

**The North Atlantic Salmon
Conservation Organization**

**Report of the Twentieth Annual Meeting of
the Finance and Administration Committee
2 June 2003, Edinburgh, Scotland**

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

CNL(03)6

Contents

	<u>Page</u>
Report of the Twentieth Annual Meeting of the Finance and Administration Committee	1
Annex 1 List of Participants	5
Annex 2 Agenda	7
Annex 3 2004 Draft Budget and 2005 Forecast Budget	9
Annex 4 List of Finance and Administration Committee Papers	15

CNL(03)6

***Report of the Twentieth Annual Meeting of
the Finance and Administration Committee of
the North Atlantic Salmon Conservation Organization
2 June, 2003
The Balmoral Hotel, Edinburgh, Scotland, UK***

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 Edinburgh.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its agenda, FAC(03)8 (Annex 2).

3. Election of Officers

- 3.1 The Committee unanimously re-elected Mr Steinar Hermansen (Norway) as its Chairman and Mr Andrew Thomson (European Union) as its Vice-Chairman.

4. 2002 Audited Accounts

- 4.1 The Secretary introduced the audited accounts for 2002, FAC(03)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 2002 audited accounts and recommended that they be adopted by the Council.

5. The Annual Payment to ICES and Status of an MoU

- 5.1 At its 1999 meeting the Council had adopted a Memorandum of Understanding (MoU) with ICES detailing the services that NASCO can expect from ICES and the financial arrangements. This MoU expired on 22 June 2002. During the period covered by the MoU, NASCO paid annually increasing amounts so as to reach 100% cost recovery. Last year the Committee had agreed that the existing MoU with ICES should be renewed until the end of 2003 during which the contribution by NASCO would only increase to take account of inflation in Denmark. The Committee had asked the Secretary to continue 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 through continuation of the present level of fixed-rate payment adjusted only to take account of inflation; improved consultation before additional costs are attributed by ICES to NASCO; continuation of the arrangements for providing the

advice on a timely basis and examination of the opportunities to make this arrangement more cost-effective; and a critical re-examination of the balance between the advisory and core functions of ICES.

- 5.2 A report on the continuing consultations with ICES was presented, FAC(03)3. The text of a new draft agreement between the European Commission and ICES, FAC(03)6, was also tabled. The European Union believed it was appropriate to pay a stipend to the Chairman of the ACFM. The Committee recognised that, while this agreement, when finalized, could form a useful basis for the development of a new agreement between NASCO and ICES, there would inevitably be some differences.
- 5.3 An approach to the development of a new MoU for NASCO had been proposed to ICES and it had been suggested that, to allow time to resolve the outstanding issues, the present MoU be rolled over for a further period of one year (i.e. until the end of 2004) with an adjustment in the payment by NASCO to take account of inflation in Denmark. On this basis a payment of approximately DKK343,000 would be payable in 2004 and this figure had been included in the Draft 2004 budget. The Committee agreed to this proposal and asked that the Secretary continue to liaise with ICES and the other fishery Commissions in the development of a new MoU on the basis of the mandate agreed at the Committee's last meeting as detailed in paragraph 5.1 above and drawing, as appropriate, on the European Union agreement once this is finalized. However, the Committee reaffirmed that NASCO would not wish to attend the meetings of the ACFM in an observer capacity. There was no consensus to contribute to a stipend for the Chairman of ACFM.
- 5.4 The Committee discussed an indication from ICES that they might admit NGO observers to the meetings of the Working Group on North Atlantic Salmon. Concern was expressed about this policy. However, the Committee agreed that, before it could consider this further, it would need additional information from ICES on the conditions governing NGO attendance at the Working Group meetings. The Secretary was asked to obtain, from the General Secretary of ICES, further information on the proposal.

6. NASCO Staff Fund

- 6.1 In 2001, the Council agreed to establish a NASCO Staff Fund because of the financial difficulties experienced by Equitable Life. 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 all the Secretariat Members. The Secretary reported on the on-going discussions with PWC, FAC(03)7. To date it had not been possible to reach a satisfactory outcome.
- 6.2 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, in such a small Organization there was a moral obligation to support the staff, who had been placed in this situation. Accordingly, the Committee recommends that the Council, as the employer, authorize the Secretary to use the Working Capital Fund to deal with this matter to the extent agreed by the Heads of Delegations.

- 6.3 The Committee considered that, depending on the outcome of any further discussions with PricewaterhouseCoopers, further steps, such as the ending of all business relationships with that company, will also need to be considered. The Committee expressed disappointment at having to contemplate such steps, given the long-term relationship between NASCO and PWC. In the event of a successful outcome with PWC, any legal costs recouped shall be returned to the Organization.
- 6.4 The Committee recommends that, as an immediate step, the President of NASCO write a letter to PWC on this matter.

7. Protection of NASCO's Name and Logo

- 7.1 At its 2001 meeting the Committee had asked the Secretary to register the Organization's logo (which includes the acronym "NASCO") under the Paris Convention. The Secretary advised the Committee that, rather than registering the logo and acronym "NASCO" as a trade mark in each country, which would be an expensive process, it was more cost-effective to invoke the protection of the Paris Convention which uses the National Trade Mark Registry in each country. This procedure has a period of twelve months from the date of notification in which to allow for objections. Therefore, if no objection is received by 23 September 2003, NASCO's logo should be protected in every country in the world. The National Trade Mark Registry would then be obliged to object to any proposed registration of a trademark resembling that of NASCO.

8. Consideration of the 2004 Draft Budget, Schedule of Contributions and 2005 Forecast Budget

- 8.1 The Chairman referred to the Organization's favourable financial status. The Organization owns its own Headquarters, an asset worth around £1.5 million which generates about £60,000 rental income a year. Furthermore, the Organization does not pay rent for its own accommodation. The Secretary introduced the draft 2004 budget, FAC(03)4, which proposed a reduction in real terms of 7.1% compared to the 2003 budget. However, if the contribution to the Stabilisation Fund (which does not represent current expenditure) and to the International Atlantic Salmon Research Fund (as requested by the Board) are excluded, the reduction in real terms is 15.2%. Reductions in real terms were proposed in six budget headings. The Secretary referred to the reasons for the increase in the other sections.
- 8.2 The Secretary indicated that there had been a proposal that the budget contributions for 2004 be retained at the same level as in 2003 and that any saving be credited to the Working Capital Fund so as to allow for a potential overspend on building maintenance, to cover the cost of any legal advice (see paragraph 6.2) and to provide funds in the event of delays in the payment of the contributions by the Contracting Parties. The Secretary indicated that a payment of £18,500 to the Working Capital Fund would be possible. The Committee agreed with this proposal. In order to facilitate this payment to the Working Capital Fund, the ceiling level of the Fund would need to be increased to £80,000. The Committee recommends to the Council that Financial Rule 6.3 be amended by replacing reference to "60,000 pounds sterling" with "80,000 pounds sterling".

- 8.3 The Committee agreed to recommend to the Council that the Assistant Secretary's post be transferred to the Professional Category on the A2.1 grade of the Coordinated Organizations' Scales with effect from 1 June 2003.
- 8.4 The Committee recommended to the Council the adoption of the annexed Draft Budget and Schedule of Contributions (Annex 3).

9. Appointment of Auditors

- 9.1 The Committee recommended to the Council the appointment of PricewaterhouseCoopers of Queen Street, Edinburgh as auditors for the 2003 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 Committee asked that the Secretary might make documents for future Annual Meetings available on the Organization's website. The Secretary advised the Committee that there are three main mailings for the Annual Meetings (in early January, early April and early May) and that once the documents are available on the website he would advise delegates by e-mail, providing details of the password required to access the documents. Any delegate preferring to receive the documents as hard copy, by e-mail or on a CD could advise the Secretariat accordingly.
- 10.2 There was no other business.
- 10.3 In closing the meeting the Chairman thanked the members of the Committee for their valuable contributions.
- 10.4 The Committee expressed sincere thanks to the Chairman and the Secretary for their excellent work.
- 10.5 A list of Finance and Administration Committee papers is given in Annex 4.

Note: The budget subsequently adopted by the Council is as shown in Annex 3 but included an additional sum of £4,000 under Section 3: Research and Advice, to cover NASCO's share of a stipend for the Chairman of the ICES Advisory Committee on Fishery Management.

List of Participants

Mr Tim Young	Canada
Mr Lars Dyrlov Madsen	Denmark (in respect of the Faroe Islands and Greenland)
Mr Hedin Weihe	Denmark (in respect of the Faroe Islands and Greenland)
Mr Andrew Thomson	European Union
Mr Arni Isaksson	Iceland
Mr Gudmundur Helgason	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
Ms Nikki Brajevich	USA
Dr Peter Hutchinson	Secretariat
Dr Malcolm Windsor	Secretariat

FAC(03)8

**Meeting of the Finance and Administration Committee
Edinburgh, Scotland
Monday 2 June, 2003**

Agenda

	Paper No.
1. Opening of the Meeting	
2. Adoption of the Agenda	FAC(03)1
3. Election of Officers	
4. 2002 Audited Accounts	FAC(03)2
5. The Annual Payment to ICES and Status of an MoU	FAC(03)3 FAC(03)6
6. NASCO Staff Fund	FAC(03)7
7. Protection of NASCO's Name and Logo	
8. Consideration of the 2004 Draft Budget, Schedule of Contributions and 2005 Forecast Budget	FAC(03)4
9. Appointment of Auditors	
10. Any Other Business	

**North Atlantic Salmon Conservation Organization
2004 Draft Budget and 2005 Forecast Budget (Pounds Sterling)**

Section	Description	Expenditure	
		Budget 2004	Forecast 2005
1	Staff-related costs	284,840	293,370
2	Travel and subsistence	39,750	40,760
3	Research and advice	32,660	33,640
4	Contribution to Working Capital Fund	18,500	0
5	Meetings	7,500	8,630
6	Office supplies, printing and translation	21,000	25,470
7	Communications	15,000	15,450
8	Headquarters Property	-24,580	-23,570
9	Office furniture and equipment	7,250	7,460
10	Audit and other expenses	8,850	9,100
11	Tag Return Incentive Scheme	5,000	5,000
12	International Cooperative Salmon Research Fund	18,000	0
	Total	433,770	415,310

	Description	Revenue	
		Budget 2004	Forecast 2005
13	Contributions - Contracting Parties	447,770	429,310
14	Miscellaneous Income - Interest	4,000	4,000
15	Stabilisation	-18,000	-18,000
16	Surplus or Deficit (-) from 2001	0	0
	Total	433,770	415,310

Section 1	Staff-related costs	Budget 2004	Forecast 2005
1.1	Secretariat members	189,000	194,670
1.2	Temporary and support staff	14,590	15,020
1.3	NASCO Staff Fund, allowances, public liability, insurances and other staff-related costs	81,250	83,680
	Total	284,840	293,370

Section 2	Travel and subsistence	Budget 2004	Forecast 2005
2.1	Travel to post and annual meeting	6,000	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	39,750	40,760

Section 3	Research and advice	Budget 2004	Forecast 2005
3.1	Annual contribution to ICES	32,660	33,640
	Total	32,660	33,640

Section 4	Contribution to Working Capital Fund	Budget 2004	Forecast 2005
4.1	Working capital	18,500	0

Section 5	Meetings	Budget 2004	Forecast 2005
5.1	Costs of annual meeting	3,000	4,000
5.2	Costs of other meetings	4,500	4,630
	Total	7,500	8,630

Section 6	Office supplies, printing and translation	Budget 2004	Forecast 2005
6.1	Office supplies	14,500	14,930
6.2	Printing	5,000	9,000
6.3	Translations	1,500	1,540
	Total	21,000	25,470

Section 7	Communications	Budget 2004	Forecast 2005
7.1	Telephone charges	6,000	6,180
7.2	Other telecommunications	3,000	3,090
7.3	Postal charges	6,000	6,180
	Total	15,000	15,450

Section 8	Headquarters Property	Budget 2004	Forecast 2005
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	33,720	34,730
8.3	LESS Income from property	58,300	58,300
	Total	-24,580	-23,570

Section 9	Office furniture and equipment	Budget 2004	Forecast 2005
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 2004	Forecast 2005
10.1	Audit and accountancy fees	5,100	5,250
10.2	Bank charges and insurances	500	510
10.3	Miscellaneous	3,250	3,340
	Total	8,850	9,100

Section 11	Tag Return Incentive Scheme	Budget 2004	Forecast 2005
11.1	Prize money	5,000	5,000

Section 12	Contribution to International Cooperative Salmon Research Fund	Budget 2004	Forecast 2005
12.1	ICSR Fund	18,000	0

**Adjustments to 2003 contributions (Pounds Sterling)
to take into account confirmed 2001 Catch Statistics**

Party	2001 Provisional catch	2001 Confirmed catch	2003 Contribution based on provisional catch	2003 Contribution based on confirmed catch	Adjustment to 2003 contribution
Canada	145	148	33,934	34,323	+388
Denmark (Faroe Islands and Greenland)	42	42	23,462	23,485	+24
European Union	1,428	1,407	164,381	163,040	-1,342
Iceland	87	88	28,037	28,188	+151
Norway	1,267	1,267	148,012	148,726	+714
Russian Federation	114	114	30,782	30,846	+64
USA	0	0	19,191	19,191	0
TOTAL	3,083	3,066	447,800	447,800	0

Note: A positive adjustment represents an underpayment in 2003.

**NASCO Draft Budget Contributions for 2004 and Forecast
Budget Contributions for 2005 (Pounds Sterling)**

Party	2002 Provisional catch (tonnes)	Contribution for 2004	Adjustment from 2003	Adjusted contribution for 2004	Forecast contribution for 2005
Canada	148	36,889	+388	37,278	35,368
Denmark (Faroe Islands and Greenland)	9	20,266	+24	20,290	19,431
European Union	1,235	166,881	-1,342	165,539	160,001
Iceland	92	30,192	+151	30,343	28,947
Norway	1,019	141,050	+714	141,764	135,235
Russian Federation	118	33,301	+64	33,366	31,929
USA	0	19,190	0	19,190	18,399
TOTAL	2,621	447,770	0	447,770	429,310

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(03)1	Draft Agenda
FAC(03)2	2002 Audited Accounts
FAC(03)3	The Annual Payment to ICES and Status of an MoU
FAC(03)4	Consideration of the 2004 Draft Budget, Schedule of Contributions and 2005 Forecast Budget
FAC(03)4(supp)	Revised budget contributions after crediting the budget saving of £18,500 to the Working Capital Fund
FAC(03)5	Draft Report
FAC(03)6	Draft Agreement Between the European Commission and ICES
FAC(03)7	Financial Advice from PricewaterhouseCoopers
FAC(03)8	Agenda