

PART II

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

**31st Annual Meeting, 21-25 September 2009
Bergen, Norway**

1. Opening by the Chair

The first session of STACFAD was opened by the Chair, Bob Steinbock (Canada) on 21 September 2009. The Chair welcomed delegates and members of the NAFO Secretariat to the meeting and thanked the Norwegian authorities for hosting this meeting in beautiful Bergen.

Present were delegates from Canada, European Union, Denmark (in respect of Faroe Islands and Greenland), Norway, the Russian Federation, and the United States of America and two members of the Secretariat (Annex 1).

2. Appointment of Rapporteur

Stan Goodick (NAFO Secretariat) was appointed Rapporteur.

3. Adoption of Agenda

The provisional agenda, as circulated, was adopted (Annex 2).

4. Auditors' Report for 2008

At last year's Annual Meeting, the Organization revised Financial Regulation 7.1 to reflect its decision to restrict the length of time a firm carrying out the NAFO audit shall serve to a maximum of three years. In light of this decision, in October 2008 the Secretariat notified the current firm, Grant Thornton LLP, Chartered Accountants that they would not be reappointed for the upcoming year as they had exceeded the maximum term allowed.

The Secretariat began the process of contacting firms and requesting proposals to be considered to carry out the audit of NAFO's accounts for the 2008, 2009 and 2010 fiscal periods. The auditing firm of Deloitte and Touche LLP, Chartered Accountants was chosen and subsequently engaged to audit the financial statements of the Organization.

The Financial Statements of NAFO for December 31, 2008 were circulated to the Heads of Delegation of the General Council in May 2009 and to STACFAD delegates in advance of the Annual Meeting. The financial statements included the auditors' report, the statements of financial position, operations, accumulated surplus, cash flows and the notes to the financial statements.

The Interim Executive Secretary for NAFO presented the Auditors' Report and Financial Statements of the Northwest Atlantic Fisheries Organization for the year ended 31 December 2008. It was noted that the total expenditures incurred for the fiscal period ending 2008 amounted to \$1,500,329, which was \$28,671 below the approved budget of \$1,529,000. It was also noted that outstanding contributions from Contracting Parties on December 31, 2008 was \$231,756.

The balance in the accumulated surplus account at year end amounted to \$531,253. At last year's Annual Meeting, General Council approved maintaining the level in the accumulated surplus account for 2009 at 20% of the 2009 budget. As the 2009 budget was approved for \$1,618,000, this means that \$323,600 ($\$1,618,000 \times 20\%$) would remain in the accumulated surplus account for 2009. The remaining \$207,653 ($\$531,253 - \$323,600$) would be used to reduce annual contributions for 2009.

It was noted in the Auditors' Report that the Organization: (1) has not recorded the pension plan assets, liabilities and unfunded deficit, (2) has a policy not to capitalize its capital assets, and (3) has not recorded a liability for separation entitlements, as approved at the annual meeting in September 2007. 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.

STACFAD recommends that the 2008 Auditors' Report be adopted.

5. Administrative and Activity Report by Secretariat

Under this item, the Secretariat highlighted NAFO administrative matters and activities including membership, officers, meetings, publications and submission of fishery statistics (GC Doc. 09/1-Revised). The Secretariat once again expressed the importance of receiving accurate and timely catch reports and urged Contracting Parties to ensure compliance with this NAFO requirement.

6. Financial Statements for 2009

The NAFO Interim Executive Secretary presented the Financial Statements for the fiscal year ending 31 December 2009.

Budgetary Expenses

The approved operating budget for 2009 was set at \$1,618,000. It was noted in the financial statements that expenditures for the year are projected to be \$1,498,000, below the approved budget by \$120,000 or 7.4%.

Salaries and benefits for the Secretariat staff members are projected to be \$152,000 below its approved budget. The main factor for being under budget was the early resignation of the Executive Secretary, Dr. Johanne Fischer. The Executive Secretary's position remained vacant for the balance of the year while the recruitment process was undertaken.

There are two expense categories which are expected to exceed their approved budget for the year. Professional Services are projected to be \$62,000, which is \$32,000 over the approved budget. The main factor for this was the ongoing legal expenses associated with a claim made against the Organization regarding wrongful dismissal. Recruitment and relocation expenses are also projected to be \$11,000 over budget for the year. There was no provision in the 2009 budget for recruitment and relocation expenses as the departure of the NAFO Executive Secretary was unexpected. In addition, the guidelines for the recruitment process of a new Executive Secretary provided for payment of expenses (travel, per diem, accommodation) for short-listed candidates to travel to be interviewed at the Annual Meeting in Bergen, Norway, unless the candidate was already part of a Contracting Party delegation. Expenses were paid for two of the four candidates.

All remaining 2009 operating expenses are anticipated to be on or near budget for the year.

Balance Sheet

After years of reporting the Organization was facing cash flow difficulties due to significant levels of outstanding contributions on the part of some Contracting Parties, the Secretariat was pleased to report that only one Contracting Party has outstanding contributions. Cuba currently owes \$66,928 for the years 2008 and 2009, although they have communicated that payment would be forthcoming shortly.

The balance sheet shows the estimated cash position at December 31, 2009 to be \$652,599, which is sufficient to finance appropriations in early 2010 pending the receipt of annual payments by Contracting Parties in the spring of 2010.

7. Review of Accumulated Surplus and 8. Contingency Funds

According to the financial regulations of the Organization, STACFAD and General Council shall review the amount available in the accumulated surplus account during each annual meeting. The accumulated surplus account shall be set at a level sufficient to temporarily finance appropriations pending receipt of annual payments by Contracting Parties and for use in an emergency.

For the years 2007-2009, the accumulated surplus account had been set at its maximum level, 20% of the annual budget for the current financial year, due to significant levels of outstanding contributions. NAFO's cash flow situation has returned to its normal level and is no longer considered to be in an emergency funding situation.

At the September 2008 Annual Meeting, STACFAD had recommended that 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 were paid by that time (STACFAD Report, September 2008, Item 8). It was agreed that the details of the operation of the contingency fund would be decided at the 2009 Annual Meeting.

At the current meeting, STACFAD decided that an alternative to setting up a separate contingency fund, while still achieving the same results, would be to simply amend the current financial regulations 4.4 and 4.5 regarding the accumulated surplus account as follows:

4.4 The Chair of the General Council, ~~after consultations with~~ in consultation with the Chair of STACFAD and representatives of all of the members of the General Council, may authorize expenditures from ~~an~~ the accumulated surplus account for unforeseen and extraordinary expenses to the good conduct of the business of the Organization. ~~Such funds shall not be in excess of 20% of the annual budget for the current financial year.~~

4.5 The Standing Committee on Finance and Administration and the General Council shall review the amount available in the accumulated surplus account during each annual meeting. Insofar as possible, the General Council shall anticipate unforeseen expenditures during the succeeding three years and shall attempt to maintain the accumulated surplus account at a level sufficient to finance ~~appropriations in accordance with Rule 4.3 and operations during the first three months of the year plus an amount up to a maximum of 10% of the annual budget for the current financial year~~ for use in an emergency in accordance with Rule 4.4.

The Secretariat noted the accumulated surplus account at December 31, 2009 is estimated to be \$641,600.

In light of the above proposed amendment to Rule 4 of the financial regulations, **STACFAD recommends that the amount maintained in the accumulated surplus account be set at \$325,000 of which \$200,000 would be sufficient to finance operations during the first three months of 2010, and of which \$125,000 would be available for use in emergency situations.**

9. NAFO Headquarters Agreement

In view of the process towards entry into force of the amendments to the NAFO Convention and as agreed at last year's annual meeting, Canada had provided a draft Headquarters Agreement to the Secretariat (Annex 3) which was circulated to Contracting Parties on May 12, 2009.

STACFAD discussed the draft agreement and concluded that it was ready for adoption.

STACFAD recommends that NAFO adopts this Headquarters Agreement to be signed with the Government of Canada.

10. Future changes to the Rules of Procedure as a result of Amendments to the NAFO Convention

In view of the process towards entry into force of the amendments to the NAFO Convention and the resulting merger of General Council and Fisheries Commission, it will be necessary for the Organization to amend the current Rules of Procedure.

STACFAD considered the draft but was unable to conclude its work at this meeting.

STACFAD recommends that an intersessional Working Group meeting of experts be held in 2010 to amend the current Rules of Procedure and to address other elements of an administrative nature related to the entry into force of the amended Convention.

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

At the 2008 NAFO Annual Meeting, STACFAD recommended to General Council to revise the General Council and Fisheries Commission Rules of Procedure to provide permanent accreditation to approved observers, subject to various conditions, and to harmonize the rules for observers among the constituent bodies. General Council deferred decisions on this matter to the 2009 Annual Meeting.

A common set of rules for the admission and accreditation of observers to General Council, Fisheries Commission and Scientific Council was developed by the Secretariat and presented to STACFAD (STACFAD W.P. 09/2). It is suggested that these rules would be supervised by General Council, as the body dealing with external relations within NAFO, and that modification and amendments, if and when necessary, be undertaken after consultation with NAFO's other constituent bodies.

The Scientific Council reviewed and accepted this draft at its June 2009 meeting.

STACFAD recommends that General Council adopt the revised rules of procedure related to observers as set out in Annex 4.

12. Budget Estimate for 2010

The Secretariat presented the 2010 budget estimate (GC Working Paper 09/1, Revised) to the Committee highlighting the following items:

<i>Approved Budget 2009</i>	<i>Preliminary Budget Forecast 2010</i>	<i>Budget Estimate 2010</i>
<i>\$1,618,000</i>	<i>\$1,737,000</i>	<i>\$1,782,000</i>

The 2010 budget estimate of \$1,782,000 represents an increase of \$45,000 (2.6%) from the 2010 preliminary budget forecast and an increase of \$164,000 (10.1%) from the 2009 approved budget.

Although the variances will be discussed in detail below, three major reasons have attributed to the increase in the 2010 budget estimate.

1. At last year's annual meeting, it was announced that the latest valuation of the pension plan for the employees of the Organization had a substantial deficit of \$975,000. To fulfill Canadian regulations, 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. As a result of this extraordinary item, 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. It was noted that these cuts were for a short-term nature for 2009 only and would be included in the 2010 budget proposal.

2. The unexpected resignation of the Executive Secretary during 2009 means the Organization will incur recruitment and installation costs of \$51,000 for a new Executive Secretary to commence in 2010.
3. The intersessional scientific budget has increased by \$16,000 due to the inclusion of a new general provision for an ad hoc fund for unforeseen expenses incurred by SC for the provision of providing responses to requests for advice from FC.

<i>Personal Services:</i>	Budget 2009	\$1,251,000	Budget 2010	\$1,290,000
			Increase (3.1%)	\$39,000

The salaries and remuneration for the members of the Secretariat follow the salary levels and categories of the public sector of the host country (Canada). Salaries increases for 2010 have been set at 1.5%. Personnel changes for 2010 include the start date for the new Executive Secretary and the anticipated retirement of the Senior Publications Manager.

Superannuation and Annuities include the annual supplementary payment of \$100,800 towards the pension fund deficit. The next valuation of the pension plan is scheduled for January 1, 2011. Concerns were expressed over how the Organization would be able to afford another unfunded liability, if the next valuation were to be in an elevated position.

<i>Additional Help:</i>	Budget 2009	\$15,000	Budget 2010	\$20,000
			Increase (33.3%)	\$5,000

The additional help budget is for the digitization and translation of NAFO fisheries information and digitization of archive documents. The \$5,000 increase is a return of the budget to its 2008 level.

<i>NAFO Meetings:</i>	Budget 2009	\$114,000	Budget 2010	\$146,000
			Increase (28.1%)	\$32,000

The NAFO meetings budget includes travel expenses by the Secretariat to attend meetings, logistical expenses to host a meeting in the headquarters area, invited expert travel costs, etc. Increases to the budget include costs associated with hosting the 2010 Annual Meeting reception (not required in 2009 as reception costs were covered by the host country) and the inter-sessional other meetings budget being returned to its 2008 level.

The inter-sessional scientific budget of \$30,000 includes a provision for a workshop on new assessment methods as well as the establishment of an ad hoc fund for unforeseen expenses incurred by SC for the provision of answering requests for advice from FC.

<i>Professional Services:</i>	Budget 2009	\$30,000	Budget 2010	\$51,000
			Increase (70%)	\$21,000

The professional services budget includes expenses for audit, consulting, insurance, legal fees, professional development, training and public relations. The increase is a return of the budget to its 2008 level as well as a provision for legal costs associated with the ongoing wrongful dismissal suit.

<i>Recruitment and Relocation:</i>	Budget 2009	\$0	Budget 2010	\$51,000
			Increase (100%)	\$51,000

The recruitment and relocation budget covers the relocation and installation expenses of the incoming Executive Secretary due to the unexpected resignation of the Executive Secretary during 2009. These expenses were originally forecasted to occur in 2011.

STACFAD recommends that the budget for 2010 of \$1,782,000 (Annex 5) be adopted.

A preliminary calculation of billing for the 2010 financial year is provided in Annex 6. The preliminary calculation of billing is based on the budget estimate of \$1,782,000 and shall be reduced by any amount determined by the General Council to be in excess of the needs of the accumulated surplus account.

The accumulated surplus account at December 31, 2009 is estimated to be \$641,600 and the recommended minimum balance in the accumulated surplus account for operations and emergency use for the 2010 fiscal year is \$325,000. This allows for \$316,600 (\$641,600-\$325,000) to be applied towards the 2010 billing.

Funds required to meet the 2010 administrative budget and appropriated from Contracting Parties is estimated to be \$1,465,400 (\$1,782,000-\$316,600).

13. Budget Forecast for 2011 and 2012

STACFAD reviewed the preliminary budget forecast for 2011 (\$1,735,000) and 2012 (\$1,733,000) (Annex 7) and approved the forecast in principle. It was noted that the budget for 2011 will be reviewed in detail at the next Annual Meeting.

14. Adoption of 2010 Staff Committee Appointees

The Secretariat nominated the following people to serve as members of the Staff Committee for September 2009-September 2010: Bill Brodie, Deirdre Warner-Kramer and Bob Steinbock.

STACFAD recommends that General Council appoint the three nominees.

15. Recruitment of the new Executive Secretary

Subsequent to the last Annual Meeting, the Organization was informed by the Executive Secretary, Dr. Johanne Fischer that she had accepted a new job and was resigning from her position at NAFO. General Council decided to follow the recruitment procedures and timeline similar to what was undertaken in 2002, when the former Executive Secretary was hired. The Senior Finance and Staff Administrator, Stan Goodick was appointed Interim Executive Secretary until the new Executive Secretary takes office.

At the request of the General Council, STACFAD prepared a draft proposed contract between the newly elected Executive Secretary and the Organization. The conditions of the contract were based on those set out in the previous Executive Secretary's contract.

STACFAD recommends that the Heads of Delegation consider the draft contract.

During the review of the relocation costs for internationally recruited members of the Secretariat as stated in the contract, STACFAD noted that the current staff rule 9.6 was considered too restrictive as it only provided for payment if relocating to his/her home country.

Given the desire for flexibility in line with the UN rules, **STACFAD recommends Staff Rule 9.6 be modified as follows (changes in *italics*):**

Rule 9.6

On separation from service, an internationally recruited member of the Secretariat relocating to his/her home country, *or to another country outside Canada*, shall be entitled to the following:

- a) payment of travel expenses from the place of residence for arrival at the new residence, for the member and family;
- b) payment of removal costs including the shipment of personal effects and household goods from the place of residence to the location of the new place of residence if not paid by the new employer. Staff members without dependants 4 890 kg and/or a 20 foot standard international shipping container (33m³) and staff members with dependants 8 150 kg and/or a 40 foot standard international shipping container (67 m³);

- c) payment of reimbursement of sundry other expenses related to relocation, including insurance of goods in transit and excess baggage charges subject to the relevant rules and criteria applicable on appointment of the same member of the Secretariat.
- d) A repatriation grant. The amount of the grant depends on the length of continuous service with the Secretariat away from the home country in accordance with the table below. The grant is not paid to members of the Secretariat who are dismissed for cause.

Years of continuous service away from home country	Months of salary constituting the repatriation grant
1-2	1
3-4	2
5-6	3
7 and more	4

- e) *payments under a, b, and c should be limited to costs that are comparable to relocating to the home country. Such payments shall be subject to prior approval by the Executive Secretary.*
- f) *with respect to the costs of the Executive Secretary, such payments shall be subject to prior approval by the President in consultation with the Chair of STACFAD.*

16. Time and Place of 2010 – 2012 Annual Meetings

As previously agreed, the dates of the 2010 and 2011 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:

2010:

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

2011:

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

STACFAD recommends that the dates of the 2012 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	-	12 – 21 September
General Council	-	17 – 21 September
Fisheries Commission	-	17 – 21 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. Other issues including any questions referred from the General Council during the current Annual Meeting

STACFAD noted that the Senior Publications Manager, Barry Crawford, will be retiring in 2010 after serving NAFO for over 35 years. The Committee extended their sincere gratitude to Barry for his devotion and commitment to NAFO over this period and wishes him a long and happy retirement.

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

18. Adjournment

The final session of the STACFAD meeting adjourned on 23 September 2009.

Annex 1. List of Participants

Name	Contracting Party
Bob Steinbock Rhonda Hash Douglas Forsyth	Canada
Julius Peedah Elin Mortensen	Denmark (in respect of Faroe Islands and Greenland)
Alan Gray	European Union
Hilde Ognedale	Norway
Olga Sedykh	Russian Federation
Deirdre Warner-Kramer	United States of America
Stan Goodick Bev McLoon	NAFO Secretariat

Annex 2. Agenda

1. Opening by the Chair, Bob Steinbock (Canada)
2. Appointment of Rapporteur
3. Adoption of Agenda
4. Auditors' Report for 2008
5. Administrative and Activity Report by Secretariat
6. Financial Statements for 2009
7. Review of Accumulated Surplus
8. Contingency Funds
9. NAFO Headquarters Agreement
10. Future changes to the Rules of Procedure as a result of amendments to the NAFO Convention
11. Amendments to GC and FC Rules of Procedure related to observers
12. Budget Estimate for 2010
13. Budget Forecast for 2011 and 2012
14. Adoption of 2010 Staff Committee Appointees
15. Recruitment of the new Executive Secretary
16. Time and Place of 2010 - 2012 Annual Meetings
17. Other issues including any questions referred from the General Council during the current Annual Meeting
18. Adjournment

Annex 3. Draft Headquarters Agreement

Headquarters Agreement between the Government of Canada and the Northwest Atlantic Fisheries Organization

The Government of Canada and the Northwest Atlantic Fisheries Organization, wishing to conclude an agreement respecting the headquarters of the Organization in Canada, have agreed as follows:

Article 1

Definitions

For the purposes of the present Agreement:

- (a) “Convention” means the Convention on Future Multilateral Cooperation in the Northwest Atlantic Fisheries, signed on 24 October 1978 in Ottawa, Canada.
- (b) “NAFO” means the Northwest Atlantic Fisheries Organization, established under Article II of the Convention.
- (c) “Representative of members of NAFO” means a representative of a Contracting Party to the Convention and shall be deemed to include all delegates, deputy delegates, advisers, technical experts and secretaries of delegations.
- (d) “Officials of NAFO” means the President, the Executive Secretary and internationally recruited staff of NAFO.

Article 2

NAFO shall have in Canada the legal capacities of a body corporate, including the capacity to contract, to acquire and dispose of property, and to institute legal proceedings.

Article 3

NAFO, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except in so far as in any particular case the Executive Secretary of NAFO has expressly waived its immunity. Such waiver shall be understood not to extend to any measure of execution, save with the express consent of the Executive Secretary. NAFO shall establish guidelines as to the circumstances in which the Executive Secretary may waive any immunity of NAFO, and as to the method in which any such waiver shall be made.

Article 4

The premises of NAFO shall be inviolable. The property and assets of NAFO, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation and any other form of interference, whether by executive, administrative, judicial or legislative action, except with the consent of and under the conditions agreed to by the Executive Secretary of NAFO. This Article shall not prevent the reasonable application of fire protection regulations.

Article 5

The archives of NAFO, and in general all documents belonging to it or held by it, shall be inviolable wherever located.

Article 6

NAFO, its assets, income and other property shall be:

- (a) exempt from all direct taxes except for charges for public utility services;

(b) exempt from customs duties and taxes in respect of articles imported or exported by NAFO in the furtherance of its function; articles imported under such exemption shall not be sold or disposed of in Canada except under conditions agreed to by the Government of Canada.

(c) exempt from customs duties and prohibitions and restrictions on imports and exports in respect of its publications.

Article 7

NAFO shall enjoy in Canada, for its official communications, treatment not less favourable than that accorded by the Government of Canada to any other Government including its diplomatic mission in the matter of priorities, rates and taxes on mails, cables, telegrams, radiograms, telephotos, telephone and other communications; and press rates for information to the press and radio. No censorship shall be applied to the official correspondence and other official communications of NAFO.

Article 8

NAFO shall have the right to use codes and to despatch and receive its correspondence by courier or in bags, which shall have the same immunities and privileges as diplomatic couriers and bags.

Article 9

Representatives of members of NAFO shall, to such extent as may be required for the performance of their functions, enjoy the following privileges and immunities:

(a) immunity from personal arrest or detention and from seizure of their personal baggage, and, in respect of words spoken or written and all acts done by them in their capacity as representatives, immunity from legal process of every kind;

(b) inviolability for all papers and documents;

(c) the right to use codes and to receive papers or correspondence by courier or in sealed bags;

(d) exemption in respect of themselves and their spouses from immigration restrictions, alien registration or national service obligations in the state they are visiting or through which they are passing in the exercise of their functions;

(e) the same facilities in respect of currency or exchange restrictions as are accorded to representatives of foreign governments on temporary official missions;

(f) the same immunities and facilities in respect of their personal baggage as are accorded to diplomatic envoys; and also,

(g) such other privileges, immunities and facilities not inconsistent with the foregoing as diplomatic envoys enjoy, except that they shall have no right to claim exemption from customs duties on goods imported (otherwise than as part of their personal baggage) or from excise duties or sales taxes.

Article 10

In order to secure, for the representatives of members of NAFO complete freedom of speech and independence in the discharge of their duties, the immunity from legal process in respect of words spoken or written and all acts done by them in discharging their duties shall continue to be accorded, notwithstanding that the persons concerned are no longer the representatives of members of NAFO.

Article 11

Privileges and immunities are accorded to the representatives of members of NAFO, not for the personal benefit of the individuals themselves, but in order to safeguard the independent exercise of their functions in connection with NAFO. Consequently a member not only has the right but is under a duty to waive the immunity of its representative in any case where in the opinion of the member the immunity would impede the course of justice, and it can be waived without prejudice to the purpose for which the immunity is accorded.

Article 12

Officials of NAFO shall:

- (a) be immune from legal process in respect of words spoken or written and all acts performed by them in their official capacity;
- (b) be exempt from taxation on the salaries and emoluments paid to them by NAFO;
- (c) be immune from national service obligations;
- (d) be immune, together with their spouses and relatives dependent on them, from immigration restrictions and alien registration;
- (e) be accorded the same privileges in respect of exchange facilities as are accorded to the officials of comparable ranks forming part of diplomatic missions to the Government concerned;
- (f) be given, together with their spouses and relatives dependent on them, the same repatriation facilities in time of international crisis as diplomatic envoys;
- (g) have the right to import free of duty their furniture and effects at the time of first taking up their post in the country in question.

Article 13

Privileges and immunities are granted to officials in the interests of NAFO and not for the personal benefit of the individuals themselves. The Executive Secretary shall have the right and the duty to waive the immunity of any official in any case where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of NAFO. In the case of the Executive Secretary, the General Council shall have the right to waive immunity.

Article 14

NAFO shall co-operate at all times with the appropriate authorities in Canada to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse in connection with the privileges, immunities and facilities mentioned in this Agreement.

Article 15

Nothing in this Agreement exempts a Canadian citizen, residing or ordinarily resident in Canada, from liability for any taxes or duties imposed by any law in Canada.

Article 16

Any dispute between NAFO and the Government of Canada concerning the interpretation or application of this Agreement or any supplementary agreement, which is not settled by negotiation or other agreed mode of settlement, shall be referred to a tribunal of three arbitrators for final decision. One arbitrator shall be designated by the President of NAFO, and another by the Minister of Foreign Affairs of Canada. The two arbitrators shall appoint a third arbitrator.

Article 17

1. This Agreement shall enter into force in accordance with an Exchange of Notes between the Executive Secretary of NAFO and the Government of Canada.
2. This Agreement may be revised at the request of either Party, through consultations on the modifications in question.
3. This Agreement may be renounced by either Party, upon provision of two years notice.

Done at _____[location]_____, on ___[date]_____, in the English and French languages, each version being equally authentic.

[representative of Canada]

[representative of NAFO]

**Annex 4. Proposed changes to the Rules of Procedure
for Observers at NAFO Meetings**
(STACFAD W.P. 09/2, Revision 1)

The Secretariat presented STACFAD WP 08/4 Rev to STACFAD in September 2008 with suggestions to revise the General Council and Fisheries Commission rules of procedure to give accreditation to observers, subject to various conditions, and to harmonize the rules for observers among the constituent bodies. STACFAD supported the amendments with some minor changes (STACFAD Report, September 2008, Item 12 and Annex 5). General Council reviewed the STACFAD recommendation and deferred decisions on this matter to the 2009 Annual Meeting (GC Doc. 08/4, paragraph 17).

It is here suggested that a common set of rules for the admission and accreditation of observers apply equally to General Council, Fisheries Commission and Scientific Council. It is suggested that these rules would be under the management of GC, as the body dealing with external relations within NAFO, and that modification and amendments, if and when necessary, be undertaken after consultation with NAFO's other constituent bodies.

The "common" observer rule would be placed at the back of the "NAFO Rules of Procedure and Financial Regulations" booklet, and on the appropriate NAFO webpage, and apply equally to GC, FC and SC. GC Rule 9, FC Rule 10 and SC Rule 1.3 would be deleted.

The Secretariat presented this proposed draft "harmonized" rules to Scientific Council at its June 2009 meeting (SCS Doc. 09/22). This was accepted by Scientific Council who asked the Secretariat to forward the proposal to General Council at the 2009 Annual Meeting (SC June Meeting Report, 2009, p. 61, XI.4.a).

Application for Observer Status to NAFO Meetings
(General Council, Fisheries Commission and Scientific Council)

1. The Executive Secretary shall invite, as observers:
 - a) intergovernmental organizations that have regular contacts with NAFO as regards fisheries matters or whose work is of interest to NAFO or *vice-versa*; and
 - b) non-Contracting Parties identified as harvesting fishery resources in the Regulatory Area.
2. Any NGO that supports the general objectives of NAFO and with a demonstrated interest in the species under the purview of NAFO, and desires accreditation as observers to NAFO meetings, shall notify the Secretariat 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; and
 - g) a history of NAFO observer status granted/revoked;
3. Observer status shall apply to all non-restricted sessions, whether at the Annual Meeting or at intersessional meetings.
4. NGO applications shall be reviewed by the Executive Secretary who shall notify the Contracting Parties of the names and qualifications of NGOs having fulfilled the requirements stipulated in Rule 2. 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.
5. Any NGO with observer accreditation:
 - a) is required to register its representatives at the NAFO Secretariat at least *fourteen* days in advance of the meeting;
 - b) may be required to limit the number of their observers at any meeting due to conference room capacity. The Executive Secretary will transmit any such determination in the conditions of participation;
 - c) may be required to pay a fee, which will cover the additional expenses generated by their participation, as determined annually by the Executive Secretary;
 - d) that has not communicated with the Secretariat or attended at least one meeting in the previous three years shall cease to be an accredited NGO but may reapply in writing to the Executive Secretary; and
 - e) will have their accreditation reviewed by the Executive Secretary 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 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.

6. Observers admitted to a meeting:
 - a) 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.
 - b) may attend meetings, as set forth above, but may not vote;
 - c) may make oral statements during the meeting upon the invitation of the Chair;
 - d) may only distribute documents at meetings via the general information table;
 - e) may engage in other activities as appropriate and as approved by the Chair;
 - f) may not use film, video, and audio recording devices, etc. to record meeting proceedings; and
 - g) may not issue press releases or other information to the media on agenda items under discussion during NAFO meetings.
7. Observers admitted to a meeting shall comply with the above 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 their observer accreditation status.
8. 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 by General Council in the light of the need of NAFO to function effectively when conducting its business.

Annex 5. Budget Estimate for 2010
(Canadian Dollars)

	Approved Budget 2009	Projected Expenditures 2009	Preliminary Budget Forecast 2010	Budget Estimate 2010
1. Personal Services				
a) Salaries	\$884,000	\$748,000	\$921,000	\$902,000
b) Superannuation and Annuities	179,000	182,000	181,000	191,000
c) Medical and Insurance Plans	81,000	75,000	94,000	96,000
d) Employee Benefits	107,000	94,000	94,000	101,000
Subtotal Personal Services	<u>1,251,000</u>	<u>1,099,000</u>	<u>1,290,000</u>	<u>1,290,000</u>
2. Additional Help	15,000	15,000	20,000	20,000
3. Communications	26,000	26,000	27,000	26,000
4. Computer Services	25,000	25,000	29,000	28,000
5. Equipment	31,000	31,000	36,000	35,000
6. Fishery Monitoring	45,000	45,000	48,000	48,000
7. Hospitality Allowance	3,000	3,000	3,000	3,000
8. Materials and Supplies	33,000	33,000	33,000	33,000
9. NAFO Meetings				
a) Sessional	80,000	78,000	92,000	91,000
b) Inter-sessional Scientific	14,000	14,000	14,000	30,000
c) Inter-sessional Other	20,000	16,000	25,000	25,000
Subtotal NAFO Meetings	<u>114,000</u>	<u>108,000</u>	<u>131,000</u>	<u>146,000</u>
10. Other Meetings and Travel	30,000	25,000	42,000	35,000
11. Professional Services	30,000	62,000	40,000	51,000
12. Publications	15,000	15,000	16,000	16,000
13. Recruitment and Relocation	0	11,000	22,000	51,000
	<u>\$1,618,000</u>	<u>\$1,498,000</u>	<u>\$1,737,000</u>	<u>\$1,782,000</u>

Notes on Budget Estimate 2010
(Canadian Dollars)

Item 1(a)	Salaries Salaries budget estimate for 2010	\$902,000
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.	\$191,000
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.	\$96,000
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	\$101,000 \$66,000 35,000
Item 2	Additional Support Digitization and translation of NAFO Fisheries Information (e.g. Observer Reports), interns and other assistance as required.	\$20,000
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.	\$28,000
Item 5	Equipment Leases (print department printer, photocopier and postage meter) Purchases Maintenance	\$35,000 \$23,000 8,000 4,000
Item 6	Fishery Monitoring Vessel Monitoring System (VMS) annual license and maintenance fee Lloyd's Register of vessels	\$48,000 \$45,000 3,000
Item 9(a)	NAFO Sessional Meetings June (SC), September (FC, GC and SC) Halifax/Dartmouth, Nova Scotia, Canada and November (SC) Copenhagen, Denmark.	\$91,000
Item 9(b)	NAFO Inter-sessional Scientific Meetings Invited expert travel costs for a NAFO SC Assessment Workshop (date/venue to be determined) and a general provision for unforeseen expenses necessarily incurred by SC required for the provision of answering requests for advice from FC..	\$30,000
Item 9(c)	NAFO Inter-sessional Other General provision.	\$25,000

Item 10	<p>Other Meetings and Travel</p> <p>International Meetings regularly attended by the NAFO Secretariat:</p> <ol style="list-style-type: none"> 1. Aquatic Sciences and Fisheries Abstracts (ASFA) 2. Co-ordinating Working Party on Fishery Statistics (CWP) 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) 8. Sirius IT Annual vTrack User Group Meeting 9. United Nations Fish Stock Agreement (UNFSA) <p>Other Meetings</p>	\$35,000	
Item 11	<p>Professional Services</p> <p>Professional Services (audit, consulting, legal fees, and insurance)</p> <p>Professional Development and Training</p> <p>Public Relations</p>	<p>\$35,000</p> <p>11,000</p> <p>5,000</p>	\$51,000
Item 12	<p>Publications</p> <p>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, etc.</p>	\$16,000	
Item 13	<p>Recruitment and Relocation</p> <p>Costs associated with the relocation of the incoming Executive Secretary</p>	\$51,000	

**Annex 6. Preliminary calculation of billing for Contracting Parties
against the proposed estimate of \$1,782,000 for the 2010
financial year (based on 12 Contracting Parties to NAFO)**
(Canadian Dollars)

Budget Estimate	\$1,782,000
Deduct: Amount from Accumulated Surplus Account (pending approval from General Council)	<u>316,600</u>
Funds required to meet 2010 Administrative Budget	<u>\$1,465,400</u>

60% of funds required = \$879,240
30% of funds required = \$439,620
10% of funds required = \$146,540

Contracting Parties	% of Total Catch in the Convention Area			2010 Preliminary Billing
	Nominal Catches for 2007	10%	30%	
Canada	550,923	57.31%	\$36,635.00	\$503,892.44
Cuba (1)	1,381	0.14%	-	1,230.94
Denmark (in respect of Faroe Islands and Greenland) (2)	193,653	20.15%	31,319.64	177,166.86
European Union	40,110	4.18%	-	36,752.23
France (in respect of St. Pierre et Miquelon)	4,021	0.42%	650.32	3,692.81
Iceland	-	-	-	0.00
Japan	1,969	0.20%	-	1,758.48
Republic of Korea	-	-	-	36,635.00
Norway	3,653	0.38%	-	3,341.11
Russian Federation (3)	8,101	0.84%	-	44,020.62
Ukraine	-	-	-	36,635.00
United States of America (3)	157,477	16.38%	25,468.87	144,019.51
Funds required to meet 1 January - 31 December 2010 Administrative Budget	961,288	100.00%	\$146,540.00	\$879,240.00
				<u>\$1,465,400.00</u>

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

(2) Faroe Islands = 4,491 metric tons
Greenland = 189,162 metric tons

(3) Based on 2007 provisional catch reports.

2009 Billing for comparison purposes	
Approved Budget 2009	\$1,618,000
Deduct: Accumulated Surplus	<u>207,654</u>
Funds required 2009 Budget	<u>\$1,410,346</u>

Nominal Catches for 2006	% of Total Catch in the Convention Area	2009 Annual Assessment
543,200	52.73%	\$560,977.35
2,728	0.27%	37,543.41
207,125	20.11%	235,749.89
45,062	4.38%	72,322.54
2,609	0.25%	37,756.07
4,054	0.39%	38,558.86
1,886	0.18%	36,781.82
-	-	35,258.65
2,314	0.22%	37,120.31
10,242	0.99%	43,636.11
404	0.04%	35,597.13
210,551	20.44%	239,043.86
1,030,175	100.00%	<u>\$1,410,346.00</u>

**Annex 7. Preliminary Budget Forecast for 2011 and 2012
(Canadian Dollars)**

	Preliminary Budget Forecast 2011	Preliminary Budget Forecast 2012
1. Personal Services		
a) Salaries	\$923,000	\$951,000
b) Superannuation and Annuities	192,000	194,000
c) Medical and Insurance Plans	95,000	99,000
d) Employee Benefits	96,000	64,000
Subtotal Personal Services	<u>1,306,000</u>	<u>1,308,000</u>
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	33,000
7. Hospitality Allowance	3,000	3,000
8. Materials and Supplies	33,000	34,000
9. NAFO Meetings		
a) Sessional	86,000	94,000
b) Inter-sessional Scientific	30,000	30,000
c) Inter-sessional Other	25,000	25,000
Subtotal NAFO Meetings	<u>141,000</u>	<u>149,000</u>
10. Other Meetings and Travel	35,000	35,000
11. Professional Services	41,000	41,000
12. Publications	16,000	17,000
13. Recruitment and Relocation	0	0
	<u>\$1,735,000</u>	<u>\$1,733,000</u>