

INTERNATIONAL OIL POLLUTION COMPENSATION FUND

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

ASSEMBLY - 5th session  
Agenda item 12

FUND/A.5/9  
2 August 1982  
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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 this purpose the Assembly shall make an estimate in the form of a budget of the IOPC Fund's expenditure and income for each calendar year, taking into account the necessity of maintaining sufficient liquid funds.

- 2 The IOPC Fund's expenditure consists of:
- (a) administrative costs and expenses of the IOPC Fund;
  - (b) payments of minor claims up to 15 million francs; and
  - (c) payments of claims to the extent that the aggregate amount of claims in respect of any one incident is in excess of 15 million francs (major claims).

Expenses mentioned in paragraphs (a) and (b) have to be met from the general fund (see Financial Regulation 5.1(c)) and expenses with respect to major claims as defined in paragraph (c) have to be met from major claims funds (see Financial Regulation 5.2(a)).

A GENERAL FUND

3 Financial Regulation 5.1 provides that the general fund shall be maintained at such level as the Assembly may decide and that the monies in the general fund shall be used to meet the costs and expenses of the administration of the IOPC Fund and for the satisfaction of minor claims. In addition, according

to a decision taken by the Assembly at its second session, a working capital of up to £2 million shall be maintained.

#### Administrative Expenses

4 The administrative expenses of the IOPC Fund for 1983, as proposed by the Director in the draft budget for 1983 (document FUND/A.5/8), amount to £246,768.

#### Minor Claims

5 Regarding the incidents for which annual contributions were levied in 1981, Table 1 in the Annex shows the differences between the amounts assessed and the actual payments or, as the case may be, the up-dated estimates. It appears from this Table that the IOPC Fund's liabilities with respect to incidents for which contributions were levied in 1981 are £259,186 lower than estimated in 1981.

6 After the assessment of the 1981 annual contributions, liabilities with regard to new incidents have arisen as shown in Table 2. This Table includes only new liabilities in respect of which payment may be asked for from the IOPC Fund in 1983. However, pending a decision by the Executive Committee on payments with regard to the ONDINA incident, no liabilities with respect to this incident have been included in the Table. The IOPC Fund's total liabilities with respect to new minor claims amount to £1,033,040.

7 In addition to the appropriations for new claims, provision has to be made for the payment of the JOSE MARTI claims. However, for the purpose of calculating the annual contributions 1983, an amount of £463,000 has to be deducted from the total of £1,253,040 since, in calculating the surplus of £2,096,885 as at 31 December 1982 (see document FUND/A.5/8), it was assumed that the following payments with respect to claims listed in Table 2 will be made by 31 December 1982.

	£
SUMA MARU	23,000
SHIOTA MARU NO 2	40,000
FUKUTOKU MARU NO 8	400,000
TOTAL	<u>463,000</u>

#### B MAJOR CLAIMS FUNDS

8 There are several incidents which have not been settled in respect of which the IOPC Fund's total liability is, or may be, in excess of 15 million (gold) francs, ie the TARPENBEK, TANIO, ONDINA and FUKUTOKU MARU NO 8 incidents (see document FUND/EXC.7/2). As with the minor claims, the calculation of the annual contributions for major claims does not include liabilities which have yet to be approved by the Executive Committee. Should the Executive Committee at its seventh session decide that payments will be made with respect to the TANIO and/or ONDINA incidents, corresponding amendments to the calculation of annual contributions will have to be made.

9 The aggregate amount of claims arising out of the FUKUTOKU MARU No 8 incident is estimated at £770,000. The total is, therefore, likely to be in excess of 15 million (gold) francs (£623,040) but below 25 million (gold) francs (£1,038,400), the limit up to which the Director can settle incidents without the Executive Committee's prior approval (Internal Regulation 8.4.1). Since payment of these claims is expected to be made partly in 1982 and partly in 1983, it is suggested that the claims arising out of this incident be included in the assessment of annual contributions. The part of the aggregate amount of claims qualifying as major claims as defined in Financial Regulation 5.2 is £146,960.

#### C ESTIMATES

10 In view of the information given above and in accordance with Article 12.1 of the Fund Convention the following estimates of the 1982 annual contributions to the general fund and the major claims fund are made:

(i)	Expenditure	£
(a)	Administrative expenses	246,768
(b)	Minor claims	790,040
(c)	Major claims	146,960
(d)	Working capital	2,000,000
		<u>3,183,768</u>

(ii)	Income	£
(a)	Surplus	2,096,885
(b)	Interest	220,000
(c)	Annual contributions required for general fund	719,923
(d)	Annual contributions required for major claims fund	146,960
		<u>3,183,768</u>

11 The amount of £719,923 and £146,960 are required for the annual contributions to the general fund and to the FUKUTOKU MARU NO 8 Major Claims Fund respectively. In view of the small amount required for the FUKUTOKU MARU NO 8 Major Claims Fund and the uncertainty about the exact figure of the IOPC Fund's final liability, it is suggested that no contributions are levied for the Major Claims Fund. When the payment of claims exceeding the 15 million francs limit have to be made, a loan can be taken from the general fund. The Major Claims Fund contributions can be called at a later date when the exact amount of money needed for this fund is known and when contributions for the ONDINA Major Claims Fund, which will also be based on the oil receipts in 1981, will have to be called.

12 In view of the loan that may have to be taken out of the general fund to satisfy the claims arising out of the FUKUTOKU MARU NO 8 incident, the Director suggests that the annual contributions 1982 to the general fund be assessed at a total of £800,000.

D ACTION REQUIRED

13 The Assembly is invited to decide on the assessment of annual contributions 1982 in accordance with Article 12 of the Fund Convention.

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ANNEX

TABLE 1

COMPARISON OF ASSESSMENT OF ANNUAL CONTRIBUTIONS 1981 WITH  
ACTUAL PAYMENTS OR UP-DATED ESTIMATES

<u>Incidents covered by 1981 contributions (document FUND/A.4/7)</u>	<u>Amount on which assessment was based</u>	<u>IOPC Fund's actual payment or up-dated estimated liability</u>	<u>Difference</u>
	£	£	£
ANTONIO GRAMSCI	637,118	637,118	-
TARPENBEK	5,000	5,000	-
UNSEI MARU	62,000	0	62,000
FURENÄS	364,256	322,000	42,256
HOSEI MARU	511,548	536,618	-25,070
JOSE MARTI	400,000	220,000	180,000
TOTAL			<u>259,186</u>

TABLE 2

GENERAL FUND LIABILITIES FOR WHICH PROVISION HAS TO BE MADE FOR 1983

<u>Incident</u>	<u>Estimated liability</u>
	£
SUMA MARU	23,000
GLOBE ASIMI	267,000
SHIOTA MARU NO 2	120,000
FUKUTOKU MARU NO 8 (minor claims part of total liability)	623,040
	<u>1,033,040</u>
JOSE MARTI	220,000
TOTAL	<u>1,253,040</u>