

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

ASSEMBLY -
3rd session
Agenda item 10

Distr.
RESTRICTED
FUND/A.3/8
15 February 1980
Original: ENGLISH

DRAFT BUDGET FOR 1980

Note by the Director

1. Article 18.5 of the Fund Convention requires the Assembly to adopt the annual budget of the IOPC Fund. The draft budget 1980 with explanatory notes as prepared by the Director is at Annex I.
2. The presentation of the budget follows Article 12.1 of the Fund Convention and Regulations 3.2 and 3.3 of the draft Financial Regulations as adopted by the Intersessional Working Group (document FUND/A.3/5, Annex II).
3. For delegates' convenience, a Status of Appropriations for the period 1978/1979, showing the appropriations voted by the Assembly at its second session and how much money has been spent, is attached as Annex II. It should be noted that this is only a preliminary Status of Appropriations statement which may be revised after the final audit of the 1978/1979 accounts.
4. The Assembly is invited to consider the draft budget for 1980 for adoption.

ANNEX I

DRAFT BUDGET FOR 1980

STATEMENT OF EXPENDITURE

A. SECRETARIAT

£

£

I. Personnel

(a) Salaries, allowances and overtime 77,400

(b) Social Security 13,000

90,400

II. General Services(a) Rent of office accommodation
(including common services,
security services and rates) 8,500(b) Office machines, including
maintenance 2,000(c) Furniture and other office
equipment 5,000

(d) Office stationery and supplies 5,500

(e) Communications (telex,
telephone, postage) 3,500

(f) Other supplies and services 2,000

(g) Hospitality 1,700

28,200

III. Meetings(a) Third Assembly in March, Second
Executive Committee in March 1980 8,000

(b) Meetings in October 1980 8,000

16,000

	£	£
IV. <u>Conferences and Travel</u>		
(a) Conferences and Seminars	5,000	
(b) Mission	12,000	
		<hr/> 17,000 <hr/>
V. <u>Printing and Publication</u>		2,500
VI. <u>Miscellaneous Expenditure</u>		
(a) External audit	3,000	
(b) Payment to IMCO for "overhead costs" 1980	11,347	
(c) Consultants' fees	5,000	
		<hr/> 19,347 <hr/>
TOTAL EXPENDITURE I-VI		<hr/> 173,447 <hr/> <hr/>

B. CLAIMS

(See document FUND/A.3/9 -
Assessment of Annual Contributions)

STATEMENT OF INCOME

	E
I. <u>Surplus funds from 1978/79 including interest</u>	2,339,962
II. <u>Initial contributions to be paid in 1980</u>	240,280
III. <u>Any other income</u>	
(a) 1979 annual contributions invoiced on 8.2.1980	96,367
(b) Interest due in 1980 on 1979 deposits	111,285
(c) Interest to be earned in 1980 on £2,007,000 capital at 1 January 1980 - estimated at 14% less interest due in 1980 on 1979 deposits (item (b))	168,695
(d) Interest to be earned on contribution receipts invested during 1980 after 1 January - estimated	47,000
(e) Interest receivable on outstanding 1979 annual contributions	2,000
TOTAL INCOME I-III	<u><u>3,005,589</u></u>

Explanatory Notes to the Draft Budget

General

Draft Financial Regulation 2 provides that the financial period of the Fund shall be the calendar year. The draft budget proposed by the Director therefore covers the period from 1 January 1980 to 31 December 1980.

Expenditure incurred from 1 January 1980 up to the date of the adoption of the budget by the Assembly will be kept at the same level and for the same purposes as are contained in the budget for 1978-1979, in accordance with the decision taken by the Assembly at its second session (see document FUND/A.2/16/1 paragraph 12(v)).

The Budget

EXPENDITURE

A. SECRETARIAT

I. Personnel

The calculation is based on the salaries as paid by IMCO, including all grants, allowances, overtime, Provident Fund contributions and insurance payments, having regard to Staff Regulation 14 which provides that the emoluments of the Fund's staff members should follow the UN common system as applied by IMCO.

The calculation includes the salary for one additional Clerk-Secretary at G.4 level. Experience has shown that the amount of secretarial work in the Fund's administration is such that it cannot all be done by two secretaries. In particular, the accounting side of the Administrative Assistant's responsibilities requires so much secretarial work, especially typing, that this cannot be done by the Director's secretary and the Senior Clerk-Secretary without hampering other work considerably. The post of the Professional Officer's secretary should be upgraded from G.4 to G.5 which in IMCO is the usual grade for a Legal Officer's secretary.

In detail the following appropriations have been made:

	£
Director (D.2)	36,000
Professional Officer (P.4)	22,500
Administrative Assistant (G.8)	10,000
Director's Secretary (G.7)	8,600
Senior Clerk-Secretary (G.5)	7,000
Clerk-Secretary (G.4)	6,300
TOTAL	<u>90,400</u>

II. General Services

(a) Rent of office accommodation

The Fund occupies office accommodation sub-let by IMCO in an office building at 1-4 Yarmouth Place. The rent to be paid to IMCO is calculated on a pro rata basis. The appropriations are based on the office rooms at present occupied by the Fund on the third floor. It seems unlikely that the Fund can move in to the offices allotted to it on the second floor of this building during the first half of this year.

Since the United Kingdom Government refunds 80% of the rent to the IOPC Fund, as they do with IMCO, it has been agreed that the Fund should pay only 20% of the rent to IMCO. The appropriation is calculated on this 20% basis.

(b) Office machines

The appropriation for office machines includes funds for the purchase of the necessary equipment for the additional Clerk-Secretary, e.g. one electric typewriter.

(c) Furniture and other equipment

The appropriation is partly for furnishing the Clerk-Secretary's office and partly for providing some additional furniture such as book shelves, filing cabinets, wardrobe for the other offices.

(d) Office stationery and supplies

During the period 1978/1979 the Fund relied solely on IMCO forms for the accounts, and used many other IMCO administrative forms. It is expected that, henceforth, the Fund will print all its own forms and purchase all the books required for the accounts.

(e) Communications (telex, telephone, postage)

This appropriation contains the funds necessary to install and rent a telephone system independent of the IMCO system. This will be operated in addition to the internal IMCO system in which the Fund will still be included.

(f) Other supplies and services

This appropriation contains funds for supplies not covered by sub-paragraphs (b) to (e) and a figure for miscellaneous expenditure, such as public information, unforeseen expenditure and bank charges.

(g) Hospitality

This appropriation is necessary for hospitality not covered by the Director's representation allowance e.g. receptions to be given at meetings of the Fund's organs or official entertainment by the Fund.

III. Meetings

The Fund's meetings to be held in March and possibly in October will take place in the IMCO Conference Room. Provision is made for two meetings, each of five days duration.

The Director has agreed with IMCO that the actual cost of servicing these meetings, excluding the cost for services rendered by the personnel of IMCO Conference Section which is included in the overhead costs (see VII(b)), should be chargeable to the Fund according to the estimates given below.

The appropriation being slightly higher than the calculated amount allows for additional expenses for overtime, changes in the operational rate of exchange of US Dollar which is IMCO's unit of account and pre-session, in-session and post-session documentation exceeding the estimated amount of 120 pages.

Cost of one meeting

	£	£
1. Interpreters, \$150 p.d. 3,000 @ 0.440 £:\$		1,320
2. Operator, £60 p.d.		300
3. Meeting room and equipment, £250 p.d.		1,250
4. Coffee/tea, £10 p.d.		50
5. Telephone (local), £10 p.d.		50
6. Security, electricity, etc		110
7. Documentation 8,000 @ 0.440 £:\$		3,520
		<hr/>
	TOTAL	6,600
		<hr/>

IV. Conferences and Travel

Based on experience in the period 1978/1979 the appropriation seems to be necessary to provide sufficient funds for the attendance at conferences and seminars, participation in which is in the Fund's interest. The amount for missions does not seem to be too high in view of recent and forthcoming rises in the price of air tickets. The appropriation allows for missions to Africa, South East Asia and possibly North America.

V. Printing and Publication

It seems appropriate for the Fund to print and publish the Civil Liability Convention, the Fund Convention, the Internal Regulations and an explanatory note together in one volume. Furthermore, the Assembly may wish to have the Staff Regulations and Staff Rules, and the Financial Regulations printed. In addition, the Executive Committee may wish to publish, in a printed form, the Executive Committee's report on the Fund's activities in 1978/1979.

VI. Miscellaneous Expenditure

(a) External audit

The fee for the External Auditor for the period 1980 has been provisionally advised as £3,000 by the United Kingdom Exchequer and Audit Department.

(b) Payment to IMCO for "overhead costs" 1980

The appropriation for payment to IMCO for overhead costs in 1980 represents 7% of the administrative costs of running the Fund's Secretariat. This rate is the same as that agreed upon between the Secretary-General of IMCO and the Director, for the financial period 1978/79.

Although it appears that the services rendered by IMCO to the IOPC Fund are now, and will for the rest of this financial period be, considerably less than in the preceding period, the method of calculating the overhead costs to be paid to IMCO seems, in the Director's view, to be appropriate. The Fund's administration still depends to some extent on IMCO's assistance: the Personnel Section administers the Fund members' health insurance scheme, provides the services of a staff nurse and passes to the Fund all information necessary to implement the Staff Regulations and Staff Rules in accordance with the UN common system as applied by IMCO; the Common Services Section provides telephone, telex, postal and messenger services; and the Conference Section provides services before, during and after meetings of the Fund's organs.

The Director and the Director of IMCO's Administrative Division have agreed that the rate to be applied for the calculation of overhead costs shall be reviewed for the 1981 budget period.

(c) Consultants' fees

It was the decision of the Fund's Assembly to keep the Fund's permanent staff as small as possible and to allow the Director to employ consultants, if some extraordinary work had to be done that could not be done by the permanent staff members. This may occur in connection with studies that have to be carried out by the Fund. An appropriation of £5,000 should be sufficient in the light of the experience gained so far. Consultants who will be employed in connection with incidents will be charged against the claims accounts.

B. CLAIMS

For the assessment of annual contributions the Assembly shall make an estimate in the form of the budget (Article 12.1 of the Fund Convention). A document to this effect is submitted by the Director to the Assembly (FUND/A.3/9).

INCOME

I. Surplus Fund from 1978/79 Including Interest

The surplus of £2,339,962 from 1978/79 represents the balance on the Income and Expenditure Account for the relevant period.

II. Initial Contributions to be paid in 1980

The figure for initial contributions to be paid in 1980 represents the initial contributions receivable from French contributors for whom invoices were written on 8 February 1980. No other instruments of ratification or accession have to date been deposited with IMCO so there are no further firm expectations for initial contributions in respect of other future Contracting States.

III. Any Other Income

(a) Invoices for the 1979 annual contributions receivable from French contributors were sent out on 8 February 1980.

(b) Interest due in 1980 on 1979 deposits comes from two substantial investments made in late 1979: £1 million invested with Barclays Bank Limited for three months (22.10.79-22.1.80) at 14 $\frac{3}{16}$ % p.a. for a yield of £35,760 and £927,000 invested with the Mitsubishi Bank Limited for six months (20.12.79-20.6.80) at 16 $\frac{1}{2}$ % p.a. for a yield of £75,525. As it is not certain whether the principal sum of £1,927,000 will be consistently available for investment throughout the remainder of 1980, and, if so, whether the rate of interest will be of the same magnitude as in late 1979, the projected yield on this capital has been merged under the estimate in (c) below.

(c) The figure for interest to be earned in 1980 on £2,007,000 at 1 January 1980 is estimated at 14% p.a. giving a yield of £280,980 less £111,285 already realisable under (b) above.

(d) As at 1 January 1980 the total outstanding contributions were about £459,296. It is assumed that about £300,000 of this amount will be received within the first half of 1980. At an average interest rate of 14% p.a. for nine months this will yield about £31,000. A further yield of about £16,000 could be expected if the full outstanding contributions are paid within the second half of 1980 in time for a firm tenor of three months at 14% p.a.

(e) On the assumption that all outstanding 1979 annual contributions are paid by 31 January 1980, the interest receivable at 19% p.a. will be in the region of £2,000.

ANNEX II

PRELIMINARY STATEMENT OF BUDGET APPROPRIATIONS AND OBLIGATIONS INCURRED FOR THE PERIOD 1978/1979

CLASS OF EXPENDITURE	ORIGINAL BUDGET APPROPRIATIONS	TRANSFERS	REVISED BUDGET APPROPRIATIONS	OBLIGATIONS INCURRED			BALANCE OF APPROPRIATIONS
				UNLIQUIDATED	LIQUIDATED	TOTAL	
	£	£	£	£	£	£	£
A. SECRETARIAT							
I PERSONNEL							
a Salaries and allowances	53,317	2,054	55,371	-	55,371	55,371	-
b Social Security	9,283	-	9,283	267	9,016	9,283	-
TOTAL	62,600	2,054	64,654	267	64,387	64,654	-
II GENERAL SERVICES							
a Rent of office accommodation (including common services, security services and rates)	20,560	-	20,560	2,500	2,318	4,818	15,742
b Office machines, including maintenance	5,000	-	5,000	351	2,504	2,855	2,145
c Furniture and other office equipment	8,000	-	8,000	850	4,808	5,658	2,342
d Office stationery and supplies	2,500	-	2,500	1,033	67	1,100	1,400
e Communications (telex, telephone, postage)	3,000	-	3,000	1,500	643	2,143	857
f Other supplies	2,000	-	2,000	83	457	540	1,460
g Representation (Hospitality)	2,000	-	2,000	-	953	953	1,047
TOTAL	43,060	-	43,060	6,317	11,750	18,067	24,993
III MEETINGS							
a First Assembly in November 1978	9,000	-	9,000	-	3,234	3,234	16,212
b Second Assembly in April 1979	5,500	-	5,500				
c One further meeting (Assembly or Executive Committee) during 1979	7,000	(2,054)	4,946				
TOTAL	21,500	(2,054)	19,446	-	3,234	3,234	16,212
IV CONFERENCES AND TRAVEL							
a Conferences and seminars	5,000	-	5,000	-	1,263	1,263	3,737
b Mission	10,000	-	10,000	244	4,832	5,076	4,924
TOTAL	15,000	-	15,000	244	6,095	6,339	8,661
V CONSULTANTS' FEES	TOTAL	(2,100)	37,900	-	-	-	37,900
VI PRINTING AND PUBLICATIONS	TOTAL	-	2,000	-	-	-	2,000
VII MISCELLANEOUS EXPENDITURE							
a External audit	1,500	-	1,500	1,500	-	1,500	-
b Payment to IMCO for expenses prior to 1978	5,700	-	5,700	-	5,462	5,462	238
c Payment to IMCO for "overhead costs" 1978/1979	10,619	-	10,619	7,097	-	7,097	3,522
d Payments to IMCO as far as not covered under I-VII, c	525	-	525	-	-	-	525
e Miscellaneous	1,000	2,100	3,100	-	2,100	2,100	1,000
TOTAL	19,344	2,100	21,444	8,597	7,562	16,159	5,285
TOTAL EXPENDITURE I-VII	203,504	-	203,504	15,425	93,028	108,453	95,051

Explanatory Notes to the Status of Appropriations
for the Period 1978/1979

A. SECRETARIAT

I. Personnel

The total expenditure on personnel exceeded the appropriation by £2,054. A transfer in this amount was, therefore, effected from the salary provision in the appropriation for "one further meeting during 1979" (see Item III(c)).

II. General Services

The substantial balance of £15,742 in the appropriation for rent of office accommodation is due to the fact that the original appropriation in this respect included the 80% part of the rent which the United Kingdom Government agreed subsequently to refund to the IOPC Fund.

III. Meetings

The final bill for meetings has yet to be presented by IMCO. As the amount due cannot be easily estimated, the balance of appropriation of £16,212 does not take into account any provision for unliquidated obligations in respect of meetings.

IV. Conferences and Travel

(a) Conferences and Seminars

The Director attended the 4th Oil Spill Conference in Los Angeles (United States). In addition, a few conferences and seminars in the United Kingdom were attended by the Director and the Professional Officer.

(b) Mission

As explained in document FUND/A.3/3, the Director went on missions to Japan, Indonesia, Denmark, Norway, Sweden, France, Italy and Yugoslavia.

V. Consultants' Fees

So far, the Secretariat has not been presented with any bills for the fees of Consultants engaged in any of the incidents which happened during 1979. It is felt that these bills, when they arrive, should be charged directly against the particular claims account.

A transfer of £2,100, however, was made from this item as follows: transfer to Item VII(e) to cover a project for the joint study with IMCO on problems that may arise from an amendment of the 1969 Civil Liability Convention and the 1971 Fund Convention.

VI. Printing and Publication

No expenditure was made under this item during the financial period 1978/1979.

VII. Miscellaneous Expenditure

(a) The £1,500 allocated for external audit fee has been appropriated as an unliquidated obligation in the relevant financial period.

(b) Payment to IMCO for expenses prior to 1978 seems to have been completed during this financial period.

(c) A provisional figure of £7,097 has been appropriated as unliquidated obligation for the period 1978/1979. This figure represents 7% of the total obligation of £101,332 incurred during this period for administrative expenses.

(d) The appropriation for this item of expenditure was not used.

(e) The appropriation of £1,000 was augmented by £2,100 transferred from the provision for Consultants' fees (Item V). Out of this revised budget appropriation figure, total obligations of £2,100 were incurred, leaving a balance of appropriation of £1,000.
