



International Oil Pollution
Compensation Funds

Agenda Item 8	IOPC/NOV23/8/2/1	
Date	13 October 2023	
Original	English	
1992 Fund Assembly	92A28	●
1992 Fund Executive Committee	92EC81	
Supplementary Fund Assembly	SA20	

2010 HNS CONVENTION

HNS DEVELOPMENT BUDGET FOR 2024

Note by the Secretariat

Summary:

Activities being undertaken to make progress towards the entry into force of the 2010 HNS Convention have increased in volume during 2023 and the trajectory is expected to rise further in 2024.

The cost of financing these activities is mainly related to staff and the establishment and maintenance of operational systems, such as reporting and contributions, the HNS Finder and the website.

The Director has responded by establishing a new post in the IOPC Funds Secretariat, namely the HNS Project Officer. The Director proposes that this P3 post be charged against the appropriation for setting up the HNS Fund and that a management fee should be payable for additional staff time and overheads incurred by the 1992 Fund.

Action to be taken:

1992 Fund Assembly

- (a) Decide whether to consider costs associated with the position of HNS Project Officer (P3) as an expense in respect of the preparations for the entry into force of the 2010 HNS Convention;
- (b) decide whether the 1992 Fund should receive a management fee to cover additional administrative expenses incurred in respect of the preparations for the entry into force of the 2010 HNS Convention; and
- (c) take note of the proposed HNS Fund appropriation of £424 000, presented to the 1992 Fund Assembly for approval in document IOPC/NOV23/9/1/1.

1 Introduction

- 1.1 In a Resolution of the International Conference which had adopted the International Convention on liability and compensation for damage in connection with the carriage of hazardous and noxious substances by sea (1996 HNS Convention), the Assembly of the 1992 Fund had been invited to assign to the Director of the 1992 Fund, in addition to his functions under the 1992 Fund Convention, the administrative tasks necessary for setting up the International Hazardous and Noxious Substances Fund (HNS Fund) in accordance with the HNS Convention. The 1992 Fund Assembly instructed the Director to carry out the tasks requested by the HNS Conference (document 92FUND/A.1/34, paragraphs 33.1.1–33.1.3), on the basis that all expenses incurred would be repaid by the HNS Fund.

- 1.2 At its sixth session held in October 2001, the 1992 Fund Assembly instructed the Director to develop a system in the form of a website or CD-ROM to assist States and potential contributors in the identification and reporting of contributing cargo under the 1996 HNS Convention. The 1992 Fund Assembly granted an extra appropriation of £150 000 for this purpose, provided that the costs, including interest, would be reimbursed to the 1992 Fund by the HNS Fund when the 2010 HNS Convention entered into force. It was noted that these costs would be paid from the General Fund.
- 1.3 Since 2001, loans have been provided to the HNS Fund from the General Fund to continue administrative preparations for the setting up of the HNS Fund, and a summary of appropriations, loans and interest per financial year is set out below:

Year	Appropriation £	Loan £	Interest £
2002	150 000	26 182	611
2003	50 000	9 488	1 230
2004	50 000	14 920	1 754
2005	50 000	25 130	3 083
2006	50 000	27 808	4 331
2007	30 000	6 577	6 165
2008	30 000	36 342	6 542
2009	30 000	733	1 312
2010	80 000	8 214	1 123
2011	150 000	41 119	1 263
2012	150 000	22 494	1 570
2013	150 000	22 692	1 690
2014	50 000	18 866	1 861
2015	25 000	17 919	1 999
2016	35 000	26 656	1 877
2017	35 000	9 792	1 685
2018	35 000	22 959	2 765
2019	35 000	29 928	3 905
2020	35 000	32 947	2 047
2021	35 000	21 408	1 449
2022	35 000	29 302	7 502
2023 (expenses and interest to 30 June 2023)	135 000	26 316	9 468
Total	1 425 000	477 792	65 232

- 1.4 The total amount appropriated since 2002 amounts to £1 425 000. Of that total, an amount of £543 024 (including interest) had been used as at 30 June 2023. Under the budgetary principles applied by the 1992 Fund, any unused portion of an appropriation for a particular financial year may not be carried over to the following year. The balance on the appropriations for the period 2002–2023 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2024.

2 Financing of the 2023 action plan

- 2.1 At its October 2022 session, an increased appropriation for 2023 of £135 000 was approved by the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly (document IOPC/OCT22/11/1, paragraph 9.1.15). This appropriation recognised the increase in volume of activities undertaken to assist States in their work towards ratification of the 2010 HNS Protocol.
- 2.2 Further information on progress towards entry into force of the 2010 HNS Convention and the work undertaken since the October 2022 sessions of the IOPC Funds' governing bodies can be found in document IOPC/NOV23/8/2.

3 Financing of the 2024 action plan

- 3.1 As reported in document IOPC/NOV23/8/2, the Secretariat has established a plan of actions required to fully prepare for the entry into force of the 2010 HNS Convention. That action plan was presented and noted by the 1992 Fund Assembly at its 27th session in October 2022.
- 3.2 The increase in volume of activities undertaken to assist States in their work towards ratification of the 2010 HNS Protocol, as well as work associated with establishing a system for HNS reporting and invoicing of contributions, has given rise to increased levels of staff participation across the IOPC Funds' Secretariat.
- 3.3 The Director has responded by establishing an additional post in the IOPC Funds' Secretariat, the HNS Project Officer, to provide expertise to the Director on HNS policy matters, and by proposing a management fee payable to the 1992 Fund.
- 3.4 An appropriation of £424 000 has been included in the 1992 Fund assessment of contributions to the General Fund (document IOPC/NOV23/9/1/1, paragraphs 8.3.1–8.3.5) to cover all costs for the preparations and other administrative tasks in respect of the expected entry into force of the 2010 HNS Convention in 2026 or 2027. The breakdown is set out below:

Draft development budget	2024	2023
Staff costs	117 000	-
1992 Fund management fee (based on seven days)	147 000	-
System costs for online reporting – scoping and discovery	50 000	-
Development costs	110 000	135 000
Total	424 000	135 000
Estimated interest	26 000	15 000

3.5 Staff costs: HNS Project Officer

- 3.5.1 The Director has used the authority renewed by the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, at its October 2022 session to create a new post of HNS Project Officer in the Director's Office. The post has been filled by the transfer of an existing staff member, Thomas Liebert (see document IOPC/NOV23/7/1, paragraphs 2.2.1–2.2.3).
- 3.5.2 The Director proposes that the cost of filling the post at the established P3 level, from 1 January 2024, be charged to the HNS Fund and included in the appropriation for 2024. The full cost of a P3 step 1 post has been calculated as £117 000. Additional costs related to maintaining Mr Liebert's personal grade will be retained by the 1992 Fund.

3.6 Management fee payable to the 1992 Fund

- 3.6.1 The Director proposes that a management fee be paid by the HNS Fund to the 1992 Fund in respect of the costs incurred by the Secretariat to promote the entry into force of the 2010 HNS Convention. This work would include outreach activities, provision of technical assistance, participation in workshops and preparatory work on a reporting and contributions system. This work is in addition to the tasks undertaken by the HNS Project Officer.
- 3.6.2 The Director proposes that the management fee be calculated on an estimate of seven working days, which the staff as a whole during 2024 would devote to tasks relating to the establishment of the HNS Fund.
- 3.6.3 On this basis, the Director has calculated the total costs per working day for the entire Secretariat, based on the joint Secretariat administrative budget for 2024, totalling £5 382 018 and 261 working days during the year. The daily costs of running the joint Secretariat would then be some £20 621. Rounding the daily cost up to £21 000, the HNS Fund should pay a management fee of £147 000 (7 x £21 000).

3.7 System costs for online reporting

During 2024, work will commence to develop a set of requirements for an online reporting system to enable HNS Fund Member States to report receipts of contributing cargo by parties in their State. It has been estimated that £50 000 will be needed for consultancy services to develop a project scope and set of project requirements, which will include the possibility of consolidating the IOPC Funds' existing online reporting system with the future HNS Fund system.

3.8 Development costs

Development costs cover ongoing activities which have been included in the HNS Fund appropriation in prior years. In 2023 the appropriation was £135 000. This year's appropriation amounts to £110 000 which includes the cost of maintaining the dedicated HNS website, the HNS Finder and the provision of training and support to States.

4 Action to be taken

1992 Fund Assembly

The 1992 Fund Assembly is invited to:

- (a) decide whether to consider costs associated with the position of HNS Project Officer (P3) as an expense in respect of the preparation for the entry into force of the 2010 HNS Convention;
 - (b) decide whether the 1992 Fund should receive a management fee to cover additional administrative expenses incurred in respect of the preparations for the entry into force of the 2010 HNS Convention; and
 - (c) take note of the proposed HNS Fund appropriation of £424 000, presented to the 1992 Fund Assembly for approval in document IOPC/NOV23/9/1/1.
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