

INTERNATIONAL OIL POLLUTION COMPENSATION FUND

FONDS INTERNATIONAL D'INDEMNISATION POUR LES DOMMAGES
DUS A LA POLLUTION PAR LES HYDROCARBURES

ASSEMBLY -
2nd session
Agenda item 13

FUND/A.2/10
16 March 1979
Original: ENGLISH

ASSESSMENT OF ANNUAL CONTRIBUTIONS

Note by the Director

1. Article 12 of the Fund Convention provides that the Assembly shall determine the amount of annual contributions, if any. For that purpose, and taking into account the necessity to maintain sufficient liquid funds, the Assembly is required to make an estimate in the form of a budget of the Fund's expenditure and income for each calendar year.

In this respect, the Assembly is referred to document FUND/A.2/9 containing the proposed draft budget for 1978/1979.

2. The Assembly may, therefore, wish to decide, having regard to the Fund's estimated expenditure for 1979, whether it is necessary to call for annual contributions for 1979.

The Director proposes that the Assembly considers this question in the light of the following information about the Fund's expenditure and income for the period 1978/1979.

3. The draft budget prepared by the Director (document FUND/A.2/9) discloses for the period 1978/1979:

(a) Expenditure £ 203,504.00

This expenditure is wholly for the costs and expenses of the administration of the Fund, including cost of meetings and consultancy fees. It does not include provision for meeting any claim.

(b) Income

Initial contributions £1,618,263.60
(paid or due)

Interest on above income £ 133,000.00
(received or estimated
for 1979)

TOTAL £1,751,263.60

4. The Assembly will observe that the expenditure is considerably lower than the income. It does, however, exceed by approximately £70,000 the interest paid or payable on the initial contributions invested.

5. If the Assembly, in deciding on the question of determination of annual contributions for 1979, should consider that the capital of the initial contributions paid should not be used to meet the annual recurring costs and expenses of the administration of the Fund, the following items, in the Director's opinion, should not be taken into account as annual recurring costs:

(i)	non-recurring items of capital outlay for equipping and establishing the Fund's Secretariat with furniture, office machines, etc. (items B.II.b. and c. of the draft budget).	£13,000
(ii)	consultants' fees which are anticipated expenses relating to separate appropriations in future budgets to meet claims for specific incidents and which will later be attributed to those incidents (item B.V. of the draft budget).	£40,000
(iii)	the costs of the meetings of the Assembly in November 1978 (£9,000) and other costs incurred by IMCO prior to 1978 (£5,700) (items B.III.a. and B.VII.b. of the draft budget).	£14,700
	TOTAL	<u>£67,700</u> =====

6. After deducting the sum of £67,700 from the above-mentioned expenditure the annual recurring Headquarters expenditure is estimated at £135,800 and this would nearly be covered by the interest on the initial contributions. The excess expenditure and the non-recurring expenditure referred to in items (i), (ii) and (iii) above should, in the Director's view, be paid out of the initial contributions.
