



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

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1992 Fund Assembly	92A16	•
1992 Fund Executive Committee	92EC53	•
Supplementary Fund Assembly	SA7	•
1971 Fund Administrative Council	71AC27	•

MEASURES ENCOURAGING THE SUBMISSION OF OIL REPORTS

DEVELOPMENT OF AN ONLINE REPORTING SYSTEM

Note by the Secretariat

Summary:	Information is provided on measures to encourage prompt and accurate submission of oil reports by Member States. In particular, the recent developments of a prototype online reporting system for contributing oil are described, together with the Director's considerations on this matter.
Action to be taken:	<p><u>1992 Fund Assembly:</u></p> <p>Decide whether to approve the continuation of the trial of the online reporting system as set out in paragraph 5.1.</p> <p><u>Supplementary Fund Assembly and 1971 Fund Administrative Council:</u></p> <p>Information to be noted.</p>

1 **Introduction**

- 1.1 The idea of an online oil reporting system was first suggested at the 2005 sessions of the governing bodies meeting as one way of tackling the problem of late and incorrect reporting of contributing oil. More specifically, it was envisaged that an online reporting system would correct recurring reporting issues (stated below), thereby reducing administrative work for the Secretariat and the Member States alike (see documents 92FUND/A.10/37/1, section 5, SUPPFUND/A/ES.1/21, section 9 and 71FUND/AC.17/20, section 11).
- 1.2 Common reporting issues include:
- (i) An individual contributor submitting a completed form directly to the Secretariat without prior clearance by the Member State.
 - (ii) Contributors or Member States not clearly understanding what 'contributing oil' is, having not been given a sufficient level of individual assistance or instructions by the Secretariat to facilitate the submission of oil reports.
 - (iii) The Secretariat not being informed in a timely manner when a company is acquired by another company or when companies become associated. For instance, when one company is acquired by another, it is not always clear when the sale took place, and hence who is legally responsible for oil reports and subsequent contributions.
 - (iv) Handwritten forms sometimes containing obscure handwriting leading to potential errors.

- (v) Missing State signatures which require the Secretariat to mail the forms back to the State, resulting in reporting delays.
- (vi) The Secretariat spending a significant amount of time chasing the right contact persons both for the State authority and for individual companies.
- (vii) The length of time taken to process the oil reports, as they are inputted manually by the Secretariat.

- 1.3 At the 2005 sessions, many delegates supported the idea of an online reporting system, but due to lack of resources, the work did not commence until 2009 when the 1992 Fund Administrative Council instructed the Director to continue the development of the online oil reporting system, taking into account the concerns and suggestions expressed by delegations, with a view to running a trial of a prototype system in 2010.
- 1.4 In March 2010, nine States (Bahamas, Canada, China^{<1>}, Germany, Italy, Malaysia, Marshall Islands, New Zealand and Turkey) and a total of 50 contributors participated in the trial of the online reporting system.
- 1.5 At the October 2010 session, the 1992 Fund Administrative Council endorsed the Director's proposal to continue the trial of the online reporting system and prepare a detailed analysis of feedback and noted that a proposal for future development of the system would be prepared for consideration by the governing bodies (see document IOPC/OCT/10/6/1).

2 Phase I: 2010 trial of the online reporting system

- 2.1 The 2010 trial of the online reporting system provided valuable feedback. In particular, there were some difficulties with the login procedure (see document IOPC/OCT10/6/1, paragraph 3.2). The States involved suggested installing functions for State users to view and amend contributor details, status of oil reports, and enter tonnage. The latter being a key reason why States were eager to adopt an online system.
- 2.2 The Phase I trial also demonstrated the importance of securing adequate technological support and accurate information at every step. Moreover, a slow-paced implementation would allow time and flexibility for the Secretariat to continuously make improvements while ensuring that State users receive ample support during the transition from a paper-based to an online reporting system.
- 2.3 The trial required a great deal of the Secretariat's time. The States and contributors did not always assign a focal point and a high proportion of contacts were incomplete or out of date. A lot of staff time was thus spent on verifying contact details and assisting State users and contributors to log in to the system.
- 2.4 To conclude the 2010 experience, in May 2011 the Secretariat conducted a survey with the nine States in order to better assess their needs. The results of this survey provided the Secretariat with a number of suggestions which were taken into account in the development of Phase II of the online reporting system.

3 Phase II: Development of a prototype

Initial development

- 3.1 Based on lessons learnt from Phase I, the Secretariat decided to continue with Phase II, concentrating on State users only and ensuring adequate technological support.

^{<1>} The 1992 Fund Convention applies to the Hong Kong Special Administrative Region only.

- 3.2 This would enable technical improvements to be pursued, particularly in terms of improving the flexibility of the online system and assisting States in fulfilling their obligation to submit oil reports. During Phase II, the paper-based system would run in parallel, giving State users the option to stay with the current system and at the same time experience the improvements brought on by the online procedure.
- 3.3 A revised electronic oil reporting form was developed for Phase II (see Annex). The changes made to the form are essentially functional; the form has been designed to be completed electronically with the possibility of saving a copy offline and the re-design of the contributing oil section has made it easier to read. This electronic form will be available to all contributors, regardless of whether the Member State where a contributor is operating decides to use the online reporting system or not. The new form is part of Phase II and is expected to be used on a voluntary basis in 2012 and would, for the time being, still need to be printed and signed by both the contributor and the State authority. The request for submission of oil reports, to be sent by the Secretariat on 15 January 2012 will provide more details on completing the form. Subsequently, the new form will require the approval of the 1992 Fund Assembly and the Supplementary Fund Assembly as well as a modification to the 1992 and Supplementary Funds' respective Internal Regulation 4, before it can be officially used as a definite replacement for the existing form.
- 3.4 The option of submitting a 'Nil Declaration Form' was also added to the system for States with no contributors. It is believed that the online reporting system will also be beneficial to States submitting nil declarations as it cuts down on paperwork and allows for the setting up of contributors should the situation change in a given State.
- 3.5 In July 2011, a new technical specification was drawn up for Phase II of the project. The same software company was selected to undertake the development of the second phase based on their experience from Phase I.
- 3.6 The redeveloped prototype was sent to nine Member States (Australia, Bahamas, China^{<2>}, Germany, Italy, Latvia, Malaysia, New Zealand and Turkey) in September 2011, with a request for feedback.

Trial

- 3.7 All nine States responded to the Secretariat's request for feedback.
- 3.8 The login difficulties experienced by users in the first trial were resolved with the adoption of a new two-factor security system that uses a keypad and a personal identification number (pin), which has proved successful.
- 3.9 All the State users stated that the prototype offered a simple, user-friendly way to submit tonnage information. The user guide that was sent with the prototype was also found useful.
- 3.10 The prototype testing once again highlighted that in order to facilitate oil report submissions, Member States must appoint a designated focal person for oil reports in their country, and that those contact persons need a full induction on how to submit oil reports. As one State stated, more and more users will be using the online system without having used the paper system and to take that into account, the Secretariat will need to include an explanation on oil reports in the user guide for this purpose.

4 Other measures encouraging the submission of oil reports

- 4.1 A series of regional lunch meetings for London-based representatives of both Member States and non-Member States, hosted by the IOPC Funds' Secretariat, have continued in 2011. These lunch meetings continue to provide an opportunity for the Secretariat to discuss issues relating to oil reports directly with representatives of Member States.

^{<2>} The 1992 Fund Convention applies to the Hong Kong Special Administrative Region only.

- 4.2 The Audit Body has also carried out a detailed review of certain past measures as instructed by the governing bodies in previous years, in order to monitor and report back on the effectiveness of those measures and to make recommendations for further action as may be warranted. Whilst the Audit Body has noted some welcome improvement, and concluded that those past measures should remain in place subject to further review in the future, it has not found evidence that they have yet had significant effect in improving the unsatisfactory position with regards to oil reports.
- 4.3 In cooperation and with the assistance of the Secretariat, another procedure involving the use of independent sources to validate and assist with reporting of oil imports was considered in order to help Member States to submit timely, accurate data. Document IOPC/OCT11/6/2 (paragraph 2) submitted by the Audit Body describes the rationale behind the acquisition of data from Lloyd's Intelligence Unit on a trial basis. The budget implications of acquiring the data is covered in the Budget document (IOPC/OCT11/9/2/1, Annex II, paragraph 5.3). The Audit Body considers that this has the potential to improve significantly the present unsatisfactory position with regard to the accuracy and timeliness of the submission of oil reports and the collection of contributions.

5 Director's considerations

- 5.1 Based on the improvements made to the online reporting system and the positive feedback received from the trial States in Phase II, the Director is of the view that the prototype now needs to be built into an operational system in 2012, allowing States interested in submitting oil reports online to do so from next year as a test. Potential State users are therefore invited to contact the Secretariat at their earliest convenience if they wish to test the online reporting system and the new oil reporting form for the submission of 2011 oil reports, due by 30 April 2012.
- 5.2 Once State users become familiarised with the system, a proposal for expanding the system to include contributing companies will be prepared for consideration by the governing bodies, together with the approval for a transition to full online reporting.

6 Action to be taken

6.1 1992 Fund Assembly

The 1992 Fund Assembly is invited:

- (a) to take note of the information contained in this document; and
- (b) to approve the continuation of the trial of the online reporting system (paragraph 5.1).

6.2 Supplementary Fund Assembly and 1971 Fund Administrative Council

The Supplementary Fund Assembly and the 1971 Fund Administrative Council are invited to take note of the information contained in this document.

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**ANNEX
REVISED OIL REPORTING FORM**



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

FONDS INTERNATIONAUX
D'INDEMNISATION POUR
LES DOMMAGES DUS
À LA POLLUTION PAR
LES HYDROCARBURES

FONDOS INTERNACIONALES
DE INDEMNIZACIÓN DE
DAÑOS DEBIDOS A
CONTAMINACIÓN POR
HIDROCARBUROS

REPORT ON RECEIPTS OF CONTRIBUTING OIL

made under

**Article 15.1 of the 1992 International Convention on the Establishment
of an International Fund for Compensation for Oil Pollution Damage
(1992 Fund Convention)**

and/or

**Article 13.1 of the 2003 Protocol to the 1992 Fund Convention
(Supplementary Fund Protocol)**

The 1992 Fund Convention and the Supplementary Fund Protocol require that all Member States report to the Director of the International Oil Pollution Compensation Funds (IOPC Funds) each year the name and address of any company or entity in that State which is liable to pay contributions to the 1992 Fund and/or to the Supplementary Fund, as well as the quantity of contributing oil received by each of these companies and entities in the preceding year. The Funds' Internal Regulations require that the reports should be submitted using this form and no later than 30 April each year.

Member States in which no company or entity is liable to pay contributions to the 1992 Fund and/or the Supplementary Fund should notify the Director accordingly.

Please note that a company or entity which receives contributing oil in a State which is a Member of the Supplementary Fund may need to submit separate reports in respect of the 1992 Fund and the Supplementary Fund, if that company or entity receives any contributing oil by modes of transport other than directly by sea (e.g. by pipeline, non-sea going barge, road or rail) from a State which was a Member of the 1992 Fund but was not a Member of the Supplementary Fund for all or part of the relevant year.

Please ensure that the report has been signed correctly before submitting it to:

Director of the IOPC Funds
23rd Floor Portland House
Bressenden Place
London SW1E 5PN
United Kingdom
Tel: +44 (0)20 7592 7100
Fax: +44 (0)20 7592 7111
oilreport@iopcfund.org

The form for reporting receipts of contributing oil should not be circulated
without the notes on pages 1 - 2 and the definition of oil on the last page.

(Revised August 2011)

NOTES

COMPANY OR ENTITY RECEIVING CONTRIBUTING OIL

A report should be submitted for each company or entity that received more than 150 000 metric tonnes of contributing oil (crude oil and heavy fuel oil as set out on page 4 of this form) in any calendar year. Company or entity includes any individual or partnership, any public or private body, whether corporate or not, and a State or any of its sub-divisions, such as provinces or agencies.

However, a report should also be submitted for any individual entity that received less than 150 000 tonnes of contributing oil in any calendar year if it forms part of a group of "associated" companies or other entities which together received more than 150 000 tonnes of contributing oil in the same State in that year. "Associated" means any subsidiary or commonly controlled entity. Whether or not an entity is associated shall be determined by the national law of the State concerned.

RECEIPTS OF CONTRIBUTING OIL

All contributing oil received during the relevant calendar year should be reported if it was:

- A. received in the ports or terminal installations in the Member State directly after carriage by sea
- having been imported from other States, or
 - following coastal movement within the same State (e.g. from terminals at sea, from floating storage tanks, from offshore oil fields by vessel or after cabotage), or
- B. received by other modes of transport (e.g. by pipeline, non-sea going barge, road or rail transport) from a non-Member State, after having been received in a port or terminal installation in that State after carriage by sea. Such oil is only liable for contributions on first receipt in a Member State.

Discharge into a floating tank within the territorial waters of the Member State (including its ports) constitutes a receipt, irrespective of whether the tank is connected with onshore installations via pipeline or not. Ships are considered to be floating tanks in this connection if they are 'dead' ships, ie if they are not ready to sail, or if they are permanently or semi-permanently at anchor.

"Received" does not include ship-to-ship transfer, irrespective of whether such a transfer

- takes place within a port area or outside the port but within territorial waters, or
- is done solely by using the ships' equipment or by means of a pipeline passing over land, or
- is between two sea-going vessels or from a sea-going vessel to an internal waterway vessel.

When the oil, after having been transferred in this way from a sea-going vessel to another vessel, has been carried by the latter to an onshore installation situated in the same Member State or in another Member State, the receipt in that installation shall be considered as receipt of oil carried by sea. However, in the case where the oil passes through a storage tank before being loaded to the other ship, it has to be reported as oil received at that tank in that State.

"Carriage by sea" does not include movement within the same port area.

SIGNATURES

The form should be signed by a competent officer of the company or entity receiving contributing oil as certification that the figures are correct. Should a Member State have declared that it assumes itself the liability to pay contributions in respect of oil received in the territory of that State, such a signature is not obligatory.

The form should also be signed by a responsible official of the Government or competent Government authority to indicate that the Government or authority is satisfied that the information given is complete and that the figures are correct.

CONTRIBUTING OIL

"Contributing oil" means crude oil and fuel oil defined as below.

"Crude oil" means any liquid hydrocarbon mixture occurring naturally in the earth whether or not treated to render it suitable for transportation. It also includes crude oils from which certain distillate fractions have been removed (sometimes referred to as "topped crudes") or to which certain distillate fractions have been added (sometimes referred to as "spiked" or "reconstituted" crudes).

"Fuel oil" means heavy distillates or residues from crude oil or blends of such materials intended for use as a fuel for the production of heat or power of a quality equivalent to the "American Society for Testing and Materials' Specification for Number Four Fuel Oil (Designation D396-69)", or heavier.

The following list of contributing and non-contributing oil is intended as a guide for contributors.

Contributing Oil	Non-Contributing Oil
<p>Crude Oils</p> <ul style="list-style-type: none"> ● All naturally occurring crude oils * ● Condensate ● Topped crudes ● Spiked crudes ● Reconstituted crudes <p>Finished Products</p> <ul style="list-style-type: none"> ● No4 fuel (ASTM) ● Navy special fuel ● Light fuel oil ● No 5 fuel (ASTM) - light ● Medium fuel oil ● No 5 fuel (ASTM) - heavy ● Bunker C fuel oil ● Heavy fuel oil ● No 6 fuel oil (ASTM) ● Blended fuel oils by viscosity or sulphur content ● Bituminous emulsions and fuel oil emulsions** <p>Intermediate or Process Stocks</p> <ul style="list-style-type: none"> ● Fuel oil blend stocks 	<p>Crude Oils</p> <ul style="list-style-type: none"> ● Natural gas liquids ● Condensate * ● Casinghead naphtha ● Natural gasoline ● Cohasset-panuke <p>Finished Products</p> <ul style="list-style-type: none"> ● LNG and LPG ● Aviation gasolines - Motor gasoline (petrol, essence) ● White spirit ● Kerosene ● Aviation kerosene - Jet 1 A and No 1 fuel (ASTM) ● Gas oil ● Heating oil ● No 2 fuel (ASTM) - Lubricating oil ● Marine diesel <p>Intermediate or Process Stocks</p> <ul style="list-style-type: none"> ● Straight run naphtha ● Light cracked naphtha ● Heavy cracked naphtha ● Platformate ● Reformate ● Steam-cracked naphtha ● Polymers ● Isomers ● Alkylates ● Catalytic cycle oil ● Reformer feed ● Steam cracker feed ● Gas oil blend stocks ● Catalytic cracker feedstock ● Visbreaker feedstock ● Aromatic tar

*To be considered as 'non-contributing oil' if more than 50% by volume distils at a temperature of 340°C and at least 95% by volume distils at a temperature of 370°C, when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

**Quantity of emulsion received should be reported with no allowance for its water content.