



WORKING CAPITAL

Note by the Director

Summary:	The Director proposes that the working capital of the Supplementary Fund be maintained at £1 million.
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Action to be taken:	Decide the level of the working capital.
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1 The issue

- 1.1 In accordance with Financial Regulation 7.1(b) the Supplementary Fund shall maintain a working capital at such a level as the Assembly may decide from time to time.
- 1.2 Under Financial Regulation 7.1(c), the Supplementary Fund shall have a General Fund which shall be used:
 - (i) to meet the costs and expenses of the administration of the Supplementary Fund and any other expenditure which may be authorised by the Assembly;
 - (ii) to make loans to a Claims Fund for the satisfaction of payments referred to in Article 11.1(i)(b) of the Supplementary Fund Protocol, to the extent that sufficient money is not available in that Claims Fund.
- 1.3 In order to enable the Supplementary Fund to respond to unforeseen expenditure, the Assembly at its first session in March 2005 decided that the Supplementary Fund should have a working capital of £1 million (document SUPPFUND/A.1.39, paragraph 33.2).
- 1.4 The Supplementary Fund will only make compensation payments if claimants have been unable to obtain full compensation under the 1992 Conventions. It is therefore unlikely that the Supplementary Fund will be called upon to make payments in the early stages of an incident. If an incident were to occur which would require the Supplementary Fund to make compensation payments, there would be sufficient time to convene a session of the Assembly to consider when contributions should be levied to cover these payments. It would therefore, in the Director's view, not be necessary for the Supplementary Fund to have a significant working capital.

2 Director's proposal

The Director considers that there is no reason to change the level of the working capital decided by the Assembly at its March 2005 session. He proposes therefore that the level of working capital be maintained at £1 million.

3 Action to be taken

The Assembly is invited to consider the Director's proposal that the working capital of the Supplementary Fund be maintained at £1 million.
