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22ND ANNUAL MEETING - SEPTEMBER 2000

Administrative Report and Financial Statements
for the fiscal year ending 31 December 2000
(as of 31 July 2000)

by

Executive Secretary

1. The Contracting Parties of NAFO (18) constitute the following membership to the NAFO three main bodies:

General Council (18)

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)
Ukraine
United States of America (USA)

Scientific Council (18)

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)
Ukraine
United States of America (USA)

Fisheries Commission (16)

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)
Ukraine
United States of America (USA)

2. NAFO Officers

President of NAFO and Chairman of the General Council
(elected for the term Sept. 1999-Sept. 2001)

- E. Oltuski (Cuba)

Vice-Chairman of the General Council

- P. Chamut (Canada)

(elected for the term Sept. 1999-Sept. 2001)

Chairman of the Standing Committee on Fishing Activities of non-Contracting
Parties in the Regulatory Area (STACFAC)

- J.-P. Plé (USA)

(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)

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

(elected for the term Sept. 1998-Sept. 2000)

Chairman of the Standing Committee on Finance and Administration (STACFAD)
(elected for the term Sept. 1999-Sept. 2001)

- G. F. Kingston (EU)

Vice-Chairman of the Standing Committee on Finance and Administration (STACFAD)
(elected for the term Sept. 1999-Sept. 2001)

- J.-P. Plé (USA)

Chairman of the Scientific Council

- W. B. Brodie (Canada)

(elected for the term Sept. 1999-Sept. 2001)

Vice-Chairman of the Scientific Council

- R. Mayo (USA)

(elected for the term Sept. 1999-Sept. 2001)

Chairman of the Standing Committee on Fisheries Science (STACFIS) (elected for the term Sept. 1999-Sept. 2001)	- H. J. Rätz (EU-Germany)
Chairman of the Standing Committee on Research Coordination (STACREC) (elected for the term Sept. 1999-Sept. 2001)	- R. Mayo (USA)
Chairman of the Standing Committee on Publications (STACPUB) (elected for the term Sept. 1999-Sept. 2001)	- O. A. Jørgensen (Denmark-Greenland)
Chairman of the Standing Committee on Fisheries Environment (STACFEN) (elected for the term Sept. 1998-Sept. 2001)	- M. Stein (EU)
Chairman of the Fisheries Commission (elected for the term Sept. 1999-Sept. 2001)	- P. Gullestad (Norway)
Vice-Chairman of the Fisheries Commission (elected for the term Sept. 1999-Sept. 2001)	- D. Swanson (USA)
Chairman of the Standing Committee on International Control (STACTIC) (elected for the term Sept. 1999-Sept. 2001)	- 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	- Fern 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

Scientific Council Meeting (shrimp), Reykjavik, Iceland, 11-17 November 1999.

Joint Scientific Council and Fisheries Commission Working Group on Precautionary Approach, Brussels, Belgium, 29 February - 02 March 2000.

Working Group on Allocation of Fishing Rights to Contracting Parties of NAFO, Washington, D.C., USA, 28-30 March 2000.

Meeting on the Shrimp Stocks in the Regulatory Area, Washington, D.C., USA, 27 March 2000.

Working Group on Dispute Settlement Procedures (DSP), Copenhagen, Denmark, 29-31 May 2000.

International Fisheries Commissions Pension Society Annual Meeting, Seattle, Washington, USA, 26-28 April 2000. The NAFO Secretariat was represented by Mr. F. D. Keating and Mr. S. M. Goodick.

Meeting of the Standing Committee on International Control (STACTIC), Dartmouth, N.S., Canada, 27-29 June 2000.

STACTIC Technical Working Group on Communications, Dartmouth, N.S., Canada, 30 June 2000.

Scientific Council and its Standing Committees, Dartmouth, N.S., Canada, 1-15 June 2000.

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/letters before the end of 2000.

NAFO Annual Report for the year 1999 (190 pages) was distributed in May 2000.

NAFO Meeting Proceedings for the year 1999 (260 pages) was distributed in January 2000.

NAFO Scientific Council Reports for 1999 (327 pages) was distributed in February 2000.

NAFO Journal of Northwest Atlantic Fishery Science Volume 25 (233 pages) was distributed in October 1999.

NAFO Scientific Council Studies Number 33 (135 pages) was distributed in June 2000.

NAFO Conservation and Enforcement Measures (83 pages) was distributed in January 2000.

NAFO Convention (104 pages) was distributed in May 2000.

NAFO Newsletter "NAFO News" was published in two (2) editions: No. 11 for July-December 1999 was issued in January 2000 and No. 12 for January-June 2000 was issued in July 2000.

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 (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 - USA (partial); for 1998 - Denmark (Faroes), and USA (partial); for 1999 - Denmark (Faroes and Greenland), Korea, Lithuania and USA (partial).

Noting data reports are due on 30 June, for the preceding year of fishing, STATLANT 21B reports (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), and USA; for 1998 - Denmark (Faroes, Norway (provisional) and USA. For 1999, STATLANT 21B reports were received from Cuba, Estonia, EU-Denmark, EU-France (M), EU-Great Britain, EU-Germany, France (SP), Iceland, Japan, Latvia, Norway (provisional), Poland, and Russia.

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

a) The General Council:

- Ukraine acceded to the NAFO Convention, 30/08/99.
- Rules for Granting Observer Status at NAFO Meetings.
- Resolution to Guide the Implementation of Precautionary Approach within NAFO.
- Diplomatic demarches to Belize, Honduras, São Tomé e Príncipe and Sierra Leone re illegal fishing in the NAFO Regulatory Area.
- Discussion of substantive issues on:
 - Allocation of Fishing Rights and Chartering of Vessels;
 - Dispute Settlement Procedure at NAFO.
- Election of Officers: Enrique Oltuiski (Cuba) - President; Patrick Chamut (Canada) - Vice-Chairman

b) The Fisheries Commission:

- New member of Fisheries Commission - Ukraine
- Amendment to the Conservation and Enforcement Measures: chartering operations; notification of vessels temporarily flying the flag of a Contracting Party (bare-boat charter); incidental catch limits.
- Adoption of TACs for the stocks: Redfish 3M-5,000t; Yellowtail flounder 3LNO-10,000t; Greenland halibut 3LMNO-25,935; Squid 3+4-34,000t; New allocation - 3L shrimp, 6000 mt.
- "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).
- 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. 00/24 (at requests of Coastal States and Fisheries Commission).
- Overview of environmental conditions in the NAFO area in 1999.
- 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.
- Successful use of Local Area Network (LAN) at meetings for computer communications around the table.

8. Financial Statements

STATEMENT I

Budget Appropriations. Obligations Incurred and Unliquidated Balances of Appropriations
For the Year Ending 31 December 2000
(Estimated from 31 July 2000)
(Canadian Dollars)

	<u>Approved Budget for 2000</u>	<u>Obligations Incurred and Liquidated to 31 July 2000</u>	<u>Expenses Estimated for Remainder of Fiscal Year</u>	<u>Total Obligations for Fiscal Year</u>	<u>Estimated Unliquidated Balance of Appropriations</u>
Personal Services:					
a) Salaries	\$677,500	\$397,125	\$285,375	\$682,500	(\$ 5,000) ^a
b) Superannuation and Annuities	73,500	40,976	32,524	73,500	-
c) Additional Help	1,000	-	1,000	1,000	-
d) Group Medical and Insurance Plans	52,000	39,559	17,441	57,000	(5,000)
e) Termination Benefits	23,000	-	34,000	34,000	(11,000) ^b
f) Accrued Vacation Pay	1,000	-	1,000	1,000	-
g) Termination Benefits Liability	10,000	-	10,000	10,000	-
Travel	20,000	18,619	1,381	20,000	-
Transportation	1,000	428	572	1,000	-
Communications	60,000	26,511	30,489	57,000	3,000
Publications	28,000	18,068	10,932	29,000	(1,000)
Other Contractual Services	43,000	23,413	21,587	45,000	(2,000)
Materials and Supplies	30,000	17,322	12,678	30,000	-
Equipment	5,000	-	5,000	5,000	-
Meetings					
Annual General Meeting and Scientific Council Meetings	62,000	8,444	62,556	71,000	(9,000)
Inter-sessional Meetings	20,000	25,840	1,660	27,500	(7,500) ^c
Computer Services	<u>50,000</u>	<u>12,030</u>	<u>3,970</u>	<u>16,000</u>	<u>34,000^d</u>
Total Ordinary Budget	<u>\$1,157,000</u>	<u>\$628,335</u>	<u>\$532,165</u>	<u>\$1,160,500</u>	<u>\$ (3,500)</u>

^a Contracts between the Treasury Board of Canada and the Public Service Alliance of Canada negotiated during the year included retroactive salary increases to June 1999. If approved by General Council, NAFO's projected salaries for the year 2000 will be \$682,500.

^b This figure is for 2001 credits and conforms with NAFO Staff Rule 10.4(a).

^c Inter-sessional meetings for the year 2000: Scientific Council/Fisheries Commission Joint WG on Precautionary Approach, Brussels, Belgium, 29 February - 2 March; Meeting on Shrimp Stocks and WG on Allocation of Fishing Rights, Washington, D.C., USA, 27-30 March; WG on Dispute Settlement Procedures, Copenhagen, Denmark, 29-31 May; STACTIC Meeting and STACTIC WG on Technical Communications, Dartmouth, N.S., Canada, 27-30 June.

^e The 2000 budget included \$35,000 for the automation of the hail system at NAFO Headquarters.

STATEMENT II

Statement of Assessed Contributions and Expenditures
for the Year Ending 31 December 2000
(Estimated from 31 July 2000)
(Canadian Dollars)

<u>Assessment</u>	<u>2000 Assessment</u>	<u>1999 Billing^a Adjustment</u>	<u>Net</u>
Contracting Parties Assessed:			
Bulgaria	\$ 17,144.05	(\$301.26)	\$16,842.79
Canada	426,258.87	(301.26)	425,957.61
Cuba	17,761.24	(301.26)	17,459.98
Denmark (in respect of Faroe Islands and Greenland)	105,305.19	(301.26)	105,003.93
Estonia	19,736.23	(301.26)	19,434.97
European Union	34,486.97	(301.26)	34,185.71
France (in respect of St. Pierre et Miquelon)	19,472.39	(301.26)	19,171.13
Iceland	22,883.88	(301.26)	22,582.62
Japan	19,119.04	(301.26)	18,817.78
Republic of Korea	17,144.05	(301.26)	16,842.79
Latvia	17,946.39	(301.26)	17,645.13
Lithuania	18,563.58	(301.26)	18,262.32
Norway	20,106.54	(301.25)	19,805.29
Poland	17,144.05	(301.25)	16,842.80
Romania	17,144.05	(301.25)	16,842.80
Russian Federation	18,316.70	(301.25)	18,015.45
Ukraine	17,144.05	-	17,144.05
United States of America	202,965.73	(301.25)	202,664.48
	<u>\$1,028,643.00</u>	<u>\$ (5,121.37)</u>	<u>\$1,023,521.63</u>
Net Assessed Contributions for the year ending 31 December 2000			\$1,023,522
1999 Advance Payments/Billing Adjustment			5,121 ^a
Transferred from Accumulated Surplus Account			<u>128,357^b</u>
Approved Budget For 2000			1,157,000
Total Obligations to be Incurred - Statement I			<u>1,160,500</u>
Amount to be transferred from Accumulated Surplus Account			<u>\$ (3,500)</u>

^a Ukraine's contribution for September to December 1999 (Article XVI.8 of the Convention)

^b Excess of revenue over expenditures during the 1999 fiscal year (includes *ex gratia* grant for 1998; staff assessments; sales of publications; bank interest; and balance of appropriations not expended).

STATEMENT III

Balance Sheet for the Year Ending 31 December 2000
(Estimated from 31 July 2000)
(Canadian Dollars)

ASSETS		LIABILITIES	
Current		Current	
Cash	\$211,287	Accounts Payable and Accrued Liabilities	\$ 7,500
Contributions receivable from Contracting Parties (Note 1)	71,489	Provision for Accrued Employee Vacation Pay	12,558
Accrued Interest Receivable	11,613		
Prepaid Expenses	<u>4,483</u>		
	298,872		20,058
Long-Term Investment		Long-Term	
Employee Termination Benefit Investments (Note 2)	337,409	Provision for Employee Termination Benefits (Note 3)	<u>381,409</u>
			401,467
		EQUITY	
	<u> </u>	Accumulated Surplus	<u>234,814</u>
	<u>\$636,281</u>		<u>\$636,281</u>

Note 1: This amount represents amounts due from Cuba (2000-\$17,459.98); France (in respect of St. Pierre et Miquelon) (\$19,171.13); Republic of Korea (\$16,842.79); and the Russian Federation (\$18,015.45). Applied against accounts receivable for 2000 Allowance for Doubtful Accounts has been Bulgaria (\$17,144.05) and Romania (\$17,144.05).

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 2001, with an average interest rate of 5.8125%.

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, 2000 the additional liability resulting from this enhancement will amount to approximately \$50,300, 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 (21st Annual Meeting, September, 1999).

STATEMENT IV

Statement of Accumulated Surplus^a
for the Year Ending 31 December 2000
(Estimated from 31 July 2000)
(Canadian Dollars)

Accumulated Surplus - Beginning of 2000		\$203,357
Add: Province of Nova Scotia - <i>ex gratia</i> grant for 2000	\$ 50,000 ^b	
Sales of Publications	7,000	
Interest	25,602	
Staff Assessments	115,000	<u>197,602</u>
		400,959
Less: Amount appropriated 1 January 2000	\$128,357	
Balance of appropriations over expended in 2000	3,500	
Contributions deemed uncollectible 2000 (Romania/Bulgaria)	<u>34,288</u>	<u>166,145</u>
		<u>\$234,814</u>
Appropriated to maintain minimum balance (to be authorized by G.C.)	\$ 75,000	
Unappropriated balance available	<u>159,814</u>	
Total Accumulated Surplus		<u>\$234,814^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 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.

^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 \$234,814 would be valid subject to payment of outstanding contributions by Cuba - \$17,459.98, France (in respect of St. Pierre et Miquelon) - \$19,171.13, Republic of Korea - \$16,842.79, and Russian Federation - \$18,015.45, total - \$71,489.35 during 2000).

STATEMENT V

Preliminary calculation of billing for Contracting Parties
against the proposed estimate of \$1,389,000 for the 2001
financial year (based on 18 Contracting Parties to NAFO).
(Canadian Dollars)

Budget Estimate.....	\$1,389,000.00
Deduct: Amount from Accumulated Surplus Account.....	<u>159,814.00</u>
Funds required to meet 2001 Administrative Budget.....	<u>\$1,229,186.00</u>

60% of funds required = \$737,511.66
30% of funds required = 368,755.74
10% of funds required = 122,918.60

Contracting Parties	Nominal Catches for 1998	% of Total Catch in the Convention Area	10%	30%	60%	Amount Billed
Bulgaria	-	-	-	\$ 20,486.43	-	\$ 20,486.43
Canada ¹	493,576	59.28	\$77,195.83	20,486.43	\$437,196.88	534,879.14
Cuba	-	-	-	20,486.43	-	20,486.43
Denmark (in respect of Faroes and Greenland) ^{1,2}	97,555	11.72	15,257.71	20,486.43	86,436.36	122,180.50
Estonia	5,533	0.66	-	20,486.43	4,867.58	25,354.01
European Union	23,209	2.79	-	20,486.43	20,576.57	41,063.00
France (in respect of St. Pierre et Miquelon)	5,394	0.65	843.63	20,486.43	4,793.83	26,123.89
Iceland	6,572	0.79	-	20,486.43	5,826.34	26,312.77
Japan	3,000	0.36	-	20,486.43	2,655.04	23,141.47
Republic of Korea	-	-	-	20,486.43	-	20,486.43
Latvia	1,191	0.14	-	20,486.43	1,032.52	21,518.95
Lithuania	3,107	0.37	-	20,486.43	2,728.80	23,215.23
Norway ¹	1,340	0.16	-	20,486.43	1,180.03	21,666.46
Poland	148	0.02	-	20,486.43	147.51	20,633.94
Romania	-	-	-	20,486.43	-	20,486.43
Russian Federation	2,601	0.31	-	20,486.43	2,286.30	22,772.73
Ukraine	-	-	-	20,486.43	-	20,486.43
United States of America ¹	189,394	22.75	29,621.43	20,486.43	167,783.90	217,891.76
	832,620	100.00	\$122,918.60	\$368,755.74	\$737,511.66	<u>\$1,229,186.00</u>
Funds required to meet 1 January - 31 December 2001 Administrative Budget						<u>\$1,229,186.00</u>

¹ Provisional Statistics used when calculating 1998 nominal catches which have not been reported from some Contracting Parties.

² Faroe Islands = 8,345 metric tons
Greenland = 89,210 metric tons