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COMPENSATION
FUND

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Agenda item 17

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BUDGET FOR 1996

Note by the Director

1 Employment of Finance Officer

1.1 The age of retirement for staff members is governed by Staff Regulation 17 which reads:

"The normal age of retirement for staff members of the Secretariat shall be 62 years. However, for staff members appointed before 1 January 1990, the normal age of retirement shall be 60 years. These age limits may be extended in the interest of the Fund in exceptional cases."

1.2 The Finance Officer, Mr S O Nte, who has been a member of the IOPC Fund staff since 1 September 1979, reaches the age of 60 years on 16 January 1996.

1.3 The Finance Officer and his secretary, Mrs Pauline Binkhorst-van Romunde, have in recent years had to cope with a very heavy workload. It is likely that the workload in the present Fund organisation will increase in the coming years. In addition, the entry into force of the 1992 Protocol to the Fund Convention and the establishment of a new organisation (the 1992 Fund), which will probably be administered by the present IOPC Fund Secretariat, will add to the workload in respect of the budget, accounts and investments.

1.4 For these reasons, it would be very disruptive if the present Finance Officer were to retire in early 1996. The Director has decided, therefore, with the consent of Mr Nte, to extend the age limit for his retirement to a later date. This will make it possible to recruit a successor who would be trained to take on this very important post.

1.5 The Finance Officer of the IOPC Fund is responsible for operating a complex system of accounting. The accounting side is governed by the Common Auditing Standards of the Panel of

External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. This system is based on a combination of public sector and private sector accounting. The budgetary aspects, which embrace administrative expenditure as well as claims expenditure relating to the General Fund and Major Claims Funds, necessitate special accounting procedures. The Finance Officer is also responsible for the custody and investment of funds currently in the region of £90 million.

1.6 The Director considers that it is necessary that the successor to Mr Nte should be able to work with him for a considerable period of time so as to become fully conversant with all the tasks carried out by the Finance Officer. In the Director's view, this would necessitate a duplication of the post of Finance Officer during that period. The Director proposes that he be authorised to employ an additional staff member in the professional category from 1 May 1996 at the P4/P5 grade and that an extra allowance (assessed at Grade P4, step I) of £61 960 be included in the 1996 Budget for this purpose. Of this amount, £28 200 would fall under the item of Salaries, £18 430 under the item of Separation and recruitment and £15 330 under the item of Staff benefits and allowances.

2 Rent of office accommodation

2.1 At its 17th session, the Assembly adopted the budget appropriations for 1995, which included appropriations for the employment of three additional staff members (document FUND/A.17/35, paragraph 19). In November 1994, the Director employed two additional staff members. It is expected that the third additional staff member will be employed in December 1995. In the draft budget for 1996 the Director has included an appropriation for an additional secretary. As set out above, the Director proposes to recruit a successor to the present Finance Officer to work with the present incumbent for some time.

2.2 The employment of more staff necessitates additional office space. The Director has recently reached agreement with IMO that additional office space will be made available to the IOPC Fund from 1 November 1995. The additional space (approximately 400 square feet), which was not taken into account in the draft budget set out in document FUND/A.18/14, will make it possible to accommodate the three new staff members referred to in paragraph 2.1.

2.3 IMO has informed the Director that the IOPC Fund's share of the costs of improving the air conditioning in the conference rooms in the IMO building will amount to £4 420.

2.4 Due to lack of sufficient storage space in the IMO building, the IOPC Fund has rented additional storage space outside the building. This space (125 square feet) is located in Wandsworth, London SW18, and the rent is £1 560 per annum.

2.5 The Director assesses the additional costs for accommodation and storage as follows:

| | £ |
|------------------------------------|---------------|
| Rental charges | 3 720 |
| Service charges | 7 010 |
| Air conditioning (IOPC Fund share) | 4 420 |
| Outside storage rent | <u>1 560</u> |
| | <u>16 710</u> |

3 Remuneration of members of the Investment Advisory Body

3.1 In the draft budget for 1996 the Director proposed that the allocation for the remuneration of the members of the Investment Advisory Body be increased from £12 000 to £15 000 (document FUND/A.18/14, Chapter V(e)).

3.2 When the initial remuneration of the members of the Investment Advisory Body was set, it was not apparent what the level of their involvement in IOPC Fund matters would be. As can be seen from the Report of this Body (document FUND/A.18/4), the members have held meetings more frequently than was envisaged at the outset, and they have also been consulted by the Finance Officer on a number of occasions.

3.3 Having regard to the foregoing, the Director's attention has been drawn to the fact that the remuneration of the members of this Body should be brought nearer the level of remuneration normally paid for such expertise. The Director, therefore, submits a revised proposal that the allocation for the remuneration of members of the Investment Advisory Body be increased from £12 000 to £18 000, ie £6 000 pa per member.

4 Revised draft budget for 1996

In the light of the considerations set out above, the Director has prepared a revised draft budget for 1996 for the administrative expenses of the IOPC Fund, as set out in the Annex to the present document.

5 Action to be taken by the Assembly

The Assembly is invited to consider for adoption the draft budget for 1996 for the administrative expenses of the IOPC Fund.

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ANNEX

DRAFT BUDGET FOR 1996

STATEMENT OF EXPENDITURE

| | 1994 actual expen- diture | 1994 budget appro- priation | 1995 budget appro- priation | 1996 budget appro- priation |
|---|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | £ | £ | £ | £ |
| A SECRETARIAT | | | | |
| I Personnel | | | | |
| (a) Salaries | 353 792 | 482 950 | 462 650 | 530 140 |
| (b) Separation and recruitment | 770 | 72 840 | 46 850 | 19 430 |
| (c) Staff benefits and allowances | 123 673 | 189 590 | 189 390 | 224 050 |
| (d) Home leave | <u>2 253</u> | <u>4 000</u> | <u>10 000</u> | <u>5 000</u> |
| | <u>480 488</u> | <u>749 380</u> | <u>708 890</u> | <u>778 620</u> |
| II General services | | | | |
| (a) Rent of office accommodation (including common services, security services and rates) | 54 152 | 82 250 | 66 500 | 93 710 |
| (b) Office machines, including maintenance | 24 405 | 21 000 | 21 000 | 25 000 |
| (c) Furniture and other office equipment | 7 856 | 7 500 | 8 000 | 8 000 |
| (d) Office stationery and supplies | 10 657 | 11 000 | 18 000 | 23 000 |
| (e) Communications (telephone, telex, telefax, postage) | 27 659 | 22 000 | 26 000 | 40 000 |
| (f) Other supplies and services | 15 248 | 21 000 | 25 000 | 25 000 |
| (g) Representation (hospitality) | 6 682 | 11 000 | 13 000 | 14 000 |
| (h) Printing and publication | <u>50 936</u> | <u>24 000</u> | <u>65 000</u> | <u>90 000</u> |
| | <u>197 595</u> | <u>199 750</u> | <u>242 500</u> | <u>318 710</u> |
| III Meetings | | | | |
| (a) Session of 1971 Fund Assembly and sessions of Executive Committee in autumn | 16 491 | 16 800 | 17 640 | 21 075 |
| (b) Further meetings of Executive Committee (3 sessions) | 9 664 | 18 960 | 19 910 | 31 720 |
| (c) Intersessional Working Group (1 session) | 17 354 | 12 640 | 6 640 | 7 930 |
| (d) Session of 1992 Fund Assembly/Extraordinary session of 1971 Fund Assembly | <u>-</u> | <u>-</u> | <u>-</u> | <u>21 075</u> |
| | <u>43 509</u> | <u>48 400</u> | <u>44 190</u> | <u>81 800</u> |

| | 1994 actual expen- diture | 1994 budget appro- priation | 1995 budget appro- priation | 1996 budget appro- priation |
|---|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| IV <u>Conferences and travel</u> | £ | £ | £ | £ |
| (a) Conferences and seminars | 23 874 | 20 000 | 20 000 | 20 000 |
| (b) Mission | <u>1 840</u> | <u>20 000</u> | <u>20 000</u> | <u>20 000</u> |
| | <u>25 714</u> | <u>40 000</u> | <u>40 000</u> | <u>40 000</u> |
| V <u>Miscellaneous expenditure</u> | | | | |
| (a) External audit | 16 800 | 18 000 | 18 000 | 18 500 |
| (b) Payment to IMO for general services | 5 140 | 5 200 | 5 300 | 5 300 |
| (c) Consultants' fees | 54 063 | 70 000 | 50 000 | 80 000 |
| (d) Payment to IMO for translator | 39 744 | 42 000 | 42 000 | 45 000 |
| (e) Investment Advisory Body | - | - | <u>12 000</u> | <u>18 000</u> |
| | <u>115 747</u> | <u>135 200</u> | <u>127 300</u> | <u>166 800</u> |
| VI <u>Unforeseen expenditure</u> (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment) | - | - | <u>50 000</u> | <u>50 000</u> |
| TOTAL EXPENDITURE I - VI | <u>863 053</u> | <u>1 172 730</u> | <u>1 212 880</u> | <u>1 435 930</u> |

B CLAIMS

(see document FUND/A.18/15 Assessment of annual contributions)

STATEMENT OF INCOME - GENERAL FUND

| | funds actually accumulated at 31.12.94 | 1994 budget estimate | 1995 budget estimate | 1996 budget estimate |
|--|--|----------------------------|----------------------------|----------------------------|
| I <u>Surplus fund from preceding years</u> | 11 825 448 | 5 218 952 | 11 100 396 | 11 926 646 |
| II <u>Any other income</u> | | <u>400 000</u> | <u>600 000</u> | <u>600 000</u> |
| TOTAL INCOME I & II | | <u>5 618 952</u> | <u>11 700 396</u> | <u>12 526 646</u> |