

Northwest Atlantic



Fisheries Organization

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20TH ANNUAL MEETING - SEPTEMBER 1998

Administrative Report and Financial Statements
for the fiscal year ending 31 December 1998
(as of 31 July 1998)

by

Executive Secretary

1. The Contracting Parties of NAFO (17) constitute the following membership to the NAFO three main bodies:

General Council (17)

Bulgaria
Canada
Cuba
Denmark (in respect of the Faroe
Islands and Greenland)
Estonia
European Union (EU)
France (in respect of St. Pierre et Miquelon)
Iceland
Japan
Republic of Korea (Korea)
Latvia
Lithuania
Norway
Poland
Romania
Russian Federation (Russia)
United States of America (USA)

Scientific Council (17)

Bulgaria
Canada
Cuba
Denmark (in respect of the Faroe
Islands and Greenland)
Estonia
European Union (EU)
France (in respect of St. Pierre et Miquelon)
Iceland
Japan
Republic of Korea (Korea)
Latvia
Lithuania
Norway
Poland
Romania
Russian Federation (Russia)
United States of America (USA)

Fisheries Commission (15)

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

2. NAFO Officers

President of NAFO and Chairman of the General Council
(elected for the term Sept. 1997-Sept. 1999)

Vice-Chairman of the General Council
(elected for the term Sept. 1997-Sept. 1999)

Chairman of the Standing Committee on Fishing Activities of non-Contracting
Parties in the Regulatory Area (STACFAC)
(elected for the term Sept. 1996-Sept. 1998)

Vice-Chairman of the Standing Committee on Fishing Activities of non-Contracting
Parties in the Regulatory Area (STACFAC)
(elected for the term Sept. 1996-Sept. 1998)

Chairman of the Standing Committee on Finance and Administration (STACFAD)
(elected for the term Sept. 1997-Sept. 1999)

Vice-Chairman of the Standing Committee on Finance and Administration (STACFAD)
(elected for the term Sept. 1997-Sept. 1999)

Chairman of the Scientific Council
(elected for the term Sept. 1997-Sept. 1999)

Vice-Chairman of the Scientific Council
(elected for the term Sept. 1997-Sept. 1999)

Chairman of the Standing Committee on Fisheries Science (STACFIS)
(elected for the term June 1997-Sept. 1999)

- A. Rodin (Russia)

- R. Dominguez (Cuba)

- J.-P. Plé (USA)

- B. Buch (Denmark in respect of the
Faroe Islands and Greenland)

- G. F. Kingston (EU)

- J.-P. Plé (USA)

- H. P. Cornus (EU)

- W. B. Brodie (Canada)

- R. Mayo (USA)

Chairman of the Standing Committee on Research Coordination (STACREC) (elected for the term Sept. 1997-Sept. 1999)	- V. Shibanov (Russia)
Chairman of the Standing Committee on Publications (STAC PUB) (elected for the term Sept. 1997-Sept. 1999)	- W. B. Brodie (Canada)
Chairman of the Standing Committee on Fisheries Environment (STACFEN) (elected for the term Sept. 1996-Sept. 1998)	- M. Stein (EU)
Chairman of the Fisheries Commission (elected for the term Sept. 1997-Sept. 1999)	- P. Gullestad (Norway)
Vice-Chairman of the Fisheries Commission (elected for the term Sept. 1997-Sept. 1999)	- D. Swanson (USA)
Chairman of the Standing Committee on International Control (STACTIC) (elected for the term Sept. 1997-Sept. 1999)	- D. Bevan (Canada)

3. Secretariat

Executive Secretary	- Leonard I. Chepel
Assistant Executive Secretary	- Tissa Amaratunga
Administrative Assistant	- Forbes D. Keating
Accounting Officer	- Stan M. Goodick
Senior Secretary	- Beverly J. Cruikshank
Statistical Officer/Conservation Measures Officer	- Gordon M. Moulton
Desktop Publishing/Documents Clerk	- Ferne E. Perry
Graphic Arts/Printing Technician	- Ronald A. Myers
Graphic Arts/Printing Technician	- Barry T. Crawford
Word Processing Secretary	- Dorothy C. Auby
Statistical/Library Documents Clerk	- Barbara L. Marshall
Statistical/Reception Clerk	- Cynthia L. Kerr

4. NAFO Meetings

The Working Group on Allocation of Fishing Rights to Contracting Parties of NAFO and Chartering of Vessels Between Contracting Parties, Brussels, Belgium, 4-6 March 1998.

The Scientific Council Workshop on Precautionary Approach, NAFO Headquarters, Dartmouth, N.S., Canada, 17-27 March 1998.

The Working Group on Dispute Settlement Procedures (DSP), NAFO Headquarters, Dartmouth, N.S., Canada, 22-24 April 1998.

The Working Group on Precautionary Approach, Copenhagen, Denmark, 12-13 May 1998.

The Standing Committee on International Control (STACTIC), Copenhagen, Denmark, 14-15 May 1998.

The International Fisheries Commissions Pension Society Annual Meeting, La Jolla, California, USA, 20-22 May 1998. The NAFO Secretariat was represented by Mr. F. D. Keating and Mr. S. M. Goodick.

The Working Group on Transparency, Washington, D.C., USA, 27-29 May 1998.

The Scientific Council and its Standing Committees, Keddy's Dartmouth Inn, 3-18 June 1998.

5. Publications

The publications listed below are prepared and printed in the NAFO Secretariat. It is estimated that 650,000 pages of printed material will be distributed in publications and an additional 500,000 pages of printed material distributed in documents/circular letters before the end of 1998.

NAFO Annual Report for the year 1997 (192 pages) was distributed in April 1998.

NAFO Meeting Proceedings for the year 1997 (336 pages) was distributed in January 1998.

NAFO Scientific Council Reports for 1997 (274 pages) was distributed in January 1998.

NAFO Journal of Northwest Atlantic Fishery Science Volume 22 (387 pages) was distributed in December 1997.

NAFO Scientific Council Studies Number 30 (117 pages) was distributed in December 1997.

NAFO Statistical Bulletin, Vol. 43 (329 pages) was distributed in December 1997.

NAFO Newsletter "NAFO News" was published in two (2) editions: No. 7 for July-December 1997 was issued in January 1998 and No. 8 for January-June 1998 was issued in July 1998.

NAFO Handbook (90 pages) was distributed in May 1998.

6. Fishery Statistics and other outstanding issues

The NAFO statistical database is at the NAFO Secretariat and available in computer diskette form or hard copies to the Contracting Parties.

Noting data reports are due on 15 May, for the preceding year of fishing, STATLANT 21A reports (preliminary annual catches in the NAFO Convention Area by species and divisions), have not been received from: for 1994 - USA (partial); for 1995 - USA; for 1996 - EU-Denmark, Korea, Poland and USA; for 1997 - Cuba, Denmark (Faroes), EU-Denmark, EU-France (M), EU-Spain, EU-United Kingdom, France (SP), Korea, Norway, Poland and USA.

Noting data reports are due on 30 June, for the preceding year of fishing, STATLANT 21B reports (final annual catches in the NAFO Convention Area by species, month, effort), have not been received from: for 1989 - EU-France (M); for 1995 - Denmark (Faroes) and USA; for 1996 - Canada (N), Denmark (Faroes), Denmark (Greenland), EU-Denmark, EU-United Kingdom, Korea, Norway, Poland and USA. For 1997, STATLANT 21B reports have only been received from Estonia, EU-Germany, Japan, Latvia and Russia.

7. Major NAFO substantive issues and decisions through 1998

a) The General Council:

- Resolution re non-participation of Bulgaria and Romania in NAFO business.
- Endorsement of the UN Resolutions 51/35 and 51/36 December 1996 re the UN Agreement on Straddling and Highly Migratory Fish Stocks; and on large-scale pelagic driftnet fishing
- Dispatch diplomatic demarches to non-Contracting Parties fishing in the Regulatory Area - Belize, Honduras, Panama and Sierra Leone.
- Intersessional Meetings:
 - Working Group on Transparency
 - Working Group on Dispute Settlement Procedures
 - Working Group on the chartering vessels to fish national allocations

b) The Fisheries Commission:

- New Chairman: Peter Gullestad, Norway
- Amendment of the Conservation and Enforcement Measures: extension of the Pilot Project for Observers and Satellite Tracking for one year, 31 Dec. 98, shrimp 3M effort limitation.
- Adoption of the following TACs for regulated stocks in the Regulatory Area for 1998: Cod in Div. 3M-2000t; Redfish in Div. 3M-20000t; Yellowtail flounder in Div. 3LNO-4000t; Squid in Subareas 3+4-150000t; Greenland halibut 3LMNO-20,000t;
- "No directed fishing" for the following stocks: Cod in Div. 3NO, Redfish in Div. 3LN, A. plaice in Div. 3M and 3LNO, Witch flounder in Div. 3NO, Capelin in Div. 3NO, and Cod in Div. 3L of the Regulatory Area.
- Regulate shrimp fishing in Div. 3M (bar space 22 mm, by catch 5%, minimum mesh size 40 mm), and "no directed fishing" in 3LNO.
- Endorsed the Scientific Council Action Plan on Implementation of Precautionary Approach to NAFO-managed stocks.

c) The Scientific Council recommended/adopted:

- On stock assessments, the summaries and conclusions for each stock formulated in NAFO SCS Doc. 98/17 consideration was given to precautionary measures and criteria for reopening fisheries.
- On summaries and conclusion for stocks as requested by Coastal States.
- On overview of environmental conditions in the NAFO area in 1997.
- The importance of timely submission of STATLANT statistical data for the work of the Scientific Council.
- For the scientific and statistical information dissemination, the establishment and operation of a website at NAFO Secretariat and information to the website.
- The Journal publication should accept colour graphic presentations.
- Report on the Development of Precautionary Approach to Fisheries Management.
- To call Special Scientific Council Meeting on Precautionary Approach in spring 1999.
- Reports on non-traditional fishery resources in the NAFO Area.

8. Financial Statements

STATEMENT I

Budget Appropriations, Obligations Incurred and Unliquidated Balances of Appropriations
 For the Year Ending 31 December 1998
 (Estimated from 31 July 1998)
 (Canadian Dollars)

	Appropriated by Organization at Annual Meeting 1997	Obligations Incurred and Liquidated to 31 July 1998	Expenses Estimated for Remainder of Fiscal Year	Total Estimated Obligations for Fiscal Year	Estimated Unliquidated Balance of Appropriations
Personal Services:					
a) Salaries	\$620,000	\$355,373	\$255,627	\$611,000	\$ 9,000 ^a
b) Superannuation and Annuities	84,000	44,258	30,742	75,000	9,000 ^a
c) Additional Help	1,000	-	1,000	1,000	-
d) Group Medical and Insurance Plans	47,000	27,189	16,811	44,000	3,000
e) Termination Benefits	22,500	-	18,000	18,000	4,500 ^c
f) Accrued Vacation Pay	1,000	-	1,000	1,000	-
g) Termination Benefits Liability	10,000	-	10,000	10,000	-
Travel	26,000	19,125	1,875	21,000	5,000 ^a
Transportation	1,000	465	535	1,000	-
Communications	61,000	33,867	28,133	62,000	(1,000)
Publications	27,000	17,138	9,862	27,000	-
Other Contractual Services	34,000	18,312	16,688	35,000	(1,000)
Materials and Supplies	30,000	12,125	17,875	30,000	-
Equipment	5,000	1,462	3,538	5,000	-
Annual Meeting (and other meetings)					
Scientific Council Meeting	57,500	58,994	20,006	79,000	(21,500) ^a
Computer Services	<u>50,000</u>	<u>8,147</u>	<u>6,853</u>	<u>15,000</u>	<u>35,000^d</u>
Total Ordinary Budget	<u>\$1,077,000</u>	<u>\$596,455</u>	<u>\$438,545</u>	<u>\$1,035,000</u>	<u>\$ 42,000</u>

^a A 2.0% Cost of Living Adjustment (COLA) was budgeted for 1998, although, collective bargaining within the Canadian Government is still ongoing. The COLA will again be withheld until an agreement is finalized.

^b The 1998 budget included a \$5,000 provision for the pending privatization of the Pension Society's administrative affairs. No additional funds were required.

^c This figure is dependent on salary levels (see note a).

^d The 1998 budget allowed for both the Executive Secretary and the Administrative Assistant to travel to Lisbon, Portugal for inspection and planing of the 20th Annual Meeting facilities. Only the Administrative Assistant made the trip.

^e Additional costs incurred as a result of unbudgeted intersessional meetings: WG on Allocation of Fishing Rights and Chartering of Vessels, Brussels, Belgium, 4-6 March 1998; WG on Precautionary Approach, Copenhagen, Denmark, 12-13 May 1998; STACTIC, Copenhagen, Denmark, 14-15 May 1998; and WG on Transparency, Washington, USA, 27-29 May 1998.

The 1998 budget included a \$35,000 provision for satellite tracking equipment at NAFO Headquarters which was not purchased.

STATEMENT II

Statement of Assessed Contributions and Expenditures
for the Year Ending 31 December 1998
(Estimated from 31 July 1998)
(Canadian Dollars)

Contracting Parties Assessed:

Bulgaria	\$ 16,121.90	
Canada	347,091.46	
Cuba	17,930.78	
Denmark (in respect of Faroe Islands and Greenland)	117,641.19	
Estonia	18,752.99	
European Union	34,813.62	
France (in respect of St. Pierre et Miquelon)	16,185.60	
Iceland	22,754.44	
Japan	19,410.76	
Republic of Korea	16,121.89	
Latvia	16,889.29	
Lithuania	16,889.29	
Norway	25,769.23	
Poland	16,121.89	
Romania	16,121.89	
Russian Federation	23,960.35	
United States of America	<u>170,997.43</u>	\$ 913,574

Add: - Transfer from Accumulated Surplus Account 163,426^a

Budget Total 1,077,000

Total Obligations to be Incurred - Statement I 1,035,000

Amount to be transferred to Accumulated Surplus Account \$ 42,000

^a Excess of revenue over expenditures during the 1997 fiscal year (includes *ex gratia* grant for 1996; staff assessments; sales of publications; bank interest; and balance of appropriations not expended).

STATEMENT III

Balance Sheet for the Year Ending 31 December 1998
 (Estimated from 31 July 1998)
 (Canadian Dollars)

ASSETS		LIABILITIES	
Current		Current	
Cash	\$ 77,944	Accounts Payable and Accrued Liabilities	\$ 7,500
Contributions receivable from Contracting Parties (Note 1)	215,077	Provision for Accrued Employee Vacation Pay	8,887
Accrued Interest Receivable	7,042		
Prepaid Expenses	<u>7,996</u>		
	308,059		<u>16,387</u>
Long-Term Investment		Long-Term	
Employee Termination Benefit Funds (Note 2)	256,600	Provision for Employee Termination Benefits (Note 3)	<u>284,600</u>
			300,987
		EQUITY	
		Accumulated Surplus	<u>263,672</u>
	<u>\$564,659</u>		<u>\$564,659</u>

Note 1: This amount represents amounts due from Cuba (1998-\$17,930.78; 1997-\$15,576.06; Republic of Korea (\$10,573.13); and United States of America (\$170,997.43). Applied against accounts receivable for 1998 Allowance for Doubtful Accounts has been Bulgaria (\$16,121.90) and Romania (\$16,121.89).

Note 2: Termination Benefit Funds have been invested into Redeemable Guaranteed Investment Certificates with the Bank of Nova Scotia. The investments are for a one year term, maturing May 18, 1999, with an interest rate of 4.85%.

Note 3: At the annual meeting in September, 1991, the General Council approved in the Staff Rules an enhanced employee termination benefit package to be effective January 1, 1992. At December 31, 1998 the additional liability resulting from this enhancement will amount to approximately \$70,300, which amount has not been recorded in the accounts of the Organization.

The Organization is funding this liability at the rate of \$10,000 per annum as approved by the General Council (19th Annual Meeting, September, 1997).

STATEMENT IV

Statement of Accumulated Surplus^a
for the Year Ending 31 December 1998
(Estimated from 31 July 1998)
(Canadian Dollars)

Accumulated Surplus - Beginning of 1998		\$213,532
Add: Province of Nova Scotia - <i>ex gratia</i> grant for 1998	\$ 45,000 ^b	
Sales of Publications	8,000	
Interest	18,000	
Staff Assessments	107,000	
Balance of Appropriations not expended in 1998	<u>42,000</u>	<u>220,000</u>
		433,532
Less: Amount appropriated 1 January 1998	\$163,426	
Contributions deemed uncollectible 1998 (Romania/Bulgaria)	<u>32,244</u>	<u>195,670</u>
		<u>\$237,862</u>
Appropriated to maintain minimum balance (to be authorized by G.C.)	\$ 75,000	
Unappropriated balance available	<u>162,862</u>	
Total Accumulated Surplus		<u>\$237,862^c</u>

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

Rule 4.2 Within the books of accounts, there shall be established an accumulated surplus account to which shall be credited:

- a) excess of receipts over expenditures at the end of the financial year;
- b) unexpended balances at the end of the 12-month period specified in Rule 3.2 for prior year obligations, but not disbursed;
- c) refunds, from any source, of prior year's expenditures of the Organization.

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

^b This amount represents the Provincial portion of income tax paid by NAFO employees. Although the Province of Nova Scotia has refunded the Provincial portion of income tax each year, there is no guarantee that this practice will be followed every year.

^c See Statement III - Contributions receivable from Contracting Parties (this amount of \$237,862 would be valid subject to payment of outstanding contributions by Cuba - \$33,506.84, Republic of Korea - \$10,573.13, and United States of America - \$170,997.43, total - \$215,077.40 during 1998).

STATEMENT V.

Preliminary calculation of billing for Contracting Parties
against the proposed estimate of \$1,029,000 for the 1999
financial year (based on 17 Contracting Parties to NAFO).
(Canadian Dollars)

Budget Estimate..... \$1,029,000.00
Deduct: Amount from Accumulated Surplus Account..... 162,862.00
Funds required to meet 1999 Administrative Budget..... \$ 866,138.00

60% of funds required = \$519,682.80

30% of funds required = 259,841.40

10% of funds required = 86,613.80

Contracting Parties	Nominal Catches for 1996	% of Total Catch in the Convention Area	10%	30%	60%	Amount Billed
Bulgaria	-	-	-	\$15,284.79	-	\$ 15,284.79
Canada ¹	403,833	53.01	\$50,330.54	15,284.79	\$275,483.85	341,099.18
Cuba	1,501	0.20	-	15,284.79	1,039.37	16,324.16
Denmark (Faroes and Greenland) ^{1,2}	100,461	13.19	12,520.66	15,284.79	68,546.16	96,351.61
Estonia	1,986	0.26	-	15,284.79	1,351.18	16,635.97
European Union ¹	22,867	3.00	-	15,284.79	15,590.48	30,875.27
France (in respect of St. Pierre et Miquelon)	43	0.01	5.36	15,284.79	51.97	15,342.12
Iceland	20,680	2.71	-	15,284.79	14,083.40	29,368.19
Japan	3,763	0.49	-	15,284.79	2,546.45	17,831.24
Republic of Korea	-	-	-	15,284.79	-	15,284.79
Latvia	1,253	0.16	-	15,284.79	831.49	16,116.28
Lithuania	1,585	0.21	-	15,284.79	1,091.33	16,376.12
Norway ¹	7,429	0.98	-	15,284.79	5,092.89	20,377.68
Poland	-	-	-	15,284.79	-	15,284.79
Romania	-	-	-	15,284.78	-	15,284.78
Russian Federation ¹	5,793	0.76	-	15,284.78	3,949.59	19,234.37
United States of America ¹	190,619	25.02	23,757.24	15,284.78	130,024.64	169,066.66
	761,813	100.00	\$86,613.80	\$259,841.40	\$519,682.80	<u>\$866,138.00</u>
Funds required to meet 1 January - 31 December 1999 Administrative Budget						<u>\$866,138.00</u>

¹ Provisional Statistics used when calculating 1996 nominal catches due to outstanding reports from some Contracting Parties.

² Faroe Islands = 11,878 metric tons
Greenland = 88,583 metric tons