



International Oil Pollution
Compensation Funds

Agenda Item 9	IOPC/NOV24/9/1/2	
Date	20 September 2024	
Original	English	
1992 Fund Assembly	92A29	
1992 Fund Executive Committee	92EC83	
Supplementary Fund Assembly	SA21	●

BUDGET FOR 2025 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

SUPPLEMENTARY FUND

Note by the Director

Summary:	This document outlines the draft administrative budget of the Supplementary Fund for the financial year 2025. The draft budget set out at the Annex totals £60 510.
Action to be taken:	<p><u>Supplementary Fund Assembly</u></p> <p>(a) Decide whether to adopt the draft budget for 2025 for the administrative expenditure of the Supplementary Fund (Annex);</p> <p>(b) decide whether the working capital of the Supplementary Fund should be maintained at £1 million (paragraph 4.2.3); and</p> <p>(c) decide whether to approve the Director's proposal that there should be no levy of 2024 contributions to the General Fund (paragraph 5).</p>

1 Introduction

- 1.1 Under Article 16.2 of the Supplementary Fund Protocol, in conjunction with Article 18.5 of the 1992 Fund Convention, the Supplementary Fund Assembly shall adopt the annual budget of the Supplementary Fund.
- 1.2 Financial Regulation 3 provides that the financial period of the Supplementary Fund shall be the calendar year. The draft budget proposed by the Director, therefore, covers the period 1 January to 31 December 2025.
- 1.3 Article 11 of the Supplementary Fund Protocol provides that the Supplementary Fund Assembly shall determine the amount of contributions to be levied, if any.
- 1.4 The Supplementary Fund's expenditure consists of:
- costs and expenses of the administration of the Supplementary Fund and any deficit from preceding years; and
 - payment of claims.

2 **Budget for administrative expenditure in 2025**

- 2.1 At their March 2005 sessions, the 1992 Fund Assembly and the Supplementary Fund Assembly agreed that the two Funds should have a joint Secretariat and that the 1992 Fund Secretariat should administer the Supplementary Fund (see documents [92FUND/A/ES.9/28](#), paragraph 7.3, and [SUPPFUND/A.1/39](#), paragraphs 11.2 and 11.3).
- 2.2 The draft administrative budget for the joint Secretariat for 2025, excluding the External Auditor's fee and expenses directly related to the respective organisations, totals £5 775 384 (see document IOPC/NOV24/9/1/1, Annex I). This figure is £393 366 (7.3%) more than the 2024 budget figure of £5 382 018.
- 2.3 A summary of the administrative budget for 2025 for the joint Secretariat is given below:

Chapter	Proposed 2025 budget £	% of 2025 budget	2024 budget £	% Increase/(decrease) on 2024 budget
I Personnel	4 088 420	70.8	3 813 519	7.2
II General services	920 464	15.9	839 499	9.6
III Meetings	126 000	2.2	112 000	12.5
IV Travel	150 000	2.6	150 000	0.0
V Other expenditure	430 500	7.5	407 000	5.8
VI Unforeseen expenditure	60 000	1.0	60 000	0.0
Total expenditure Chapters I–VI	5 775 384		5 382 018	7.3

- 2.4 As set out in section 6 of document IOPC/NOV24/9/1/1, the Director proposes that the Supplementary Fund should continue to pay a management fee to the 1992 Fund for the period 1 January to 31 December 2025 in respect of the costs of running the joint Secretariat, in accordance with the practice adopted since the 2005 financial year. It is proposed that the management fee for 2025 should be £44 000. The draft budget has been prepared on that basis. If there were to be a different apportionment of costs between the two organisations, the draft budget would have to be revised accordingly.
- 2.5 At their October 2022 sessions, the governing bodies approved the re-appointment of the External Auditor (BDO International LLP) to audit the IOPC Funds' Financial Statements for a further two years, i.e. for the financial years 2024–2025 (document [IOPC/OCT22/11/1](#), paragraph 6.3.23). The budget for the audit of the 2025 Supplementary Fund Financial Statements is proposed as £6 510 (2024 – £6 100).
- 2.6 This External Auditor's fee is included in the appropriation for administrative expenses of £16 510, which also includes an amount of £10 000 retained to cover other administrative expenses that are only attributable to the Supplementary Fund. Although the Director has not utilised this amount over the years, he is of the view that this should be retained as it provides him with added flexibility to manage the Supplementary Fund. The draft administrative budget for the Supplementary Fund for 2025 totalling £60 510 is set out at the Annex to this document.

3 Estimated balance on General Fund as at 31 December 2024

3.1 Estimated balance

The surplus as at 31 December 2024 is estimated at £1 383 243 and is arrived at as shown in the following table:

		£	£
	Balance brought forward as at 1 January 2024	1 379 343	
<i>Plus</i>	Estimated income		
	Interest to be earned in 2024 (estimate) (see paragraph 3.2.2)	52 000	
			1 431 343
<i>Less</i>	Estimated expenditure		
	Administrative expenditure in 2024 (see paragraph 3.3)	48 100	
	Estimated balance as at 31 December 2024		1 383 243

3.2 Income

Contributions

3.2.1 The Supplementary Fund Assembly, at its November 2023 session, decided not to levy 2023 contributions for receipt in 2024 (see document [IOPC/NOV23/11/1](#), paragraph 9.1.21).

Interest to be earned in 2024

3.2.2 Interest income during 2024 from the Supplementary Fund's investment of the assets of the General Fund is estimated at £52 000. This estimated yield is based on interest on term deposits of an average principal of approximately £1.3 million at an interest rate of some 4.0% per annum.

3.3 Expenditure

The expenditure for 2024 of £48 100 is set out below:

- (a) management fee of £42 000 payable to the 1992 Fund for 2024 (see document [IOPC/NOV23/11/1](#), paragraph 9.1.15);
- (b) external audit fee for the audit of the 2024 Financial Statements which is expected to be £6 100.

4 Estimates for 2025

4.1 Income

Interest to be earned in 2025

Interest income during 2025 from the Supplementary Fund's investment of the assets of the General Fund is estimated at £39 000. This estimated yield is based on interest on term deposits of an average principal of approximately £1.3 million.

4.2 Expenditure

4.2.1 The administrative expenditure for 2025 is estimated at £60 510 as detailed in paragraphs 2.4–2.6 above.

Working capital

4.2.2 In order to enable the Supplementary Fund to respond to unforeseen expenditure, which is expected to be modest, the Supplementary Fund Assembly decided, at its October 2017 session, to maintain the working capital at £1 million (document [IOPC/OCT17/11/1](#), paragraph 9.1.22). Since then, the Supplementary Fund Assembly has kept the working capital at £1 million.

4.2.3 The Director proposes that the working capital be maintained at £1 million.

4.3 Estimated balance as at 31 December 2025

4.3.1 The General Fund balance as at 31 December 2025 is estimated as follows:

		£	£
	Balance as at 31 December 2024 (paragraph 3.1)	1 383 243	
<i>Plus</i>	Estimated income		
	Interest to be earned in 2025	39 000	
			1 422 243
<i>Less</i>	Estimated expenditure		
	Administrative expenditure including management fee, draft budget 2025 (Annex)	60 510	
<i>Plus</i>	Working capital	1 000 000	
			1 060 510
	Balance on General Fund as at 31 December 2025		361 733

4.3.2 As shown in the estimates in the table above, the projected balance as at 31 December 2025 is £361 733.

5 Director's proposal

In view of the projected balance as at 31 December 2025, the Director proposes that there should be no levy of 2024 contributions to the General Fund.

6 Action to be taken

Supplementary Fund Assembly

The Supplementary Fund Assembly is invited to:

- (a) Decide whether to adopt the draft budget for 2025 for the administrative expenditure of the Supplementary Fund (Annex);
- (b) decide whether the working capital of the Supplementary Fund should be maintained at £1 million (paragraph 4.2.3); and
- (c) decide whether to approve the Director's proposal that there should be no levy of 2024 contributions to the General Fund (paragraph 5).

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ANNEX

Draft 2025 Administrative Budget for the Supplementary Fund

(Figures in Pounds Sterling)

STATEMENT OF EXPENDITURE		ACTUAL 2023 EXPENDITURE	2023 BUDGET APPROPRIATIONS	2024 BUDGET APPROPRIATIONS	2025 BUDGET APPROPRIATIONS
I	Management fee payable to 1992 Fund	40 000	40 000	42 000	44 000
II	Administrative expenses (including external audit fees)	5 565	14 510	16 100	16 510
Supplementary Fund budget appropriation		45 565	54 510	58 100	60 510