



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

Agenda item: 9	IOPC/OCT12/9/2/1		
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1992 Fund Assembly	92A17	●	
1992 Fund Executive Committee	92EC56		
Supplementary Fund Assembly	SA8		
1971 Fund Administrative Council	71AC29		

BUDGET FOR 2013 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

1992 FUND

Note by the Director

Summary:	As indicated in document IOPC/OCT12/9/2, the draft 1992 Fund administrative budget for 2013 is presented, with the Director's comments thereon. The draft budget (excluding External Auditor's fees) for the joint Secretariat for 2013 totals £4 339 660. An assessment is made of the likely compensation payments and other incident-related expenses. The resulting need for 2012 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 4.18); (b) Decide whether to grant the Director the authority to create Professional post at the P3 level subject to need and budget availability (paragraph 4.19); (c) Adopt the draft budget for 2013 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 2013 in respect of the preparation for the entry into force of the HNS Convention (paragraph 6.3.3); (e) Decide whether to maintain the working capital of the 1992 Fund at £22 million (paragraph 6.4.3); and (f) Decide on the levy of 2012 contributions to the General Fund (Director's proposal of £15 million, payable by 1 March 2013 (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 (document IOPC/OCT12/9/3/1).
- 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 2011 Financial Statements (document IOPC/OCT12/5/6/1, Annex V).
- 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 2013. 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.
 - 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. A provision has therefore been made for this liability when making an estimate of the balance of the General Fund as at 31 December 2013 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 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).
- 3.2 As set out in document IOPC/OCT12/9/1, 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 2013 in respect of the costs of running the joint Secretariat.

4 **Budget for administrative expenditure in 2013**

- 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 2013.
- 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 2011 (actual expenditure and budget appropriations) and for 2012 (budget appropriations) are also given.
- 4.3 Excluding the External Auditor's fees, the draft administrative budget totals £4 339 660. This budget figure is 5.8% (£267 850) lower than the corresponding 2012 budget appropriations of £4 607 510 (paragraph 4.5).
- 4.4 The overall decrease over the 2012 budget of £267 850 is broken down as follows:

Increase/(decrease) on total 2012 Budget

	<u>£</u>	<u>%</u>
Chapter I – Personnel costs	87 375	1.9
Chapter II – General services	69 825	1.5
Chapter III – Meetings	50 000	1.1
Chapter IV – Travel	50 000	1.1
Chapter V – Miscellaneous expenditure	10 650	0.2
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	267 850	5.8

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

CHAPTER	Proposed 2013 Appropriation £	2012 Appropriation £	% Increase/(decrease) Appropriation on 2012
I Personnel	2 770 910	2 858 285	(3.1)%
II General services	923 250	993 075	(7.0)%
III Meetings	100 000	150 000	(33.3)%
IV Travel	100 000	150 000	(33.3)%
V Other expenditure (<i>excluding External Audit fees for all three Funds</i>)	385 500	396 150	(2.7)%
VI Unforeseen expenditure	60 000	60 000	0.0%
Total Expenditure Chapters I-VI	4 339 660	4 607 510	(5.8)%

- 4.6 The External Audit fee for auditing the 1992 Fund's 2012 Financial Statements payable in 2013 is retained at the 2012 figure of £49 000.
- 4.7 The Director submits for consideration by the 1992 Fund Assembly an administrative budget covering the expenses for 2013 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 2013 joint Secretariat budget in comparison (excluding External Audit fees) to 2012 by Chapter is set out in paragraphs 4.9-4.14.

4.9 Chapter I – Personnel (63.8% of the 2013 proposed budget)

Increase/(decrease) on 2012 budget appropriation: (3.1)% decrease

4.9.1 The Chapter consists of:

Expense Head	2013 Appropriation £	2012 Appropriation £
Salaries	2 060 260	2 061 860
Separation and recruitment	40 000	75 000
Staff benefits, allowances and training	670 650	721 425

- 4.9.2 As set out in document IOPC/OCT12/7/1 (Secretariat Matters) the Management Team has been reduced by one, with the post of Deputy Director being combined with another senior post within the Secretariat. The IOPC Funds salaries, allowances and grants follow the United Nations common system as applied by the International Maritime Organization (IMO). A 3% increase to staff salary has been applied for 2013.

- 4.9.3 The decrease under staff benefits and allowances is due mainly to a reduction of the staff training and education grant and home leave allowances.

4.10 Chapter II – General services (21.3% of the 2013 proposed budget)

Increase/(decrease) on 2012 budget appropriation: (7)% decrease

4.10.1 This Chapter consists of:

Expense Head	2013 Appropriation £	2012 Appropriation £
Accommodation	340 800	347 000
IT (hardware, software, maintenance and connectivity)	278 450	318 075
Furniture and other office equipment	19 000	26 000
Stationery	20 000	22 000
Communications (postage, telephone, courier)	45 000	45 000
Other supplies and services	35 000	35 000
Hospitality	25 000	25 000
Public information	160 000	175 000

- 4.10.2 IT (hardware, software, maintenance and connectivity) – decrease of (12.5)% due to reduction in the anticipated maintenance/upgrade work on bespoke software.
- 4.10.3 Public Information – decrease of (8.6)% due to reduction in anticipated work on the Funds' website compared to 2012.

4.11 Chapter III – Meetings (2.3 % of the 2013 proposed budget)

Increase/(decrease) on 2012 budget appropriation: (33.3)% decrease

Two meeting of the governing bodies were held in 2012 in line with governing bodies' decision in October 2010 to try to hold two rather than three meetings a year. The 2013 budget has been prepared on the basis of two meetings a year.

4.12 Chapter IV – Travel: conferences and mission (2.3% of the 2013 proposed budget)

Increase/(decrease) on 2012 budget appropriation: (33.3)% decrease

Efforts are being made to reduce travel costs for conferences and for mission travel and the budget has been reduced to reflect the result of the efforts. Travel costs in relation to incidents is charged to the cost of the incident.

4.13 Chapter V – Other expenditure (8.9% of the 2013 proposed budget)

Increase/(decrease) on 2012 budget appropriation: (2.7)% decrease

4.13.1 This Chapter consists of:

Expense Head	2013 Appropriation £	2012 Appropriation £
Consultants and other fees	150 000	150 000
Investment Advisory Body (IAB)	68 500	66 150
Audit Body (AB)	167 000	180 000

4.13.2 Reduction to the Audit Body costs is due to the governing bodies decision in October 2011 for the Audit Body to function with one less member as a result of fewer nominations received for vacant posts.

4.14 Chapter VI – Unforeseen expenditure (1.4% of the 2013 proposed budget)

Covers costs not anticipated at the time of preparation of the budget. The appropriation has been retained at the same level as in previous years.

4.15 A new Chapter, Chapter VII (see Annex I) covers the External Audit fee in respect of the 1992 Fund only. In previous years the External Audit fees for all three Funds were included under Chapter V – Miscellaneous expenditure.

4.16 Information on the developments in the joint Secretariat's administrative budget and actual expenses during the ten-year period 2002 – 2011 is given in Annex VI.

4.17 At its October 2011 session 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/OCT11/11/1](#), paragraph 9.2.8). Since this authority was provided to the Director by the Assembly in October 2003 four posts have been created, one in 2004, one in 2008 and two in 2011.

4.18 The Director considers that the authority given to him referred to in paragraph 4.17 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 renew the corresponding authority for 2013 (ie up to £206 000 based on the draft 2013 budget).

- 4.19 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, acting on behalf of the 1992 Fund Assembly, to the Professional category when it approved inclusion within the 2011 budget of one additional unspecified post in the Professional category at P3 level. This was renewed by the 1992 Fund Assembly in October 2011. This authority has not been utilised. The Director, however, considers that having this flexibility will assist in the management of the Secretariat. Unlike the 2011 and 2012 budgets the Director has not included the post within the 2013 budget (Chapter I – Personnel) but instead proposes that the Assembly may wish to grant the Director the authority to create a Professional post at the P3 level (£83 300) subject to need and budget availability.

5 Estimated balance as at 31 December 2012

5.1 Estimated balance

The balance on the General Fund at 31 December 2012 is estimated at £24 909 173 as shown in the table below:

	£	£
Balance b/f at 1 January 2012		
Working Capital	22 000 000	
Surplus / (deficit)	2 974 813	
	24 974 813	
Add back – Provision for employee benefits	395 989	
Less – Difference between cost of fixed assets and depreciation (Notes 6 and 7 to 2011 Financial Statements (document IOPC/OCT12/5/6/1))	(15 556)	25 355 246
<i>Plus</i>		
2011 General Fund contributions receivable in 2012	3 342 000	
Previous years' General Fund contributions receivable in 2012	1 000	
Interest to be earned in 2012 (estimate)	400 000	
Management fee payable by 1971 Fund	255 000	
Management fee payable by Supplementary Fund	59 500	
		4 057 500
		29 412 746
<i>Less</i>		
Estimated 2012 administrative expenditure of joint Secretariat	4 075 073	
External Auditor's fees for 2012 (paragraph 5.3.2)	48 500	
Minor claims expenditure in 2012 (Annex III)	380 000	
		4 503 573
Estimated balance as at 31 December 2012		24 909 173

5.2 Income

Contributions

- 5.2.1 The 1992 Fund Assembly, decided at its 16th session in October 2011 that there should be a levy of 2011 contributions of £3.5 million for receipt by 1 March 2012.

Interest to be earned in 2012

- 5.2.2 Interest earned for the period 1 January – 30 June 2012 amounts to some £125 000. Based on the current interest rates applicable to the 1992 Fund investments, which includes enhanced yield on financial instruments, interest income for 2012 is estimated at £400 000 based on an average capital of £25 million.

Management fee payable to the 1992 Fund in 2012

- 5.2.3 The management fee payable to the 1992 Fund for 2012 was set by the governing bodies at £255 000 for the 1971 Fund and at £59 500 for the Supplementary Fund (see document [IOPC/OCT11/11/1](#), 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 2012 budget at £4 607 510. Based on information to date the total expenditure excluding the External Audit fees for 2012 is estimated to be some £4 075 073 which is 11.6% lower than the 2012 budget appropriation, as set out in the table below:

CHAPTER	2012 Appropriation £	Expenditure to 30 June 2012 £	Projected total 2012 expenditure £	% of 2012 Appropriation
I Personnel	2 858 285	1 193 424	2 601 625	91.0%
II General services	993 075	463 491	892 298	89.9%
III Meetings	150 000	32 144	100 000	66.7%
IV Travel	150 000	19 701	100 000	66.7%
V Miscellaneous expenditure (excluding External Audit fees)	396 150	151 943	381 150	96.2%
VI Unforeseen expenditure	60 000	0	0	0%
Total Expenditure Chapters I-VI	4 607 510	1 860 703	4 075 073	88.4%

- 5.3.2 Including the External Audit fee of £48 500 for the 2011 Financial Statements, payable in 2012, the total administration expenditure for the 1992 Fund for the 2012 financial year is estimated at £4 123 573 (£4 075 073 plus £48 500).

Minor claims expenditure 2012

- 5.3.3 As can be seen from Annex III, it is expected that fees will be incurred during 2012 in respect of six incidents involving the 1992 Fund. The total claims and claims-related expenses during 2012 are estimated at £380 000 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 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 2012.

- 5.3.5 In 2012 costs have been incurred in respect of two incidents in Nigeria, *Redfferm* and *JS Amazing*, which occurred on 24 March 2009 and 30 June 2009 respectively. The 1992 Fund was only notified of the *Redfferm* incident in January 2012 and the *JS Amazing* incident in May 2011. In addition the 1992 Fund was notified of an incident in Greece (*Alfa I*), which occurred on 5 March 2012. Costs have also been incurred in 2012 in respect of this incident.

6 Estimates for 2013

6.1 Income

Interest to be earned in 2013

- 6.1.1 Interest income during 2013 from the 1992 Fund's investment of the assets of the General Fund is estimated at £250 000. This estimated yield is based on an average principal of approximately £24 million at an average interest rate of 1.0%.

Management fee payable to the 1992 Fund

- 6.1.2 The Director has proposed that the management fees payable to the 1992 Fund for 2013 be set at £247 500 (2012 – £255 000) for the 1971 Fund and at £33 000 (2012 – £59 500) for the Supplementary Fund (document IOPC/OCT12/9/1). The proposed management fees for 2013 have been set based on the number of estimated working days which the staff as a whole during 2013 would devote to tasks relating to the 1971 Fund and the Supplementary Fund. The estimated days for the 1971 Fund, as in previous years, is 15 working days and for the Supplementary Fund has been reduced to two working days. 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 joint Secretariat administrative expenditure for 2013 totals £4 339 660, as detailed in section 4. A provision for accrued annual leave and repatriation grant of £400 000 has been made. The External Audit fee for auditing the 2012 Financial Statements, which is payable in 2013, has been estimated by the External Auditor at £49 000.

Minor claims expenditure 2013

- 6.2.2 The incidents in respect of which payments may have to be made from the General Fund during 2013 are listed in Annex IV.
- 6.2.3 It is estimated that the payments by the 1992 Fund from the General Fund in 2013 relating to six incidents will total £13 799 000. This is net of the reimbursement receivable from the shipowner/P&I Club under STOPIA 2006 with respect to the *Solar 1* incident (paragraph 5.3.3 above).
- 6.2.4 At its session held in October 2011, 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 2013.

- 6.2.5 If the Executive Committee were to decide to authorise the Director to make payments of compensation, in relation to the incidents in Nigeria (*Redfferm* and *JS Amazing*) and the *Alfa I* incident in Greece it is anticipated that the total amounts payable for all three incidents would reach the amounts payable from the General Fund in 2013. The Pounds sterling amounts payable from the General Fund of 4 million SDR for each of the three incidents, calculated at the exchange rate at the date of incident, are as follows:

Incident	£ equivalent of 4 million SDR
<i>Redfferm</i>	£4 091 560
<i>JS Amazing</i>	£3 857 988
<i>Alfa I</i>	£3 900 576

- 6.2.6 The 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 2013. 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 2013, actually have to be made earlier.

6.3 Loans to the Hazardous and Noxious Substances (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 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 Since 2001 loans have been provided to the HNS Fund from the General Fund to continue to study issues on the administrative preparations for the setting up of the HNS Fund. For this purpose, 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 and in 2012. Of the total appropriations over the years of £770 000 some £238 000 (including interest) had been used as at 30 June 2012. Under the budgetary principles applied by the 1992 Fund, any unused portion of an appropriation for a particular financial year may not be carried over to the following year. The balance on the appropriations for the period 2003 – 2012 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2013.

- 6.3.3 An appropriation of £95 000 has been included in the 2013 budget to cover the costs for the preparations and other administrative tasks in respect of the HNS Fund (document IOPC/OCT12/8/4).

- 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 claims 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 At its 9th session in October 2004, the 1992 Fund Assembly set the working capital at £22 million (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 2013 budget accordingly.

6.5 Estimated balance

6.5.1 The estimates for the General Fund for 2013 are set out in the table below:

		£	£
	ESTIMATED INCOME		
	Balance at 31 December 2012 (paragraph 5.1) Surplus/(deficit)		24 909 173
<i>Plus</i>	Interest to be earned in 2013	250 000	
	Management fee payable by 1971 Fund for 2013	247 500	
	Management fee payable by Supplementary Fund for 2013	33 000	
	Total estimated income 2013		530 500
<i>LESS</i>	ESTIMATED EXPENDITURE		
	Joint administrative expenditure 2013 (excluding external audit fee for all three Organisations) (Annex I)	4 339 660	
<i>Plus</i>	Provision for accrued Annual Leave and Repatriation Grant (ALRG) as at 31 December 2013	400 000	
<i>Plus</i>	External Audit fee for 1992 Fund	49 000	
<i>Plus</i>	Minor claims expenditure 2013 (Annex IV)	13 799 000	
	Loans to HNS Fund (paragraph 6.3.3)	95 000	
<i>Plus</i>	Working capital (paragraph 6.4.3)	22 000 000	
	Total estimated expenditure 2013		40 682 660
	ESTIMATED EXPENDITURE OVER INCOME		(15 242 987)

6.5.2 The balance as at 31 December 2012 is estimated at £24 909 173 which exceeds the working capital by £2 909 173. When assessing the need for levying contributions for payment in the following year (2013) 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 £15 242 987 would be needed to balance the 2013 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 2012 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 2013 budget of the General Fund, the Director proposes that there should be a levy of 2012 contributions to the General Fund of £15 million payable by 1 March 2013.

8 Action to be taken1992 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 2013 budget) (paragraph 4.18);
- (c) to grant the Director the authority to create Professional post at the P3 level (ie £83 300) subject to need and budget availability (paragraph 4.19);
- (d) to adopt the draft budget for 2013 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 2013 in respect of the preparation for the entry into force of the HNS Convention (paragraph 6.3.3);
- (f) to decide whether to maintain the working capital of the 1992 Fund at £22 million (paragraph 6.4.3); and
- (g) to decide on the levy of 2012 contributions to the General Fund (Director's proposal of £15 million, payable by 1 March 2013, (section 7)).

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ANNEX I
Draft 2013 Administrative Budget for 1992 Fund

	STATEMENT OF EXPENDITURE	Actual 2011 expenditure for 1992 Fund		2011 budget appropriations for 1992 Fund		2012 budget appropriations for 1992 Fund	2013 budget appropriations for 1992 Fund
		£		£		£	£
	SECRETARIAT						
I	Personnel						
(a)	Salaries	1 879 268		1 851 810		2 061 860	2 060 260
(b)	Separation and recruitment	126 046		35 000		75 000	40 000
(c)	Staff benefits, allowances and training	539 336		652 910		721 425	670 650
	Sub-total		2 544 650		2 539 720	2 858 285	2 770 910
II	General services						
(a)	Rent of office accommodation (including service charges and rates)	303 679		327 800		347 000	340 800
(b)	IT (hardware, software, maintenance and connectivity) *	57 501		154 000		318 075	278 450
(c)	Furniture and other office equipment	9 306		25 000		26 000	19 000
(d)	Office stationery and supplies	14 761		22 000		22 000	20 000
(e)	Communications (courier, telephone, postage)**	64 358		76 000		45 000	45 000
(f)	Other supplies and services	30 961		35 000		35 000	35 000
(g)	Representation (hospitality)	17 499		25 000		25 000	25 000
(h)	Public Information	277 607		275 000		175 000	160 000
	Sub-total		775 672		939 800	993 075	923 250
III	Meetings						
	Sessions of the 1992, Supplementary and 1971 Funds' governing bodies and Intersessional Working Groups		157 465		150 000	150 000	100 000
IV	Travel						
	Conferences, seminars and missions		111 419		150 000	150 000	100 000
V	Other expenditure (previously Miscellaneous expenditure)						
(a)	Consultants' fees	130 924		100 000		150 000	150 000
(b)	Audit Body	168 505		160 000		180 000	167 000
(c)	Investment Advisory Body	63 525		63 000		66 150	68 500
	Sub-total		362 954		323 000	396 150	385 500
VI	Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)		63 000		60 000	60 000	60 000
Total joint Secretariat expenditure I-VI (excluding External Audit fees)			4 015 160		4 162 520	4 607 510	4 339 660
VII	External Audit fees 1992 Fund only		48 500		49 000	49 000	49 000
Total Expenditure I-VII			4 063 660		4 211 520	4 656 510	4 388 660

2011 budget

* Chapter II (b) - Office machines (IT hardware/software/maintenance)

** Chapter II (e) - Communications (courier, telephone, postage, e-mail/internet)

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ANNEX II

NOTES ON THE INDIVIDUAL APPROPRIATIONS BY CHAPTER

1 **Personnel (Chapter I)**

2013 Appropriation £	2012 Appropriation £	% Increase/(Decrease) on 2012 Appropriation
2 770 910	2 858 285	(3.1) %

Overview

- 1.1 The major part of the Secretariat draft budget relates to Personnel costs and there is a decrease of 3.1% under this Chapter compared to the 2012 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 (UN) common system as applied by the International Maritime Organization (IMO). The calculation of the appropriation for salaries is based, therefore, on the UN 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/OCT12/7/1. 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.
- (a) Salaries
- 1.4 There is a small (0.1)% decrease in the 2013 appropriation (£2 060 260) compared to 2012 (£2 061 860).
- 1.5 In order to cover any increase in salaries which may be decided within the UN common system, as in previous years, 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 Director's proposal on contingency arrangements within the Secretariat was endorsed by the 1992 Fund Assembly at its April 2012 meeting wherein the post of Deputy Director was to be combined with another senior post within the Secretariat. In addition the role of Technical Adviser was combined with the role of the Head of Claims Department. The arrangements have resulted in the size of the Management Team being reduced to five members.
- 1.7 The number of established posts within the Secretariat stands at 34, of which 17 are in the Professional category and 17 are in the General Service category (see document IOPC/OCT12/7/1). As at 1 August 2012 four established posts are vacant, three in the Professional category and one in the General Service category.
- 1.8 The three vacant posts in the Professional category are that of Claims Manager and the two posts of in-house Translators (French and Spanish).

- 1.9 As set out above the vacancy of Claims Manager is the result of the Technical Adviser/Claims Manager post being split, with the Technical Adviser role now being combined with the post of the Head of Claims Department. The vacant post has been included in the draft budget at the P3 level (£83 300).
- 1.10 The one post in the General Service category is that of an Administrative Assistant. The post of Receptionist/Travel Assistant in the Finance and Administration Department became vacant in November 2011 with the resignation of the incumbent. The tasks under this post have been reassigned to two other posts within the Secretariat, on a trial basis, creating this vacancy which is included in the budget at G4 (£27 800).
- 1.11 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.
- 1.12 Under the authority given to the Director by the Assembly in October 2003 to create positions in the General Service category four posts have been created to date. No additional posts are envisaged to be created in 2012.
- 1.13 The salaries budget in 2011 and 2012 included an appropriation for one unspecified P3 post. No posts have been established under this authority. In 2011 the appropriation was used to cover the additional cost relating to the post of Acting Director (September 2010 to October 2011) which was not included in the 2011 budget. However, the Director has not included an appropriation for an unspecified P3 post in the 2013 budget. As set out in paragraph 4.19 of the main document the authority to create a post in the Professional category does provide the Director with the flexibility to manage the Secretariat. The establishment of a new post would only be made subject to a business need and budget availability.
- 1.14 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 2011 (document IOPC/OCT12/7/1) due to additional responsibilities being included in the job description.
- 1.15 As reported to the October 2011 sessions of the Assembly, the Director had introduced a Conscious Rewarding Scheme to reward staff members for outstanding performance in their current role. At the same session the Assembly noted that the Director intended to continue with the scheme and would report on the total amount awarded under the scheme to the regular sessions of the 1992 Fund Assembly.
- 1.16 The total budget for any one year is limited to 1% of the total annual budget for salaries in the year the Conscious Reward is awarded. The pilot scheme introduced in 2011 (based on the Performance Management Reviews in 2010) resulted in five members of staff being given the award, three in the Professional category and two in the General Service category for a total of £17 867. For the year 2012 five staff members in the General Service category received the award for a total of £15 235. For 2013 the 1% limit based on the draft salaries budget is some £20 000.
- 1.17 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 most posts have been filled within the Secretariat, the budget appropriation in the draft 2013 budget has been reduced from £40 000 to £20 000 to cover long leave periods.

(b) Separation and recruitment

- 1.18 The budget appropriation covers expenses which would be incurred in the event that recruitment is to be made to posts that may fall vacant or to the existing vacant posts. The budget appropriation for this expenditure has been reduced to £40 000 (£75 000 in 2012) based on the estimated expenses to be incurred recruiting for vacant posts.

(c) Staff benefits, allowance and training

- 1.19 There is a 7% decrease in the 2013 appropriation (£670 650) compared to 2012 (£721 425) under this heading.
- 1.20 This appropriation covers mainly the 1992 Fund's contributions to the Provident Fund, education grants, home leave, insurance (accident, life and medical) and staff training. The decrease is mainly due to a reduction in the staff training budget from £80 000 to £60 000 based on recent expenditure levels and lower appropriations for education grant and home leave travel based on entitlements.

2 General services (Chapter II)

2013 Appropriation £	2012 Appropriation £	% Increase/(Decrease) on 2012 Appropriation
923 250	993 075	(7.0)%

- 2.1 The appropriations under (a) to (h) below amounting to £923 250 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 Director has been informed by the landlord that the current office lease on Portland House, which expires on 24 March 2015, will not be renewed as the property is being regenerated by the Landlord. In addition the Director has been advised by the United Kingdom (UK) Government that the 1992 Fund would need to find alternative office space as the UK Government Department responsible for the IOPC Funds matters is not permitted to enter into an agreement whereby rent is paid to a private landlord. The UK Government, with the assistance of the Director, will commence its search for alternative premises. Any move will have budgetary consequences for the IOPC Funds. The Director shall keep the 1992 Fund Assembly informed of any developments in his negotiations with the UK Government in finding alternative office premises.
- 2.3 The appropriation of £340 800 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.
- 2.4 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.
- 2.5 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);

- 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; and
- one free motorcycle parking space will be provided in the basement of Portland House, subject to availability.

- 2.6 The United Kingdom Government refunds 80% (£381 200 pa) of the rent for the 23rd floor and for the storage space, resulting in 20% (£95 300 pa) being payable by the 1992 Fund.
- 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 (2012 – £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 (2012 – £117 000).
- 2.9 Following the completion of the refurbishment of the IMO building in 2008 office space of some 1 065 square feet (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 UN 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 £34 000 (2012 – £33 000) has been included 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	2013 Appropriation £	2012 Appropriation £
Outside storage space rent	16 000	16 000
General maintenance	20 000	26 200
Cleaning of the premises	20 000	20 000
Electricity	15 000	17 000
Office contents insurance	7 000	6 000
Total	78 000	85 200

(b) IT (hardware, software, maintenance and connectivity)

- 2.11 The draft 2013 budget brings all costs relating to information technology under one budget head.
- 2.12 The budget appropriation for 2013 totals £278 450 (2012 – £318 075) broken down as follows:

Expense Head	2013 Appropriation £	2012 Appropriation £
Purchase of hardware	50 000	15 000
Purchase of software	34 940	57 500
Maintenance (hardware software and infrastructure)	106 270	100 475
Software development	50 000	72 000
Connectivity	32 240	68 100
IT related consumables	5 000	5 000
Total	278 450	318 075

2.13 Maintenance (re software) is as a result of the IOPC Funds using bespoke software such as the finance and contribution system, the web-based claims handling system and payroll which require periodic updates/modifications.

(c) Furniture and other office equipment

2.14 This appropriation has been reduced to £19 000 (2012 – £26 000) based on recent expenditure levels. 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 reduced to £20 000 (2012 – £22 000) based on recent expenditure levels.

(e) Communications

2.16 The appropriation has been retained at the 2012 budget level of £45 000. It covers the cost of courier, postage and telephone.

(f) Other supplies and services

2.17 This item covers supplies and services not included under items (a) to (e) and miscellaneous expenditure such as 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. This appropriation has been maintained at £25 000.

(h) Public information

2.19 The appropriation is to cover costs for the following:

(i) the cost of printing, publication and bulk mailings of the joint Annual Report and Incident Report of the IOPC Funds in the three official languages and of other publications and documents (other than those prepared for the sessions of the Funds' governing bodies), and terminology project for all three official languages; and

(ii) the cost of the ongoing development of the Organisations' website, as well as expenditure in relation to other public relations projects (eg series of regional lunch meetings).

2.20 The total appropriation under this heading has been reduced to £160 000 (2012 – £175 000).

3 Meetings (Chapter III)

2013 Appropriation £	2012 Appropriation £	% Increase/(Decrease) on 2012 Appropriation
100 000	150 000	(33.3)%

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 in 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 In 2012 it was decided to have only two meeting sessions. The 2013 appropriation, therefore, has been prepared on the basis of two meeting sessions over ten days with an appropriation of £100 000 (2012 – £150 000) 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: five days.

4 Travel (Chapter IV)

2013 Appropriation £	2012 Appropriation £	% Increase/(Decrease) on 2012 Appropriation
100 000	150 000	(33.3)%

- 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 in.
- 4.2 Where possible, travel for missions, conferences and seminars is 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.
- 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 IOPC Funds continue to make efforts to obtain funding to cover the cost of travel from organisers of conferences and seminars and to secure more competitive travel booking fares. The appropriation has been reduced to £100 000 (2012 – £150 000).

5 Other expenditure (Chapter V) – previously Miscellaneous expenditure (Excludes External Audit Fees)

2013 Appropriation £	2012 Appropriation £	% Increase/(Decrease) on 2012 Appropriation
385 500	396 150	(2.7) %

(a) Consultants' fees

- 5.1 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'.
- 5.2 The budget appropriation for 2013 includes the cost (£50 000) for purchase of data on oil imports by Member States from Lloyds Intelligence for the calendar year 2012. The cost of the data for the calendar year 2010 (£63 000) was paid from Chapter VI – Unforeseen in the financial year 2011. The 2012 appropriation includes £50 000 for data relating to calendar year 2011.
- 5.3 The table below provides a summary of the use of the Consultants' fees budget for the period 2009-2011.

Expenses	2009	2010	2011
Software upgrade/development	44 750	27 308	7 889
Legal/Administrative costs	7 400	9 900	49 632
Records of decisions database	56 584	56 187	-
Human Resources matters	23 071	12 578	13 252
Non-incident related studies	3 342	56 873	60 151
	135 147	162 846	130 924

- 5.4 The budget appropriation for Consultants' fees has been retained at the 2012 budget level of £150 000.
- 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 in the Russian Federation which commenced in 2011 will result in additional lawyers' fees in 2013.

(b) 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 The 1992 Fund Assembly decided at its October 2011 session to allow the Audit Body to function with five members nominated by 1992 Fund Member States and the 'external expert' for the next three year term and to review the composition of the Audit Body in 2014.
- 5.9 An appropriation of £167 000 is included in the draft 2013 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.
- 5.10 At the October 2009 sessions, the governing bodies 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).
- 5.11 The June 2012 UK Retail Price Index of 2.8% has been used for preparing budget appropriations resulting in the following honoraria/fees totalling £55 780:

Chairman	£6 800
Members	£4 535 each (£18 140 for four members)
External expert	£30 840

- 5.12 Travel costs, including daily subsistence allowance to attend meetings for the members, plus a small additional appropriation for any increase in fees from October 2013, have been estimated at £111 220.

(c) Investment Advisory Body

- 5.13 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.
- 5.14 At the October 2009 sessions, the governing bodies decided to increase the remuneration for the members of the IAB to £20 000. 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).

- 5.15 The new remuneration of the three members will therefore be £22 670 per member. An appropriation of £68 500 has been included in the draft budget to cover any increase in fees in October 2013.

6 Unforeseen expenditure (Chapter VI)

2013 Appropriation £	2012 Appropriation £	% Increase/Decrease) on 2012 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.

7 External audit fee (Chapter VII)

- 7.1 External audit fees are paid by the respective Fund and are not included as part of the management fee paid by the Supplementary Fund and 1971 Fund to the 1992 Fund. A new Chapter (Chapter VII) has been included in the draft Secretariat budget in Annex I showing the audit fee payable by the 1992 Fund.
- 7.2 The United Kingdom National Audit Office has provisionally advised that the fee for auditing the accounts of the 2012 financial period of the 1992 Fund which is payable in 2013 will be £49 000. The fees have been maintained at the same level as in 2012. 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.

* * *

ANNEX III

Estimated General Fund claims expenditure in 2012

(Figures in Pounds sterling)

Incident	Date	Maximum payable from General Fund: 4 million SDR	Expenditure up to 31/12/11		Receipt under STOPIA 2006 Agreement** up to 31/12/11	Balance Payable from General Fund at 31/12/2011	2012 Expenditure				Receipts/ receivables under STOPIA 2006 Agreement 01/01/12 to 31/12/2012	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 paid up to 31/12/11	Claims-related expenses paid up to 31/12/11			Compensation		Claims-related expenses					
							Paid 01/01/12-30/06/12	Estimate 01/07/12-31/12/12	Paid 01/01/12-30/06/12	Estimate 01/07/12-31/12/12				
Solar I *	11/08/06	3 134 944	(6 491 623)	(175 388)	6 522 136	2 990 069	0	0	0	(5 000)	-	(5 000)	(150 000)	2 986 000
Volgoneft 139	11/11/07	3 059 508	0	(834 025)	-	2 225 483	0	0	(20 865)	(154 135)	-	(175 000)	(1 010 000)	2 050 000
Incident in Argentina	26/12/07	3 152 360	0	(162 653)	-	2 989 707	0	0	0	(50 000)	-	(50 000)	(213 000)	2 940 000
Redferm	24/03/09	4 091 560	0	0	-	4 091 560	0	0	(6 499)	(43 501)	-	(50 000)	(50 000)	4 042 000
JS Amazing	06/06/09	3 857 988	0	(7 000)	-	3 850 988	0	0	(6 507)	(43 493)	-	(50 000)	(57 000)	3 801 000
Alfa I	05/03/12	3 900 576	0	0	-	3 900 576	0	0	(9 834)	(40 166)	-	(50 000)	(50 000)	3 851 000
												(380 000)		

* *Solar I* - 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 2013

(Figures in Pounds sterling)

Incident	Date	Maximum payable from General Fund: 4 million SDR	Estimated Balance Payable from General Fund at 31/12/2012	2013 Estimated Expenditure		Receivable under STOPIA 2006 Agreement	Estimated Total General Fund Expenditure in 2013	Estimated Total General Fund Expenditure up to 31/12/13	Estimated Balance payable from General Fund at 31/12/2013
				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	2 050 000	(1 550 000)	(500 000)	-	(2 050 000)	(3 060 000)	-
Incident in Argentina	26/12/07	3 152 360	2 940 000	-	(50 000)	-	(50 000)	(263 000)	2 890 000
<i>Redfferm</i>	24/03/09	4 091 560	4 042 000	(3 542 000)	(500 000)	-	(4 042 000)	(4 092 000)	-
<i>JS Amazing</i>	06/06/09	3 857 988	3 801 000	(3 301 000)	(500 000)	-	(3 801 000)	(3 858 000)	-
<i>Alfa I</i>	05/03/12	3 900 576	3 851 000	(3 351 000)	(500 000)	-	(3 851 000)	(3 901 000)	-
							(13,799,000)		

* *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

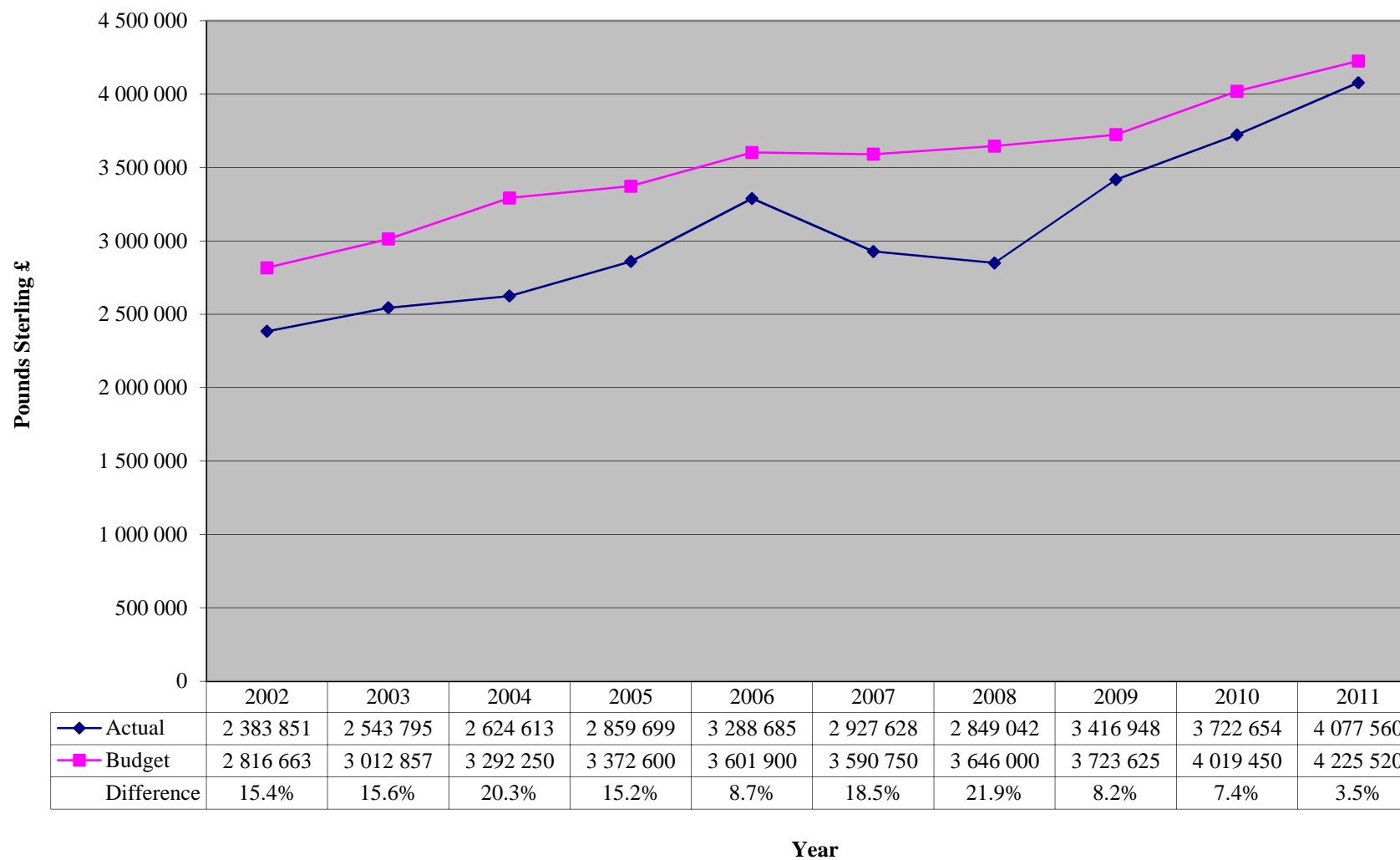
REPORT ON PAYMENT OF CLAIMS AND CLAIMS-RELATED COSTS AS AT 30 JUNE 2012

Incident	Year	Compensation £	Legal Fees £	Technical Fees £	Various Fees £	Other Costs £	Total £
Solar 1 (Under STOPIA 2006 Agreement)	Up to 30/06/2012	-	-	-	-	-	-
	2011	-	10 270	-	-	6	10 276
	2010	17 798	8 692	635	-	897	28 022
Reimbursement from P&I Club	2010	-	-	-	-	(573)	(573)
	2009	390 508	33 077	3 800	-	7 294	434 679
Reimbursement from P&I Club	2008	281 908	-	-	-	(1 663)	(1 663)
						10 990	292 898
Reimbursement from P&I Club	2008	-	(43 052)	-	(77 879)	(10 925)	(131 856)
	2007	3 835 532	46 658	-	80 677	67 167	4 030 034
	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
Volgoneft 139	Up to 30/06/2012	-	20 137	681	-	47	20 865
	2011	-	119 313	65 823	645	6 367	192 148
	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	-	399 102	403 487	6 494	45 807	854 890
Incident in Argentina	Up to 30/06/2012	-	-	-	-	-	-
	2011	-	-	6 746	-	12 392	19 138
	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	33 877	618	30 646	181 791
Redffern	Up to 30/06/2012	-	-	-	-	6 499	6 499
	Total to date	-	-	-	-	6 499	6 499
JS Amazing	Up to 30/06/2012	-	-	-	-	6 507	6 507
	2011	-	7 000	-	-	-	7 000
	Total to date	-	7 000	-	-	6 507	13 507
Alfa I	Up to 30/06/2012	-	-	6 477	522	2 835	9 834
	Total to date	-	-	6 477	522	2 835	9 834

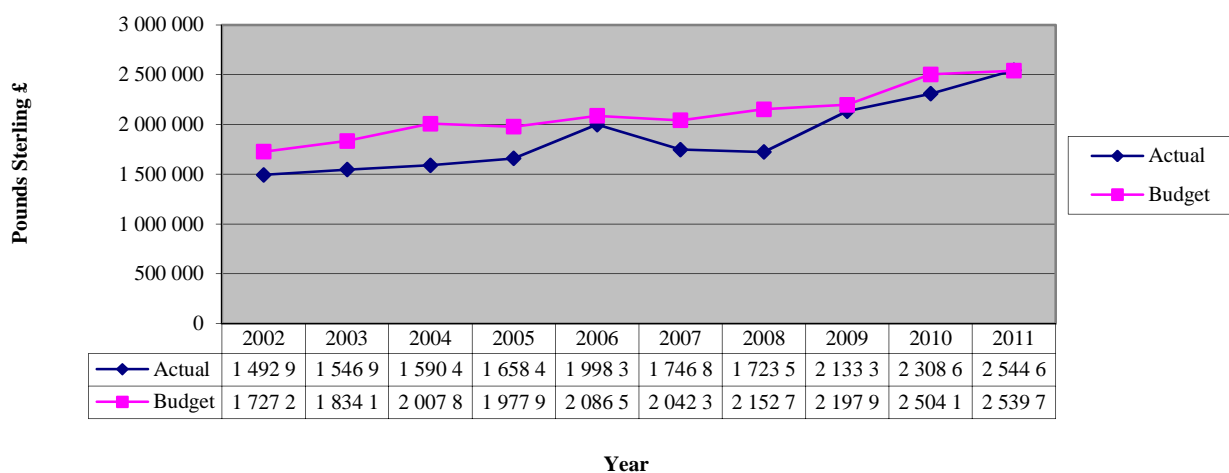
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ANNEX VI

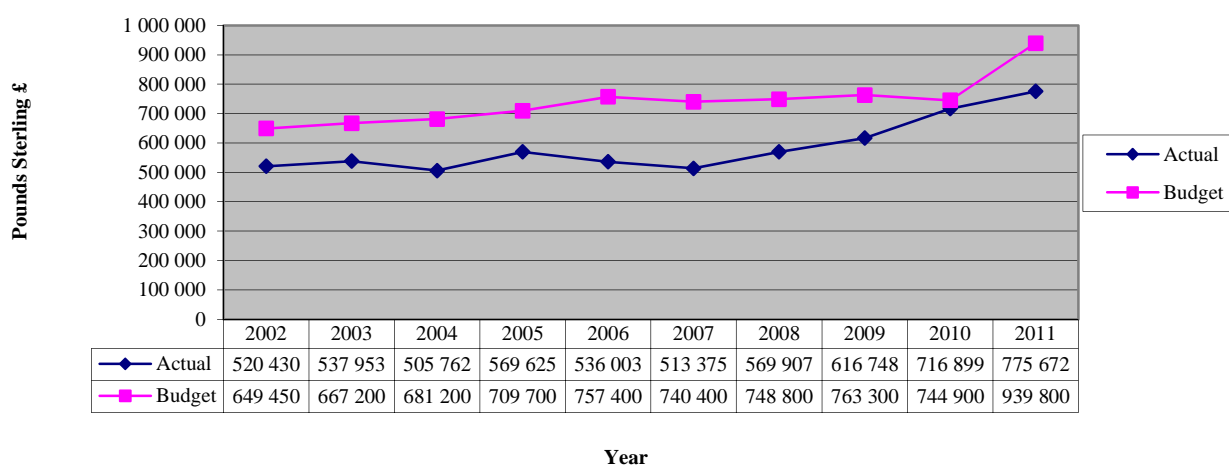
ACTUAL EXPENDITURE vs BUDGET APPROPRIATIONS FOR THE FINANCIAL YEARS 2002 - 2011



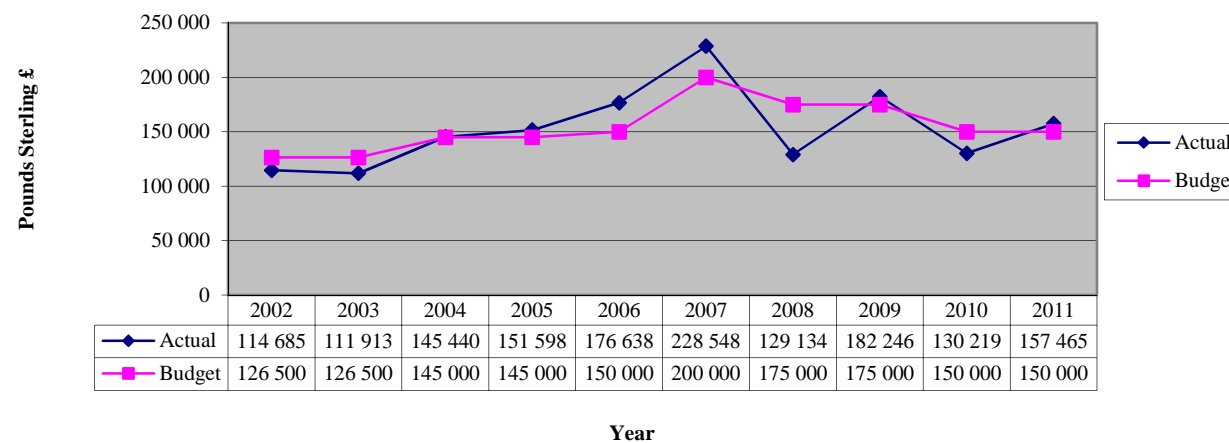
Chapter I PERSONNEL



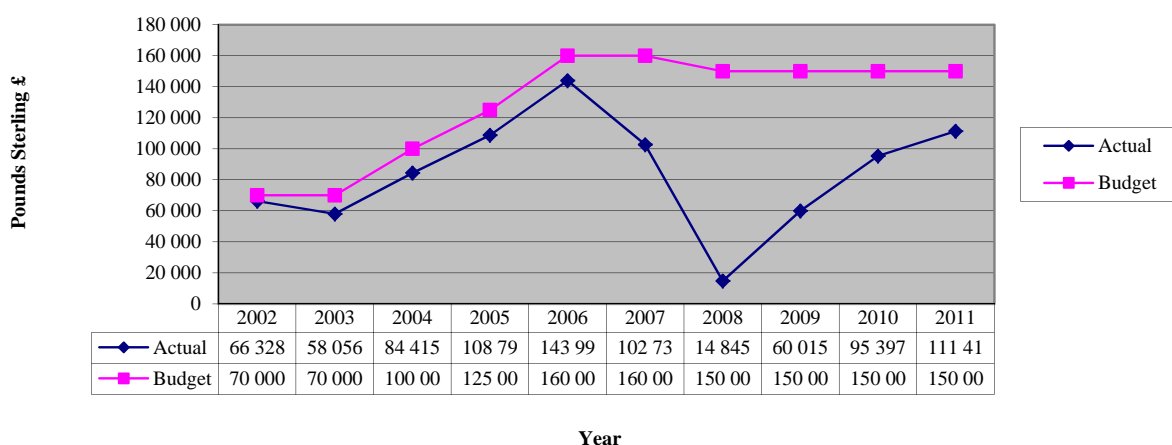
Chapter II GENERAL SERVICES



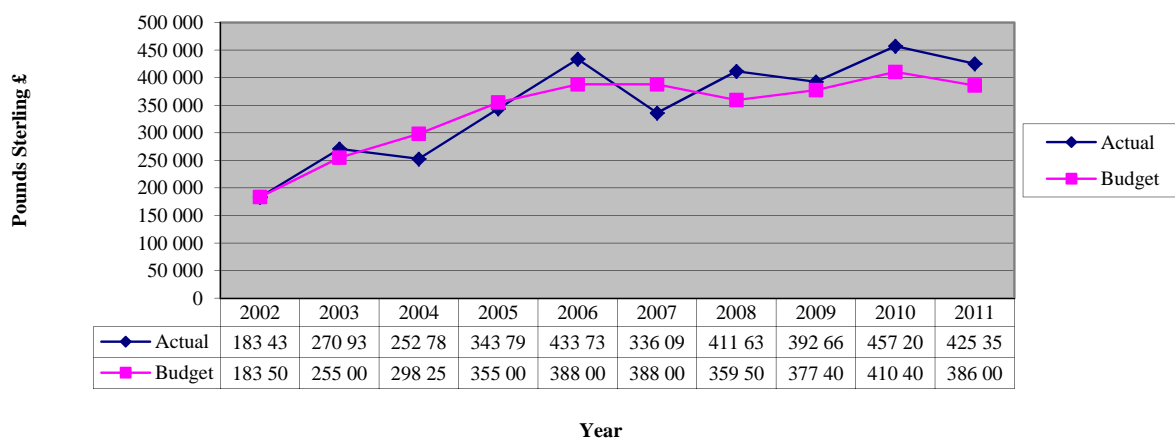
Chapter III MEETINGS



Chapter IV TRAVEL



Chapter V MISCELLANEOUS EXPENSES



Chapter VI UNFORESEEN EXPENSES

