

PART II

Report of the Standing Committee on Finance and Administration (STACFAD)

30th Annual Meeting, 22-26 September 2008
Vigo, Spain

1. Opening by the Vice-Chair

The first session of STACFAD was opened by the Vice-Chair, Bob Steinbock (Canada) on 22 September 2008. The Vice-Chair welcomed delegates and members of the NAFO Secretariat to the meeting and thanked the Spanish authorities for hosting this meeting in beautiful Vigo.

Present were delegates from Canada, European Union, Denmark (in respect of Faroe Islands and Greenland), France (in respect of St. Pierre et Miquelon), Japan, Norway, Russia, and the United States of America and three members of the Secretariat (Annex 1).

2. Election of Chair

The current Vice-Chair, Bob Steinbock (Canada) was elected Chair.

3. Appointment of Rapporteur

Stan Goodick (NAFO Secretariat) was appointed Rapporteur.

4. Adoption of Agenda

At the request of the EU delegate, the provisional agenda was amended to include a new item entitled "Consideration of a NAFO Headquarters Agreement". An item with respect to election of Vice-Chair was also added. The revised agenda was then adopted (Annex 2).

5. Auditors' Report for 2007

The Auditors' Report was circulated to the Heads of Delegation of the General Council and STACFAD delegates in advance of the Annual Meeting.

Delegates were advised that the auditing firm of Grant Thornton LLP, Chartered Accountants had once again been engaged to audit the financial statements of the Organization. At the last Annual Meeting it was decided that the current auditors should be replaced in 2008 after having served for four years. Due to the late timing of the decision and to the fact that the Secretariat had already committed the current auditors to begin their process, it was not possible to change at that time. **The Committee recommends that the Secretariat immediately begin the tendering process for a new auditing firm and select a new auditor to begin work in 2009.**

The Committee noted the current requirement of changing the auditors at regular intervals and proposed that this be a maximum term of 3 years. **STACFAD recommends that the NAFO Financial Regulations Rule 7.10 be amended to reflect this.** (Annex 3 - STACFAD W.P. 08/8, revised)

The Senior Finance and Staff Administrator for NAFO presented the Auditors' Report and Financial Statements of the Northwest Atlantic Fisheries Organization for the year ended 31 December 2007.

It was noted in the Auditors' Report that the Organization has a policy not to capitalize its capital assets and has not recorded a liability for separation entitlements, as approved at the annual meeting in September 2007. Otherwise, the audit determined the financial affairs of the Organization had been conducted in accordance with the Financial

Regulations and budgetary provisions of NAFO and presented a fair and accurate accounting of the financial affairs of the Organization.

It was noted in the Financial Statements that expenditures for the year were approximately \$60,000 lower than the approved budget and that outstanding contributions totalling \$117,543 that had been previously recorded as uncollectible were recovered during the year.

STACFAD recommends that the 2007 Auditors' Report be adopted.

6. Administrative and Activity Report by Secretariat

Under this item, the Executive Secretary highlighted NAFO administrative matters and activities. Concerns were again expressed regarding the timeliness and accuracy of submissions of catch reports that are needed, not only for the scientific assessment of fisheries activities, but also in the calculation of Contracting Party contributions. **Contracting Parties are urged to ensure compliance with this NAFO requirement.**

7. Financial Statements for 2008

The NAFO Senior Finance and Staff Administrator presented the Financial Statements for the fiscal year ending 31 December 2008. It was noted in the Financial Statements that expenditures for the year were projected to slightly exceed the approved budget by \$7,000 or 0.5%. A delay in receiving Denmark's (in respect of the Faroe Islands and Greenland, hereinafter referred to as DFG) nominal catch reports required to calculate the 2008 contributions, necessitated the billing to be issued on the basis of using preliminary figures only. Given that DFG's internal financial regulations do not permit payment based on preliminary data, DFG requested the Secretariat to reissue the billing once final figures were submitted to the Secretariat later in the year. A revised billing was issued to DFG in early September 2008 which resulted in an increase to their billing of \$10,972. The Committee agreed to reflect this adjustment to the other Contracting Parties on the 2009 billing.

Regarding a possible need of adjustments of contributions, Russia proposed that any adjustments be made to the contribution of the following year. **STACFAD recommends an amendment of the NAFO Financial Regulations as follows in italics that should prevent adjustment of financial contributions after the billings are issued:**

4.6 bis. If a Contracting Party has not submitted its nominal catches according to the stipulations in the NAFO Convention Article XVI.3 by the required date, the most recent catch report available from that Contracting Party will be used for the calculation of contributions that are then considered final for that financial year. Subsequent reporting of applicable catches by the Contracting Party will be applied towards the calculation of contributions for the following financial year.

It was noted that NAFO currently has outstanding contributions of \$436,019 from five Contracting Parties (see table below).

	2008	2007	Total
Cuba	\$29,460	-	\$ 29,460
Denmark (in respect of Faroe Islands and Greenland)	173,200	-	173,200
France (in respect of St. Pierre et Miquelon)	31,503	-	31,503
Ukraine	28,586	\$31,623	60,209
USA	141,647	-	141,647
Total	\$404,396	\$31,623	\$436,019

STACFAD once again expressed serious concern about the high level of outstanding contributions.

The delegates from DFG and France (in respect of St. Pierre et Miquelon) informed the Secretariat that their respective payments would be submitted shortly. The USA advised the Committee that it had made a payment in 2008 of \$251,446 and that they have a budgetary commitment in place with respect to its arrears in 2009.

STACFAD recommends that Contracting Parties concerned are strongly urged to take immediate action to meet their financial obligations and bring financial stability to the Organization.

STACFAD recommends that the outstanding contribution from Ukraine (\$31,623) for the year 2007 be deemed uncollectible at the end of the current fiscal year if payment is not received by 31 December 2008 and that this amount be applied against the accumulated surplus. This procedure does not remove Ukraine's financial obligation for the 2007 contribution.

8. Contingency Funds

STACFAD reviewed the serious cash flow challenges faced by NAFO for the past four years due to significant levels of outstanding contributions from some Contracting Parties. As of September 1, 2008, the outstanding contributions amounted to \$436,000 or about one-third of the total billings to Contracting Parties. The level of annual outstanding contributions on December 31 for the past three years has exceeded \$300,000 – up from an amount exceeding \$130,000 for the previous two years. The Secretariat has dealt with the annual cash shortfalls by using the accumulated surplus fund which has been established for this purpose and by borrowing from the termination benefits fund.

As requested by STACFAD, in 2007 the Secretariat provided background information on the possibility of establishing a contingency fund. At the current meeting, the Secretariat repeated its suggestion that a more permanent contingency fund than the accumulated surplus account be implemented and that the level of such contingency fund be set at 50% of the annual budget. The Secretariat explained that two-thirds of the NAFO budget was spent on salaries and that any substantive financial shortcomings would therefore jeopardize the ability of the Organization to compensate its employees. The current level of the accumulated surplus account (20% of the annual budget) has been just sufficient to deal with the present lack of timely financial contributions but could not deal with any additional lack of funds or unforeseen expenses, such as an extraordinary meeting. STACFAD also recognized that it would be prudent for NAFO to have sufficient funds available to wind up the Secretariat/Organization to address such a contingency.

Delegates expressed concerns that those Contracting Parties that pay their contributions are penalized for the non-payment by others and while everyone acknowledged that the Organization had a duty towards its employees, the setup of a contingency fund to compensate for unpaid contributions might give the wrong signal to Parties. In response to concerns expressed by the Executive Secretary, STACFAD agreed that the Secretariat should prioritize cutting services to the Organization before considering cuts to salaries if such a situation ever arose.

STACFAD continued to be of the opinion that the current cash flow situation be considered an emergency in accordance with Rule 4.4 of the Financial Regulations. As a consequence, an amount representing 20% of the proposed 2009 budget, namely \$323,600, be maintained as the minimum balance in the Accumulated Surplus Account. This should be considered to be an interim measure pending resolution of the current financial situation.

A number of ideas were expressed on how to improve the current situation of delayed payments which would provide some planning security to the Organization. These are all reflected in the recommendations.

STACFAD recommends the following:

- 1. The minimum balance for the accumulated surplus account should continue at the level of 20% of the total budget of 2009 to address non-payment of contributions.**
- 2. The President of NAFO should write letters on behalf of the Organization to those Contracting Parties that are in arrears to express serious concerns and request prompt payment. Similar letters or demarches could also be sent from individual Contracting Parties.**
- 3. Furthermore, if the Contracting Parties in arrears cannot make a firm commitment to honour these arrears promptly, they should provide the Executive Secretary with a finance plan for repayment of the major outstanding amounts that will be circulated to Contracting Parties.**
- 4. NAFO should establish a contingency fund in 2009 for the purpose of covering emergency and unforeseen situations, other than non payment of annual contributions, provided that all current major outstanding contributions are paid by that time. The details of the operation of the contingency fund would be decided at the 2009 Annual Meeting.**

9. Changes to NAFO Staff Rules

- **Equality of Benefits for Internationally Recruited Employees – Installation Allowance (Rule 8.6)**

In 2006, STACFAD agreed to change the installation allowance for relocating internationally recruited employees to a maximum of up to two months net salary. However, General Council deferred the adoption of this recommendation to a later date in view of the financial crisis. In 2007, STACFAD decided that the financial situation was not yet stable enough to again ask for adoption of this recommendation. The issue was re-addressed at the current meeting. Recognizing that the adoption and implementation of the amended Rule 8.6 should not have any financial implications during the next two years, **STACFAD recommends that Staff Rule 8.6 e) be amended as follows: “An installation allowance of up to two months net salary in the case of relocating internationally recruited members of the Secretariat” (STACFAD WP 08/7).**

- **Parental Leave (Rule 6.13)**

The Secretariat informed the Committee that in 2005, when NAFO extensively revised its Staff Rules, NAFO Staff Members did not have access to Canadian Employment Insurance benefits. Since then Canadian staff members have joined the Canadian Employee Insurance Program. To allow the Organization to make full use of the benefits, **STACFAD recommends to amend Staff Rule 6.13 pertaining to maternity and parental leave to reflect the allowances in the Canadian Government (Annex 4 - STACFAD WP 08/2, revised).**

10. Consideration of a NAFO Headquarters Agreement

In view of the process towards entry into force of the amendments to the NAFO Convention, STACFAD considered that it was appropriate to launch the process of concluding a headquarters agreement with the Government of Canada. Canada informed STACFAD that it is prepared to commence discussions on such an agreement. Canada will be requested to provide a draft text to NAFO for its consideration.

To this end, STACFAD recommends that NAFO Contracting Parties consult intersessionally by electronic means on the documentation to be provided by the Executive Secretary (including STACFAD WP 07/3) with a view to developing, by the end of the 2009 Annual Meeting, a text for further consideration leading to future negotiations with Canada.

11. Future changes to the Rules of Procedure as a result of amendments to the NAFO Convention

With the impending adoption/ratification of the amended NAFO Convention and the resulting merger of General Council and Fisheries Commission, it will be necessary for the Organization to amend the present Rules of Procedure. In light of this, the Secretariat had prepared STACFAD Working Paper 08/3. This paper was not meant to be a proposal but merely a way to assist Contracting Parties in their future work. It was suggested that this working paper could be reviewed by the Contracting Parties intersessionally and revisited next year for possible adoption. It should also be noted that any review of the Rules of Procedure for the Scientific Council will be conducted by the Scientific Council.

12. Amendments to GC and FC Rules of Procedure related to Observers

In 1999 NAFO introduced for the first time the possibility for NGOs to participate as observers at non-restricted meetings of the General Council and Fisheries Commission. At the time, the Executive Secretary had been asked to submit a report on the experiences with observers after two years. It was not until 2006 that an NGO had applied for observer status with NAFO and had its application accepted. In light of the positive experience over the last two years with NGOs participation at NAFO meetings, it was proposed that the current rules be amended to accord more permanent observer status to NGOs and to harmonize the relevant rules of the three bodies. The proposed amendments presented by the Secretariat were reviewed by STACFAD and accepted with some minor changes (Annex 5 - STACFAD W.P. 08/4, revised).

STACFAD recommends that NAFO adopt the revised rules to provide for permanent accreditation for approved observers and that information on the current NGO observers is updated every five years.

13. Budget Estimate for 2009

The Secretariat presented the 2009 budget estimate (STACFAD Working Paper 08/4) to the Committee highlighting the following items:

Superannuation and Annuities:

The Secretariat presented STACFAD W.P. 08/9 (Annex 6) explaining that the actuarial valuation (undertaken every 3 years) of the Pension Plan of the International Fisheries Commissions Pension Society (IFCPS) for Employees of Participating Commissions with Headquarters in Canada was completed on 1 January 2008 and concluded that the Organization has a substantial deficit of \$975,000. Under Canadian Regulations, the liability is required to be funded and payment can be amortized over a maximum period of 15 years. Therefore NAFO is required to make annual supplementary payments of \$100,800 per year, for the next 15 years, or until the plan is fully funded. This amount will be partially offset in 2009 given a reduction of the employer's annual contribution.

The major factor that caused the additional liability was the early retirement of six long term NAFO employees since the 2005 valuation. As the pension plan has very few members, any deviations from the assumptions based on statistical averages will have more noticeable effects than in larger plans. Concerns were expressed that the Actuarial Firm and the IFCPS did not anticipate early retirements and take precautionary measures.

STACFAD recommends that the IFCPS be requested to review the current assumptions to take into account the increased possibility of early retirement when considering future assessments.

The Committee was concerned at the increase in the preliminary budget and Contracting Party billings as a result of this extraordinary item. To offset the impact to the 2009 budget, the Secretariat was requested to propose reductions to categories other than salaries and benefits which were implemented by reducing services and operations in a number of areas, including additional help, computer services, equipment, other meetings and travel as well as professional services. These adjustments resulted in savings of \$59,000. This will have the effect that some operations of the Secretariat will not be carried out as required in 2009 but will still allow the core responsibilities of the Secretariat to be undertaken. The US delegate stated the USA is extremely concerned with the budgetary cuts as the Secretariat and its staff should receive adequate funding. The US echoed similar opinions of other delegates that the Organization should recognize that the current cuts are an unusual measure and should not be repeated in future years. The Committee recognized that these cuts are of a short-term nature for 2009 only and should not affect the budget proposal of next year when the Secretariat is expected to include all funds required for its normal operations. In conclusion, STACFAD agreed to the revised budget proposal by the Secretariat which represents a 5.8% increase over the 2008 budget.

STACFAD recommends that the budget for 2009 of \$1,618,000 (Annex 7) be adopted.

A preliminary calculation of billings for the 2009 financial year is provided in Annex 8.

14. Budget Forecast for 2010 and 2011

STACFAD reviewed the preliminary budget forecast for 2010 (\$1,737,000) and 2011 (\$1,840,000) (Annex 9) and approved the forecast in principle. It was noted that the budget for 2010 will be reviewed in detail at the next Annual Meeting. The budget forecast for 2010 and 2011 included an item for recruitment and relocation given that the term of the current Executive Secretary expires in 2010. **STACFAD recommends that the process for recruitment for an Executive Secretary be adopted at the 2009 Annual Meeting.**

15. Adoption of 2009 Staff Committee Appointees

The Secretariat nominated the following people to serve as members of the Staff Committee for September 2008-September 2009: Bill Brodie, Deirdre Warner-Kramer and Bob Steinbock.

STACFAD recommends that General Council appoint the three nominees.

16. Time and Place of 2009 – 2011 Annual Meetings

The Executive Secretary drew the Committee's attention to GC Working Paper 08/4 presented by the NAFO Scientific Council Chair regarding the overlap of NAFO Annual Meeting dates with those of the ICES Annual Science Conference. Most delegates, however, were of the opinion that the current timing of the NAFO Annual Meeting (i.e. third week of September) should remain the same. It was proposed that the Executive Secretary contact ICES to determine its flexibility of changing the date of its Annual Science Conference.

Therefore, as previously agreed, the dates of the 2009 and 2010 Annual Meetings (to be held in Halifax, N.S., Canada, unless an invitation to host is extended by a Contracting Party and accepted by the Organization), are as follows:

2009:

Scientific Council	-	21 – 25 September
General Council	-	21 – 25 September
Fisheries Commission	-	21 – 25 September

2010:

Scientific Council	-	20 – 29 September
General Council	-	20 – 24 September
Fisheries Commission	-	20 – 24 September

STACFAD recommends that the dates of the 2011 Annual Meeting (to be held in Halifax, N.S., Canada, unless an invitation to host is extended by a Contracting Party and accepted by the Organization) are as follows:

Scientific Council	-	19 – 28 September
General Council	-	19 – 23 September
Fisheries Commission	-	19 – 23 September

For budgetary planning purposes, STACFAD urges that any invitations by a Contracting Party to host an Annual Meeting be issued as early as possible.

17. Election of Vice-Chair

Deirdre Warner-Kramer (USA) was elected Vice-Chair.

18. Other issues including any questions referred from the General Council during the current Annual Meeting

No other issues were referred to STACFAD from the General Council.

19. Adjournment

The final session of the STACFAD meeting adjourned on 25 September 2008.

Annex 1. List of Participants

Name	Contracting Party
Bob Steinbock	Canada
Rhonda Hash	Canada
Caterina Ventura	Canada
Toke Hansen	Denmark (in respect of Faroe Islands and Greenland)
Alan Gray	European Union
Christiane Laurent-Monpetit	France (in respect of St. Pierre et Miquelon)
Masatoshi Kusaka	Japan
Odd Gunnar Skagestad	Norway
Temur Tairov	Russian Federation
Deirdre Warner-Kramer	United States of America
Kiki Jenkins	United States of America
Johanne Fischer	NAFO Secretariat
Stan Goodick	NAFO Secretariat
Bev McLoon	NAFO Secretariat
Barry Crawford	NAFO Staff Representative

Annex 2. Agenda

1. Opening by the Vice-Chair, Bob Steinbock (Canada)
2. Election of Chair
3. Appointment of Rapporteur
4. Adoption of Agenda
5. Auditors' Report for 2007
6. Administrative and Activity Report by Secretariat
7. Financial Statements for 2008
8. Contingency Funds
 - Review of Accumulated Surplus Funds
 - Available options to manage emergency cash flow situations
9. Changes to the NAFO Staff Rules
 - Equality of Benefits for Internationally Recruited Employees – Installation Allowance (Rule 8.6)
 - Parental Leave (Rule 6.13)
10. Consideration of a NAFO Headquarters Agreement
11. Future changes to the Rules of Procedure as a result of amendments to the NAFO Convention
12. Amendments to GC and FC Rules of Procedure related to observers
13. Budget Estimate for 2009
14. Budget Forecast for 2010 and 2011
15. Adoption of 2009 Staff Committee Appointees
16. Time and Place of 2009 - 2011 Annual Meetings
17. Election of Vice-Chair
18. Other issues including any questions referred from the General Council during the current Annual Meeting
19. Adjournment

Annex 3. Amendment of Financial Regulation Rule 7.10
(STACFAD W.P. 08/8)

At the 2007 Annual Meeting, STACFAD *requested the Secretariat to draft a recommendation for the next annual meeting regarding a possible ceiling on the consecutive number of years that an auditing firm can be engaged.* In line with this, the Secretariat suggests that Rule 7.10 of the Financial Regulations be amended as follows:

7.10 The Auditors shall serve for a maximum term of three (3) years.

Annex 4. Proposed Amendments to Rule 6.13 of the Staff Rules
(STACFAD W.P. 08/2, Revised)

E. Maternity and Parental Leave

Rule 6.13

Members of the Secretariat who have completed six months of continuous service with NAFO shall be entitled to maternity leave for pregnancy upon presentation of medical certificate and a written application submitted at least four (4) weeks before such absence is to commence for a period not exceeding seventeen (17) weeks. The maternity leave shall begin no earlier than eight (8) weeks before the anticipated date of delivery set out in the medical certificate and shall terminate no later than 17 weeks following the actual date of birth.

Members of the Secretariat who have completed six months of continuous service with NAFO shall be entitled to parental leave up to a maximum of thirty-seven (37) weeks in the year following either (a) the day the child is born, or (b) the day the child comes into the employee's actual care and custody upon a written application submitted at least four weeks before such leave is to commence. Either one parent may take all the parental leave or both parents may share the parental leave. In either case, the total parental leave cannot exceed thirty-seven (37) weeks. The total aggregated amount of maternity and parental leave that may be taken by one or both parents in relation to the same birth or adoption is fifty two weeks.

NAFO will pay the employee a maternity and/or parental allowance equivalent to 93 per cent of his/her gross salary. If a Member of the Secretariat is enrolled in the Canadian Employment Insurance the gross amount of his/her EI benefits will be deducted from this allowance.

In the case of maternity leave, NAFO will pay a maternity allowance for up to a maximum of seventeen (17) weeks. In the case of parental leave, NAFO will pay a parental allowance for up to a maximum of thirty seven (37) weeks. The total aggregated amount of maternity and parental allowance that may be received by one or two employees in relation to the same birth or adoption is fifty two (52) weeks.

During maternity or parental leave the Members of the Secretariat shall continue to receive allowances and benefits based on his/her salary, excluding the accrual of sick or annual leave provided he/she continues to remain in the Organization's employment for a period of at least six (6) months after returning to work. Should he/she fail to return to work for the required six (6) month period he/she shall be indebted to the Organization for the amounts received as maternity or parental leave allowances and benefits. At the expiration of the leave, the employee shall be reinstated to the position prior to the commencement of the leave or where this is not possible, to a comparable position with the same wages and benefits and in the same location.

Annex 5. Revision of Rules of Procedure for Observers
(STACFAD W.P. 08/4, Revised)

Rules of Procedure 9 for the Commission (GC Rule 9, FC Rule 10)

Rule 9

- 9.1 The Executive Secretary shall invite:
- a) intergovernmental organizations that have regular contacts with NAFO as regards fisheries matters or whose work is of interest to NAFO or *vice-versa*.
 - b) non-Contracting Parties identified as harvesting fishery resources in the Regulatory Area.
- 9.2 All non-governmental organizations (NGOs) that support the general objectives of NAFO and with a demonstrated interest in the species under the purview of NAFO should be eligible to participate as an observer in all non-restricted meetings of the Commission.
- 9.3. Any NGO desiring to participate as an observer in meetings of the Commission shall notify the Secretariat of its desire to participate at least 100 days in advance of the first meeting it wishes to attend. This application must include:
- a) name, address, telephone, fax number of the organization;
 - b) address of all its national/regional offices;
 - c) aims and purposes of the organization and a statement that the NGO fully supports the objectives of NAFO, i.e., optimum utilization, rational management and conservation of the fishery resources of the NAFO Convention Area;
 - d) information on the organization's total number of members, its decision-making process and its funding;
 - e) a brief history of the organization and a description of its activities;
 - f) representative papers or other similar resources produced by or for the organization on the conservation, management, or science of fishery resources to which the Convention applies;
 - g) a history of NAFO observer status granted/revoked;
- 9.4 The Executive Secretary shall review applications received and shall notify the Contracting Parties of the names and qualifications of NGOs having fulfilled the requirements stipulated in Rule 9.3. If one or more of the Contracting Parties object giving in writing its reasons within 30 days, the matter will be put to a vote by written procedure. Applications will then be considered as accepted in accordance with the procedures laid down in Article V para 2 of the Convention. The Executive Secretary shall also circulate any reasons given in a preliminary objection as well as any comments that Contracting Parties may include with their vote on this matter.
- 9.5 Observer status shall apply to all non-restrictive sessions of the Commission, whether at the Annual Meeting or at intersessional meetings.
- 9.6 Any NGO with observer status that wishes to attend a Commission meeting is required to register its representatives at the NAFO Secretariat at least *fourteen* days in advance of the meeting.
- 9.7 Any NGO with observer status to the Commission that has not communicated with the Secretariat or attended at least one meeting of the Commission in the previous three years should cease to be an accredited NGO to the Commission but may reapply in writing to the Executive Secretary.
- 9.8 During all NAFO meetings accredited NGOs may not issue press releases or other information to the media on agenda items under discussion at the meeting, until after the Commission has agreed on its own Press Release.
- 9.9 Any NGO admitted to a meeting of the Commission may not use audio or video recording devices etc. to record meeting proceedings.

- 9.10 All observers admitted to a meeting shall comply with these and all rules and procedures applicable to other participants in the meeting. Failure to conform to these rules or any other rules that NAFO may adopt for the conduct of observers may result in removal from the meeting by the presiding officer and revocation of observer status;
- 9.11 The Executive Secretary will review the accreditation of an approved NGO every five years taking into account any new information or development regarding the NGO since the last accreditation and circulate a summary of the review to Contracting Parties. If one or more of the Contracting Parties object to a renewal of the accreditation of the NGO with NAFO giving in writing its reasons within 30 days, the matter will be put to a vote by written procedure. Renewal of the accreditation will then be considered as accepted in accordance with the procedures laid down in Article V.2 of the Convention. The Executive Secretary shall also circulate any reasons given in a preliminary objection as well as any comments that Contracting Parties may include with their vote on this matter.
- 9.12 Any NGO admitted to a meeting of the Commission may:
- a) attend meetings, as set forth above, but may not vote;
 - b) make oral statements during the meeting upon the invitation of the Chair;
 - c) distribute documents at meetings through the Secretariat;
 - d) engage in other activities as appropriate and as approved by the Chair.
- 9.13 Observers may be required to pay a fee, which will cover the additional expenses generated by their participation, as determined annually by the Executive Secretary.
- 9.14 The Executive Secretary will determine whether, due to conference room capacity, seating limitations require that a limited number of observers per NGO may be present at any meetings. The Executive Secretary will transmit any such determination in the conditions of participation.
- 9.15 All observers admitted to a meeting shall be sent or otherwise receive the same documentation generally available to Contracting Parties and their delegations, except those documents deemed confidential by a Contracting Party or the Executive Secretary.
- 9.16 These rules shall be subject to review and revision, as appropriate. If any Contracting Party so requests, the adequacy of these rules shall be reviewed and assessed and, if necessary, amendments shall be adopted in the light of the need of NAFO to function effectively when conducting its business

Annex 6. NAFO Pension Plan Unfunded Liability

by NAFO Secretariat

Pension Plan - Unfunded Liability (as at 1 January 2008):

Actuarial Value of Assets	\$3,863,000
Actuarial Value of Liabilities	\$4,838,000
Unfunded Liability	(\$975,000)

Explanation: The NAFO pension plan reaches back to ICNAF times, when such a plan was set up for intergovernmental fisheries organization in North-America to ensure that the employees of these organizations could maintain a living after retirement. The International Fisheries Commissions Pension Society manages the pensions for these organizations through a board of directors that apply all relevant Canadian laws and government regulations for the calculation of contributions, the investments of funds, the payments to the pensioners, etc. The management rules followed by the directors foresee that official statistical figures from Canada are used when calculating the future requirements for funding and payments.

Five NAFO employees who were employed in the 1970s were eligible for retirement after 30 years of employment and opted to retire at an early age (55-58) between 2005 and 2007. Such a large number of early retirees represents a significant deviation from the statistical average in Canada where people typically retire at 65 years. These retirees will receive pension for a much larger number of years than a typical employee with the effect that the NAFO pension plan was suddenly underfunded and is faced with a shortfall of \$975,000.

Canadian regulations require that the pension liabilities or shortfalls be repaid in full in order to meet its future pension payment obligations. The liability may be paid in full by making a one time payment, or may be repaid over a longer period of time (maximum repayment term is 15 years). If the loan is not paid all at once, interest will be charged at a rate of 6.5% which is a low interest rate in Canada.

Options to repayment Periods and Approximate Annual Payments

Repayment Term	Annual Payment	Total Payment	Total Interest (6.5% per year)
1 Year	\$975,000	\$975,000	\$0
2 Years	\$521,000	\$1,042,000	\$67,000
5 Years	\$228,924	\$1,144,620	\$169,620
10 Years	\$132,852	\$1,328,520	\$353,520
15 Years	\$100,800	\$1,512,000	\$537,000

The lowest annual payments are coupled with the longest repayment term and result in a higher overall interest amount (with a constant interest rate of 6.5% per year). Nonetheless, Contracting Parties clearly favoured this option, i.e. a 15 years repayment term.

Required Annual Funding Payment \$100,800

Funding/Payment Term (Maximum) 15 years (2009 to 2024)

In view that Contracting Parties could not prepare for the resulting budgetary increase in 2009, STACFAD requested the Secretariat to reduce other services and operations to significantly compensate for this increase. An amount of \$59,000 from the original budget proposal was therefore cut resulting in an overall much lesser increase of the total NAFO budget of 5.8% in 2009 versus 2008.

The actuarial report from 2008 is accessible on the NAFO member website (General Council/STACFAD).

Annex 7. Budget Estimate for 2009
(Canadian Dollars)

	Approved Budget 2008	Projected Expenditures 2008	Preliminary Budget Forecast 2009	Budget Estimate 2009
1. Personal Services				
a) Salaries	\$829,000	\$838,000	\$862,000	\$884,000
b) Superannuation and Annuities	89,000	87,000	89,000	179,000
c) Medical and Insurance Plans	80,000	76,000	85,000	81,000
d) Employee Benefits	92,000	113,000	103,000	107,000
Subtotal Personal Services	1,090,000	1,114,000	1,139,000	1,251,000
2. Additional Help	20,000	20,000	20,000	15,000
3. Communications	26,000	26,000	27,000	26,000
4. Computer Services	27,000	27,000	28,000	25,000
5. Equipment	36,000	36,000	36,000	31,000
6. Fishery Monitoring	48,000	48,000	48,000	45,000
7. Hospitality Allowance	6,000	3,000	6,000	3,000
8. Materials and Supplies	33,000	33,000	33,000	33,000
9. NAFO Meetings				
a) Sessional	93,000	82,000	88,000	80,000
b) Inter-sessional Scientific	20,000	20,000	12,000	14,000
c) Inter-sessional Other	30,000	29,000	30,000	20,000
Subtotal NAFO Meetings	143,000	131,000	130,000	114,000
10. Other Meetings and Travel	40,000	40,000	41,000	30,000
11. Professional Services	40,000	40,000	40,000	30,000
12. Publications	20,000	18,000	20,000	15,000
	\$1,529,000	\$1,536,000	\$1,568,000	\$1,618,000

Notes on Budget Estimate 2009
(Canadian Dollars)

Item 1(a)	Salaries Salaries budget estimate for 2009	\$884,000
Item 1(b)	Superannuation and Annuities Employer's pension plan which includes employer's contributions, administration costs, and actuarial fees. The latest actuarial valuation of the pension plan showed the plan to be in a deficit requiring an unfunded liability payment.	\$179,000
Item 1(c)	Group Medical and Insurance Plans Employer's portion of Canada Pension Plan, Employment Insurance, Group Life Insurance, Long Term Disability Insurance and Medical Coverage.	\$81,000
Item 1(d)	Employee Benefits Employee benefits as per the NAFO Staff Rules including overtime, repatriation grant, termination benefits, vacation pay, and travel to home country for internationally recruited members of the Secretariat. Termination Benefits Liability	\$107,000 \$72,000 35,000
Item 2	Additional Support Digitization and translation of NAFO Fisheries Information (e.g. Observer Reports), interns and other assistance as required.	\$15,000
Item 3	Communications Phone, fax and internet services Postage Courier/Mail service	\$26,000 \$13,000 9,000 4,000
Item 4	Computer Services Computer hardware, software, supplies and support.	\$25,000
Item 5	Equipment Leases (print department printer, photocopier and postage meter) Purchases Maintenance	\$31,000 \$21,500 5,000 4,500
Item 6	Fishery Monitoring Vessel Monitoring System (VMS) annual license and maintenance fee Lloyd's Register of vessels	\$45,000 \$45,000

Item 9(a)	NAFO Sessional Meetings June (SC), September (FC, GC and SC) and November (SC), Halifax/Dartmouth, Nova Scotia, Canada.	\$80,000
Item 9(b)	NAFO Inter-sessional Scientific Meetings Invited expert travel costs for an Ecosystem Approach to Fisheries Management Study Group (date/venue to be determined), and the ICES/PICES/UNCOVER symposium on “Rebuilding Depleted Stocks - Biology, Ecology, Social Science and Management Strategies” to be held November 2009 in Warnemünde/Rostock, Germany.	\$14,000
Item 9(c)	NAFO Inter-sessional Other General provision.	\$20,000
Item 10	Other Meetings and Travel International Meetings regularly attended by the NAFO Secretariat: <ol style="list-style-type: none"> 1. Aquatic Sciences and Fisheries Abstracts (ASFA) 2. Co-ordinating Working Party on Fishery Statistics (CWP), including the attendance by the Vice Chair of SC 3. Fisheries Resources Monitoring Systems (FIRMS) 4. International Fisheries Commissions Pension Society (IFCPS) 5. NEAFC Advisory Group for Data Communication (AGDC) 6. Regional Fishery Body Secretariats Network (RSN) 7. Secretariats of the North Atlantic Regional Fisheries Management Organizations (NARFMO) <p>Plus other not yet determined meetings</p>	\$30,000
Item 11	Professional Services Professional Services (audit, consulting, legal fees, and insurance) Professional Development and Training Public Relations	\$30,000 \$18,000 7,000 5,000
Item 12	Publications Production costs of NAFO publications which may include the following: Conservation and Enforcement Measures, Convention, Inspection Forms, Journal of Northwest Atlantic Fishery Science, Meeting Proceedings, Rules of Procedure, Scientific Council Reports, Scientific Council Studies, etc.	\$15,000

Annex 8. Preliminary calculation of billing for Contracting Parties against the proposed estimate of \$1,618,000 for the 2009 financial year (based on 12 Contracting Parties to NAFO)

(Canadian Dollars)

Budget Estimate	\$1,618,000
Deduct: Amount from Accumulated Surplus Account (pending approval from General Council)	<u>\$180,200</u>
Funds required to meet 2009 Administrative Budget	<u>\$1,437,800</u>

60% of funds required =	\$862,680
30% of funds required =	\$431,340
10% of funds required =	\$143,780

Contracting Parties	Nominal Catches for 2006	% of Total Catch in the Convention Area			60%	30%	Preliminary Billing
		10%	30%	60%			
Canada (1)	542,408	53.43%	\$82,245.35	\$35,945.00	\$460,929.93	\$579,120.28	
Cuba (2)	2,728	0.27%	-	35,945.00	2,329.24	38,274.24	
Denmark (in respect of Faroe Islands and Greenland) (3)	192,661	18.98%	29,213.19	35,945.00	163,736.66	228,894.85	
European Union	45,062	4.44%	-	35,945.00	38,302.99	74,247.99	
France (in respect of St. Pierre et Miquelon)	2,609	0.26%	395.60	35,945.00	2,242.97	38,583.57	
Iceland	4,054	0.40%	-	35,945.00	3,450.72	39,395.72	
Japan	1,886	0.19%	-	35,945.00	1,639.09	37,584.09	
Republic of Korea	-	-	-	35,945.00	-	35,945.00	
Norway	2,314	0.23%	-	35,945.00	1,984.16	37,929.16	
Russian Federation	10,242	1.01%	-	35,945.00	8,713.07	44,658.07	
Ukraine	404	0.04%	-	35,945.00	345.07	36,290.07	
United States of America (1)	210,551	20.75%	31,925.86	35,945.00	179,006.10	246,876.96	
	1,014,919	100.00%	\$143,780.00	\$431,340.00	\$862,680.00	\$1,437,800.00	
Funds required to meet 1 January - 31 December 2009 Administrative Budget						<u>\$1,437,800.00</u>	

(1) Based on 2006 provisional catch reports.

(2) Based on provisional catch reports received from chartering arrangements.

(3) Faroe Islands = 3,461 metric tons
Greenland = 189,200 metric tons (based on 2005 catch reports)

2008 Billing - Comparison Purposes		2008 Assessment
Approved Budget 2008	\$ 1,529,000.00	\$470,796.72
Deduct amount from Accumulated Surplus	<u>266,598.00</u>	29,459.88
Deduct: Recovery of Ukraine and USA's 2005 Contributions	<u>1,262,402.00</u>	173,200.43
	117,543.00	65,614.62
Funds required 2008 Budget	\$ 1,144,859.00	

2008 Annual Assessment	Less Recovery of Contributions	2008 Assessment after Recovery of Contributions
\$517,654.99	(\$46,858.27)	\$470,796.72
32,468.98	(3,009.10)	29,459.88
190,166.86	(16,966.43)	173,200.43
72,234.64	(6,620.02)	65,614.62
34,867.94	(3,364.76)	31,503.18
36,634.91	(3,439.30)	33,195.61
32,999.19	(3,058.46)	29,940.73
31,560.05	(2,938.58)	28,621.47
33,074.93	(3,756.68)	29,318.25
44,512.29	(4,095.20)	40,417.09
31,560.05	(2,973.84)	28,586.21
204,667.17	(20,462.36)	184,204.81
\$1,262,402.00	(\$117,543.00)	\$1,144,859.00

**Annex 9. Preliminary Budget Forecast for 2010 and 2011
(Canadian Dollars)**

	Preliminary Budget Forecast 2010	Preliminary Budget Forecast 2011
1. Personal Services		
a) Salaries	\$921,000	\$936,000
b) Superannuation and Annuities	181,000	182,000
c) Medical and Insurance Plans	94,000	95,000
d) Employee Benefits	94,000	102,000
Subtotal Personal Services	1,290,000	1,315,000
2. Additional Help	20,000	20,000
3. Communications	27,000	27,000
4. Computer Services	29,000	30,000
5. Equipment	36,000	36,000
6. Fishery Monitoring	48,000	48,000
7. Hospitality Allowance	3,000	3,000
8. Materials and Supplies	33,000	34,000
9. NAFO Meetings		
a) Sessional	92,000	89,000
b) Inter-sessional Scientific	14,000	14,000
c) Inter-sessional Other	25,000	25,000
Subtotal NAFO Meetings	131,000	128,000
10. Other Meetings and Travel	42,000	42,000
11. Professional Services	40,000	40,000
12. Publications	16,000	17,000
13. Recruitment and Relocation	22,000	100,000
	\$1,737,000	\$1,840,000