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21ST ANNUAL MEETING - SEPTEMBER 1999

Administrative Report and Financial Statements  
for the fiscal year ending 31 December 1999  
(as of 31 July 1999)

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. 1998-Sept. 2000)

Vice-Chairman of the Standing Committee on Fishing Activities of non-Contracting  
Parties in the Regulatory Area (STACFAC)  
(elected for the term Sept. 1998-Sept. 2000)

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) (to 8 Jun 99)  
(8 Jun to present – vacant)

- J.-P. Plé (USA)

- D. Silvestre (France in respect of  
St. Pierre et Miquelon)

- 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 (STACPUB) (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. 1998-Sept. 2000)	- 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 Dispute Settlement Procedures (DSP), Bergen, Norway, 3-5 February 1999.

The Working Group on Transparency, NAFO Headquarters, Dartmouth, N.S., Canada, 2-4 March 1999.

The Working Group on Allocation of Fishing Rights to Contracting Parties of NAFO and Chartering of Vessels Between Contracting Parties, Halifax, N.S., Canada, 13-15 April 1999.

The International Fisheries Commissions Pension Society Annual Meeting, Ottawa, Canada, 19-21 April 1999. The NAFO Secretariat was represented by Mr. F. D. Keating and Mr. S. M. Goodick.

The Scientific Council Meeting on Precautionary Approach, San-Sebastian, Spain, 27 April – 1 May 1999.

Joint Scientific Council and Fisheries Commission Working Group on Precautionary Approach, San-Sebastian, Spain, 3-5 May 1999.

The Scientific Council and its Standing Committees, Dartmouth, N.S., Canada, 3-16 June 1999.

### 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 1999.

*NAFO Annual Report* for the year 1998 (216 pages) was distributed in April 1999.

*NAFO Meeting Proceedings* for the year 1998 (238 pages) was distributed in January 1999.

*NAFO Scientific Council Reports* for 1998 (257 pages) was distributed in January 1999.

*NAFO Journal of Northwest Atlantic Fishery Science* Volume 23 (277 pages) was distributed in October 1998.

*NAFO Scientific Council Studies* Number 31 (165 pages) was distributed in December 1998 and Number 32 (133 pages) was distributed in April 1999.

*NAFO Newsletter "NAFO News"* was published in two (2) editions: No. 9 for July-December 1998 was issued in January 1999 and No. 10 for January-June 1999 was issued in July 1999.

## 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 (partial); for 1996 - USA (partial); for 1997 – Poland and USA (partial); for 1998 – Denmark (Faroes), EU-France (M), Lithuania, 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 1994 – USA; for 1995 - Denmark (Faroes) and USA; for 1996 – Denmark (Faroes), and USA; for 1997 – Denmark (Faroes), Norway, Poland, Lithuania, and USA. For 1998, STATLANT 21B reports have only been received from Cuba, France (SP), EU-Germany, Japan, Korea, Latvia and Russia.

## 7. Major NAFO substantive issues and decisions through 1998/1999

### a) The General Council:

- Communication with UN re UN Resolution 51/29 of 26 November 1997 "Large-scale pelagic drift-net fishing..., etc."; endorsement and information.
- Diplomatic demarches to Belize, Honduras, Panama and Sierra Leone re illegal fishing in the NAFO Regulatory Area.
- Discussion of substantive issues on:
  - Transparency of NAFO Activities and Decisions (participation of non-governmental organizations);
  - Allocation of Fishing Rights and Chartering of Vessels;
  - Dispute Settlement Procedure at NAFO.

### b) The Fisheries Commission:

- Amendment of the Conservation and Enforcement Measures: Program for Observers and Satellite Tracking; No transshipment by non-Contracting Parties vessels in the Regulatory Area; Standardized formats for the electronic transmission of NAFO hail and satellite tracking reports; Surveillance of Non-Contracting Party vessels in the Regulatory Area; Effort limitation of shrimp fishery in Div. 3M of the Regulatory Area.
- Adoption of TACs for the stocks: Redfish 3M-13,000t; Yellowtail flounder 3LNO-6,000t; Greenland halibut 3LMNO-24,444; Squid 3+4-75,000t;
- "No directed fishing" for the following stocks: Cod 3M and 3NO, Redfish 3LN, American plaice 3M and 3LNO, Witch flounder 3NO, Capelin 3NO, Cod 3L.
- Regulation of shrimp fishery in Div. 3M (bar space 22 mm, by catch 5%, minimum mesh size 40 mm), and no direct fishery in 3LNO.
- Discussion of Precautionary Approach (exploitation) to NAFO stocks.

### c) The Scientific Council recommended/adopted:

- Stock assessments: summaries and recommendations for stocks formulated in NAFO SCS Doc. 99/21 (at requests of Coastal States and Fisheries Commission).
- Overview of environmental conditions in the NAFO area in 1998.
- Implementation of Precautionary Approach to fisheries management and utilization of fish stocks.
- Production, improvement, promotion and distribution of scientific publications.
- Sophistication and enhancement of the NAFO website.
- New Chairman of the Scientific Council – W. B. Brodie (Canada); Vice-Chairman – R. K. Mayo (USA).

8. Financial Statements

## STATEMENT I

Budget Appropriations. Obligations Incurred and Unliquidated Balances of Appropriations  
For the Year Ending 31 December 1999  
(Estimated from 31 July 1999)  
(Canadian Dollars)

	Appropriated by Organization at Annual Meeting 1998	Obligations Incurred and Liquidated to 31 July 1999	Expenses Estimated for Remainder of Fiscal Year	Total Estimated Obligations for Fiscal Year	Estimated Unliquidated Balance of Appropriations
Personal Services:					
a) Salaries	\$632,000	\$390,186	\$277,314	\$667,500	(\$35,500) <sup>a</sup>
b) Superannuation and Annuities	77,000	41,720	36,280	78,000	(1,000)
c) Additional Help	1,000	-	1,000	1,000	-
d) Group Medical and Insurance Plans	47,000	31,906	17,594	49,500	(2,500)
e) Termination Benefits	23,000	-	41,000	41,000	(18,000) <sup>b</sup>
f) Accrued Vacation Pay	1,000	-	1,000	1,000	-
g) Termination Benefits Liability	10,000	-	10,000	10,000	-
Travel	8,000	4,675	1,725	6,400	1,600
Transportation	1,000	513	487	1,000	-
Communications	63,000	25,750	30,250	56,000	7,000
Publications	27,000	18,418	8,582	27,000	-
Other Contractual Services	42,000	22,312	19,688	42,000	-
Materials and Supplies	30,000	17,780	12,220	30,000	-
Equipment	5,000	1,577	3,423	5,000	-
Annual General Meeting and Scientific Council Meeting	42,000	28,325	32,675	61,000	(19,000) <sup>c</sup>
Inter-sessional Meetings	23,000	16,311	5,689	22,000	1,000 <sup>d</sup>
Computer Services	<u>60,000</u>	<u>16,279</u>	<u>11,321</u>	<u>27,600</u>	<u>32,400<sup>e</sup></u>
Total Ordinary Budget	<u>\$1,092,000</u>	<u>\$615,752</u>	<u>\$510,248</u>	<u>\$1,126,000</u>	<u>\$ (34,000)</u>

<sup>a</sup> NAFO follows the salary scales as set by the Treasury Board of Canada. Salary levels were updated pursuant to contracts ratified by the Treasury Board of Canada and the Public Service Alliance of Canada. The contracts were for the period June 1997 to June 1999 and salary increases were retroactive to June 1997.

<sup>b</sup> This figure is dependent on salary levels (see note a).

<sup>c</sup> A change of venue for the June Scientific Council meeting resulted in increased meeting space costs. Also the implementation of a Local Area Network (LAN) at the Scientific Council meeting cost approximately \$5,000.

<sup>d</sup> Intersessional meetings held during the year: WG on Dispute Settlement Procedures, Bergen, Norway, 3-5 February 1999; WG on Allocation of Fishing Rights and Chartering of Vessels, Halifax, Canada, 13-15 April 1999; Scientific Council Meeting on Precautionary Approach, San Sebastian, Spain, 27 April – 1 May 1999; SC/FC Joint WG on Precautionary Approach, San Sebastian, 3–5 May 1999; and SC Shrimp Meeting, November 1999, Iceland.

<sup>e</sup> The 1999 budget included a \$35,000 provision for the automation of the hail system at NAFO Headquarters. Only \$2,600 has been expended to date on consultants reviewing the project.

## STATEMENT II

Statement of Assessed Contributions and Expenditures  
for the Year Ending 31 December 1999  
(Estimated from 31 July 1999)  
(Canadian Dollars)

## Contracting Parties Assessed:

Bulgaria	\$ 16,267.88	
Canada	364,445.85	
Cuba	17,374.09	
Denmark (in respect of Faroe Islands and Greenland)	102,576.08	
Estonia	17,705.95	
European Union	31,091.15	
France (in respect of St. Pierre et Miquelon)	16,328.87	
Iceland	31,312.40	
Japan	18,978.10	
Republic of Korea	16,267.87	
Latvia	17,152.84	
Lithuania	17,429.40	
Norway	21,854.26	
Poland	16,267.87	
Romania	16,267.87	
Russian Federation	20,471.49	
United States of America	<u>180,054.03</u>	\$ 921,846
Add: Transfer from Accumulated Surplus Account		<u>170,154<sup>a</sup></u>
Budget Total		1,092,000
Total Obligations to be Incurred - Statement I		<u>1,126,000</u>
Amount to be transferred from Accumulated Surplus Account		<u><u>\$ (34,000)</u></u>

<sup>a</sup> Excess of revenue over expenditures during the 1998 fiscal year (includes *ex gratia* grant for 1997; staff assessments; sales of publications; bank interest; and balance of appropriations not expended).

## STATEMENT III

Balance Sheet for the Year Ending 31 December 1999  
(Estimated from 31 July 1999)  
(Canadian Dollars)

ASSETS		LIABILITIES	
<b>Current</b>		<b>Current</b>	
Cash	\$154,079	Accounts Payable and Accrued Liabilities	\$ 7,500
Contributions receivable from Contracting Parties (Note 1)	106,514	Provision for Accrued Employee Vacation Pay	9,289
Accrued Interest Receivable	6,812		
Prepaid Expenses	<u>6,848</u>		
	274,253		16,789
<b>Long-Term Investment</b>		<b>Long-Term</b>	
Employee Termination Benefit Funds (Note 2)	284,232	Provision for Employee Termination Benefits (Note 3)	<u>335,232</u>
			352,021
		<b>EQUITY</b>	
	<u>          </u>	Accumulated Surplus	<u>206,464</u>
	<u>\$558,485</u>		<u>\$558,485</u>

Note 1: This amount represents amounts due from Cuba (1999-\$17,374.09; 1998-\$17,930.78); Denmark (in respect of Faroe Islands) (\$16,763.74); Estonia (\$17,705.95); Republic of Korea (\$16,267.87); and Russian Federation (\$20,471.49). Applied against accounts receivable for 1999 Allowance for Doubtful Accounts has been Bulgaria (\$16,267.88) and Romania (\$16,267.87).

Note 2: Termination Benefit Funds have been invested into Guaranteed Investment Certificates with the Bank of Nova Scotia. The investments are for a one year term, maturing May 19,2000, with an average interest rate of 4.06%.

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, 1999 the additional liability resulting from this enhancement will amount to approximately \$60,300, 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 (20th Annual Meeting, September, 1998).

## STATEMENT IV

Statement of Accumulated Surplus<sup>a</sup>  
for the Year Ending 31 December 1999  
(Estimated from 31 July 1999)  
(Canadian Dollars)

Accumulated Surplus - Beginning of 1999		\$238,426
Add: Province of Nova Scotia - <i>ex gratia</i> grant for 1998	\$ 50,000 <sup>b</sup>	
Sales of Publications	8,000	
Interest	25,000	
Staff Assessments	115,000	<u>198,000</u>
		436,426
Less: Amount appropriated 1 January 1999	\$170,154	
Balance of appropriations over expended in 1999	34,000	
Contributions deemed uncollectible 1999 (Romania/Bulgaria)	<u>32,536</u>	<u>236,690</u>
		<u>\$199,736</u>
Appropriated to maintain minimum balance (to be authorized by G.C.)	\$ 75,000	
Unappropriated balance available	<u>124,736</u>	
Total Accumulated Surplus		<u>\$199,736<sup>c</sup></u>

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> See Statement III - Contributions receivable from Contracting Parties (this amount of \$199,736 would be valid subject to payment of outstanding contributions by Cuba - \$35,304.87, Denmark (in respect of Faroe Islands) - \$16,763.74, Estonia - \$17,705.95, Republic of Korea - \$16,267.87, and Russian Federation - \$20,471.49, total - \$106,513.92 during 1999).

## STATEMENT V

Preliminary calculation of billing for Contracting Parties  
against the proposed estimate of \$1,122,000 for the 2000  
financial year (based on 17 Contracting Parties to NAFO).  
(Canadian Dollars)

Budget Estimate.....	\$1,122,000.00
Deduct: Amount from Accumulated Surplus Account.....	<u>124,736.00</u>
Funds required to meet 1999 Administrative Budget.....	<u>\$ 997,264.00</u>

60% of funds required = \$598,358.40  
30% of funds required = 299,179.20  
10% of funds required = 99,726.40

Contracting Parties	Nominal Catches for 1997	% of Total Catch in the Convention Area	10%	30%	60%	Amount Billed
Bulgaria	-	-	-	\$17,598.78	-	\$ 17,598.78
Canada <sup>1</sup>	427,200	55.92	\$59,120.33	17,598.78	\$334,602.02	411,321.13
Cuba	750	0.10	-	17,598.78	598.36	18,197.14
Denmark (Faroes and Greenland) <sup>1,2</sup>	93,637	12.26	12,958.45	17,598.78	73,358.74	103,915.97
Estonia	3,239	0.42	-	17,598.78	2,513.11	20,111.89
European Union	21,646	2.83	-	17,598.78	16,933.54	34,532.32
France (in respect of St. Pierre et Miquelon)	2,500	0.33	345.98	17,598.78	1,974.58	19,919.34
Iceland <sup>1</sup>	7,197	0.94	-	17,598.78	5,624.57	23,223.35
Japan	2,494	0.33	-	17,598.78	1,974.58	19,573.36
Republic of Korea	-	-	-	17,598.78	-	17,598.78
Latvia	997	0.13	-	17,598.78	777.87	18,376.65
Lithuania <sup>1</sup>	1,785	0.23	-	17,598.77	1,376.22	18,974.99
Norway <sup>1</sup>	3,705	0.49	-	17,598.77	2,931.96	20,530.73
Poland	-	-	-	17,598.77	-	17,598.77
Romania	-	-	-	17,598.77	-	17,598.77
Russian Federation	1,465	0.19	-	17,598.77	1,136.88	18,735.65
United States of America <sup>1</sup>	197,280	25.83	27,301.64	17,598.77	154,555.97	199,456.38
	763,895	100.00	\$99,726.40	\$299,179.20	\$598,358.40	<u>\$997,264.00</u>
Funds required to meet 1 January - 31 December 2000 Administrative Budget						<u>\$997,264.00</u>

<sup>1</sup> Provisional Statistics used when calculating 1997 nominal catches due to outstanding reports from some Contracting Parties.

<sup>2</sup> Faroe Islands = 8,345 metric tons  
Greenland = 85,292 metric tons