



40th ANNUAL MEETING – SEPTEMBER 2018

**Administrative Report for the period September 2017 to August 2018
and Financial Statements for the fiscal year ending 31 December 2018**

Presented by NAFO Secretariat

This year NAFO is conducting its 40th Annual Meeting.

1. The Contracting Parties of NAFO (12) constitute the following membership to the NAFO two main bodies:

Canada
Cuba
Denmark (in respect of the Faroe Islands and Greenland) (DFG)
European Union (EU)
France (in respect of St. Pierre et Miquelon)
Iceland
Japan
Norway
Republic of Korea
Russian Federation
Ukraine
United States of America (USA)

2. NAFO Officers

Position	Name (CP)	Term
President of NAFO and Chair of the Commission	Stéphane Artano (France in respect of St. Pierre et Miquelon)	Sep. 2017–Sep. 2019
vice-Chair of the Commission	Temur Tairov (Russian Federation)	Sep. 2017–Sep. 2019
Chair of the Standing Committee on Finance and Administration (STACFAD)	Deirdre Warner-Kramer (USA)	Sep. 2012–Sep. 2018
vice-Chair of STACFAD	Elise Lavigne (Canada)	Sep. 2013–Sep. 2019
Chair of the Standing Committee on International Control (STACTIC)	Judy Dwyer (Canada)	Sep. 2015–Sep. 2019
vice-Chair of STACTIC	Aronne Spezzani (EU)	Jun 2012–Sep. 2019
Chair of the Scientific Council	Brian Healey (Canada)	Sep. 2017–Sep. 2019
vice-Chair of the Scientific Council	Carmen Fernandez (EU)	Jun. 2018–Sep. 2020
	Carmen Fernandez (EU)	Jun. 2018–Sep. 2020
Chair of the Standing Committee on Research Coordination (STACREC)		
Chair of the Standing Committee on Fisheries Science (STACFIS)	Karen Dwyer (Canada)	Sep. 2017–Sep. 2019
Chair of the Standing Committee on Publications (STACPUB)	Margaret Treble (Canada)	Sep. 2013–Sep. 2019
Chair of the Standing Committee on Fisheries Environment (STACFEN)	Vacant	

3. NAFO Meetings

September 2017 – August 2018:

- 15–16 September 2017, NAFO Joint Fisheries Commission-Scientific Council Working Group on Risk-Based Management Strategies (WG-RBMS). Montreal, QC, Canada.
- 18–22 September 2017, NAFO 39th Annual Meeting . Montreal, QC, Canada.
- 27 September-4 October 2017, Joint NAFO/ICES *Pandalus* Assessment Group Meeting. Lysekil, Sweden.
- 07–16 November 2017, Scientific Council Working Group on Ecosystem Science and Assessment (WG-ESA). Dartmouth, Nova Scotia, Canada.
- 20 November 2017, NAFO STACTIC Observer Program Review Working Group (WG-OPR), WebEx.
- 21 November 2017, NAFO Catch Estimation Strategy Advisory Group (CESAG), WebEx
- 15 January 2018, NAFO Performance Review Panel 2018, WebEx.
- 16 January 2018, NAFO STACTIC Observer Program Review Working Group (WG-OPR), WebEx.
- 22 January 2018, Working Group on Improving Efficiency of NAFO Working Group Process (E-WG), WebEx.
- 09 February 2018, NAFO Performance Review Panel 2018, WebEx.
- 26 February 2018, NAFO: Performance Review Panel, WebEx.
- 05–09 March 2018, NAFO/ICES Working Group on Deep-water Ecology (WG-DEC), Copenhagen, Denmark.
- 06–08 March 2018, NAFO STACTIC Observer Program Review Working Group (WG-OPR). Reykjavík, Iceland.
- 12 March 2018, NAFO Catch Estimation Strategy Advisory Group (CESAG), WebEx
- 19–23 March 2018, NAFO: Performance Review Panel, Dartmouth, Nova Scotia, Canada.
- 23 March 2018, NAFO STACTIC Observer Program Review Working Group (WG-OPR), WebEx.
- 20–21 March 2018, Joint Advisory Group on Data Management (JAGDM), London, UK
- 09–13 April 2018, NAFO Scientific Council Benchmark Assessment of the Flemish Cap (NAFO Div. 3M) cod stock, Lisbon, Portugal
- 20 April 2018, NAFO STACTIC Observer Program Review Working Group (WG-OPR), WebEx.
- 26 April 2018, NAFO Catch Estimation Strategy Advisory Group (CESAG), WebEx
- 02 May 2018, NAFO: Performance Review Panel, Skype.
- 07 May 2018, NAFO STACTIC Observer Program Review Working Group (WG-OPR), Halifax, Nova Scotia, Canada.
- 08–10 May 2018, NAFO Standing Committee on International Control (STACTIC) Inter-sessional Meeting in Dartmouth, Nova Scotia, Canada.
- 28 May–1 June 2018, NAFO: Performance Review Panel, Dartmouth, Nova Scotia, Canada
- 01–14 June 2018, Scientific Council and its Standing Committees in Halifax, Nova Scotia, Canada
- 13 June 2018, Performance Review Panel, Skype.
- 13–15 August 2018, NAFO Joint Fisheries Commission-Scientific Council Working Group on Risk-Based Management Strategies (WG-RBMS), London, UK.
- 15 August 2018, NAFO Catch Estimation Strategy Advisory Group (CESAG), London, UK and WebEx
- 16–17 August 2018, Joint Commission-Scientific Council Working Group on Ecosystem Approach Framework to Fisheries (WG-EAFFM), London, UK

Reports of all NAFO meeting are finalized following the meeting end and are posted on the public NAFO website. (<https://www.nafo.int>)

Future Meetings:

- 17–21 September 2018, NAFO 40th Annual Meeting, Tallinn, Estonia.
- 17–23 October 2018, Scientific Council and NAFO/ICES *Pandalus* Assessment Group, Dartmouth, Nova Scotia, Canada.

- 13–22 November 2018, Scientific Council Working Group on Ecosystem Science and Assessment (WG-ESA), Dartmouth, NS, Canada.
- Standing Committee on International Control (STACTIC) Intersessional Meeting, date and venue TBD
- 31 May--13 June 2019, Scientific Council and its Standing Committees, Halifax, Nova Scotia, Canada
- 23–27 September 2019, NAFO 41st Annual Meeting, Halifax, Nova Scotia, Canada (unless an invitation to host is extended by a Contracting Party and accepted by the Organization)

4. Secretariat Staff

Recruitment

For the period of September 2017–August 2018, the Secretariat was comprised of the following employees:

Executive Secretary	Fred Kingston
Deputy Executive Secretary and Senior Finance and Staff Administrator	Stan Goodick
Senior Fisheries Management Coordinator	Ricardo Federizon
Scientific Council Coordinator	Tom Blasdale
Senior Executive Assistant to the Executive Secretary	Lisa LeFort
Fisheries Information Administrator	Jana Aker
Scientific Information Administrator	Dayna Bell MacCallum
IT Manager	Matthew Kendall
Senior Publications Manager	Alexis Pacey
Database Developer/Programmer Analyst	DJ Laycock
Office Administrator	Sarah Guile (maternity leave ended July 2018)
Office Administrator	Whitney McEvoy (to July 2018)

5. Publications

During the period of September 2017–August 2018, in addition to the many meeting documents and working papers for NAFO meetings, the NAFO Secretariat prepared, posted to the web and/or printed the publications listed below:

- *Journal of Northwest Atlantic Fishery Science, Volume 49, 2017 (53 pages)*
- *NAFO Annual Report 2017 (Online format and a 20-page booklet)*
- *NAFO Convention on Cooperation in the Northwest Atlantic Fisheries (46 pages)*
- *NAFO Conservation and Enforcement Measures (189 pages)*
- *NAFO Meeting Proceedings of the Commission for 2017/2018*
- *NAFO Rules of Procedure and Financial Regulations (36-page booklet)*
- *NAFO Scientific Council Reports 2017 (381 pages)*
- *Report of the NAFO Performance Review Panel 2018 (72 pages)*

All publications and documents are available on the NAFO website: www.nafo.int/Publications

Other initiatives and work:

Aquatic Sciences and Fisheries Abstracts (ASFA)

ASFA inputting and indexing was completed for the 2017 documents and publications. For more information about ASFA view their webpage: www.fao.org/fishery/asfa/en

The Senior Publications Manager attended the ASFA Board Meeting in Oostende, Belgium in June 2018. Significant changes in staff occurred within the ASFA Secretariat from 2017-2018. Additionally, there was discussion about updating and reforming the indexing process within the ASFA software system. Increased awareness of ASFA and its

benefits were explored by encouraging a promotional campaign for the database.

6. Fishery Statistics

The NAFO statistical databases are compiled by the NAFO Secretariat and published on the NAFO website <https://www.nafo.int/Data>. This database is continuously updated as new submissions are received.

The STATLANT 21A Extraction Tool, available on the NAFO website, continues to be used to query the NAFO Statistical database. This tool provides fishery catch statistics organized by country, species, division and year from 1960 to the present.

7. Information Technology (IT)

Data Protection

In 2018, the Secretariat added further data protection by installing, with the assistance of a grant from the EU, an advanced automated disk-based backup hardware solution, as well as moving to the latest tape technology for redundancy and speed improvements. Network security was also increased.

At-Sea Observer Smartphone Application

The NAFO STACTIC Observer Program Review Working Group (WG-OPR) is currently undertaking a review of the observer program in NAFO with a main goal of increasing data quality within the program. As part of this, the WG-OPR has requested the NAFO Secretariat develop a smartphone application to facilitate the automatic transmission of observer data. The smartphone application will be piloted in late 2018. Canada has agreed to sponsor the pilot with the purchase of up to 15 android smartphones and accessories. The application is designed to mimic the current data collection requirements of NAFO Observers but can be easily modified to include more features as needs arise.

Particular care will be taken to ensure the design of the application's user interface is intuitive and easy to use. The user answers questions about the fishing activity with step-by-step questions rather than a cumbersome list on form data entry fields. Each question has a multi-media / multi-lingual guided tour & help information. The application is operable with a small screen resolution, such as an inexpensive smartphone, to ensure maximum portability and minimal hardware costs. The application purposely avoids the use of the device's built-in keyboard by providing a custom numeric input to ensure the maximum distance between the button with the goals of avoiding data entry errors. Data will be transmitted to the NAFO Secretariat but reviewed by flag State data quality assurance individuals before being finalized and entered into the NAFO Observer database.

8. The NAFO Webpages

New NAFO website – public and members

Since the launch of the new public NAFO website in October 2016, the public pages have been slightly revised over the past two years based on user feedback. Updates and revisions to the website, to enhance ease of use and to best facilitate the users, will continue as needed.

The NAFO Members' pages (Phase II) were updated during 2018 and released in July 2018. It is a content management system (CMS), similar to the NAFO public pages and the *Journal of Northwest Atlantic Fishery Science*. The ad hoc Working Group on Data Classification met twice intersessionally to discuss / decide levels of security and access for the Members' pages and SharePoint. Further discussion is needed on some areas regarding transparency. The update will be available at the 2018 Annual Meeting.

SharePoint

The NAFO Meetings SharePoint (<https://meetings.nafo.int>) continues to be a valuable resource allowing access to the meeting documentation before, during and after meeting hours. The NAFO Secretariat continues to investigate the best ways to increase the use of SharePoint technology during meetings.

WebEx

This year, WebEx continued to be a valuable resource for meetings (www.webex.com). WebEx allows meetings to take place anywhere, anytime, with meeting participants at various locations, as well as allows participants to participate in non-virtual meetings they cannot attend.

9. Staff Committee

The Secretariat would like to thank Justine Jury, Joanne Morgan, and Deirdre Warner-Kramer for serving on the Staff Committee for the 2017-2018 term. The Staff Committee did not need to meet during the past 12 months.

10. Second Performance Review of NAFO

At the 2017 Annual Meeting, it was agreed to relaunch its second Performance Review. The first Performance Review took place in 2011 with all its recommendations having been addressed.

The second Performance Review of NAFO addresses conservation and management; compliance and enforcement; governance; science; international cooperation; financial and administrative issues. It also assessed how NAFO has addressed the recommendations of its first Performance Review.

The Performance Review began with the selection of panel members in October/November 2017, and work continued throughout 2018. The Performance Review panel consisted of three external experts and three internal experts. The external experts were Bárbara Boechat de Almeida (Brazil), Jane Willing (New Zealand and Coordinator of the Panel) and Poul Degnbol (Denmark). The internal experts were James Baird (Canada), Maria Fuensanta Candela Castillo (EU) and Terje Løbach (Norway). The Panel's report and recommendations were sent to Contracting Parties on 1 August 2018 and the Coordinator of the Performance Review Panel will present the Report at the Annual Meeting of NAFO in September 2018.

11. Secretariat Activities

NAFO Internship Program

At the 2011 Annual Meeting, a NAFO Internship Program was adopted by the Organization. Since then, eleven interns have taken part in the program. This year, two interns will participate in the NAFO internship program.

Sebastian Glindtvaad

Sebastian arrived at the NAFO Secretariat in April for a four-month internship. He hails from Denmark and has recently completed his post graduate degree in biology. Sebastian's research specialized in stock and population separation techniques using primarily ear stones.

During his internship, Sebastian helped with analysis of catch statistics and had the opportunity to attend the STACTIC Intersessional meeting in May, as well as the Scientific Council meeting in June. Sebastian learned about fishery science and fishery management, while gaining considerable knowledge within statistical and Geographical Information Systems (GIS) software.

Antoine Balazuc

Antoine will arrive at the NAFO Secretariat in October 2018. Antoine hails from France and holds a master's degree in fisheries science.

Outreach

Media

The Secretariat continues to circulate its annual press release to a dedicated NAFO media contact list. As per past years, a press release will follow the closing of the Annual Meeting.

External Relations

During the past year, Executive Secretary - Fred Kingston has participated in meetings to discuss NAFO-related issues, including the following:

- 30 October 2017, with Geneviève Desportes, General Secretary, North Atlantic Marine Mammal Commission (NAMMCO).
- 27 March 2018, met with the Executive Committee of the Deep Sea Conservation Coalition (DSCC) and members of the Ecology Action Centre (EAC).
- 9 - 13 July 2018, met with various FAO Officials to discuss NAFO participation in various FAO-led initiatives, including FIRMS, CWP and ASFA in the margins of the COFI meeting in Rome, Italy. On 10 July, the Executive Secretary also participated in a meeting of deep-sea RFMOs organized by the FAO under the ABNJ Deep Seas Project.
- Attended the monthly meetings of the Nova Scotia Consular Corps.

The NAFO Secretariat also continues to strengthen its relationship with the academic community.

- On 2 November 2017, Ms. Jana Aker, Fisheries Information Administrator, and Ms. Dayna Bell MacCallum, Scientific Information Administrator, gave a brief presentation about NAFO to the Dalhousie University Marine Affairs Program class in Halifax, Nova Scotia, Canada.
- On 14 March 2018, Executive Secretary, Fred Kingston, gave a lecture to the Dalhousie University Law of the Sea class in Halifax, Nova Scotia, Canada.
- 4 July 2018, Executive Secretary, Fred Kingston, gave a lecture to the International Ocean's Institute (IOI) class at the NAFO Secretariat in Dartmouth, Nova Scotia, Canada.
- 16 July 2018, Executive Secretary, Fred Kingston, gave a presentation on NAFO to the Master's Program in Sustainable Fisheries Management at the Universitat d'Alacant in Alicante, Spain.

Guests to the Secretariat

- On 10 October 2017, Mr. Darren Fisher, Member of Parliament for Dartmouth-Cole Harbour, paid a courtesy visit to the NAFO Secretariat.
- On 26 October, Karsten Mecklenburg, Head of Trade and Economic Section, European Union Delegation to Canada, paid a courtesy visit to the NAFO Secretariat.
- On 17 November 2017, H.E. Peteris Ustubs, Ambassador of the EU to Canada, paid a courtesy visit to the NAFO Secretariat.
- On 28 November 2017, Mr. Mark Taconet, Chief of the Fisheries and Aquaculture Statistics and Information Branch, of the Food and Agricultural Organization of the United Nations (FAO), paid a courtesy visit to the NAFO Secretariat. During his visit, Mr. Taconet had the opportunity to discuss the NAFO/FAO partnerships with the Secretariat staff.
- On 13 December 2017, Mr. Trevor Kenchington visited the NAFO Secretariat and gave a lecture on the History of Trawling to the NAFO Secretariat staff.
- On 18 December 2017, Mr. Peter Flewwelling, Compliance Manager at the North Pacific Fisheries Commission (NPFC), paid a courtesy visit to the NAFO Secretariat.
- On 18 June 2018, Mr. Albert Walzak (Executive Director), and Ms. Angela Houston (Director of Strategic Policy), from the Nova Scotia office of Intergovernmental Affairs paid a courtesy visit to the NAFO Secretariat.

The NAFO Secretariat continues to hold smaller working group meetings in its boardroom whenever possible as well as offer the use of the space to affiliated groups for a nominal fee. In the past, universities and Fisheries and Oceans Canada have used the space for meetings including the ICES Working Group on the Northwest Atlantic Regional Sea (WG-NARS) held in March 2017.

Information Requests

The NAFO Secretariat regularly responds to requests from various international sources. During the last year the Secretariat has responded specifically to:

- UN Convention on Biodiversity: Submission of information on experience in mainstreaming biodiversity in fisheries.
- Fisheries and Agricultural Organization (FAO) Global Transshipping Survey.
- UN questionnaire on monitoring the implementation of the 1995 FAO Code of Conduct for Responsible Fisheries (CCRF), the International Plans of Action on Capacity, Sharks, Seabirds, Illegal, Unreported and Unregulated Fishing and the Strategies for Improving Information on Status and Trends of Capture Fisheries and Aquaculture
- Contribution to the UN Secretary-General's Report on "Science-policy interface" relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks, pursuant to UNGA Resolution 72/72
- Contribution to the UN Secretary-General Report on oceans and the law of the sea, pursuant to United Nations General Assembly resolution 72/73 of 5 December 2017, entitled "Oceans and the law of the sea"
- Contribution to EUROFish magazine
- Contribution to the Regional Fishery Body Secretariats Network (RSN) Newsletters.

Throughout the year various informal requests are made to the Secretariat regarding specific information, procedures of NAFO, etc. by students, educational institutes, RFMOs, Contracting Parties representatives or other organizations. These are answered to the best of the ability and as time permits by various members of the NAFO Secretariat.

Oil and Gas Activity in the NRA

At the last Annual Meeting, Contracting Parties continued to discuss Canada's proposal to establish an arrangement for the timely exchange of information necessary to avoid overlapping activities and mitigate potential conflicts between fisheries and hydrocarbon activities. This arrangement was accepted by Contracting Parties as a reasonable approach for such an information exchange arrangement and Canada undertook to continue to engage with the Executive Secretary to consider possible refinements. At the 2017 Annual Meeting, Contracting Parties also agreed to amendments to the NAFO Conservation and Enforcement Measures (NCEM) that would allow the provision of certain VMS data to Canada under Article 3.2 of this arrangement. Following a request from Canada and after the requisite consultation with Contracting Parties, this data (i.e. a 'five-year monthly snapshot' of fishing activity in the NAFO Regulatory Area) was provided to Canada on 22 March 2017.

Since the 2014 Annual Meeting, Canada has also implemented an "interim process" through which it has sent to the NAFO Secretariat information about petroleum-related activities on Canada's continental shelf in the NAFO Regulatory Area for onward transmission to NAFO Contracting Parties. Since the 2017 Annual Meeting, there have been six such notifications.

12. Participation by Secretariat at external meetings

Our Ocean Conference, Malta, 5–6 October 2017

Executive Secretary, Fred Kingston attended the 4th Our Ocean Conference in Malta.

The 5th Sustainable Ocean Summit (SOS), Halifax, Nova Scotia, Canada, 29 November–1 December 2017

Executive Secretary, Fred Kingston, attended the SOS meeting in Halifax, Nova Scotia and gave a presentation entitled *BBNJ and existing regional bodies: the perspective of the Northwest Atlantic Fisheries Organization (NAFO)*.

7th Experts Sixth Experts Meeting on Maritime Confidence-Building in the Spratlys Area (South China Sea), Beijing China, 6–8 December 2017

Senior Fisheries Management Coordinator, Dr. Ricardo Federizon, attended the conference and gave two presentations. The first presentation was entitled, "Presentation of case studies of successful cooperative management and protection of the marine environment" and discussed international fisheries management, regional fisheries bodies

and NAFO. The second presentation was entitled, “*Monitoring, Control and Surveillance (MCS) Practices of the Northwest Atlantic Fisheries Organization (NAFO)*”.

FIRMS Technical Working Group Meeting on the Global Record of Stocks and Fisheries (GRSF), Rome, Italy, 7 – 9 February 2018

Scientific Council Coordinator, Tom Blasdale, attended the GRSF meeting in Rome, Italy.

BlueBridge Executive Advisory Board Meeting, Brussels, Belgium, 14- 15 February 2018

Scientific Council Coordinator, Tom Blasdale, attended the BlueBridge EAB meeting in Brussels, Belgium.

Second meeting of the Sustainable Ocean Initiative (SOI) Global Dialogue with Regional Seas Organizations and Regional Fisheries Bodies on Accelerating the Progress towards the Aichi Biodiversity Targets, Seoul, Republic of Korea, 9 – 13 April 2019

Executive Secretary, Fred Kingston, attended the SOI Global Dialogue meeting in Seoul, Republic of Korea, and gave a presentation on NAFO’s application of the ecosystem approach and ecosystem-based management.

The thirteenth round of Informal Consultations United Nations Fish Stocks Agreement Meeting, “Science-policy interface”, New York, New York, United States of America, 22 – 23 May 2018

Executive Secretary, Fred Kingston, attended the UN Fish Stocks Agreement meeting in New York, New York, USA.

The Annual Meeting of the International Fisheries Commissions Pension Society (IFCPS), Ann Arbor, Michigan, USA, 17-19 April 2018

NAFO was represented by Fred Kingston, Executive Secretary, and Stan Goodick, Deputy Executive Secretary/Senior Finance and Staff Administrator at the Annual Meeting of the International Fisheries Commissions Pension Society (IFCPS). It was hosted by the Great Lakes Fishery Commission and was attended by representatives of the seven International Fisheries Commissions with headquarters located in Canada and the United States of America. Also attending the meeting were the IFCPS directors appointed by the Governments of Canada and the United States of America.

The 2018 ASFA Advisory Board Meeting, Oostende, Belgium, 11 – 15 June 2018

Senior Publications Manager, Alexis Pacey, attended the ASFA meeting in Oostende, Belgium.

The 9th International Fisheries Observer and Monitoring Conference (IFOMC), Vigo, Spain, 11 – 15 June 2018

Fisheries Information Administrator, Jana Aker, attended IFOMC in Vigo, Spain, and gave a poster presentation, entitled, “Android application for the collection of observer data in the NAFO Regulatory Area” discussing the new At-Sea Observer Smartphone Application currently being developed by the NAFO Secretariat.

NASCO Annual Meeting, Portland, Maine, United States of America, 11 – 12 June 2018

Executive Secretary, Fred Kingston, attended the opening sessions of the NASCO Annual Meeting in Portland, Maine, USA and gave an opening statement.

Regional Fishery Body Secretariats’ Network (RSN) and the 33rd Meeting of the Committee on Fisheries (COFI), Rome, Italy, 9 – 13 July 2018

Executive Secretary, Fred Kingston, attended both the RSN and COFI meetings in Rome, Italy

The First Session of the Intergovernmental Conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction (BBNJ), New York, New York, United States of America, 4-5 September 2018

Executive Secretary, Fred Kingston, attended the first two days of this Intergovernmental Conference and made presentations concerning NAFO’s ecosystem approach framework to fisheries management in two side events organized by the FAO.

Second Global Fishery Forum & Seafood Expo 2018, St. Petersburg, Russia, 14-15 September 2018

Executive Secretary, Fred Kingston, participated in the Fishery Forum.

13. NAFO Secretariat Headquarters Relocation

The NAFO Secretariat has been informed by the Government of Canada that it will be terminating all of its leases at 2 Morris Drive, Dartmouth, Nova Scotia, where the Secretariat is located, and intends to relocate the Secretariat to another location in Halifax. While the search to find an appropriate location with the space to meet the needs and interests of the Organization is underway, the current lease of the Secretariat headquarters has been renewed for another year.

During the past year, the Secretariat met with representatives from Fisheries and Oceans Canada (DFO) and Public Services and Procurement Canada (PSPC) to review available leased space currently held by PSPC in the Halifax area. However, it was determined that PSPC does not have suitable space in its current inventory and therefore a public lease tender process was initiated in July 2018.

Geographical boundaries within the Downtown Dartmouth and Downtown Halifax areas were established for the Secretariat's new office location. It's anticipated that the lease tender process may take approximately 6 months and a new location should be identified in late 2018 or early 2019. After the new lease has been awarded, the Secretariat will continue to work with Canada on a suitable office design and layout. Stay tuned for further updates.

14. Financial Status Update

The 2017 fiscal year ended in a very good financial position with \$30,988 owing from two Contracting Parties. Under the amended NAFO Convention, which entered into force on 18 May 2017, the formula to calculate the respective annual contributions of Contracting Parties was revised. Any difference in 2017 annual contributions either owing from or payable to Contracting Parties, resulting from the revised calculation versus the 2017 billing previously issued, was applied against 2018 annual contributions. Operating expenses for the year were 7.9% under the Organization's budget of approximately \$2.126 million. The Organization approved the change to Not-for-Profit accounting standards from the current International Financial Reporting Standards (IFRS) accounting framework. Grant Thornton audited the 2017 financial records and the statements will be reviewed and approved by the Organization at the September 2018 Annual Meeting.

The NAFO budget for 2018 was increased to \$2.297 million. A portion of the budget increase was due to the latest actuarial valuation of the NAFO pension plan showing an increase to the unfunded pension liability, therefore requiring additional payments to cover the deficit. Funds were also once again budgeted to cover the cost of the second performance review of the Organization, which was deferred from 2017. Expenditures for 2018 are projected to be \$38,000 under budget (see page 10 - Statement I of the Financial Statements). As of 31 August 2018, there was \$95,100 in membership contributions outstanding from two Contracting Parties (see page 12 - Statement III of the Financial Statements).

Financial Statements

STATEMENT I

**Budget Appropriations. Estimated Obligations and Unliquidated Balances of
Appropriations
For the Year Ending 31 December 2018**
(Canadian Dollars)

	Approved Budget 2018	Total Estimated Obligations for Fiscal Year 2018	Estimated Unliquidated Balance of Appropriations
1 Personal Services			
a) Salaries	\$1,080,000	\$1,089,000	(\$9,000)
b) Superannuation and Annuities	466,000	469,000	(3,000)
c) Medical and Insurance Plans	93,000	91,000	2,000
d) Employee Benefits	68,000	69,000	(1,000)
Subtotal Personal Services	<u>1,707,000</u>	<u>1,718,000</u>	<u>(11,000)</u>
2 Additional Help	2,000	2,000	-
3 Communications	24,000	24,000	-
4 Computer Services	47,000	47,000	-
5 Equipment	28,000	28,000	-
6 Fishery Monitoring	41,000	40,000	1,000
7 Hospitality Allowance	3,000	3,000	-
8 Internship	11,000	11,000	-
9 Materials and Supplies	28,000	28,000	-
10 NAFO Meetings			
a) Sessional	109,000	97,000	12,000
b) Inter-sessional Scientific	60,000	42,000	18,000
c) Inter-sessional Other	35,000	35,000	-
Subtotal NAFO Meetings	<u>204,000</u>	<u>174,000</u>	<u>30,000</u>
11 Other Meetings and Travel	32,000	32,000	-
12 Performance/External Reviews	93,000	93,000	-
13 Professional Services	51,000	45,000	6,000
14 Publications	14,000	14,000	-
15 Recruitment and Relocation	12,000	-	12,000
Total Ordinary Budget	<u>\$2,297,000</u>	<u>\$2,259,000</u>	<u>\$38,000</u>



STATEMENT II

**Statement of Assessed Contributions and Estimated
Expenditure Obligations for the Year Ending 31 December 2018**
(Canadian Dollars)

Contracting Parties Assessed:	
Canada	\$853,232
Cuba	\$58,138
Denmark (in respect of Faroe Islands and Greenland)	\$227,677
European Union	\$157,038
France (in respect of St. Pierre et Miquelon)	\$61,711
Iceland	\$54,807
Japan	\$54,807
Norway	\$64,202
Republic of Korea	\$54,807
Russian Federation	\$96,681
Ukraine	\$54,807
United States of America	<u>\$159,399</u>
Assessed Contributions for the year ending 31 December 2018	\$1,897,306
Transferred from Accumulated Surplus Account	<u>\$399,694</u> ^a
Approved Budget for 2018	\$2,297,000
Total Estimated Obligations for 2018 - Statement I	<u>\$2,259,000</u>
Amount to be transferred to Accumulated Surplus Account	<u>\$38,000</u>

^a Excess of revenue over expenditures during the 2017 fiscal year (includes ex gratia grant; staff assessments; sales of publications; bank interest and balance of appropriations not expended).



STATEMENT III

Balance Sheet Estimates for the Year Ending 31 December 2018

(Canadian Dollars)

Assets		Liabilities	
Current		Current	
Cash	\$607,620	Accounts Payable	
Grant Trust Funds	\$16,400	and Accrued Liabilities	\$75,435
Contributions Receivable from Contracting Parties (Note 1)	49,342	Grant Fund Liability	16,400
Prepaid Expenses	0	Provision for Accrued Employee Vacation Pay	43,775
Province of Nova Scotia Ex gratia grant receivable	95,248		
	<u>768,610</u>		<u>135,610</u>
Long-Term		Long-Term	
Employee Termination Benefit Investments	<u>344,585</u>	Provision for Employee Termination Benefits	<u>344,585</u>
			480,195
		Members' Net Assets	
		Accumulated Surplus	<u>633,000</u>
	<u>\$1,113,195</u>		<u>\$1,113,195</u>

Note 1.

Contributions Receivable from Contracting Parties

Cuba	\$5,342
Ukraine	<u>44,000</u>
	<u>\$49,342</u>



STATEMENT IV

**Statement of Accumulated Surplus Estimates
for the Year Ending 31 December 2018
(Canadian Dollars)**

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Accumulated Surplus - Beginning of 2018		\$720,694
Less: Amount appropriated 1 January 2018		-399,694
Add: Staff Assessments	\$160,000	
Province of Nova Scotia - <i>ex gratia</i> grant	93,000	
Balance of appropriations not expended in 2018	38,000	
Interest	18,000	
Publication sales, observer fees, boardroom rental, etc.	<u>3,000</u>	<u>312,000</u>
Accumulated Surplus - End of 2018		<u>\$633,000</u>
Summary of funds held in the Accumulated Surplus		
Contingency fund (Rule 4.5)	\$285,000	
Relocation fund (Proposed New Rule)	48,000	
Operating fund (Rule 4.7)	<u>300,000</u>	
Total Accumulated Surplus		<u>\$633,000</u>
	<hr/>	

Provisions for the Accumulated Surplus Account from the NAFO Financial Regulations:

Rule 4.3 Monies available in the accumulated surplus account may be used temporarily to the extent necessary to finance appropriations pending receipt of annual payments by Contracting Parties.

Rule 4.5 The Standing Committee on Finance and Administration and the Commission shall review the amount available in the accumulated surplus account during each annual meeting. Insofar as possible, the Commission shall anticipate unforeseen expenditures during the succeeding three years and shall attempt to maintain the accumulated surplus account at a level sufficient to finance operations during the first three months of the year plus an amount up to a maximum of 10% of the annual budget for the current financial year for use in an emergency in accordance with Rule 4.4.

Proposed New Rule - The Organization shall also maintain as part of the accumulated surplus a recruitment and relocation fund to pay recruitment and relocation costs for incoming and outgoing internationally recruited staff. The fund balance shall be kept at a maximum of \$100,000.

Rule 4.7 The Executive Secretary shall inform each Contracting Party of the annual contribution due in accordance with Article IX.3 of the Convention as soon as possible after the Commission has adopted the annual budget. In calculating the contributions, the Executive Secretary shall reduce the amount appropriated in the budget by the amount of staff assessments for the preceding year, if any, and by the amount determined by the Commission to be in excess of the needs of the accumulated surplus account.

Statement V

Statement of Contributions Due from
Contracting Parties for the 2018 Financial Year

Northwest Atlantic Fisheries Organization

Contributions Due 1 January - 31 December 2018

(Canadian Dollars)

NAFO Billing: 2018

Budget:	Period 1 January - 31 December 2018	\$2,297,000
Deduct:	Amount Allocated from Accumulated Surplus	\$399,694
Funds required to meet 2018 Administrative Budget		\$1,897,306

Part A

Contracting Parties	Catches 2015	Catch %	NAFO Convention Article IX.2.a,b,c			
			10%	30%	60%	Subtotal
Canada	210,530	48.55%	\$103,917	\$47,433	\$552,684	\$704,034
Cuba	1,059	0.24%	-	\$47,433	\$2,731	\$50,164
Denmark (in respect of Faroe Islands and Greenland) (Note 2)	144,472	33.32%	\$71,310	\$47,433	\$379,309	\$498,052
European Union	32,073	7.40%	-	\$47,433	\$84,240	\$131,673
France (in respect of St. Pierre et Miquelon)	1,816	0.42%	\$896	\$47,433	\$4,781	\$53,110
Iceland	-	-	-	\$47,433	-	\$47,433
Japan	-	-	-	\$47,433	-	\$47,433
Norway	2,939	0.68%	-	\$47,433	\$7,740	\$55,173
Republic of Korea	-	-	-	\$47,433	-	\$47,433
Russian Federation	13,146	3.03%	-	\$47,433	\$34,493	\$81,926
Ukraine	-	-	-	\$47,433	-	\$47,433
United States of America	27,569	6.36%	\$13,608	\$47,433	\$72,401	\$133,442
Total	433,604	100.00%	\$189,731	\$569,196	\$1,138,379	\$1,897,306

Part B

Contracting Parties	Subtotal from Part A	NAFO Convention Article IX.2.d (Note 1)					Subtotal	Total contribution
		% Contribution	Catch % minus DFG	10%	30%	60%		
Canada	\$704,034	37.11%	72.80%	\$23,725	\$7,374	\$118,099	\$149,198	\$853,232
Cuba	\$50,164	2.64%	0.37%	-	\$7,374	\$600	\$7,974	\$58,138
Denmark (in respect of Faroe Islands and Greenland) (Note 2)	\$498,052	26.25%	-	-\$27,037	-\$81,114	-\$162,224	-\$270,375	\$227,677
European Union	\$131,673	6.94%	11.09%	-	\$7,374	\$17,991	\$25,365	\$157,038
France (in respect of St. Pierre et Miquelon)	\$53,110	2.80%	0.63%	\$205	\$7,374	\$1,022	\$8,601	\$61,711
Iceland	\$47,433	2.50%	-	-	\$7,374	\$0	\$7,374	\$54,807
Japan	\$47,433	2.50%	-	-	\$7,374	\$0	\$7,374	\$54,807
Norway	\$55,173	2.91%	1.02%	-	\$7,374	\$1,655	\$9,029	\$64,202
Republic of Korea	\$47,433	2.50%	-	-	\$7,374	\$0	\$7,374	\$54,807
Russian Federation	\$81,926	4.32%	4.55%	-	\$7,374	\$7,381	\$14,755	\$96,681
Ukraine	\$47,433	2.50%	-	-	\$7,374	\$0	\$7,374	\$54,807
United States of America	\$133,442	7.03%	9.54%	\$3,107	\$7,374	\$15,476	\$25,957	\$159,399
Total	\$1,897,306	100.00%	100.00%	\$0	\$0	\$0	\$0	\$1,897,306

Note 1 The annual contribution of any Contracting Party which has a population of less than 300,000 inhabitants shall be limited to a maximum of 12% of the total budget. When this contribution is so limited, the remaining part of the budget shall be divided among the other Contracting Parties in accordance with Article IX.2.a,b and c of the NAFO Convention.

Note 2 Faroe Islands 3,767 metric tons
Greenland 140,705 metric tons

