440	34,440
8.3	LESS Income from property	59,300	59,300
	Total	-25,860	-24,860

Section 9	Office furniture and equipment	Budget 2003	Forecast 2004
9.1	Furniture	1,250	1,280
9.2	Equipment	6,000	6,180
	Total	7,250	7,460

Section 10	Audit and other expenses	Budget 2003	Forecast 2004
10.1	Audit and accountancy fees	4,900	5,040
10.2	Bank charges and insurances	600	610
10.3	Miscellaneous	3,500	3,600
	Total	9,000	9,250

Section 11	Tag Return Incentive Scheme	Budget 2003	Forecast 2004
11.1	Prize money	5,000	5,000

Section 12	Contribution to International Cooperative Salmon Research Fund	Budget 2003	Forecast 2004
12.1	ICSR Fund	12,000	0

**Adjustments to 2002 contributions (Pounds Sterling)
to take into account confirmed 2000 Catch Statistics**

Party	2000 Provisional catch	2000 Confirmed catch	2002 Contribution based on provisional catch	2002 Contribution based on confirmed catch	Adjustment to 2002 contribution
Canada	150	153	29,124	28,971	-153
Denmark (Faroe Islands and Greenland)	29	29	18,189	18,109	-80
European Union	1,251	1,336	128,616	132,596	+3,980
Iceland	84	85	23,159	23,014	-145
Norway	1,176	1,176	121,839	118,581	-3,258
Russian Federation	124	124	26,774	26,431	-344
USA	0	0	15,569	15,569	0
TOTAL	2,814	2,903	363,270	363,270	0

Note: A positive adjustment represents an underpayment in 2002.

**NASCO Draft Budget Contributions for 2002 and Forecast
Budget Contributions for 2003 (Pounds Sterling)**

Party	2001 Provisional catch (tonnes)	Contribution for 2003	Adjustment from 2002	Adjusted contribution for 2003	Forecast contribution for 2004
Canada	145	33,934	-153	33,781	30,623
Denmark (Faroe Islands and Greenland)	42	23,462	-80	23,381	21,172
European Union	1,428	164,381	+3,980	168,361	148,340
Iceland	87	28,037	-145	27,892	25,301
Norway	1,267	148,012	-3,258	144,754	133,568
Russian Federation	114	30,782	-344	30,439	27,778
USA	0	19,191	0	19,191	17,319
TOTAL	3,083	447,800	0	447,800	404,100

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(02)1	Draft Agenda
FAC(02)2	2001 Audited Accounts
FAC(02)3	Review of the Annual Payment to ICES
FAC(02)4	NASCO Staff Fund
FAC(02)5	The International Cooperative Salmon Research Fund and Donations to NASCO
FAC(02)6	2003 Draft Budget and 2004 Forecast Budget
FAC(02)7	Draft Report of the Nineteenth Annual Meeting of the Finance and Administration Committee
FAC(02)8	Revised 2003 Draft Budget and 2004 Forecast Budget
FAC(02)9	Agenda
FAC(02)10	NASCO Staff Fund Rules
FAC(02)11	2003 Draft Budget and 2004 Forecast Budget

