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24th ANNUAL MEETING – SEPTEMBER 2002

Administrative Report and Financial Statements
for the fiscal year ending 31 December 2002
(as at 31 July)

by

Executive Secretary

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

<u>General Council (18)</u>	<u>Scientific Council (18)</u>	<u>Fisheries Commission (16)</u>
Bulgaria	Bulgaria	Canada
Canada	Canada	Cuba
Cuba	Cuba	Denmark (in respect of the Faroe Islands and Greenland)
Denmark (in respect of the Faroe Islands and Greenland)	Denmark (in respect of the Faroe Islands and Greenland)	Estonia
Estonia	Estonia	European Union (EU)
European Union (EU)	European Union (EU)	Iceland
France (in respect of St. Pierre et Miquelon)	France (in respect of St. Pierre et Miquelon)	France (in respect of St. Pierre et Miquelon)
Iceland	Iceland	Japan
Japan	Japan	Republic of Korea (Korea)
Republic of Korea (Korea)	Republic of Korea (Korea)	Latvia
Latvia	Latvia	Lithuania
Lithuania	Lithuania	Norway
Norway	Norway	Poland
Poland	Poland	Russian Federation (Russia)
Romania	Romania	Ukraine
Russian Federation (Russia)	Russian Federation (Russia)	United States of America (USA)
Ukraine	Ukraine	
United States of America (USA)	United States of America (USA)	

2. NAFO Officers

President of NAFO and Chairman of the General Council (elected for the term Jan. 2002-Sept. 2004)	- E. Oltuski (Cuba)
Vice-Chairman of the General Council (elected for the term Jan. 2002-Sept. 2004)	- P. Chamut (Canada)
Chairman of the Standing Committee on Fishing Activities of non-Contracting Parties in the Regulatory Area (STACFAC) (elected for the term Sept. 2000-Sept. 2002)	- D. Silvestre (France in respect of St. Pierre et Miquelon)
Vice-Chairman of the Standing Committee on Fishing Activities of non-Contracting Parties in the Regulatory Area (STACFAC) (elected for the term Sept. 2000-Sept. 2002)	- N. Bouffard (Canada)
Chairman of the Standing Committee on Finance and Administration (STACFAD) (elected for the term Jan. 2002-Sept. 2004)	- G. F. Kingston (EU)
Vice-Chairman of the Standing Committee on Finance and Administration (STACFAD) (elected for the term Jan. 2002-Sept. 2004)	- D. Warner-Kramer (USA)

Chairman of the Scientific Council (elected for the term Sept. 2001-Sept. 2003)	- R. Mayo (USA)
Vice-Chairman of the Scientific Council (elected for the term Sept. 2001-Sept. 2003)	- M. J. Morgan (Canada)
Chairman of the Standing Committee on Fisheries Science (STACFIS) (elected for the term Sept. 2001-Sept. 2003)	- D. Stansbury (Canada)
Chairman of the Standing Committee on Research Coordination (STACREC) (elected for the term Sept. 2001-Sept. 2003)	- M. J. Morgan (Canada)
Chairman of the Standing Committee on Publications (STACPUB) (elected for the term Sept. 2001-Sept. 2003)	- M. Stein (EU-Germany)
Chairman of the Standing Committee on Fisheries Environment (STACFEN) (elected for the term Sept. 2001-Sept. 2003)	- E. Colbourne (Canada)
Chairman of the Fisheries Commission (elected for the term Jan. 2002-Sept. 2004)	- D. Swanson (USA)
Vice-Chairman of the Fisheries Commission (elected for the term Jan. 2002-Sept. 2004)	- B. F. Prischepa (Russia)
Chairman of the Standing Committee on International Control (STACTIC) (elected for the term Jan. 2002-Sept. 2004)	- 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

Special Meeting of the General Council (including STACFAD) and Fisheries Commission (including STACTIC), Helsingør, Denmark, 29 January – 01 February 2002.

International Fisheries Commissions Pension Society Annual Meeting, Chicago, Illinois, USA, 30 April – 02 May 2002. The NAFO Secretariat was represented by Mr. F. D. Keating and Mr. S. M. Goodick.

Meeting of the Standing Committee on International Control (STACTIC), Copenhagen, Denmark, 6-9 May 2002.

Working Group of Technical Experts on the Precautionary Approach (PA), Dartmouth, N.S., Canada, 20-21 June 2002.

Ad hoc Working Group on Management of Oceanic Redfish, Dartmouth, N.S., Canada, 24-25 June 2002.

Scientific Council and its Standing Committees, Dartmouth, N.S., Canada, 6-20 June 2002.

STACTIC Working Group to Overhaul the NAFO Conservation and Enforcement Measures, Ottawa, Canada, 9-11 July 2002.

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 2002.

NAFO Annual Report for the year 2001 (180 pages) was distributed in July 2002.

NAFO Meeting Proceedings for the year 2001 (140 pages) was distributed in February 2002.

NAFO Scientific Council Reports for 2001 (339 pages) was distributed in February 2002.

NAFO Journal of Northwest Atlantic Fishery Science Volume 29 (99 pages) was distributed in February 2002.

NAFO Statistical Bulletin Volume 49 for 1999 (200 pages) was issued March 2002.

NAFO Newsletter "NAFO News" No. 16 for January-June 2002 was issued in July 2002.

NAFO Conservation and Enforcement Measures (94 pages) was distributed in July 2002.

6. Fishery Statistics

The NAFO statistical database is at the NAFO Secretariat and available in computer diskette form or hard copies to the Contracting Parties, and from 1999, the statistical data of catches have been posted on the NAFO website www.nafo.ca.

The data reports for the preceding year of fishing, STATLANT 21A reports (preliminary annual catches in the NAFO Convention Area by species and divisions), due 15 May have not been received from: for 1994 – USA (partial); for 1995 – USA (partial); for 1996 – USA (partial); for 1997 – USA (partial); for 1998 – USA (partial); for 1999 – USA (partial); for 2000 – Greenland, Korea, Poland and USA (partial); for 2001 – Cuba, Faroe Islands, Greenland, Korea, Lithuania and USA (partial).

The data reports for the preceding year of fishing, STATLANT 21B reports (final annual catches in the NAFO Convention Area by species, month, effort), due 30 June have not been received from: for 1989 EU-France (M); for 1994 - USA; for 1995 - USA; for 1996 - USA; for 1997 – USA; for 1998 - USA; for 1999 – USA; for 2000 – Greenland, Norway and USA. For 2001, STATLANT 21B reports have been received from EU-Denmark, EU-France (M), EU-Germany, EU-Great Britain, Iceland, Japan, Poland, Latvia, Estonia and Russia.

7. Financial Statements

STATEMENT I

Budget Appropriations. Obligations Incurred and Unliquidated Balances of Appropriations
For the Year Ending 31 December 2002
(Estimated from 31 July 2002)
(Canadian Dollars)

	Approved Budget for 2002	Obligations Incurred and Liquidated to 31 July 2002	Expenses Estimated for Remainder of Fiscal Year	Total Obligations for Fiscal Year	Estimated Unliquidated Balance of Appropriations
Personal Services:					
a) Salaries	\$ 735,000	\$ 436,745	\$ 311,255	\$ 748,000	(\$13,000) ^a
b) Superannuation and Annuities	81,000	42,477	30,523	73,000	8,000
c) Group Medical and Insurance Plans	69,000	44,737	24,263	69,000	-
d) Termination Benefits	22,000	-	61,000	61,000	(39,000) ^b
e) Accrued Vacation Pay	1,000	-	14,000	14,000	(13,000) ^c
f) Termination Benefits Liability	10,000	-	10,000	10,000	-
Travel	26,000	19,392	1,608	21,000	5,000
Transportation	1,000	461	539	1,000	-
Communications	60,000	26,505	29,495	56,000	4,000
Publications	30,000	21,322	8,678	30,000	-
Other Contractual Services	48,000	25,628	25,372	51,000	(3,000)
Additional Help	1,000	-	1,000	1,000	-
Materials and Supplies	30,000	10,260	19,740	30,000	-
Equipment	5,000	1,350	3,650	5,000	-
Meetings					
Annual General Meeting and Scientific Council Meetings	66,000	18,519	66,481	85,000	(19,000) ^d
Inter-sessional Meetings	55,000	56,395	(395)	56,000	(1,000) ^e
Symposium	8,000	-	8,000	8,000	-
Computer Services	48,000	29,041	22,959	52,000	(4,000)
Recruitment and Relocation	<u>73,000</u>	<u>10,966</u>	<u>62,034</u>	<u>73,000</u>	<u>-</u>
Total Ordinary Budget	<u>\$1,369,000</u>	<u>\$ 743,798</u>	<u>\$ 700,202</u>	<u>\$1,444,000</u>	<u>(\$75,000)</u>

^a The salaries budget for 2002 included a 2.5% economic increase. In accordance with salary scale increases issued in the Public Service of Canada, three categories received increases over and above the 2.5% budget, including retroactive increases to the year 2000 and 2001. The three categories were the Executive Group (EX), Scientific Research Manager (SE-REM) and Organizations and Methods (OM).

^b This figure is for 2002 credits and conforms with NAFO Staff Rule 10.4(a). According to this rule for the purposes of entitlements (of separation from service) an employee of the Professional Category (Rule 3.1a) may receive credit for continuous years of service prior to joining NAFO. For the Executive Secretary, the credit has been 30 years of service, which was applied to his vacation and leave. According to this procedure, the Executive Secretary, upon his separation from service, is entitled to 40 weeks of termination benefits. Only 24 weeks of termination benefits (12 years service x 2 weeks) were previously recorded as a liability.

^c According to NAFO Staff Rule 10.6 upon separation, accrued unused annual leave shall be paid to any member of the Secretariat at the rate of the current salary at the time of separation but this monetary compensation will not be paid for more than a maximum of twenty-five (25) days plus the leave accrued during the year of separation. According to this procedure, the Executive Secretary, upon his separation from service, is entitled to an estimated 55 days of leave.

^d NAFO has historically taken advantage of airline seat sales when available. No seat sales were available for travel to Spain for the 24th Annual Meeting.

^e See page 2, item 4 (NAFO Meetings) for list of meetings held during the year.

STATEMENT II

Statement of Assessed Contributions and Expenditures
for the Year Ending 31 December 2002
(Estimated from 31 July 2002)
(Canadian Dollars)

Contracting Parties Assessed:

Bulgaria	\$ 21,271.62
Canada	542,512.69
Cuba	21,348.20
Denmark (in respect of Faroe Islands and Greenland)	147,674.82
Estonia	30,920.43
European Union	51,213.55
France (in respect of St. Pierre et Miquelon)	26,426.55
Iceland	29,388.87
Japan	23,875.27
Republic of Korea	21,271.62
Latvia	24,028.42
Lithuania	24,258.15
Norway	25,100.51
Poland	22,037.40
Romania	21,271.62
Russian Federation	26,402.33
Ukraine	21,271.62
United States of America	<u>196,023.33</u>
Assessed Contributions for the year ending 31 December 2002	\$1,276,297.00
Transferred from Accumulated Surplus Account	<u>92,703.00^a</u>
Approved Budget For 2002	1,369,000.00
Total Obligations to be Incurred - Statement I	<u>1,444,000.00</u>
Amount to be transferred from Accumulated Surplus Account	<u>\$ (75,000.00)</u>

^a Excess of revenue over expenditures during the 2001 fiscal year (includes *ex gratia* grant for 2000; staff assessments; sales of publications; bank interest; and balance of appropriations not expended).

STATEMENT III

Balance Sheet for the Year Ending 31 December 2002
(Estimated from 31 July 2002)
(Canadian Dollars)

ASSETS		LIABILITIES	
Current		Current	
Cash	\$ 182,272	Accounts Payable and Accrued Liabilities	\$ 10,000
Contributions receivable from Contracting Parties (Note 1)	112,355	Provision for Accrued Employee Vacation Pay	34,167
Prepaid Expenses	<u>1,826</u>		<u> </u>
	269,453		44,167
Long-Term Investment		Long-Term	
Employee Termination Benefit Investments (Note 2)	417,462	Provision for Employee Termination Benefits (Note 3)	<u>488,462</u>
			<u>532,629</u>
		EQUITY	
	<u> </u>	Accumulated Surplus	<u>181,286</u>
	<u>\$ 713,915</u>		<u>\$ 713,915</u>

Note 1: This amount represents amounts due from Bulgaria (\$21,271.62); Cuba (2002-\$21,348.20); France (\$26,426.55); Poland (\$22,037.40) and Ukraine (\$21,271.62). Applied against accounts receivable for 2002 Allowance for Doubtful Accounts has been Romania (\$21,271.62).

Note 2: Termination Benefit Funds have been invested in a Scotiabank Premium T-Bill account.

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, 2002 the additional liability resulting from this enhancement will amount to approximately \$30,300, 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 (Special Meeting, January/February, 2002).

STATEMENT IV

Statement of Accumulated Surplus
for the Year Ending 31 December 2002^a
(Estimated from 31 July 2002)
(Canadian Dollars)

Accumulated Surplus - Beginning of 2002		\$167,703
Add: Province of Nova Scotia - <i>ex gratia</i> grant for 2001	\$ 58,558 ^b	
Sales of Publications	8,000	
Interest	21,000	
Staff Assessments	<u>115,000</u>	<u>202,558</u>
		370,261
Less: Amount appropriated 1 January 2002	\$92,703	
Balance of appropriations over expended in 2002	75,000	
Contributions deemed uncollectible 2002 (Romania)	<u>21,272</u>	<u>188,975</u>
		<u>\$181,286</u>
Appropriated to maintain minimum balance (to be authorized by G.C.)	\$ 75,000	
Unappropriated balance available	<u>106,286</u>	
Total Accumulated Surplus		<u>\$181,286^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 \$181,286.00 would be valid subject to payment of outstanding contributions by Bulgaria - \$21,271.62; Cuba - \$21,348.20, France - \$26,426.55, Poland - \$22,037.40 and Ukraine \$21,271.62, total - \$112,355.39 during 2002).

STATEMENT V

Preliminary calculation of billing for Contracting Parties
against the proposed estimate of \$1,385,400 for the 2003
financial year (based on 17 Contracting Parties to NAFO).
(Canadian Dollars)

Budget Estimate..... \$1,385,400.00
Deduct: Amount from Accumulated Surplus Account..... 106,286.00
Funds required to meet 2003 Administrative Budget..... \$1,279,114.00

60% of funds required = \$767,468.40
30% of funds required = 383,734.20
10% of funds required = 127,911.40

Contracting Parties	Nominal Catches for 2000	% of Total Catch in the Convention Area	10%	30%	60%	Amount Billed
Bulgaria	-	-	-	\$ 22,572.60	-	\$ 22,572.60
Canada	508,877	57.00	\$81,888.36	22,572.60	\$437,456.98	541,917.94
Cuba	46	0.01	-	22,572.60	76.74	22,649.34
Denmark (in respect of Faroes and Greenland) ^{1,2}	118,435	13.26	19,058.53	22,572.60	101,766.31	143,397.44
Estonia	13,415	1.50	-	22,572.60	11,512.03	34,084.63
European Union	37,047	4.15	-	22,572.60	31,849.94	54,422.54
France (in respect of St. Pierre et Miquelon)	5,200	0.58	836.78	22,572.60	4,451.32	27,860.70
Iceland	9,363	1.05	-	22,572.60	8,058.42	30,631.02
Japan	2,816	0.32	-	22,572.60	2,455.90	25,028.50
Republic of Korea	-	-	-	22,572.60	-	22,572.60
Latvia	3,397	0.38	-	22,572.60	2,916.38	25,488.98
Lithuania	4,047	0.45	-	22,572.60	3,453.61	26,026.21
Norway ¹	3,974	0.45	-	22,572.60	3,453.61	26,026.21
Poland	1,732	0.19	-	22,572.60	1,458.19	24,030.79
Russian Federation	22,067	2.47	-	22,572.60	18,956.47	41,529.07
Ukraine	-	-	-	22,572.60	-	22,572.60
United States of America ¹	162,365	18.19	26,127.73	22,572.60	139,602.50	188,302.83
	892,781	100.00%	\$127,911.40	\$383,734.20	\$767,468.40	<u>\$1,279,114.00</u>
Funds required to meet 1 January - 31 December 2003 Administrative Budget						<u>\$1,279,114.00</u>

¹ Provisional Statistics used when calculating 2000 nominal catches which have not been reported from some Contracting Parties.

² Faroe Islands = 8,531 metric tons
Greenland = 109,904 metric tons