



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

Agenda item: 9	IOPC/OCT11/9/2/1	
Original: ENGLISH	1 September 2011	
1992 Fund Assembly	92A16	•
1992 Fund Executive Committee	92EC53	
Supplementary Fund Assembly	SA7	
1971 Fund Administrative Council	71AC27	

BUDGET FOR 2012 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

1992 FUND

Note by the Director

Summary:	As indicated in document IOPC/OCT11/9/2, the draft 1992 Fund administrative budget for 2012 is presented, with the Director's comments thereon. The draft budget (excluding External Auditor's fees) for the joint Secretariat for 2012 totals £4 607 510. An assessment is made of the likely compensation payments and other incident-related expenses. The resulting need for 2011 contributions to the General Fund is examined.
Action to be taken:	<p><u>1992 Fund Assembly:</u></p> <ul style="list-style-type: none">(a) Decide whether to renew the authorisation given to the Director to create additional posts in the General Service category as required (paragraph 4.11);(b) Approve the inclusion in the draft 2012 budget under Chapter I - Personnel of an unspecified Professional category post in the Secretariat at the P3 Level (paragraph 4.12);(c) Adopt the draft budget for 2012 for the administrative expenses of the 1992 Fund (Section 4 and Annex I);(d) Approve the Director's estimate of the expenses to be incurred in 2012 in respect of the preparation for the entry into force of the HNS Convention (paragraph 6.3.5);(e) Decide whether to maintain the working capital of the 1992 Fund at £22 million (paragraph 6.4.4); and(f) Decide on the levy of 2011 contributions to the General Fund (section 7).

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:
- (a) costs and expenses of the administration of the 1992 Fund, and any deficit from preceding years;
 - (b) payments of claims and claims-related expenses up to 4 million SDR^{<1>} per incident (minor claims); and
 - (c) 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).
- 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/OCT11/9/3/1).
- 1.6 As for the individual incidents covered in this document, information is contained in **Annex V** and reference is also made to the information contained in the Notes to the 2010 Financial Statements (document IOPC/OCT11/5/6/1).
- 1.7 It should be noted that in this document any estimate of amounts to be paid by the 1992 Fund in compensation has been made solely for the purpose of the assessment of the balance on the General Fund as at 31 December 2012. This does not take into account the position of the 1992 Fund in respect of the admissibility of claims arising from the incidents.

2 Adoption of International Public Sector Accounting Standards

- 2.1 Despite the adoption of the new standards (International Public Sector Accounting Standards (IPSAS)) from 1 January 2010, the Fund's budgets will continue to be prepared on a cash basis.
- 2.2 The adoption of IPSAS has 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 is provided in the Financial Statements for that year.
 - 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. These costs include liabilities such as accrued annual leave and repatriation costs for existing staff. This liability is required to be fully provided for in the Financial Statements and, though fairly modest (less than 10% of the 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 2012 and is shown in the table in paragraph 6.5.1.

^{<1>} The SDR (Special Drawing Rights) which is the unit of account used in the Conventions 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.

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/OCT11/9/1, 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 2012 in respect of the costs of running the joint Secretariat.

4 Budget for administrative expenditure in 2012

- 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 2012.
- 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 2010 (actual expenditure and budget appropriations) and for 2011 (budget appropriations) are also given.
- 4.3 Excluding the External Auditor's fees, the draft administrative budget for the three Organisations totals £4 607 510. The External Auditor's fees are paid directly by each Fund. This budget figure is 10.7% (£444 990) higher than the corresponding 2011 budget appropriations of £4 162 520 (cf paragraph 4.5)
- 4.4 Excluding the External Auditor's fees, the overall increase over the 2011 budget of £444 990 can mainly be attributed to the under-mentioned costs which are deemed 'fixed' and over which the 1992 Fund does not have control. These costs make up for some 8.7% of the increase of 10.7 % on the corresponding 2011 budget of £4 162 520.

	<u>Increase</u>	
	<u>£</u>	<u>%</u>
Chapter I- Personnel costs	318 565	7.7
Chapter II - Accommodation	19 200	0.5
Chapter III- Audit Body	20 000	0.5
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	357 765	8.7

The increase in the Consultants' fees (Chapter V) for 2012 by £50 000 (cf Annex II, paragraphs 5.3 and 5.4) accounts for another 1.2% of the increase.

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

CHAPTER	Proposed 2012 Appropriation £	2011 Appropriation £	% Increase/(decrease) Appropriation on 2011
I Personnel	2 858 285	2 539 720	12.5%
II General services	993 075	939 800	5.7%
III Meetings	150 000	150 000	0.0%
IV Travel	150 000	150 000	0.0%
V Miscellaneous expenditure (excluding External Audit fees for all three Funds)	396 150	323 000	22.6%
VI Unforeseen expenditure	60 000	60 000	0.0%
Total Expenditure Chapters I-VI	4 607 510	4 162 520	10.7 %
Total Expenditure Chapters I-VI (including External Audit fees of £63 000)	4 670 510	4 225 520	10.5 %

4.6 The administrative budget, including the total cost of the external audit for all three Organisations (£63 000), is £4 670 510 compared to £4 225 520 for 2011.

4.7 The Director submits for consideration by the 1992 Fund Assembly an administrative budget covering the expenses for 2012 of the joint Secretariat. **The draft budget is at Annex I.**

4.8 **Notes on the individual appropriations are set out in Annex II.** A summary of the key changes to the 2012 budget in comparison (excluding External Audit fees) to 2011 by Chapter is set out below.

Chapter I – Personnel (62.0% of the 2012 proposed budget)

12.5% increase on 2011 budget appropriation

- The Chapter consists of:

Expense Head	2012 Appropriation £	2011 Appropriation £
Salaries	2 061 860	1 851 810
Separation and recruitment	75 000	35 000
Staff benefits, allowances and training	721 425	652 910

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 2012.

Increase under staff benefits and allowances due mainly to higher budget appropriations for home leave. Home leave entitlement in 2011 is lower.

Chapter II – General Service (21.6% of the 2012 proposed budget)

5.7% increase on 2011 budget appropriation

- This Chapter consists of:

Expense Head	2012 Appropriation £	2011 Appropriation £
Accommodation	347 000	327 800
IT- (hardware,software,maintenance and connectivity)	318 075	154 000
Furniture & other office equipment	26 000	25 000
Stationery	22 000	22 000
Communications	45 000	76 000
Other supplies and services	35 000	35 000
Hospitality	25 000	25 000
Public Information	175 000	275 000

IT- (hardware, software, maintenance and connectivity) (previously titled - *Office Machines (IT) (including maintenance)*) - Increase of 107% due to inclusion of bespoke software development, connectivity and maintenance costs eg. Online Reporting System.

Communications – decrease due to moving email/connectivity to IT budget expense head.

Public Information– decrease since development of Oil Reporting system has been moved to IT budget head expense.

Chapter V – Miscellaneous Expenditure (8.6% of the 2012 proposed budget)

22.6 % increase on 2011 budget appropriation

- This Chapter consists of

Expense Head	2012 Appropriation £	2011 Appropriation £
External Audit fees	-	-
Consultants and other fees	150 000	100 000
Investment Advisory Body (IAB)	66 150	63 000
Audit Body (AB)	180 000	160 000

External Audit fees – (not included in paragraph 4.5) paid by the individual organisations.

- Increase of £50 000 in Consultants and other fees to cover cost of oil import data from Lloyds Insurance Group.
- Inflationary increase to IAB and AB fees plus increase in AB travel costs.

Chapter III (Meetings); Chapter IV (Travel: conferences and mission) Chapter VI (unforeseen)
(Remaining three Chapters make up 7.8% of the 2012 proposed budget)

No change from 2011 budget appropriations

- 4.9 Information on the developments in the joint Secretariat's administrative budget and actual expenses during the ten year period 2000 – 2010 is given in **Annex VI**.
- 4.10 At its October 2010 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/OCT10/11/1, paragraph 9.2.7). Since this authority was provided to the Director by the Assembly in October 2003 four posts have been created namely, one in 2004, one in 2008 and two in 2011 (cf IOPC/OCT11/7/1).

- 4.11 The Director considers that the authority given to him referred to in paragraph 4.10 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 2012 (ie up to £206 000 based on the draft 2012 budget).
- 4.12 The flexibility provided to the Director in respect of General Service category posts within the Secretariat was extended in 2010 by the 1992 Fund Administrative Council to the Professional category when it approved within the 2011 budget one additional unspecified post in the Professional category at P3 level as all professional posts had been filled. This new post has not been filled to date. The Director, however, considers that having this flexibility will assist in the management of the Secretariat and has therefore included in the draft 2012 budget under Chapter I - Personnel the unspecified professional category post at the P3 Level (£76 500). This decision of the 1992 Fund Administrative Council in October 2010 has allowed the Secretariat the possibility of operating with a Director and an Acting Director for ten months in 2011 without the need to request an additional budget.

5 Estimated balance as at 31 December 2011

5.1 Estimated balance

The balance on the General Fund at 31 December 2011 is estimated at £24 951 443 as shown in the table below:

	£	£
Balance b/f at 1 January 2011		
Working Capital	22 000 000	
Surplus / (deficit)	<u>2 974 554</u>	
	24 974 554	
Add back - Provision for employee benefits	340 189	
Less - Difference between cost of fixed assets and depreciation (Notes 9 and 10 to 2010 Financial Statements (document IOPC/OCT11/5/6/1))	18 887	25 295 856
<i>Plus</i>		
2010 General Fund contributions receivable in 2011	3 635 000	
Previous years' General Fund contributions receivable in 2011	5 000	
Interest to be earned in 2011 (estimate)	400 000	
Management fee payable by 1971 Fund	240 000	
Management fee payable by Supplementary Fund	56 000	
		4 336 000
		29 631 856
<i>Less</i>		
Estimated 2011 administrative expenditure including External Auditor's fees (paragraph 5.3.2)	4 115 413	
Minor claims expenditure in 2011 (Annex III)	565 000	
		4 680 413
Estimated balance as at 31 December 2011		24 951 443

5.2 Income*Contributions*

- 5.2.1 The 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, decided at its 7th session in October 2010 that there should be a levy of 2010 contributions of £3.8 million for receipt by 1 March 2011.

Interest to be earned in 2011

- 5.2.2 Interest earned for the period 1 January – 30 June 2011 amounts to some £200 000. Based on the current interest rates applicable to the 1992 Fund investments, which includes enhanced yield on financial instruments, interest income for 2011 is estimated at £400 000 based on an average capital of £25 million.

Management fee payable to the 1992 Fund in 2011

- 5.2.3 The management fee payable to the 1992 Fund for 2011 was set by the governing bodies at £240 000 for the 1971 Fund and at £56 000 for the Supplementary Fund (see document IOPC/OCT10/11/1, 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 2011 budget at **£4 162 520**. Based on information to date the total expenditure **excluding** the External Audit fees for 2011 is estimated to be some **£4 066 413**, which is 2.3% lower than the 2011 budget appropriation, as set out in the table below:

CHAPTER	2011 Appropriation £	Expenditure to 30 June 2011 £	Projected total 2011 expenditure £	% of 2011 Appropriation
I Personnel	2 539 720	1 253 042	2 547 206	100.3%
II General services	939 800	386 519	864 707	92.0%
III Meetings	150 000	63 498	165 000	110.0%
IV Travel	150 000	61 345	100 000	66.7%
V Miscellaneous expenditure (excluding External Audit fees)	323 000	141 588	389 500	120.6%
VI Unforeseen expenditure	60 000	0	0	0%
Total Expenditure Chapters I-VI	4 162 520	1 905 992	4 066 413	97.7%

- 5.3.2 Including the External Audit fee of £49 000 for 2010, payable in 2011, the total expenditure for the 1992 Fund for the 2011 financial year is estimated at **£4 115 413** (£4 066 413 plus £49 000).

Minor claims expenditure 2011

- 5.3.3 As can be seen from **Annex III**, it is expected that fees will be incurred during 2011 in respect of three incidents involving the 1992 Fund. The total claims and claims-related expenses during 2011 are estimated at **£565 000** 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 total amount of the admissible claims or 20 million SDR and the limitation amount applicable to the ship under the 1992 Civil Liability Convention (1992 CLC). 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 2011.

6 Estimates for 2012

6.1 Income

Interest to be earned in 2012

- 6.1.1 Interest income during 2012 from the 1992 Fund's investment of the assets of the General Fund is estimated at £350 000. This estimated yield is based on an average principal of approximately £24 million at an average interest rate of 1.5% (due to enhanced yield obtained on financial instruments).

Management fee payable to the 1992 Fund

- 6.1.2 The Director has proposed that the management fees payable to the 1992 Fund for 2012 be set at £255 000 (2011-£240 000) for the 1971 Fund and at £59 500 (2011-£56 000) for the Supplementary Fund (cf document IOPC/OCT11/9/1). The proposed management fees for 2012 have been set based on the number of estimated working days which the staff as a whole during 2012 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 2012 totals **£4 607 510**, as detailed in Section 4. A provision for accrued annual leave and repatriation grant of £340 000 has been made. The External Audit fee for auditing the 2011 Financial Statements, which is payable in 2012, has been estimated by the External Auditor at £49 000.

Minor claims expenditure 2012

- 6.2.2 The incidents in respect of which payments may have to be made from the General Fund during 2012 are listed in **Annex IV**.
- 6.2.3 It is estimated that the payments by the 1992 Fund from the General Fund in 2012 relating to three incidents will total **£1 973 000**. 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 7th session, held in October 2010, 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 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 2012.
- 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 2012. 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 2012, 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 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, £80 000 in 2010 and £150 000 in 2011. **Of the total appropriations over the years of £620 000 some £183 500 (including interest) had been used as at 30 June 2011.** 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 – 2011 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2012.
- 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 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 IMO 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.
- 6.3.4 At its session in October 2010, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, in accordance with Resolution 1 adopted by the Diplomatic Conference, instructed the Director, *inter alia*, to carry out, in addition to the tasks under the 1992 Fund Convention, the administrative tasks necessary for setting up the HNS Fund; to give all necessary assistance for setting up the HNS Fund; and to make the necessary preparations for the first session of the Assembly of the HNS Fund (document IOPC/OCT/10/11/1, paragraph 8.4.15).
- 6.3.5 An appropriation of **£150 000** has been included in the 2012 budget to cover the costs for these preparations and other administrative tasks in respect of the HNS Fund (cf IOPC/OCT/11/8/4).

6.3.6 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 2012 budget accordingly.

6.5 Estimated balance

6.5.1 The estimates for the General Fund for 2012 are set out in the table below:

		£	£
	ESTIMATED INCOME		
	Balance at 31 December 2011 (paragraph 5.1) Surplus/(deficit)		24 951 443
<i>Plus</i>	Interest to be earned in 2012	350 000	
	Management fee payable by 1971 Fund for 2012	255 000	
	Management fee payable by Supplementary Fund for 2012	59 500	
	Total estimated income 2012		664 500
<i>LESS</i>	ESTIMATED EXPENDITURE		
	Joint administrative expenditure 2012 (excluding external audit fee for all three Organisations) (Annex I)	4 607 510	
<i>Plus</i>	Provision for accrued Annual Leave and Repatriation Grant (ALRG) as at 31 December 2012	340 000	
<i>Plus</i>	External Audit fee for 1992 Fund	49 000	
<i>Plus</i>	Minor claims expenditure 2012 (Annex IV)	1 973 000	
	Loans to HNS Fund (cf paragraph 6.3.5)	150 000	
<i>Plus</i>	Working capital (cf paragraph 6.4.4)	22 000 000	
	Total estimated expenditure 2012		29 119 510
	ESTIMATED EXPENDITURE OVER INCOME		(3 503 567)

6.5.2 **The balance as at 31 December 2011 is estimated at £24 951 443** which exceeds the working capital by £2 951 443. When assessing the need for levying contributions for payment in the following year (2012) 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 **£3 503 567 would be needed to balance the 2012 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 2011 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 2012 budget of the General Fund, the Director proposes that there should be a levy of 2011 contributions to the General Fund of **£3.5 million** payable by 1 March 2012.

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 £206 000 based on the draft 2012 budget) (paragraph 4.11);
- (c) to approve the inclusion in the draft 2012 budget under Chapter I - Personnel of an unspecified Professional category post in the Secretariat at the P.3 Level (£76 500) (paragraph 4.12);
- (d) to adopt the draft budget for 2012 for the administrative expenses of the 1992 Fund (Section 4 and Annex I);
- (e) to approve the Director's estimate of the expenses to be incurred in 2012 in respect of the preparation for the entry into force of the HNS Convention (paragraph 6.3.5);
- (f) to decide whether to maintain the working capital of the 1992 Fund at £22 million (paragraph 6.4.4); and
- (g) to decide on the levy of 2011 contributions to the General Fund (Director's proposal of £3.5 million, payable by 1 March 2012, (section 7)).

ANNEX I
Draft 2012 Administrative Budget for 1992 Fund

STATEMENT OF EXPENDITURE		Actual 2010 expenditure for 1992 Fund		2010 budget appropriations for 1992 Fund		2011 budget appropriations for 1992 Fund		2012 budget appropriations for 1992 Fund	
		£		£		£		£	
	SECRETARIAT								
I	Personnel								
(a)	Salaries	1 594 077		1 742 200		1 851 810		2 061 860	
(b)	Separation and recruitment	180 058		35 000		35 000		75 000	
(c)	Staff benefits, allowances and training	534 536		726 950		652 910		721 425	
	Sub-total		2 308 671		2 504 150		2 539 720		2 858 285
II	General Services								
(a)	Rent of office accommodation (including service charges and rates)	301 140		320 800		327 800		347 000	
(b)	IT - hardware, software, maintenance, connectivity ***	65 891		72 300		154 000		318 075	
(c)	Furniture and other office equipment	15 600		25 000		25 000		26 000	
(d)	Office stationery and supplies	20 287		22 000		22 000		22 000	
(e)	Communications (courier, telephone, postage) **	52 293		69 800		76 000		45 000	
(f)	Other supplies and services	23 576		35 000		35 000		35 000	
(g)	Representation (hospitality)	14 077		25 000		25 000		25 000	
(h)	Public Information	224 035		175 000		275 000		175 000	
	Sub-total		716 899		744 900		939 800		993 075
III	Meetings								
	Sessions of the 1992, Supplementary and 1971 Funds' governing bodies and Intersessional Working Groups		130 219		150 000		150 000		150 000
IV	Travel								
	Conferences, seminars and missions		95 397		150 000		150 000		150 000
V	Miscellaneous expenditure								
(a)	External audit fees for IOPC Funds	62 400		62 400		63 000		63 000	
(b)	Consultants' fees	162 846		150 000		100 000		150 000	
(c)	Audit Body	171 459		138 000		160 000		180 000	
(d)	Investment Advisory Body	60 500		60 000		63 000		66 150	
	Sub-total		457 205		410 400		386 000		459 150
VI	Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)		14 263		60 000		60 000		60 000
Total Expenditure I-VI			3 722 654		4 019 450		4 225 520		4 670 510
Total Expenditure I-VI excluding External Audit fees for IOPC Funds							4 162 520		4 607 510
VII	Due from 71Fund								
	Management fee payable to 1992 Fund by 1971 Fund		225 000		225 000		(240 000)		(255 000)
VIII	Due from Supplementary Fund								
	Management fee payable to 1992 Fund by Supplementary Fund		52 500		52 500		(56 000)		(59 500)
1992 Fund Budget Appropriation excluding External audit fee for IOPC Funds							3 866 520		4 293 010
1992 Fund Budget Appropriation including External audit fee for 1992 Fund only							3 915 020		4 342 010

*** Chapter II (b)

IT - hardware, software, maintenance and connectivity (previously - Office machines (IT hardware/software) / maintenance)

*** Chapter II (e)

Communications (courier, telephone, postage) (previously - Communications (courier, telephone, postage, e-mail/internet))

ANNEX II

NOTES ON THE INDIVIDUAL APPROPRIATIONS BY CHAPTER

1 Personnel (Chapter I)

2012 Appropriation £	2011 Appropriation £	% Increase/(Decrease) on 2011 Appropriation
2 858 285	2 539 720	12.5%

Overview

- 1.1 The major part of the Secretariat draft budget relates to Personnel costs and shows an increase under this Chapter of 12.5% on the 2011 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/OCT11/7/1. 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 affected the expenditure for personnel in 2011 is the ICSC place-to-place survey results for Professional and higher grade staff in duty stations, including London, which was undertaken in the latter part of 2010. The results of the Commission's conclusions and recommendation was implemented in April 2011 by IMO and resulted in an increase of 7.6% to post adjustments. Though not included in the 2011 budget it was highlighted as a possible expense in the 2011 budget document last year.
- (a) Salaries
- 1.4 There is a 11.3 % increase in the 2012 appropriation (£2 061,860) compared to 2011 (£1 851 810).
- 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 35 of which 18 are in the Professional category and 17 are in the General Service category (cf document IOPC/OCT11/7/1).
- 1.7 As at 1 September 2011 four established 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 post of Deputy Director has not been budgeted for since the 2007 budget. The 2012 budget does however include an additional sum to cover the cost of the post on the basis that the role of Deputy Director is combined with that of another senior post within the Secretariat.
- 1.10 With respect to the two in-house translator posts it is the intention to continue to use freelance translators as this is more 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 because the Director believes there is no need to fill them in the foreseeable future.
- 1.11 Under the authority given to him the Director has established two additional General Service category posts within the External Relations and Conference Department in 2011. Both posts have shown to be structurally required proven by the fact that the roles were covered by temporary appointments for large periods during 2009 and 2010.
- 1.12 The salaries budget includes an appropriation for one unspecified P3 post approved to be included in the 2011 budget by the governing bodies at their session in October 2010. This post was not filled in 2011. However the appropriation has been used in 2011 for the additional cost relating to having an Acting Director since October 2010 which was not included in the 2011 budget. The Director has included an appropriation for a P3 post in the 2012 budget in order to continue to maintain a degree of flexibility in the Professional Category. This post is not included in the established number of posts within the Secretariat.
- 1.13 As set out in paragraph 1.12 above the inclusion of an unspecified P3 post in 2011 budget proved valuable. The Assembly might wish to consider the corresponding inclusion in the 2012 budget of an appropriation for one, unspecified Professional Post at P3 level, ie £76 500 so the Organisation may continue to have a degree of flexibility in the Professional Category.
- 1.14 In the view of the Director, the entry into force of the HNS Convention and subsequent administration of the HNS Fund by the Secretariat would 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.
- 1.15 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 change to one post since the Assembly's session in October 2010 (cf document IOPC/OCT11/7/1) due to additional responsibilities being included in the job description.
- 1.16 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 2012 budget.

(b) Separation and recruitment

- 1.17 The budget appropriation also includes expenses which would be incurred in the event that recruitment is to be made to posts that may fall vacant. The budget appropriation for this expenditure has been increased to £75 000 (£35 000 in 2011) based on the expenses incurred under this budget head in the previous years.

(c) Staff benefits, allowance and training

- 1.18 An appropriation of £721 425 (an increase of 10.5% on the 2011 total of £652 910) 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 increase is mainly due to higher appropriations for insurance and for home leave travel where the entitlement compared to 2011 is higher. The provision for staff training has been maintained at £80 000 as in 2011 and 2010.

2 General services (Chapter II)

2012 Appropriation £	2011 Appropriation £	% Increase/(Decrease) on 2011 Appropriation
993 075	939 800	5.7%

- 2.1 The appropriations under (a) to (h) below amounting to £993 075 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 £347 000 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 £12 500 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 £117 000 compared to £100 000 in 2011. This increase is based on the increase in service charge payable on account during 2011.

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 Director hopes to conclude during 2012 an extension of this lease agreement with the Secretary General of IMO. 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 £33 000 has been included compared to £32 000 in 2011 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 the following:

Expense Head	2012 Appropriation £	2011 Appropriation £
Outside storage space rent	16 000	15 000
General maintenance	26 200	25 000
Cleaning of the premises	20 000	19 000
Electricity	17 000	20 000
Office contents insurance	6 000	7 500
Total	85 200	86 500

(b) IT (hardware, software, maintenance, connectivity) – previously 'Office machines'

2.11 The draft 2012 budget attempts to bring all costs relating to information technology under one budget head. Bespoke software development costs are included under this budget head in the 2012 budget. In previous years software development costs eg the Web-based Claims Management System (WCMS), FUNDMAN (finance and contribution system) and the Payroll systems were included under 'Consultancy' (Chapter V –Miscellaneous expenditure). In the 2011 budget the development of the 'On-Line Reporting System' (ORS) was under Public Information (Chapter II). The ongoing development of ORS has now been included under IT budget head. E mail/internet costs, has also been moved from 'Communications' (Chapter II) and included under IT budget as 'connectivity' costs.

2.12 The budget appropriation for 2012 totals £318 075 (£154 000 for 2011) broken down as follows:

Expense Head	2012 Appropriation £	2011 Appropriation £
Purchase of hardware	15 000	20 000
Purchase of software	57 500	35 000
Maintenance (hardware software, infrastructure)	100 475	94 000
Software development	72 000	-
Connectivity	68 100	-
IT related consumables	5 000	5 000
Total	318 075	154 000

- 2.13 Maintenance (re software) is as a result of the Funds using bespoke software such as the finance and contribution system, the web-based claims handling system, payroll which require periodic modifications.
- (c) Furniture and other office equipment
- 2.14 This appropriation has been increased slightly in line with inflation to £26 000. The budget head covers 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 decreased to £45 000 from £76 000 in 2011 and covers the cost of courier, postage and telephone. E-mail/internet connections has been moved to the IT budget head (b) above.
- (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 of the joint Annual Report of the IOPC Funds in the three official languages and of publications and documents (other than those prepared for the sessions of the Funds' governing bodies).
- (ii) The cost of the ongoing development of the Organisations' website, document server, record of decisions database, as well as expenditure in relation to other public relations projects (eg series of regional lunch meetings).
- 2.20 In 2012 there will also be some costs associated with the Funds' having a stand at the exhibition Interspill London 2012.
- 2.21 The total appropriation under this heading has been reduced to £175 000 compared to £275 000 in 2011 due to costs associated with the on-going development of the Online Reporting System (cf document IOPC/OCT11/6/1) being moved under the IT budget head (b) above.

3 **Meetings (Chapter III)**

2012 Appropriation £	2011 Appropriation £	% Increase/(Decrease) on 2011 Appropriation
150 000	150 000	0.0%

- 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 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.
- 3.3 The 2012 appropriation of £150 000 (£150 000 in 2011) has been prepared, as in previous years, on the basis of three meetings over 15 days scheduled as follows:
- (i) regular sessions of the governing bodies of the 1992 Fund, 1971 Fund and Supplementary Fund in October 2012: 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)**

2012 Appropriation £	2011 Appropriation £	% Increase/(Decrease) on 2011 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 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)**

2012 Appropriation £	2011 Appropriation £	% Increase/(Decrease) on 2011 Appropriation
459 150	386 000	19.0 %

(a) External audit

- 5.1 The United Kingdom National Audit Office has provisionally advised that the fee for auditing the accounts of the 2011 financial period of the 1992 Fund, 1971 Fund and Supplementary Fund which is payable in 2012 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 fees have been maintained at the same level as in 2011. 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 eg. study on 'Definition of Ship'.
- 5.3 In 2011, £63 000 paid for the purchase of data on oil imports by Member States from Lloyds Intelligence for the calendar year 2010 has been charged to the 'Consultant Fees' budget head. In accordance with the agreement with Lloyds Intelligence the cost for data for 2011 oil imports payable in 2012 is £50 000 (documents IOPC/OCT11/6/1 and IOPC/OCT11/6/2).
- 5.4 The budget appropriation for Consultants' fees has therefore been increased from £100 000 in 2011 to £150 000 in 2012.
- 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 2012.

(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 £180 000 is included in the draft 2012 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, set the level of annual honoraria/fees for the members of the Audit Body. 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 2011 UK Retail Price Index of 5% has been used for preparing budget appropriations resulting in the following annual honoraria/fees totalling £58 665:

Chairman	£6 615
Members	£4 410 each (£22 050 for five members)
External expert	£30 000

Travel costs including daily subsistence allowance for the members to attend meetings have been estimated to be in the region of £121 335.

(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 £22 050 per member. An appropriation of £66 150 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 1.3% of the draft budget.

* * *

ANNEX III

Estimated General Fund claims expenditure in 2011

(Figures in Pounds Sterling)

Incident	Date	Maximum payable from General Fund: 4 million SDR	Expenditure up to 31/12/10		Receipt under STOPIA 2006 Agreement** up to 31/12/10	Balance Payable from General Fund at 31/12/2010	2011 Expenditure				Receipts /receivables under STOPIA 2006 Agreement 01/01/11 to 31/12/2011	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 paid up to 31/12/10	Claims-related expenses paid up to 31/12/10			Compensation		Claims-related expenses					
							Paid 01/01/11-30/06/11	Estimate 01/07/11-31/12/11	Paid 01/01/11-30/06/11	Estimate 01/07/11-31/12/11				
<i>Solar 1</i> *	11/08/06	3 134 944	(6 491 623)	(165 112)	6 522 136	3 000 345	0	0	(10 276)	(4 724)	-	(15 000)	(150 000)	2 986 000
<i>Volgoneft 139</i>	11/11/07	3 059 508	0	(641 877)	-	2 417 631	0	0	(76 419)	(423 581)	-	(500 000)	(1 142 000)	1 918 000
Incident in Argentina	26/12/07	3 152 360	0	(162 653)	-	2 989 707	0	0	(6 780)	(43 220)	-	(50 000)	(213 000)	2 940 000
												(565 000)		

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

**Receipts under STOPIA 2006 includes bank charges related to the compensation payments

Figures in brackets show outflow.

* * *

ANNEX IV

Estimated General Fund claims expenditure in 2012

(Figures in Pounds Sterling)

Incident	Date	Maximum payable from General Fund: 4 million SDR	Estimated Balance Payable from General Fund at 31/12/2011	2012 Estimated Expenditure		Receivable under STOPIA 2006 Agreement	Estimated Total General Fund Expenditure in 2012	Estimated Total General Fund Expenditure up to 31/12/12	Estimated Balance payable from General Fund at 31/12/2012
				Compensation	Claims-related expenses				
<i>Solar 1</i> *	11/08/06	3 134 944	2 986 000	-	(5 000)	-	(5 000)	(155 000)	2 981 000
<i>Volgoneft 139</i> **	11/11/07	3 059 508	1 918 000	(1 418 000)	(500 000)	-	(1 918 000)	(3 060 000)	-
Incident in Argentina	26/12/07	3 152 360	2 940 000	-	(50 000)	-	(50 000)	(263 000)	2 890 000
							(1 973 000)		

* *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.

* * *

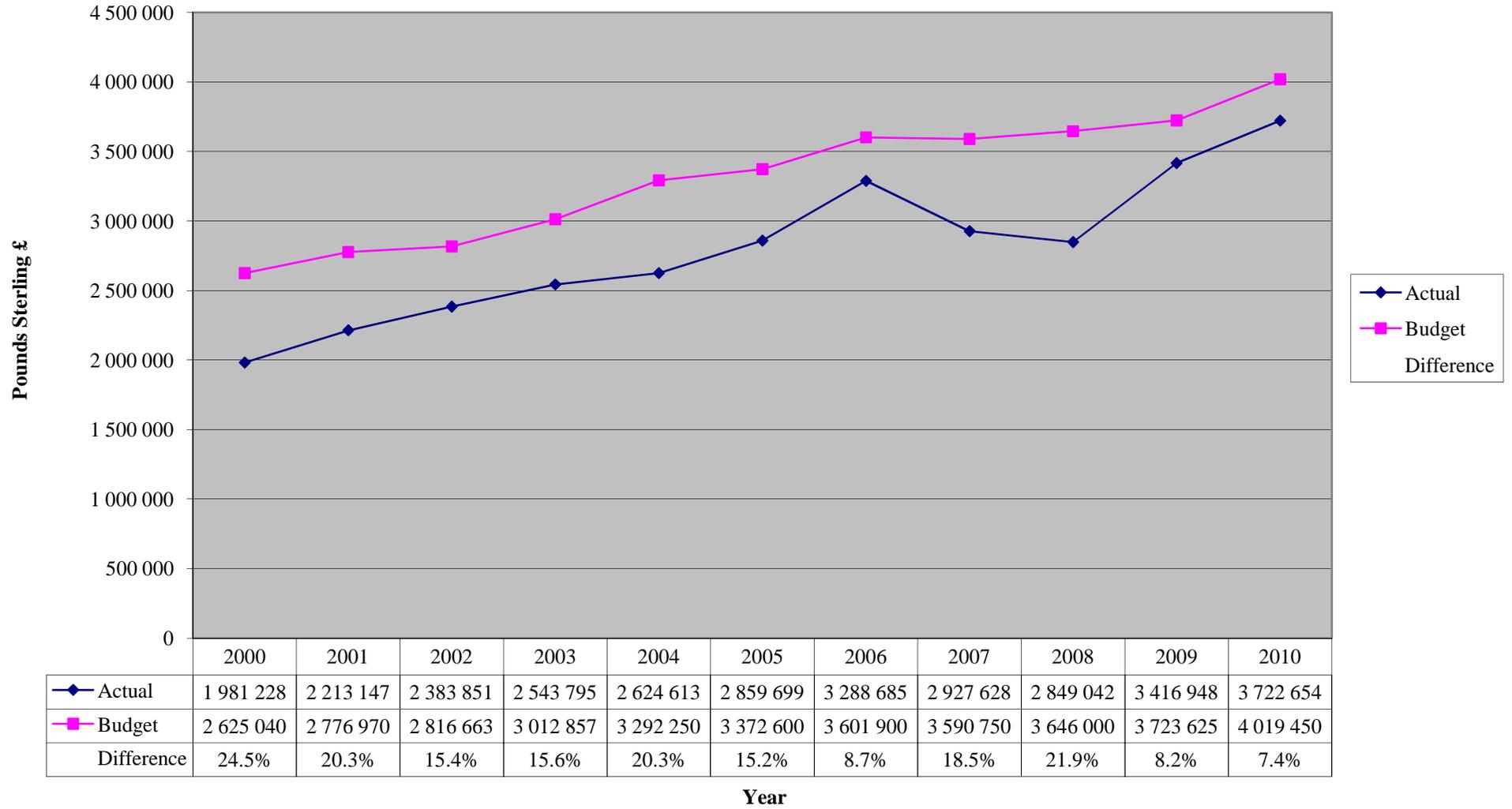
ANNEX V

REPORT ON PAYMENT OF CLAIMS AND CLAIMS RELATED COSTS AS AT 30 JUNE 2011

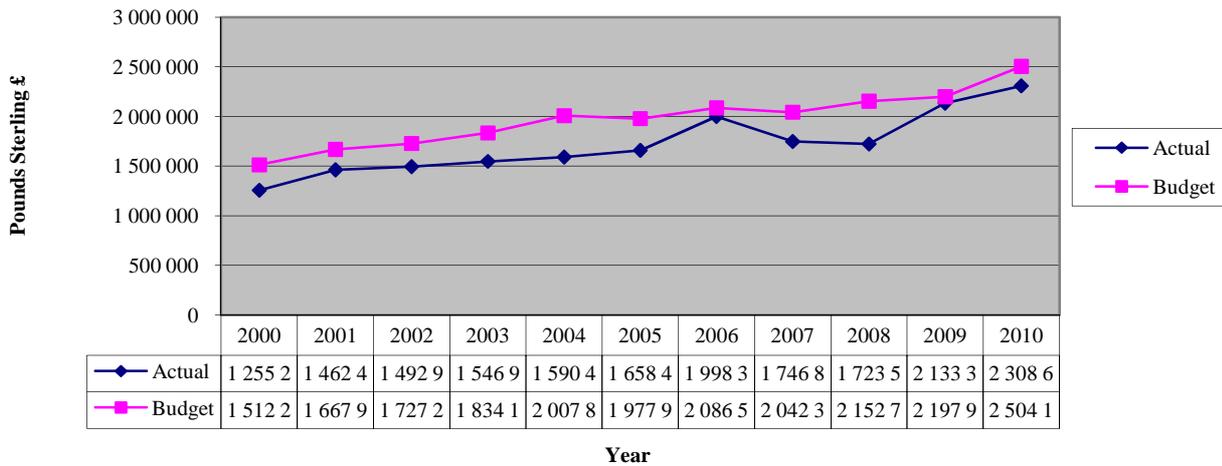
Incident	Year	Compensation £	Legal Fees £	Technical Fees £	Various Fees £	Other Costs £	Total £
<i>Solar1 (Under STOPIA 2006 Agreement)</i>	Upto 30/06/2011		10 270			6	10 276
	2010	17 798	8 692	635		897	28 022
	<i>Reimbursement from P&I Club</i>	2010				-573	-573
	<i>Reimbursement from P&I Club</i>	2009	390 508	33 077	3 800	7 294	434 679
	<i>Reimbursement from P&I Club</i>	2008	281 908			-1 663	-1 663
	<i>Reimbursement from P&I Club</i>	2008				10 990	292 898
	<i>Reimbursement from P&I Club</i>	2008		-43 052		-77 879	-10 925
	<i>Reimbursement from P&I Club</i>	2007	3 835 532	46 658		80 677	67 167
<i>Reimbursement from P&I Club</i>	2006	1 965 877			248	39 069	2 005 194
	Total to date	6 491 623	55 645	4 435	3 046	112 262	6 667 011
<i>Volgoneft 139</i>	Upto 30/06/2011		53 870	16 189	645	5 716	76 419
	2010		100 881	88 350		9 934	199 165
	2009		97 831	127 852		14 468	240 151
	2008		60 940	120 781	5 849	14 991	202 561
		Total to date		313 522	353 171	6 494	45 109
<i>Incident in Argentina</i>	Upto 30/06/2011			758		6 022	6 780
	2010		64 378	9 088		8 918	82 384
	2009		52 272	18 043	318	9 210	79 843
	2008				300	126	426
		Total to date		116 650	27 889	618	24 276

ANNEX VI

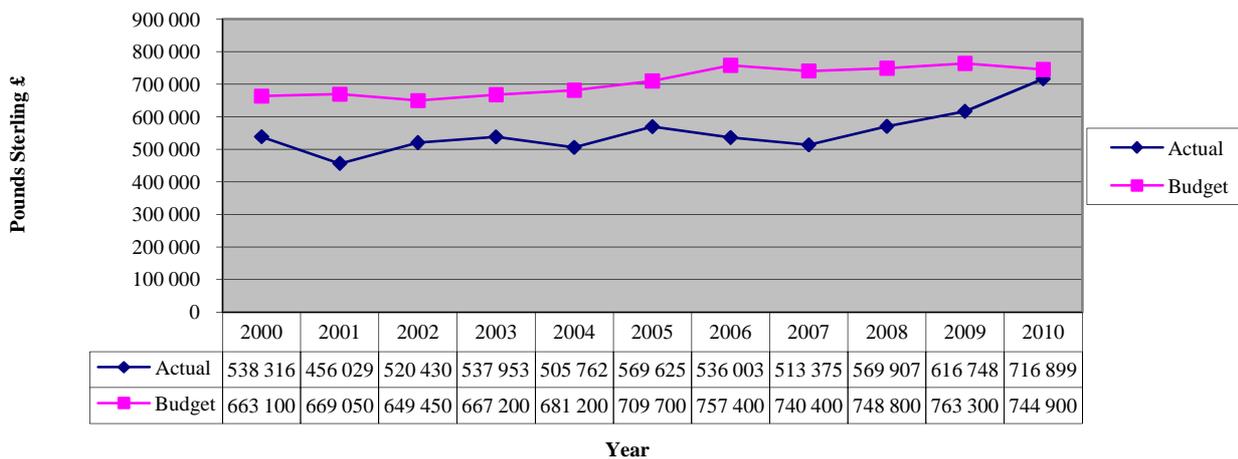
ACTUAL EXPENDITURE vs BUDGET APPROPRIATIONS FOR THE FINANCIAL YEARS 2000 - 2010



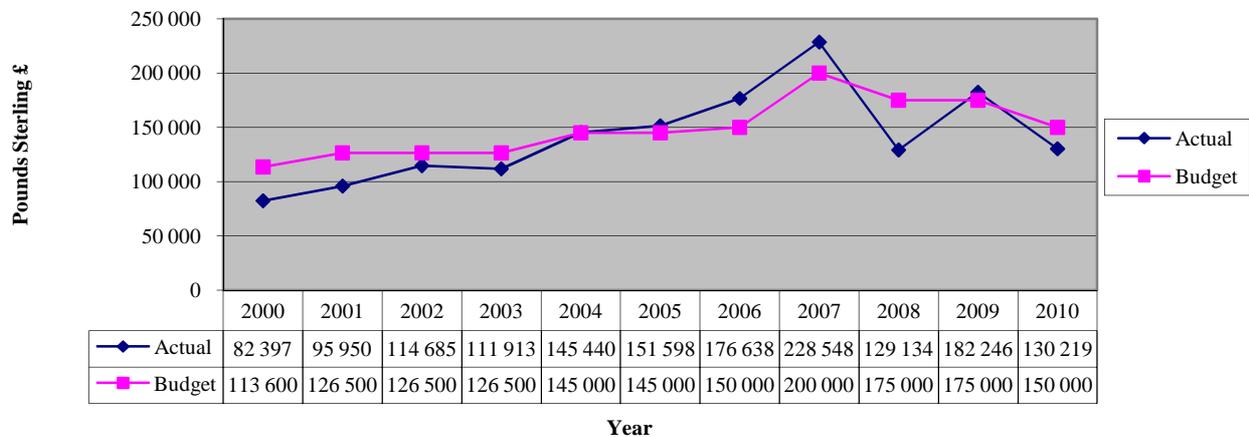
Chapter I PERSONNEL



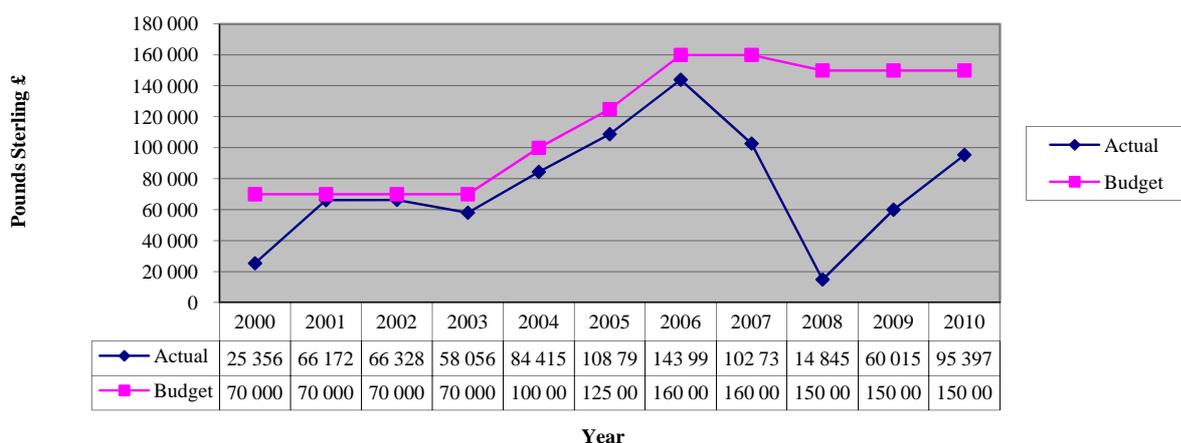
Chapter II GENERAL SERVICES



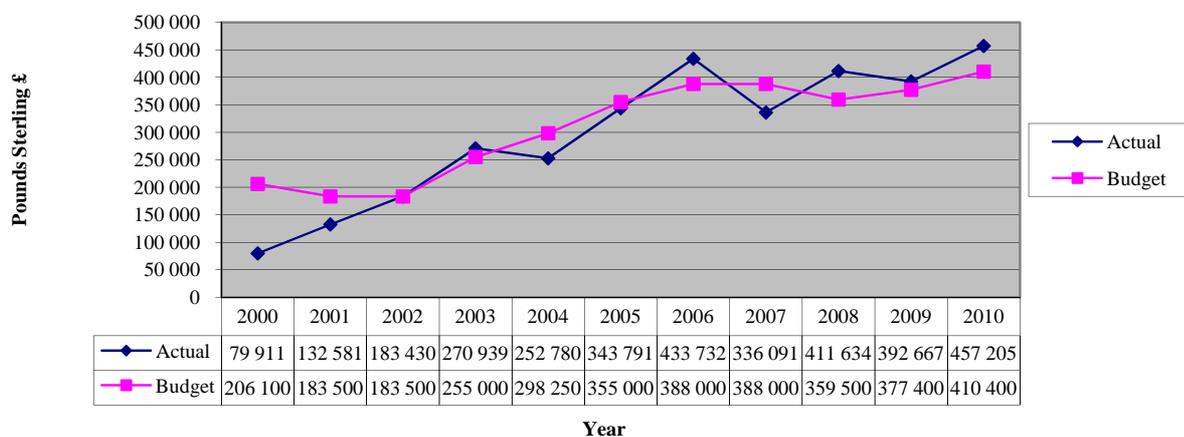
Chapter III MEETINGS



Chapter IV TRAVEL



Chapter V MISCELLANEOUS EXPENSES



Chapter VI UNFORESEEN EXPENSES

