

 <p><b>INTERNATIONAL OIL POLLUTION COMPENSATION FUNDS</b></p>	<b>Agenda item: 9</b>	IOPC/OCT10/9/2/1	
	Original: ENGLISH	1 September 2010	
	1992 Fund Assembly	<b>92A15</b>	•
	1992 Fund Executive Committee	<b>92EC49</b>	
	Supplementary Fund Assembly	<b>SA6</b>	
1971 Fund Administrative Council	<b>71AC25</b>		

## BUDGET FOR 2011 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

### 1992 FUND

#### Note by the Director

<b>Summary:</b>	As indicated in document IOPC/OCT10/9/2, the draft 1992 Fund administrative budget for 2011 is presented, with the Director's comments thereon. The draft budget (excluding External Auditor's fees) for the joint Secretariat for 2011 totals £4 088 020. An assessment is made of the likely compensation payments and other incident-related expenses. The resulting need for 2010 Contributions to the General Fund is examined.
<b>Action to be taken:</b>	<u>1992 Fund Assembly:</u>  Adopt the 1992 Fund administrative budget for 2011 (Annex I) and decide on the levy of 2010 General Fund contributions.

### 1 Introduction

- 1.1 Article 18.5 of the 1992 Fund Convention requires the Assembly of the 1992 Fund to adopt the annual budget of the Organisation.
- 1.2 Article 12 of the 1992 Fund Convention provides that the 1992 Fund Assembly shall determine the amount of contributions to be levied, if any. For this purpose the 1992 Fund Assembly shall make an estimate in the form of a budget of the 1992 Fund's expenditure and income for each calendar year, taking into account the necessity to maintain sufficient liquid funds.
- 1.3 The 1992 Fund's expenditure consists of:
- costs and expenses of the administration of the 1992 Fund, and any deficit from preceding years;
  - payments of claims and claims-related expenses up to 4 million SDR<sup><1></sup> per incident (minor claims); and
  - payments of claims and claims-related expenses to the extent that the aggregate amount of the payments in respect of any one incident is in excess of 4 million SDR (major claims).

<sup><1></sup> The SDR (Special Drawing Rights) which is the unit of account used in the Conventions referred to in paragraph 1.3 is valued on the basis of a basket of key international currencies and serves as the unit of account of the International Monetary Fund (IMF) and a number of other intergovernmental organisations.

- 1.4 Expenses mentioned in sub paragraphs (a) and (b) of paragraph 1.3 above have to be met from the General Fund (Financial Regulation 7.1(c)) and expenses with respect to major claims as defined in sub paragraph (c) above have to be met from Major Claims Funds (Financial Regulation 7.2(d)).
- 1.5 This document incorporates in the draft budget the assessment of contributions to the General Fund, in accordance with Article 12.2(a) of the 1992 Fund Convention. The assessment of contributions to Major Claims Funds is dealt with in a separate document (cf document IOPC/OCT10/9/3/1).
- 1.6 As for the individual incidents, reference is made to the information contained in the 2009 Financial Statements (document IOPC/OCT10/5/6/1, Annex V, Schedule II) and to the various documents relating to incidents submitted for consideration by the 1992 Fund Executive Committee for consideration at its 49th session (see document IOPC/OCT10/3/1).
- 1.7 It should be noted that any estimate in this document of amounts to be paid by the 1992 Fund in compensation has been made solely for the purpose of the assessment of annual contributions, without prejudice to the position of the 1992 Fund in respect of the claims.

## **2 Adoption of International Public Sector Accounting Standards**

- 2.1 As indicated in October 2009, despite the adoption of the new standards (International Public Sector Accounting Standards (IPSAS)), the Fund's budgets will continue to be prepared on a cash basis.
- 2.2 The adoption of IPSAS from 1 January 2010 will have some impact on the estimated General Fund balance for the purposes of levying contributions; namely for the following items:
- Fixed assets, which have a useful life of more than one year, will be shown on the balance sheet when they are purchased and only a portion (a charge for depreciation) of the purchase price of the assets will be reported in the expenditure statement, effectively spreading the cost of the assets over their useful life. As the budget will be a cash budget it will continue to show cyclical increases to show assets that are to be purchased as a result of replacing fully depreciated assets or the purchase of new assets as required. A reconciliation between the fixed assets cost presented in the Financial Statements and the budget for the year will be provided in the Financial Statements for that year.
  - Liabilities such as accrued annual leave and repatriation costs for existing staff are currently shown as a Note in the Financial Statement. To ensure compliance with IPSAS all costs of employing staff during the course of the year need to be accounted for, whether these costs are borne in the year or later. This liability is required to be fully provided for in the Financial Statements and, though fairly modest (less than 10% of budget), it will have the direct impact of reducing the General Fund balance as at the end of the first year of adoption of IPSAS. A provision has therefore been made for this liability when making an estimate of the balance of the General Fund as at 31 December 2011 and is shown in the table in paragraph 6.5.1.

## **3 Joint Secretariat**

- 3.1 In June 1996 the 1971 Fund Assembly and the 1992 Fund Assembly decided that the 1971 Fund and the 1992 Fund should have a joint Secretariat (documents 92FUND/A.1/34, paragraph 8.2 and 71FUND/A/ES.2/22, paragraph 6.3). Since 16 May 1998 the 1992 Fund Secretariat has been responsible for the administration of these two Funds (documents 92FUND/A.2/29, paragraph 13.1 and 71FUND/A.19/30, paragraph 11).
- 3.2 At their March 2005 sessions, the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly agreed that the three Funds should have a joint Secretariat and that the 1992 Fund Secretariat should administer, in addition to the 1971 Fund, also the Supplementary Fund (documents 92FUND/A/ES.9/28, paragraph 7.3, 71FUND/AC.16/15, paragraph 4.4 and SUPPFUND/A.1/39, paragraphs 11.2 and 11.3).

3.3 As set out in document IOPC/OCT10/9/1, the Director proposes that, in accordance with the approach taken by the governing bodies of the three Funds, the 1971 Fund and the Supplementary Fund should pay management fees to the 1992 Fund for the period 1 January – 31 December 2011 in respect of the costs of running the joint Secretariat.

#### **4 Budget for administrative expenditure in 2011**

4.1 Financial Regulation 3 of the Organisation provides that the financial period of the 1992 Fund shall be the calendar year. The draft budget proposed by the Director therefore covers the period 1 January – 31 December 2011.

4.2 The presentation of the budget follows the requirements of Financial Regulations 5.2 and 5.3. Comparative figures of the joint Secretariat's administrative expenses for 2009 (actual expenditure and budget appropriations) and for 2010 (budget appropriations) are also given.

4.3 The draft administrative budget for the three Organisations totals £4 088 020. This amount does not include the External Auditor's fees which are paid directly by each Fund. This budget figure is 3.3% higher than the corresponding 2010 budget appropriations of £3 957 050. The administrative budget, including the total cost of the external audit for all three Organisations (£63 000), is £4 151 020 compared to £4 019 450 in the 2010 budget.

4.4 It should be noted that some 67% (£2 793 020) of the total appropriations in the draft administrative budget (including External Auditor's fees) of £4 151 020 relate to personnel and office accommodation costs.

4.5 A summary of the administrative budget for the joint Secretariat is given below:

<b>CHAPTER</b>	<b>Proposed 2011 Appropriation £</b>	<b>2010 Appropriation £</b>	<b>% Increase/(decrease) Appropriation on 2010</b>
<b>I</b> Personnel	2 465 220	2 504 150	(1.6)%
<b>II</b> General services	939 800	744 900	26.2%
<b>III</b> Meetings	150 000	150 000	0.0%
<b>IV</b> Travel	150 000	150 000	0.0%
<b>V</b> Miscellaneous expenditure (excluding External Audit fees)	323 000	348 000	(7.2)%
<b>VI</b> Unforeseen expenditure	60 000	60 000	0.0%
<b>Total Expenditure Chapters I-VI</b>	<b>4 088 020</b>	<b>3 957 050</b>	<b>3.3%</b>

4.6 The Director submits for consideration by the 1992 Fund Assembly an administrative budget covering the expenses for 2011 of the joint Secretariat. The draft budget is at Annex I.

- 4.7 Notes on the individual appropriations are set out in Annex II. A summary of the key changes to the 2011 budget in comparison (excluding External Audit fees) to 2010 by Chapter is set out below.

Chapter I – Personnel (60% of the 2011 proposed budget)

*1.6% decrease on 2010 budget appropriation*

- The Chapter consists of:
  - Salaries - £1 777 310 compared to £1 742 200 in 2010
  - Staff benefits, allowances and training - £652 910 compared to £726 950 in 2010
  - Separation and recruitment – provision of £35 000 retained at same level as in 2010
- The IOPC Funds salaries, allowances and grants follow the United Nations common system as applied by IMO. A 3% increase to staff salary has been applied for 2011.
- Decrease under staff benefits and allowances due mainly to lower budget appropriations for education grants and home leave where entitlement compared to 2010 is lower.

Chapter II – General Service (23% of the 2011 proposed budget)

*26.2% increase on 2010 budget appropriation*

- This Chapter consists of:
  - Accommodation - £327 800 compared to £320 800 in 2010
  - Office Machines (IT) (including maintenance) - £154 000 compared to £72 300 in 2010
  - Furniture & other office equipment - £25 000 retained at same level as 2010
  - Stationery - £22 000 retained at same level as 2010
  - Communications - £76 000 compared to £69 800 in 2010
  - Other supplies and services - £35 000 retained at same level as 2010
  - Hospitality - £25 000 retained at same level as 2010
  - Public Information - £275 000 compared to £175 000 in 2010
- Increase in Office Machines (IT) (including maintenance) as a result of increase to bespoke software maintenance (budget of £50 000 moved from Chapter V (Consultancy)).
- Increase in Public information appropriation by £100 000 for development of Phase II on-line reporting system (Phase I – pilot undertaken in 2010)

Chapter V – Miscellaneous Expenditure (8% of the 2011 proposed budget)

*5.9% decrease on 2010 budget appropriation*

- This Chapter consists of
  - External Audit fees (not included in paragraph 4.5 – paid by the individual organisation)
  - Consultants and other fees - £100 000 compared to £150 000 in 2010
  - Investment Advisory Body (IAB) - £63 000 compared to £60 000 in 2010
  - Audit Body (AB) - £160 000 compared to £138 000 in 2010
- Transfer of £50 000 from Consultants and other fees to Chapter II (Office Machines (IT) (including maintenance))
- Inflationary increase to IAB and AB fees plus travel costs

Chapter III (Meetings); Chapter IV (Travel: conferences and mission) Chapter VI (unforeseen)  
(Remaining three Chapters make up 9% of the 2011 proposed budget)

*No change from 2010 budget appropriations*

- 4.8 Information on the developments in the joint Secretariat's administrative budget and actual expenses during the nine-year period 2000 – 2009 is given in Annex V.
- 4.9 At its October 2009 session the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, renewed its authorisation to the Director to create positions in the General Service category as required, provided that the resulting cost would not exceed 10% of the figure for salaries in the budget (document IOPC/OCT09/11/1, paragraph 9.2.8). Since this authority was provided to the Director by the Assembly in October 2003 two posts have been created namely, in 2004 and 2008.
- 4.10 The Director considers that the authority given to him referred to in paragraph 4.9 above to create additional posts in the General Service category has proved to be valuable and gives him certain flexibility in the management of the Secretariat. The 1992 Fund Assembly may wish to consider whether to grant the Director the corresponding authority for 2011 (ie up to £178 000 based on the draft 2011 budget).

## 5 **Estimated balance as at 31 December 2010**

### 5.1 Estimated balance

The balance on the General Fund at 31 December 2010 is estimated at £24 655 893 as shown in the table below:

	£	£
Balance b/f at 1 January 2010		
Working Capital	22 000 000	
Surplus / (deficit)	6 462 594	28 462 594
<i>Plus</i>		
2009 General Fund contributions receivable in 2010 (no levy)	0	
Previous years' General Fund contributions receivable in 2010	154 116	
Interest to be earned in 2010 (estimate)	130 000	
From limitation fund re N <sup>o</sup> 7 <i>Kwang Min</i> incident (KRW127 929 721)	70 000	
Management fee payable by 1971 Fund	225 000	
Management fee payable by Supplementary Fund	52 500	
		631 616
<i>Less</i>		
Estimated 2010 administrative expenditure including External Auditor's fees (paragraph 5.3.2)	3 863 317	
Minor claims expenditure in 2010 (Annex III)	575 000	
		4 438 317
Estimated balance as at 31 December 2010		24 655 893

### 5.2 Income

#### *Contributions*

- 5.2.1 The 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, decided at its 6th session in October 2009 that there should be no levy of 2009 contribution for receipt by 1 March 2010.

*Interest to be earned in 2010*

- 5.2.2 Interest earned for the period 1 January – 30 June 2010 amounts to some £60 000. Based on the current interest rates applicable to the 1992 Fund investments, interest income for 2010 is estimated at £130 000 based on an average capital of £26 million.
- 5.2.3 An amount of KRW127 929 721 including accrued interest was awarded by the Limitation Court set up in respect of the *N<sup>o</sup>7 Kwang Min* incident resulting in the Fund receiving some £70 000. This incident is now closed.

*Management fee payable to the 1992 Fund in 2010*

- 5.2.4 The management fee payable to the 1992 Fund for 2010 was set by the governing bodies at £225 000 for the 1971 Fund and at £52 500 for the Supplementary Fund (see document IOPC/OCT09/11/1, paragraph 9.1.4).

5.3 Expenditure*Administrative costs*

- 5.3.1 The administrative costs of the joint Secretariat, **excluding** the External Audit fees, was set in the budget at £3 957 050 for 2010. Based on information to date the total expenditure **excluding** the External Audit fees for 2010 is estimated to be some £3 814 817, which is 3.6% lower than the 2010 budget appropriation, and is made up as set out in the table below:

CHAPTER	2010 Appropriation £	Expenditure to 30 June 2010 £	Projected total 2010 expenditure £	%
<b>I</b> Personnel	2 504 150	1 045 822	2 429 500	97.0%
<b>II</b> General services	744 900	373 470	758 317	101.8%
<b>III</b> Meetings	150 000	19 671	150 000	100.0%
<b>IV</b> Travel	150 000	56 370	100 000	66.7%
<b>V</b> Miscellaneous expenditure (excluding External Audit fees)	348 000	160 947	377 000	108.3%
<b>VI</b> Unforeseen expenditure	60 000	0	0	0%
<b>Total Expenditure Chapters I-VI</b>	<b>3 957 050</b>	<b>1 656 280</b>	<b>3 814 817</b>	<b>96.4%</b>

- 5.3.2 Including the External Audit fee of £48 500 in respect of the 1992 Fund's Financial Statements for 2009, payable in 2010, the total expenditure for the 1992 Fund for the 2010 financial year is estimated at £3 863 317.

*Minor claims expenditure 2010*

- 5.3.3 As can be seen from Annex III, compensation from the General Fund will be paid during 2010 in respect of one incident (the *Solar 1* incident). It is expected that fees will be incurred during 2010 in respect of five incidents involving the 1992 Fund. The total claims and claims-related expenses during 2010 are estimated at £575 000 net of the reimbursements received from the shipowner/P&I Club under the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 and joint costs with respect to the *Solar 1* incident.

- 5.3.4 The *Solar 1* incident, which occurred on 12 August 2006 in the Philippines, falls under STOPIA 2006. The effect of STOPIA 2006 is that the maximum amount of compensation payable by owners of all ships of 29 548 tonnage or less falling under the Agreement is 20 million SDR. The 1992 Fund is not a party to the Agreement, but the Agreement confers legally enforceable rights on the 1992 Fund of indemnification from the shipowner involved. The 1992 Fund will nevertheless be liable to compensate claimants in accordance with the 1992 Fund Convention but is entitled to indemnification by the shipowner of the difference between the limitation amount applicable to the ship under the 1992 Civil Liability Convention (1992 CLC) and the total amount of the admissible claims or 20 million SDR, whichever is the less. The amount received/receivable from the shipowner/P&I Club under the Agreement is also set out in Annex III.
- 5.3.5 Pending a decision of the 1992 Fund Executive Committee authorising the Director to make compensation payments in respect of the *Volgoneft 139* incident, an estimate for claims-related expenses alone has been included in the costs for 2010.

## 6 Estimates for 2011

### 6.1 Income

#### *Interest to be earned in 2011*

- 6.1.1 Interest income during 2011 from the 1992 Fund's investment of the assets of the General Fund is estimated at £220 000. This estimated yield is based on an average principal of approximately £22 million.

#### *Management fee payable to the 1992 Fund*

- 6.1.2 The Director has proposed that the management fees payable to the 1992 Fund for 2011 be set at £240 000 (2010-£225 000) for the 1971 Fund and at £56 000 (2010-£52 500) for the Supplementary Fund (cf document IOPC/OCT10/9/1). The proposed management fees for 2011 have been set based on the number of estimated working days which the staff as a whole during 2011 would devote to tasks relating to the 1971 Fund and the Supplementary Fund. The estimated days are, as in previous years, 15 working days for the 1971 Fund and 3.5 working days for the Supplementary Fund. The draft budget has been prepared on that basis. If a different apportionment of costs between the three Organisations were to be decided, the draft budget would have to be revised accordingly.

### 6.2 Expenditure

- 6.2.1 The estimated administrative expenditure (excluding External Audit fees) for 2011 totals £4 088 020, as detailed in Section 4. A provision for accrued annual leave and repatriation grant of £300 000 has been made as detailed in Section 2. The External Audit fee for auditing the 2010 Financial Statements for the 1992 Fund has been advised by the External Auditor at £49 000, payable in 2011.

#### *Minor claims expenditure 2011*

- 6.2.2 The known incidents in respect of which payments may have to be made from the General Fund during 2011 are listed in Annex IV.
- 6.2.3 It is estimated that the payments by the 1992 Fund from the General Fund in 2011 relating to three incidents will total £2 327 000. This is net of the reimbursement receivable from the shipowner/P&I Club under STOPIA 2006 with respect to the *Solar 1* incident (cf paragraph 5.3.4 above).
- 6.2.4 At its 6th session, held in October 2009, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, decided that funding of the *Volgoneft 139* incident would continue to be subject to the decision of the 1992 Fund Executive Committee authorising the Director to make compensation payments in respect of this incident. Claims-related expenses (eg costs related to legal and technical fees) are momentarily being paid from the General Fund. If the Executive Committee

were to decide to authorise the Director to make payments of compensation, it is expected that the total amount payable from the General Fund in respect of the *Volgoneft 139* incident of £3 059 508 would be reached in 2011.

- 6.2.5 This estimate does not include any provision for the payment of claims and claims-related expenses in respect of incidents which may occur after the drafting of this document for which payments may have to be made before the end of 2011. Such payments would have to be met from the working capital. This would also apply to payments which, although envisaged as not being due before 2011, actually have to be made earlier.

### 6.3 Loans to the HNS Fund

- 6.3.1 At its 6th 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 HNS Convention. The 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 HNS Fund Convention entered into force. It was noted that these costs would be paid from the General Fund (document 92FUND/A.6/28, paragraphs 28.5 and 28.6).

- 6.3.2 At its 1st session, held in May 2003, the 1992 Fund Administrative Council, acting on behalf of the 7th extraordinary session of the 1992 Fund Assembly, instructed the Director to continue to study issues on the administrative preparations for the setting up of the HNS Fund (document 92FUND/AC.1/A/ES.7/7, paragraph 6.8). For this purpose, a further appropriation of £50 000 was included in the administrative budget for each of the years 2004-2006, £30 000 for each of the years 2007-2009 and £80 000 in 2010. Of the total appropriation of £470 000 some £176 400 (including interest) had been used as at 30 June 2010. Under the budgetary principles applied by the 1992 Fund, an 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 2003 – 2010 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2011.

- 6.3.3 At its October 2009 session, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, considered whether to update both the HNS website software and the database of substances within the HNS Convention Contributing Cargo Calculator (HNS CCCC) to reflect the draft HNS Protocol. All delegations that spoke considered that the HNS CCCC was a very useful tool which would be essential to States when preparing for the entry into force of the HNS Convention and supported the update. The majority of delegations, however, stated that it would be better to wait for the outcome of the Diplomatic Conference to be held in April 2010 before commencing this work. The Council instructed the Secretariat to commence the work immediately after the adoption of the draft Protocol, with the aim of having the updated HNS CCCC available as soon as possible thereafter. The draft Protocol was adopted at a Diplomatic Conference convened by the International Maritime Organization on 26 April 2010 as well as resolutions relating to the preparation and setting up of the HNS Fund, which mirror the resolutions adopted in 1996 on the basis of which the 1992 Fund has been involved in the preparatory work set out above. An appropriation of £150 000 has been included in the 2011 budget to cover the costs for these preparations and other administrative tasks in respect of the HNS Fund.

- 6.3.4 All costs incurred by the 1992 Fund for the setting up of the HNS Fund will be reimbursed by the HNS Fund with interest.

### 6.4 Working capital

- 6.4.1 The working capital is needed to cover claim payments not included in the estimated expenses for minor claims, and to make loans to Major Claims Funds for the satisfaction of claims and claims-related expenses to the extent that sufficient money is not available in the Major Claims Fund in question pending the levy of contributions to that Major Claims Fund.

- 6.4.2 The Director considers that the prompt payment of compensation is of crucial importance. The 1992 Fund should, in the Director's view, hold sufficient liquid funds to enable it to pay claims without having to wait for the next payment of contributions. In addition, the Director considers that the working capital should be sufficiently large so that bank loans are not required for the prompt payment of settled claims, at least not in normal circumstances.
- 6.4.3 As a result of STOPIA 2006 it may be possible to lower the working capital at a future date. In the Director's view it is premature at this stage to assess the impact that STOPIA 2006 may have on future liquidity of funds to meet compensation payments that need to be made by the 1992 Fund to claimants in accordance with the 1992 Fund Convention. The Director will keep this issue under review.
- 6.4.4 At its 9th session in October 2004 the 1992 Fund Assembly set the working capital at £22 million (see document 92FUND/A.9/31, paragraph 26.3). The Director proposes that the working capital be maintained at £22 million. If the Assembly were to decide otherwise, the Director would revise his proposal in respect of the 2011 budget accordingly.

## 6.5 Estimated balance

- 6.5.1 The estimates for the General Fund for 2011 are set out in the table below:

		£	£
	<b>ESTIMATED INCOME</b>		
	Balance at 31 December 2010 (paragraph 5.1) Surplus/(deficit)		24 655 893
<i>Plus</i>	Interest to be earned in 2011	220 000	516 000
	Management fee payable by 1971 Fund for 2011	240 000	
	Management fee payable by Supplementary Fund for 2011	56 000	
	<b>Total estimated income 2011</b>		
<i>LESS</i>	<b>ESTIMATED EXPENDITURE</b>		
	Joint administrative expenditure 2011 (excluding external audit fee for all three Organisations) (Annex I)	4 088 020	28 914 020
<i>Plus</i>	Provision for accrued Annual Leave and Repatriation Grant (ALRG) as at 31 December 2011	300 000	
<i>Plus</i>	External Audit fee for 1992 Fund	49 000	
<i>Plus</i>	Minor claims expenditure 2011 (Annex IV)	2 327 000	
	Loans to HNS Fund (cf paragraph 6.3.3)	150 000	
<i>Plus</i>	Working capital (cf paragraph 6.4.4)	22 000 000	
	<b>Total estimated expenditure 2011</b>		
	<b>ESTIMATED EXPENDITURE OVER INCOME</b>		(3 742 127)

- 6.5.2 The balance as at 31 December 2010 is estimated at £24 655 893 which exceeds the working capital by £2 655 893. When assessing the need for levying contributions for payment in the following year (2011) any estimated surplus or deficit brought forward in the General Fund is taken into account, thereby decreasing or increasing the amount that needs to be levied, ie any deficit/surplus is taken into account each year to determine the following year's requirements.
- 6.5.3 As shown from the estimates in the table above, contributions of £3 742 127 would be needed to balance the 2011 budget of the General Fund on the assumption that the 1992 Fund Assembly decides to maintain the working capital at £22 million as set out above.

**7 Director's proposal on assessment of 2010 contributions to the General Fund**

In the light of the estimates set out in paragraph 6.5.3 of the amount needed to balance the 2011 budget of the General Fund the Director proposes that there should be a levy of 2010 contributions to the General Fund of £3.8 million payable by 1 March 2011.

**8 Action to be taken**

1992 Fund Assembly:

The 1992 Fund Assembly is invited, in accordance with Article 12 of the 1992 Fund Convention:

- (a) to take note of the information contained in this document;
- (b) to renew the authorisation given to the Director to create additional posts in the General Service category as required provided that the resulting cost would not exceed 10% of the figure for salaries in the budget (ie up to £178 000 based on the draft 2011 budget) (paragraph 4.10);
- (c) to consider for adoption the draft budget for 2011 for the administrative expenses of the 1992 Fund (Section 4 and Annex I);
- (d) to note the Director's estimate of the expenses to be incurred in respect of the preparation for the entry into force of the HNS Convention (paragraph 6.3.3);
- (e) to consider the Director's proposal that the working capital of the 1992 Fund be maintained at £22 million (paragraph 6.4.4); and
- (f) to consider the Director's proposal to levy 2010 contributions to the General Fund of £3.8 million, payable by 1 March 2011 (section 7).

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## ANNEX I

## DRAFT 2011 ADMINISTRATIVE BUDGET FOR 1992 FUND

STATEMENT OF EXPENDITURE		Actual 2009 expenditure for 1992 Fund		2009 budget appropriations for 1992 Fund		2010 budget appropriations for 1992 Fund		2011 budget appropriations for 1992 Fund	
		£		£		£		£	
<b>SECRETARIAT</b>									
<b>I</b>	<b>Personnel</b>								
(a)	Salaries	1 555 204		1 548 995		1 742 200		1 777 310	
(b)	Separation and recruitment	43 007		35 000		35 000		35 000	
(c)	Staff benefits, allowances and training	535 136		613 930		726 950		652 910	
	<b>Sub-total</b>		<b>2 133 347</b>		<b>2 197 925</b>		<b>2 504 150</b>		<b>2 465 220</b>
<b>II</b>	<b>General Services</b>								
(a)	Rent of office accommodation (including service charges and rates)	299 330		319 300		320 800		327 800	
(b)	Office machines (IT hardware/software) / maintenance	79 482		71 500		72 300		154 000	
(c)	Furniture and other office equipment	9 935		25 000		25 000		25 000	
(d)	Office stationery and supplies	10 196		22 000		22 000		22 000	
(e)	Communications (courier, telephone, postage, e-mail/internet)	41 780		68 000		69 800		76 000	
(f)	Other supplies and services	29 648		32 500		35 000		35 000	
(g)	Representation (hospitality)	17 846		25 000		25 000		25 000	
(h)	Public Information	128 531		200 000		175 000		275 000	
	<b>Sub-total</b>		<b>616 748</b>		<b>763 300</b>		<b>744 900</b>		<b>939 800</b>
<b>III</b>	<b>Meetings</b>								
	Sessions of the 1992, Supplementary and 1971 Funds' governing bodies and Intersessional Working Groups		182 246		175 000		150 000		150 000
<b>IV</b>	<b>Travel</b>								
	Conferences, seminars and missions		60 015		150 000		150 000		150 000
<b>V</b>	<b>Miscellaneous expenditure</b>								
(a)	External audit fees for IOPC Funds	62 400		62 400		62 400		63 000	
(b)	Consultants' fees	135 147		150 000		150 000		100 000	
(c)	Audit Body	150 120		120 000		138 000		160 000	
(d)	Investment Advisory Body	45 000		45 000		60 000		63 000	
	<b>Sub-total</b>		<b>392 667</b>		<b>377 400</b>		<b>410 400</b>		<b>386 000</b>
<b>VI</b>	<b>Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)</b>		<b>31 925</b>		<b>60 000</b>		<b>60 000</b>		<b>60 000</b>
<b>Total Expenditure I-VI</b>			<b>3 416 948</b>		<b>3 723 625</b>		<b>4 019 450</b>		<b>4 151 020</b>
<b>Total Expenditure I-VI excluding External Audit fees for IOPC Funds</b>							<b>3 957 050</b>		<b>4 088 020</b>
<b>VII</b>	<b>Due from 71Fund</b>								
	Management fee payable to 1992 Fund by 1971 Fund		210 000		210 000		(225 000)		(240 000)
<b>VIII</b>	<b>Due from Supplementary Fund</b>								
	Management fee payable to 1992 Fund by Supplementary Fund		50 000		50 000		(52 500)		(56 000)
<b>1992 Fund Budget Appropriation excluding External audit fee for IOPC Funds</b>							<b>3 679 550</b>		<b>3 792 020</b>
<b>1992 Fund Budget Appropriation including External audit fee for 1992 Fund only</b>							<b>3 728 050</b>		<b>3 841 020</b>

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## ANNEX II

### NOTES ON THE INDIVIDUAL APPROPRIATIONS BY CHAPTER

#### **1 Personnel (Chapter I)**

2011 Appropriation £	2010 Appropriation £	% Increase/(Decrease) on 2010 Appropriation
2 465 220	2 504 150	(1.6)%

#### *Overview*

- 1.1 The major part of the Secretariat draft budget relates to Personnel costs and shows a decrease under this Chapter of 1.6% on the 2010 budget.
- 1.2 Staff Regulation 17 of the 1992 Fund provides that the emoluments of members of staff of the 1992 Fund should follow the United Nations common system as applied by the International Maritime Organization (IMO). The calculation of the appropriation for salaries is based, therefore, on the United Nations salary system as applied by IMO, including all grants, allowances, overtime and other benefits. The factors affecting changes in the costs are either inflation led or arise from the recommendations of the International Civil Service Commission (ICSC), approved, as necessary, by the UN General Assembly for application throughout the UN common system. The relevant salary scales and the relevant schedules of post adjustments are reproduced as Annexes to document IOPC/OCT10/7/1. The Provident Fund contributions are calculated in accordance with 1992 Fund Staff Rule VIII.5.
- 1.3 The basic emoluments of Professional staff include the net base salary and post adjustment. The base salary is established in US Dollars on a global scale for application to all Professional staff in the common system, regardless of place of duty station; and the post adjustment is variable according to duty station and is designed to maintain equality of purchasing power of a given salary at all duty stations by offsetting differences in the cost-of-living, taking account of changes in the rate of exchange between the US Dollar and local currencies. Another important factor which may affect the expenditure for personnel in 2011 is the ICSC place-to-place survey for Professional and higher grade staff in duty stations, including London, which is to be undertaken in the latter part of 2010. The results of the Commission's conclusions and recommendations will only be known in the middle of 2011.
- (a) Salaries
- 1.4 There is a 2.0% increase in the 2011 appropriation (£1 777 310) compared to 2010 (£1 742 200).
- 1.5 In order to cover any increase in salaries which may be decided within the United Nations common system, it has also been considered appropriate to include in the draft budget a provision of 3% for staff in all categories, in addition to the annual increments which, in accordance with the Staff Regulations, are awarded to staff members (other than the Director) on satisfactory performance of duties (Staff Rule IV.1).
- 1.6 The number of established posts within the Secretariat is 33 of which 18 are in the Professional category and 15 are in the General Service category (cf document IOPC/OCT10/7/1).
- 1.7 At the date of the document four posts are vacant, three in the Professional and higher category and one in the General Service category.
- 1.8 The vacant three posts in the Professional and higher category are that of Deputy Director and that of the two posts of in-house translators (French and Spanish).

- 1.9 The Director does not intend to fill the post of Deputy Director in the foreseeable future and, since the 2007 budget, the cost has not been included in the budget.
- 1.10 With respect to the two in-house translator posts it is the intention to continue to use freelance translators as this is most efficient and cost effective. Since the 2005 budget the costs of the two posts of in-house translators have not been included in the budget. At its October 2008 session the 1992 Fund Assembly noted that the Director had proposed to remove the two in-house translation posts from the structure of the Secretariat on the basis of discussions at its 12th session, held in October 2007 (cf document 92FUND/A.12/28, paragraph 14.13). However, although some delegations supported this proposal, the majority of delegations who took the floor requested that the two posts be retained within the structure of the Secretariat as this would more easily facilitate a future appointment to these posts if so required. The Assembly decided to retain the two posts (cf document IOPC/OCT09/7/1/1).
- 1.11 As set out above, the posts of Deputy Director and two translators have, as in previous years, not been budgeted for, since the Director believes there is no need to fill them in the foreseeable future. As a result of filling the vacant established post of Claims Manager which had, for a number of years, been budgeted for but not filled, there is, in the present budget for 2011, no budgetary room whatsoever in the Professional Category. The Director is not particularly worried about that, since he believes that the present workforce is adequate to carry out all tasks required in the near future. The main exception to that, in the view of the Director, would seem to be the entry into force of the HNS Convention and subsequent administration of the HNS Fund by the Secretariat, which would at some point in any event require an in-depth consideration, by the Secretariat and the Assembly, of the additional tasks, the specific additional expertise and the additional workforce required, as well as the additional costs to be incurred. If, however, the Assembly would prefer the Organisation in the meantime to continue to have a degree of flexibility also in the Professional Category, the Assembly might wish to consider the inclusion in the 2011 budget of an appropriation for one, unspecified Professional Post at P3 level, ie £74 500.
- 1.12 At its 3rd session held in October 1998, the 1992 Fund Assembly decided to authorise the Director to determine the grades of individual posts in the general service category and in the professional category up to Grade P5 and to decide on promotions for these categories (document 92FUND/A.3/27, paragraph 23.6). The 1971 Fund Executive Committee, acting on behalf of the Assembly, noted this decision at its 59th session (document 71FUND/EXC.59/17/A.21/24, paragraph 22.3). The Director has made one change to an individual post since the Assembly's session in October 2009 (cf document IOPC/OCT10/7/1).
- 1.13 It may be necessary to make continued use of temporary assistance. Such assistance is needed not only when there is an additional workload, but also to cover leave periods (including maternity leave) and to fill any vacancies temporarily until new incumbents are appointed. As in recent years an amount of £40 000 has been included for this purpose in the appropriation for salaries in the draft 2011 budget.
- (b) Separation and recruitment
- 1.14 The budget appropriation also includes expenses which would be incurred in the event that recruitment was to be made to the vacant posts. The budget appropriation for this expenditure has been maintained as in 2010 at £35 000.
- (c) Staff benefits, allowance and training
- 1.15 An appropriation of £652 910 (a decrease of 10.2% on 2010 total of £726 950) has been included under this heading. This appropriation covers mainly the 1992 Fund's contributions to the Provident Fund, education grants, home leave, insurance (accident, life, medical and national) and staff training. The decrease is mainly due to lower budget appropriations for education grant and home leave where the entitlement compared to 2010 is lower. In addition, as a result of going back

into a more competitive insurance market, insurance policies for accident and life policies have resulted in savings. The provision for staff training has been maintained at £80 000 as in 2010.

## 2 General services (Chapter II)

2011 Appropriation £	2010 Appropriation £	% Increase/(Decrease) on 2010 Appropriation
939 800	744 900	26.2%

2.1 The appropriations under (a) to (h) below amounting to £939 800 are for the general expenses of the joint Secretariat, including rent of the IOPC Funds' offices and related expenses, maintenance and replacement of office machines, office equipment, stationery, communications and public information.

### (a) Office accommodation

2.2 The appropriation of £327 800 under this heading has been calculated on the space occupied in Portland House, the space retained in the IMO building and rental of outside storage space.

2.3 The office premises occupied on the 23rd floor of Portland House consist of 11 000 square feet of office space, 700 square feet used to house the printing machinery and the main IT hardware and storage space of 600 square feet in the basement of Portland House.

2.4 The premises were subject to a lease dated 26 June 2000 to June 2010 which was surrendered in 2006 for nil consideration by the landlord and a new lease up to 24 March 2015 had been entered into on the following terms:

- a single new lease to cover the 11 000 square feet of office space at £41.30 per square foot and 700 square feet at £20.65 per square foot of auxiliary space on the 23rd floor as well as the 600 square feet of storage space at £12.50 per square foot in the basement. The total rent will therefore be £476 500 per annum (exclusive of VAT) with a rent review fixed at 24 June 2010;
- in addition, two car parking spaces (at £2 000 per car space) in the basement, the cost of which will be borne by the 1992 Fund only;
- One free motorcycle parking space will be provided in the basement of Portland House, subject to availability.

2.5 The United Kingdom Government refunds 80% of the rent for the 23rd floor and for the storage space. The United Kingdom Government will refund 80% of £476 500 pa resulting in 20% or £95 300 pa being payable by the 1992 Fund.

2.6 Under the lease agreement, a rent review was undertaken in June 2010 and was concluded with no increase to the rent.

2.7 Local taxes ('rates') are also payable for the premises. Like diplomatic missions and other intergovernmental organisations, the 1992 Fund pays only a minor portion of the rates. An appropriation of £10 000 has been included for rates.

2.8 Service charges are also payable for the premises in Portland House. The service charges, which cover building insurance, gas, water and sewerage, building maintenance and renovations, security services and management fees, are estimated at £100 000 compared to £110 000 in 2010. This includes an additional service charge payable in respect of the surrounding Cardinal Place estate, which Portland House forms part of.

2.9 Following the completion of the refurbishment of the IMO building in 2008 office space of some 1 065 (reduced from 1 300) square feet has been retained in the IMO building. The present lease of these premises covers the period to 31 October 2012. The appropriation covers rent, rates and service charges in respect of these offices, calculated on the basis of the space occupied. It also covers the costs of general services given by IMO, including the services of a staff doctor and nurse and all information necessary to implement the Staff Regulations and Staff Rules in accordance with the United Nations common system as applied by IMO. The rent for these offices has been calculated as in previous years at £8.23 per square foot (£8 765). An appropriation of £32 000 has been included compared to £31 000 in 2010 to cover the rent along with the costs of the general services provided by IMO.

2.10 Other costs relating to the accommodation in Portland House consist of £15 000 for rental of outside storage space (£10 000 in 2010), £25 000 for general maintenance (£15 000 in 2010), £19 000 for the daily cleaning of the premises (£18 000 in 2010), £20 000 for electricity and £7 500 for office contents insurance, as in 2010.

(b) Office machines

2.11 The draft 2011 budget has been prepared on the basis that 'Office machines' covers only IT Costs and totals £154 000 (£72 300 for 2010) broken down as follows: hardware £20 000 (£31 000 in 2010), software £35 000 (£10 000 in 2010); maintenance (hardware and software) £94 000 (£28 800 in 2010); and IT related consumables of £5 000 (£2 500 in 2010).

2.12 The large increase in maintenance (hardware and software) is as a result of the Funds using bespoke software such as the finance and contribution system and the web-based claims handling system. In previous years maintenance/modification work on these systems has been charged to Chapter V – Consultants' fees. An additional amount of £50 000 has been allocated for the maintenance of these bespoke packages resulting in a corresponding reduction of the 2011 consultancy budget under Chapter V (see below).

2.13 The substantial increase in the software appropriation is due to planned upgrades to the various license agreements in 2011.

(c) Furniture and other office equipment

2.14 This appropriation has been maintained at £25 000 to also cover the rental cost of photocopying/printing machine. The appropriation further includes costs for office equipment (other than IT equipment), office equipment maintenance, repairs and replacement of furniture.

(d) Office stationery and supplies

2.15 This appropriation has been maintained at £22 000.

(e) Communications

2.16 The appropriation has been increased to £76 000 from £69 800 in 2010 and covers the cost of courier, postage, telephone and e-mail/internet connections. The majority of the increase is in respect of e-mail/internet connectivity.

(f) Other supplies and services

2.17 This item covers supplies and services not included under items (a) to (e) and miscellaneous expenditure, bank charges, books for the library, periodicals and newspapers. The appropriation has been maintained at £35 000.

(g) Representation (hospitality)

2.18 This appropriation relates to hospitality not covered by the Director's representation allowance, eg receptions to be given in connection with meetings of the IOPC Funds and official entertainment by the Organisations. The appropriation has been maintained at £25 000.

(h) Public information

2.19 The governing bodies of the Organisations have considered that the IOPC Funds should continue to strengthen their activities in the field of information and public relations. The appropriation is to cover costs for the following:

(i) The cost of printing, publication and bulk mailings including the cost of the Annual Report in the three official languages.

(ii) The cost of the ongoing development of the Organisations' website, document server, record of decisions database, online oil reporting system as well as expenditure in relation to other public relations projects.

2.20 Under this heading funds are provided for the publication of a joint Annual Report of the IOPC Funds, for the printing of publications and documents (other than those prepared for the sessions of the Funds' governing bodies) and for the Organisations' website and other public systems such as the document server, record of decisions database and public relations projects (eg series of regional lunch meetings).

2.21 The total appropriation under this heading has been increased to £275 000 compared to £175 000 in 2010 due to expected costs associated with the proposed development of the online reporting system (cf document IOPC/OCT10/6/1).

2.22 A pilot project on the web-based online reporting system was developed in 2010 at a cost of some £50 000. Following the October 2009 sessions of the governing bodies, eight Member States volunteered to participate in the pilot project to submit their oil reports for 2009 using the system. Based on feedback received from the trial it is proposed that the system will need to be further developed and an appropriation of £100 000 has been included in the 2011 budget to undertake this project. The cost would also include security protocols for logging onto the system, for externally hosting the system and for the ability for the system to share information with the Funds' bespoke finance and contribution system.

**3 Meetings (Chapter III)**

2011 Appropriation £	2010 Appropriation £	% Increase/(Decrease) on 2010 Appropriation
150 000	150 000	0%

3.1 The meetings of the governing bodies of the IOPC Funds, as well as those of any intersessional Working Groups, are normally held in the IMO conference rooms.

3.2 During the October 2009 sessions, the delegation of Morocco proposed that the 2011 spring meetings of the Funds' governing bodies be held in the Kingdom of Morocco in the city of Marrakech. The proposal would be budget neutral for the Funds. This proposal was provisionally accepted by the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly and a document containing full details of the offer by the Kingdom of Morocco is to be submitted to the October 2010 sessions of the governing bodies. The Funds have on two previous occasions held successful meetings outside of London, namely in Canada (June 2007) and Monaco (March 2008).

- 3.3 The budget for 2011 has been prepared on the basis that acceptance of the invitation of the Kingdom of Morocco by the governing bodies at their sessions in October 2010, will not lead to an additional cost for the Funds.
- 3.4 At its meeting June 2009, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, considered reducing the number of meeting sessions. It was agreed that it would be preferable to book three meetings a year as usual and cancel one if it were not needed.
- 3.5 The 2011 appropriation of £150 000 (£150 000 in 2010) has been prepared, as for 2010, on the basis of three meetings over 15 days scheduled as follows:
- (i) ordinary sessions of the governing bodies of the 1992 Fund, 1971 Fund and Supplementary Fund in October 2011: five days; and
  - (ii) further sessions of the governing bodies (including the Executive Committee of the 1992 Fund) and intersessional Working Groups, if needed: ten days.

#### **4 Travel (Chapter IV)**

2011 Appropriation £	2010 Appropriation £	% Increase/(Decrease) on 2010 Appropriation
150 000	150 000	(0.0)%

- 4.1 This appropriation covers the costs of travel on missions and for attendance at conferences and seminars in which it is in the interest of the IOPC Funds to participate.
- 4.2 Where possible, travel for missions, conferences and seminars are combined with travel in relation to the various incidents handled by the IOPC Funds, and the costs are apportioned between travel and the incident in question. With the reduced number of incidents involving the Funds, such cost sharing is no longer possible to the same extent.
- 4.3 There is a continued strong demand from Member States, as well as States which are interested in becoming Member States, for participation by the IOPC Funds in seminars and conferences and for Fund staff to conduct training courses. The appropriation has been maintained at £150 000. The IOPC Funds continue to make efforts to obtain funding to cover the cost of travel from organisers of conferences and seminars.

#### **5 Miscellaneous expenditure (Chapter V)**

2011 Appropriation £	2010 Appropriation £	% Increase/(Decrease) on 2010 Appropriation
386 000	410 400	(5.9)%

##### (a) External audit

- 5.1 The United Kingdom National Audit Office has provisionally advised that the fee for auditing the accounts of the 1992 Fund, 1971 Fund and Supplementary Fund for the 2010 financial period which is payable in 2011 will be as follows, £49 000 in respect of the 1992 Fund, £10 400 in respect of the 1971 Fund and £3 600 in respect of the Supplementary Fund. The External Auditor has stated that if visits to, for example, the Claims Handling Offices, were to be required the fee may have to be increased. The amounts of £10 400 and £3 600 in respect of the 1971 Fund and Supplementary Fund will be paid directly by the respective Fund.

##### (b) Consultants' fees

- 5.2 It will be necessary to engage consultants if work which cannot be undertaken by the permanent staff members has to be carried out. The use of consultants might be required, for example, in connection

with the continuing efforts to improve the operation of the Secretariat and to undertake studies of a general nature, which are not related to specific incidents. In 2010 consultant fees have also been used for the development of a new Personnel Database and further work on the Record of Decisions database.

- 5.3 As set out in paragraph 2.12 above, an amount of £50 000 has been taken out of the Consultants' fees budget appropriations and included under Chapter II - 'Office machines/maintenance' for the maintenance of the Funds' bespoke software packages.
- 5.4 The budget appropriation for Consultants' fees has therefore been reduced from £150 000 in 2010 to £100 000 in 2011.
- 5.5 Fees for consultants engaged in connection with individual incidents are charged against the respective incidents.
- 5.6 Increased efforts to pursue contributors in arrears will result in additional lawyers' fees in 2011.

(c) Audit Body

- 5.7 As decided by the respective governing bodies, the three Funds have a joint Audit Body consisting of six members and a member not related to the Organisations ('external expert') with expertise and experience in financial matters. The Audit Body holds three regular sessions a year.
- 5.8 An appropriation of £160 000 is included in the draft 2011 budget to cover the costs resulting from the operation of this Body ie the travel and subsistence costs of the members, the fee for the External expert and an honorarium for the members nominated by Member States.
- 5.9 A study was undertaken in 2009 by a consultant engaged by the Director to study the roles and responsibilities of members of the joint Audit Body and joint Investment Advisory Body and to propose a systematic approach to the fees paid to the members of those bodies. At the October 2009 sessions, the governing bodies, on the Director's recommendations based on this study, decided to set the level of annual honoraria/fees for the members of the Audit Body as follows:

Chairman	£6 000
Members	£4 000
External expert	£30 000 (approved fee is specific to current incumbent)

It was also decided that all the honoraria/fees should be indexed annually using the United Kingdom Retail Price Index at the time of the preparation of the relevant budget (document IOPC/OCT09/11/1, paragraphs 6.2.8 and 6.2.9).

- 5.10 The June 2010 UK Retail Price Index of 5% has been used for preparing budget appropriations resulting in the following annual honoraria/fees totalling £58 800:

Chairman	£6 300
Members	£4 200 each (£21 000 for five members)
External expert	£31 500

Travel costs including daily subsistence allowance for the members to attend meetings have been estimated to be in the region of £101 200.

(d) Investment Advisory Body

- 5.11 As decided by the respective governing bodies, the three Funds have a joint Investment Advisory Body (IAB), composed of three external experts with specific knowledge in financial matters.

- 5.12 Following the study set out in paragraph 5.9 and the Director's recommendations, the governing bodies, at the October 2009 sessions, decided to increase the remuneration for the members of the Investment Advisory Body to £20 000 per member from £15 000 per member. It also decided that the fee should be indexed annually using the United Kingdom Retail Price Index at the time of the preparation of the relevant budget (document IOPC/OCT09/11/1, paragraphs 6.2.8 and 6.2.9).
- 5.13 The new remuneration of the three members will therefore be £21 000 per member. An appropriation of £63 000 has been included in the draft budget to cover the fees for the three members.

**6 Unforeseen expenditure (Chapter VI)**

2011 Appropriation £	2010 Appropriation £	% Increase/Decrease) on 2010 Appropriation
60 000	60 000	0%

The appropriation under this Chapter is designed to cover expenditure that was not foreseen at the time of the adoption of the administrative budget such as consultants' and lawyers' fees, cost of extra staff, cost of equipment and any other cost not foreseen. This appropriation has been maintained at £60 000, representing some 1.4% of the draft budget.

\* \* \*

**ANNEX III**

**Estimated General Fund claims expenditure in 2010**

*(Figures in Pounds Sterling)*

Incident	Date	Maximum payable from General Fund: 4 million SDR	Expenditure up to 31/12/09		Receipt under STOPIA 2006 Agreement up to 31/12/09	Balance Payable from General Fund at 31/12/2009	2010 Expenditure				Receipts /receivables under STOPIA 2006 Agreement 01/01/10 to 31/12/2010	Estimated Total General Fund Expenditure in 2010	Estimated Total General Fund Expenditure up to 31/12/10	Estimated Balance payable from General Fund at 31/12/2010
			Compensation paid up to 31/12/09	Claims-related expenses paid up to 31/12/09			Compensation		Claims-related expenses					
							Paid 01/01/10-30/06/10	Estimate 01/07/10-31/12/10	Paid 01/01/10-30/06/10	Estimate 01/07/10-31/12/10				
<i>Al Jaziah 1</i>	24/01/00	3 307 800	(566 166)	(118 774)	-	2 622 860	0	0	0	(5 000)	-	(5 000)	(690 000)	2 618 000
<i>N°7 Kwang Min</i>	24/11/05	3 307 260	(1 164 982)	(230 517)	-	1 911 761	0	0	(2 547)	(7 000)	-	(10 000)	(1 406 000)	1 902 000
<i>Solar 1 *</i>	11/08/06	3 134 944	(6 473 825)	(137 036)	6 504 329	3 028 412	100	(25 000)	(2 770)	(12 000)	30 000	(10 000)	(117 000)	3 019 000
<i>Volgoneft 139</i>	11/11/07	3 059 508	0	(337 758)	-	2 721 750	0	0	(40 445)	(459 000)	-	(500 000)	(838 000)	2 222 000
Incident in Argentina	26/12/07	3 152 360	0	(53 866)	-	3 098 494	0	0	(11 349)	(38 000)	-	(50 000)	(104 000)	3 049 000
												(575 000)		

\* *Solar 1* - Under STOPIA 2006 compensation payments up to 20 million SDR will be reimbursed by the P&I Club.

Figures in brackets show outflow.

\* \* \*

**ANNEX IV**

**Estimated General Fund claims expenditure in 2011**

*(Figures in Pounds Sterling)*

Incident	Date	Maximum payable from General Fund: 4 million SDR	Estimated Balance Payable from General Fund at 31/12/2010	2011 Estimated Expenditure		Receivable under STOPIA 2006 Agreement	Estimated Total General Fund Expenditure in 2011	Estimated Total General Fund Expenditure up to 31/12/11	Estimated Balance payable from General Fund at 31/12/2011
				Compensation	Claims-related expenses				
<i>Solar 1</i> *	11/08/06	3 134 944	3 019 000	(10 000)	(5 000)	10 000	(5 000)	(122 000)	3 014 000
<i>Volgoneft 139</i> **	11/11/07	3 059 508	2 222 000	(2 122 000)	(100 000)	-	(2 222 000)	(3 060 000)	0
Incident in Argentina	26/12/07	3 098 494	3 049 000	0	(100 000)	-	(100 000)	(204 000)	2 949 000
							<b>(2 327 000)</b>		

\* *Solar 1* - Under STOPIA 2006 compensation payments up to 20 million SDR will be reimbursed by the P&I Club

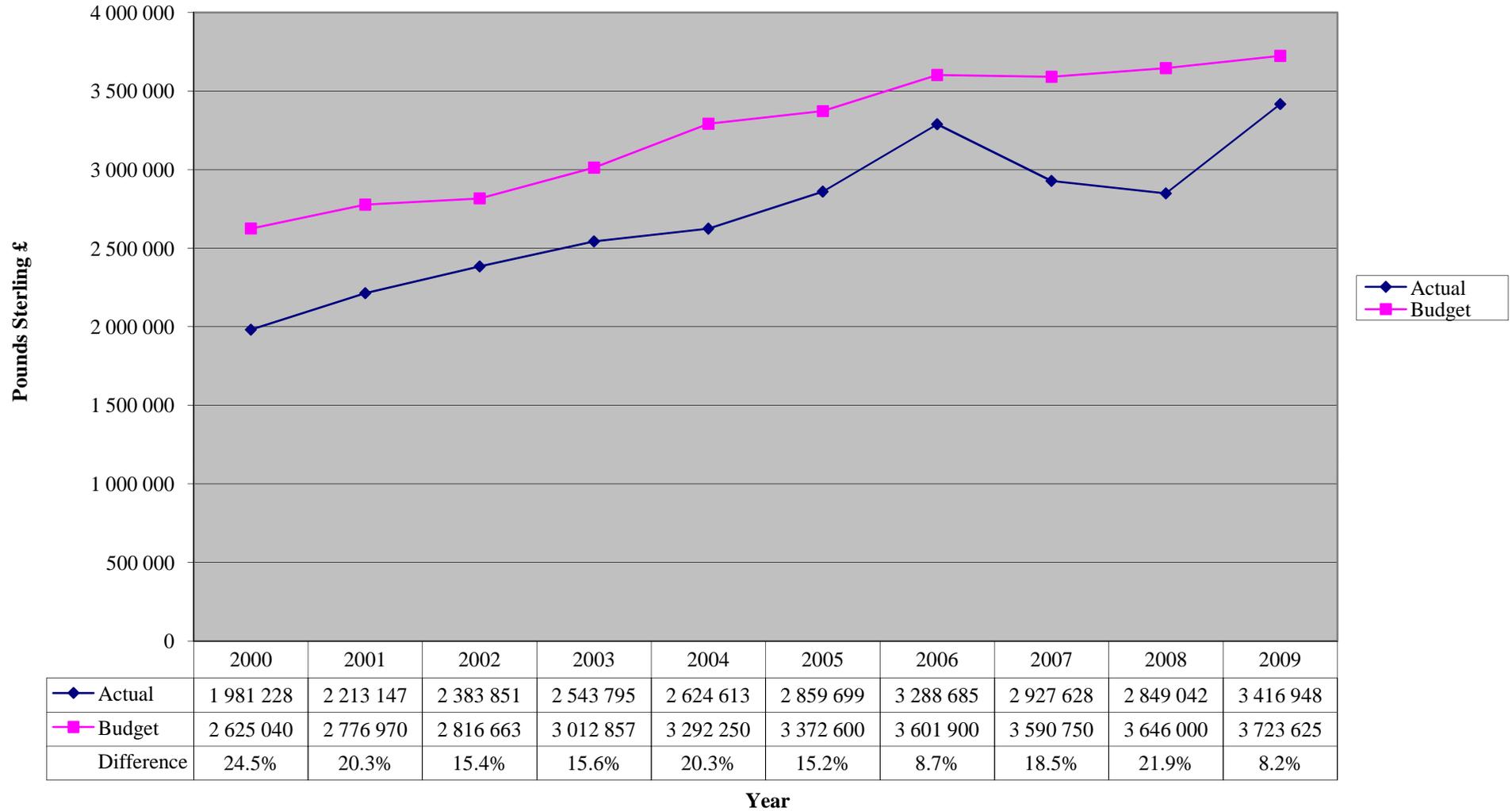
\*\* Subject to a decision of the Executive Committee authorising the Director to make payments (paragraph 6.2.4).

Figures in brackets show outflow.

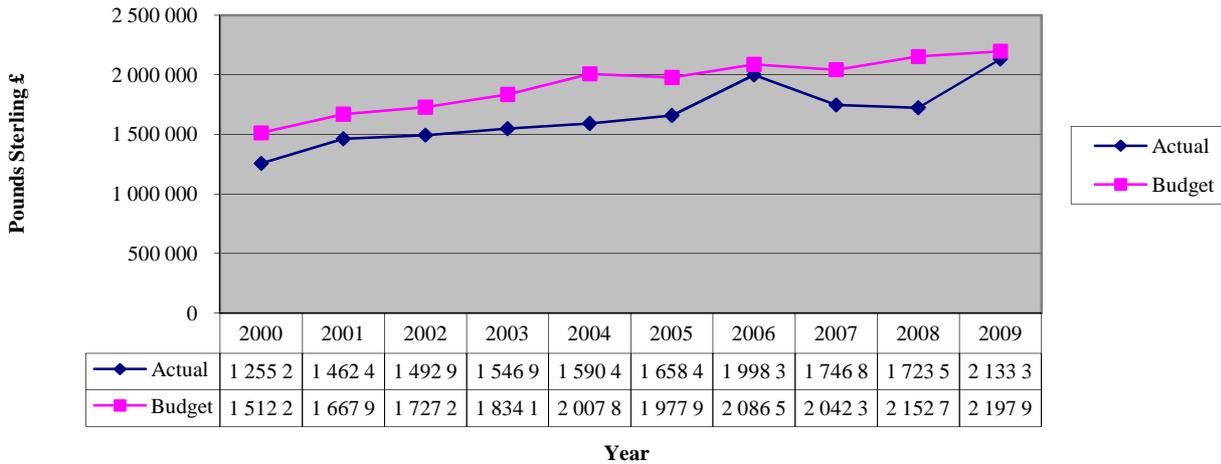
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ANNEX V

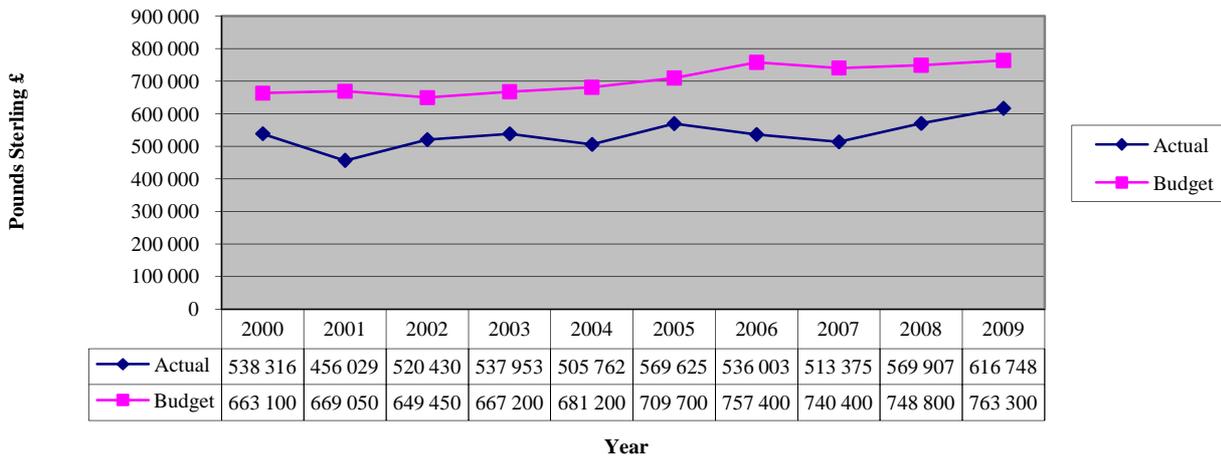
**ACTUAL EXPENDITURE vs BUDGET APPROPRIATIONS FOR THE FINANCIAL YEARS 2000 - 2009**



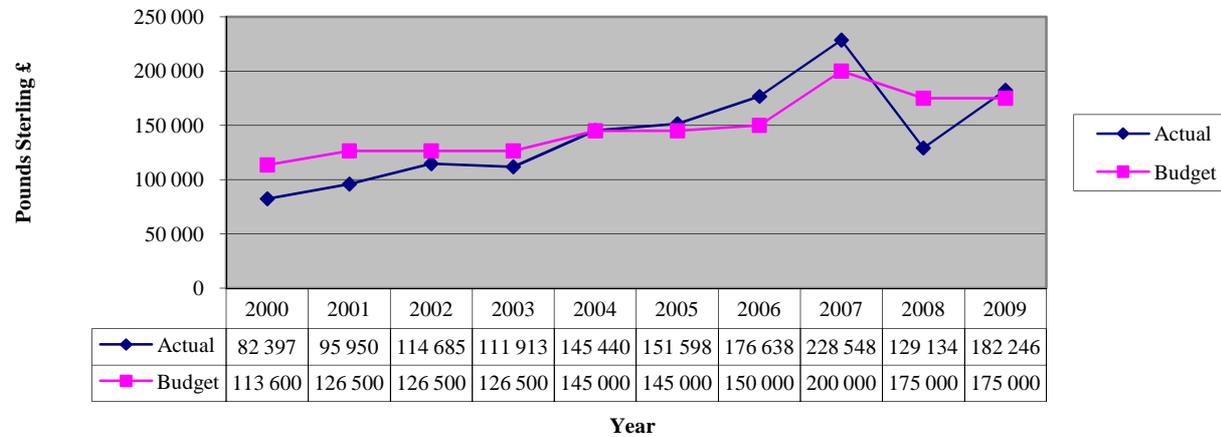
### Chapter I PERSONNEL



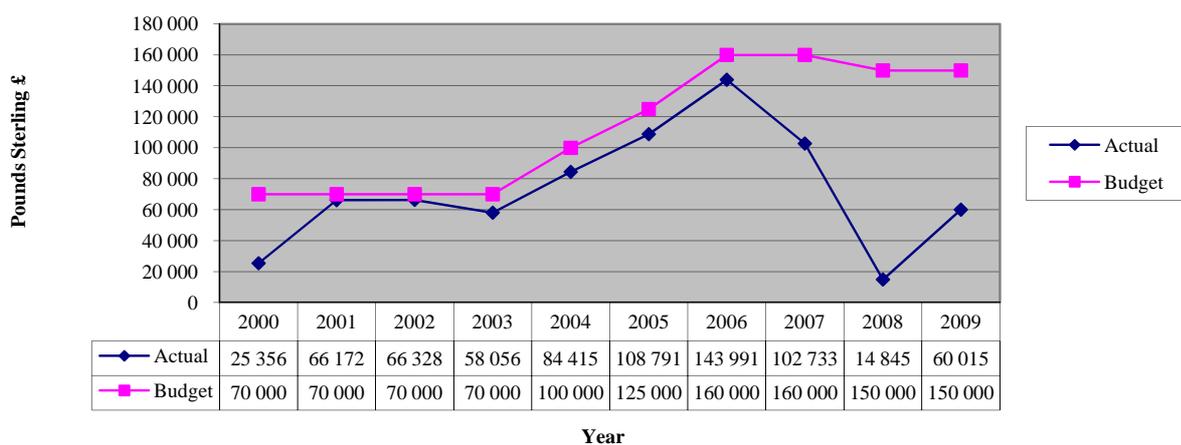
### Chapter II GENERAL SERVICES



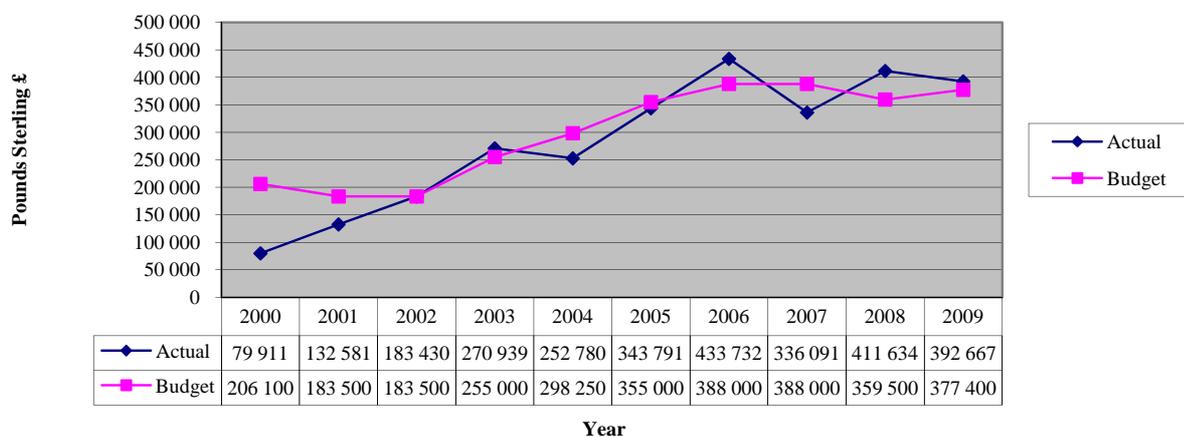
### Chapter III MEETINGS



### Chapter IV TRAVEL



### Chapter V MISCELLANEOUS EXPENSES



### Chapter VI UNFORESEEN EXPENSES

