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COMPENSATION  
FUND 1992

**RESTRICTED**

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## BUDGET FOR 2003 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

**Note by the Director**

<b>Summary:</b>	The draft budget for 2003 is presented, with the Director's comments thereon. The resulting need for 2002 contributions to the General Fund is examined.
<b>Action to be taken:</b>	Adopt the administrative budget for 2003 and decide on the levy of 2002 General Fund contributions.

### **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 Assembly shall determine the amount of contributions to be levied, if any. For this purpose the 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 up to 4 million SDR per incident (minor claims); and
  - (c) payments of claims 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 92FUND/A.7/24).
- 1.6 The assessment of contributions to the General Fund should be calculated as follows:

	ESTIMATED INCOME		
<i>Plus</i>	1 Surplus as at 31 December 2002	A	Total estimated income in 2003
	2 Interest to be earned in 2003		
<i>LESS</i>	ESTIMATED EXPENDITURE		
<i>Plus</i>	1 Administrative expenditure 2003	B	Total estimated expenditure 2003
<i>Plus</i>	2 Minor claims expenditure 2003		
<i>Plus</i>	3 Working capital		
	AMOUNT REQUIRED TO BALANCE BUDGET 2003	A-B	General Fund contributions

- 1.7 As for the individual incidents, reference is made to the information contained in the Financial Statements (document 92FUND/A.7/7, Annex IV, Schedule II) and to the various documents relating to incidents submitted to 18th session of the Executive Committee.
- 1.8 It should be noted that any estimate in this document of amounts to be paid by the 1992 Fund in compensation has been made solely for the purpose of the assessment of annual contributions, without prejudice to the position of the 1992 Fund in respect of the claims.

## **2 Income**

### **2.1 Surplus as at 31 December 2002**

- 2.1.1 The estimated surplus by 31 December 2002 of £22 881 055 is arrived at as shown in the table on page 3.
- 2.1.2 As can be seen from Annex I, it is anticipated that payments of compensation from the General Fund will be made during 2002 in respect of two incidents. It is expected that fees will be incurred during 2002 in respect of ten incidents involving the 1992 Fund.

	£	£
Surplus as at 1 January 2002		20 085 612
<i>Plus</i>		
2001 General Fund contributions receivable in 2002	5 000 000	
Previous years' General Fund contributions receivable in 2002	1 035	
Interest to be earned in 2002 (estimate)	800 000	
	5 801 035	5 801 035
<i>Less</i>		25 886 647
Administrative expenditure, Budget 2002	1 969 592	
Minor claims expenditure in 2002 (Annex I)	1 036 000	
	3 005 592	3 005 592
Estimated surplus as at 31 December 2002		22 881 055

## 2.2 Interest to be earned in 2003

The income in interest during 2003 from the 1992 Fund's investment of the assets of the General Fund is estimated at £800 000. This estimated yield is based on an average principal of approximately £21 million.

## 3 Expenditure

### 3.1 Administrative expenditure 2003<sup><1></sup>

#### *Introduction*

- 3.1.1 As decided by the 1971 Fund Assembly at its 2nd extraordinary session and by the 1992 Fund Assembly at its 1st ordinary session, the 1971 Fund and the 1992 Fund have a joint Secretariat. Since 16 May 1998 the 1992 Fund Secretariat has been responsible for the administration of the two Funds (documents 71FUND/A.19/30, paragraph 11 and 92FUND/A.2/29, paragraph 13.1). The 1992 Fund will initially pay the total expenditure, and the 1971 Fund will reimburse the 1992 Fund for its share.
- 3.1.2 As indicated in documents 92FUND/A.7/21 and 71FUND/AC.9/15, the Director proposes that for the period 1 January - 31 December 2003 the costs of running the joint Secretariat of the 1992 and 1971 Funds should be distributed with 80% to be paid by the 1992 Fund and 20% by the 1971 Fund, except where a different distribution is indicated in the explanatory notes to the draft budget. The draft budget sets out the apportionment of the costs between the two Organisations on the assumption that the Director's apportionment proposals are adopted. If the Assemblies were to decide on a different basis of apportionment between the two Organisations, the distribution in the budget would be revised accordingly.
- 3.1.3 The Director submits for consideration by the Assembly an administrative budget covering the expenses for 2003 of the 1992 Fund and the 1971 Fund. The draft budget is at Annex II.
- 3.1.4 The presentation of the budget follows the requirements of Financial Regulations 5.2 and 5.3.
- 3.1.5 Comparative figures of the Secretariat's administrative expenses for 2001 (actual expenditure and budget appropriations) and for 2002 (budget appropriations) are also given.

<1> It should be noted that the part of this document setting out comments on the administrative expenditure for 2003 (section 3.1) is identical with the corresponding section in document 71FUND/AC.9/17.

- 3.1.6 The draft budget includes a separate Chapter VII containing an appropriation of £250 000 to cover costs relating to the winding up of the 1971 Fund. These costs will be borne only by the 1971 Fund.

*Explanatory notes to the administrative budget*

- 3.1.7 Financial Regulation 3 of the respective Organisations provides that the financial period of the 1992 Fund and 1971 Fund shall be the calendar year. The draft budget proposed by the Director therefore covers the period 1 January to 31 December 2003.
- 3.1.8 The estimates of the draft 2003 administrative budget for the two Organisations amount to £3 012 857. This figure is £196 194 (7.0%) higher than the 2002 budget appropriation of £2 816 663 as adopted by the governing bodies at their October 2001 sessions. Out of this increase, £50 000 (1.8%) results from the decision taken by the governing bodies at their October 2001 sessions to establish a joint Audit Body. A further £85 500 (3%) results from an increase in the appropriation for salaries in the draft budget. The increase in the salaries budget is mainly due to the creation of a new post of IT Administrator in the General Service category (cf paragraph 3.1.14) and a provision to cover a 4% increase to salaries in 2003 (cf paragraph 3.1.18).
- 3.1.9 On the assumption that the Director's proposal for the apportionment of the joint administrative costs between the 1992 Fund and the 1971 Fund generally on a 80:20 basis is approved by the Assemblies, the net joint administrative cost payable by the 1992 Fund and 1971 Fund as set out in the draft budget would amount to £2 381 297 and £631 560, respectively, compared with a net cost in the 2002 budget of £1 969 592 and £847 071, respectively.
- 3.1.10 It should be noted that 69% (£2 083 857) of the total appropriation in the draft 2003 budget covers personnel and office accommodation costs.

*Notes on the individual appropriations*

I Personnel

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
1 834 157	1 727 213	6.2%

- 3.1.11 Staff Regulation 17 of the 1992 Fund provides that the emoluments of members of staff of the 1992 Fund should follow the United Nations common system as applied by the International Maritime Organization (IMO). The calculation of the appropriation for salaries is based, therefore, on the United Nations salary system as applied by IMO, including all grants, allowances, overtime and insurance payments. The relevant salary scales and the relevant schedules of post adjustments are reproduced as Annexes to the 1992 Fund's Staff Rules (cf document 92FUND/A.7/17). The Provident Fund contributions are calculated in accordance with 1992 Fund Staff Rule VIII.5.
- 3.1.12 The estimate for personnel costs in 2003 is £1 834 157. At their October 2001 sessions the governing bodies decided to separate the roles of Technical Adviser and Head of the Claims Department and instructed the Director to appoint a Deputy Director from one of the staff members. The result of these decisions was the creation of one additional professional post with effect from 1 January 2002. In addition the governing bodies approved the creation of one post in the General Service category in the External Relations and Conference Department. This post was filled from April 2002 (documents 92FUND/A.6/28, paragraph 17.2 and 71FUND/AC.6/A.24/22, paragraph 16.2).

- 3.1.13 At the same sessions the governing bodies also authorised 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 (documents 92FUND/A.6/28, paragraph 17.5 and 71FUND/AC.6/A.24/22, paragraph 16.5). The governing bodies may wish to consider whether to grant the Director the corresponding authority for 2003. No appropriation has been included in the draft 2003 budget for such extra posts.
- 3.1.14 Since the establishment of the post of IT Officer by the governing bodies at the October 1999 sessions, the Secretariat has developed its use of information technology. In view of the increasing work load in the IT field within the Secretariat the Director used the authority mentioned above in paragraph 3.1.13 to create a new post of IT Administrator within the Finance and Administration Department in the General Service category, with effect from 1 January 2002, to assist the IT Officer. As a result, the total number of established posts within the joint Secretariat is 30.
- 3.1.15 At its 5th session the Assembly approved the Director's proposal to engage a Spanish in-house translator on contract for a fixed term of up to one year (document 92FUND/A/5.24, paragraph 3.1.13) to make it possible to assess whether a permanent post as Spanish translator should be created. No appointment has been made to this post. The appropriation for personnel in the draft 2003 budget includes an appropriation to cover the cost of such an employment. This cost will be borne by the 1992 Fund only.
- 3.1.16 One other established post, that of one Claims Manager, is also vacant. This post has been included in the appropriation for personnel costs in the draft budget.
- 3.1.17 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). Promotions made by the Director since the governing bodies' October 2001 sessions are reported in documents 92FUND/A.7/16 and 71FUND/AC 9/12 - *Working methods of the Secretariat*.
- 3.1.18 In order to cover any increase in salaries which may be decided within the United Nations common system it has been considered appropriate to include in the draft budget a provision for a salary increase of 4% 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).
- 3.1.19 It may be necessary to make continued use of temporary assistance. Such assistance is needed not only when there is additional heavy workload, but also to cover leave periods and to fill any vacancies temporarily until new incumbents are appointed. As in the 2002 budget, a provision of £40 000 has been included for this purpose in the appropriation for salaries in the draft 2003 budget.
- 3.1.20 The appropriation of £35 000 for separation and recruitment in the draft budget includes expenses in the event that recruitment were to be made to vacant posts. This appropriation has been reduced from £55 000 in the 2002 budget.
- 3.1.21 An appropriation of £523 341 has been made under the heading for staff benefits, allowances and training. This covers mainly the 1992 Fund's contributions to the Provident Fund, education grants, home leave and accident, medical and national insurance.
- 3.1.22 Continued staff training is necessary to increase efficiency within the Organisations, and a provision of £75 000 has been included for this purpose, an increase of £15 000 from the 2002

budget. This increase is made to cover the cost for workshops to be held by the Management Team to develop its role in managing the joint Secretariat.

## II General services

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
667 200	649 450	2.7%

3.1.23 The appropriations under (a) to (h) amounting to £667 200 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

3.1.24 The appropriation of £249 700 under this heading has been calculated on the space occupied in Portland House and the space retained in the IMO building.

3.1.25 The office premises occupied on the 23rd floor of Portland House consist of 11 000 square feet of office space, at £39.50 per square foot, and 700 square feet of ancillary space, at £15.00 per square foot, used to house the printing machinery and the main IT hardware. A storage space of 600 square feet, at £10 per square foot, has been obtained in the basement of Portland House. The rent totals £445 000 per annum for the 23rd floor and £6 000 per annum for the basement storage. As the United Kingdom Government refunds 80% of the rent, only 20% or £89 000 of the rent is payable by the IOPC Funds for the 23rd floor and £1 200 for the storage space.

3.1.26 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 £75 000. An appropriation of £18 000 has been included with respect to the daily cleaning of the premises.

3.1.27 Local taxes ('rates') are also payable for the new premises. Like diplomatic missions and other intergovernmental organisations, the IOPC Funds pay only a minor portion of the rates. An appropriation of £10 000 has been included for rates.

3.1.28 Other costs relating to the premises are estimated at £28 000. This amount includes the sum of £15 000 for general maintenance.

3.1.29 Office space of 1 100 square feet has been retained in the IMO building (cf documents 92FUND/A.5/13 and 71FUND/A.23/12). The present lease of these premises expires on 31 October 2003. An extension of the lease to 31 October 2012 is in the process of being agreed with IMO. The rent for these offices has been calculated as in previous years at £8.23 per square foot. A sum of £28 500 is included in the appropriation to cover rent and service charges in respect of these offices, calculated on the basis of the space occupied. This appropriation covers general services given by IMO including the use of the IMO doctor and nurse (cf paragraph 3.1.46 below).

### (b) Office machines

3.1.30 This item covers purchases, rental, maintenance and repairs of office machines and includes the rental cost of photocopying/printing machinery. This appropriation has been maintained at £71 500.

(c) Furniture and other office equipment

3.1.31 This appropriation, which has been maintained at £17 500, covers general costs for maintenance, repairs and replacement of furniture and other office equipment.

(d) Office stationery and supplies

3.1.32 This appropriation has been maintained at £20 000.

(e) Communications

3.1.33 The appropriation of £65 000 (2002 appropriation £65 500) covers the cost of courier, postage telephone, e-mail / internet connections.

(f) Other supplies and services

3.1.34 This item covers supplies and services not included under items (a) to (e) and miscellaneous expenditure, bank charges, books for the library, periodicals and newspapers. The appropriation has been increased from £38 000 to £41 000.

(g) Representation (hospitality)

3.1.35 This appropriation relates to hospitality not covered by the Director's representation allowance, eg receptions to be given in connection with meetings of the 1992 Fund or the 1971 Fund and official entertainment by the Organisations. The appropriation has been increased to £22 500, mainly to cover the cost of marking 25 years of operation of the international compensation regime in October 2003 in connection with the meetings of the governing bodies.

(h) Public information

3.1.36 It is recalled that the governing bodies of the Organisations have considered that the IOPC Funds should strengthen their activities in the field of information and public relations.

3.1.37 Under this heading funds are provided for the publication of a joint Annual Report of the 1992 and 1971 Funds, for the printing of publications and documents (other than those prepared for the sessions of the Funds' organs) and for the Organisations' web site.

3.1.38 Since Spanish is an official language of only the 1992 Fund, the costs of the Spanish Annual Report and other 1992 Fund publications produced in Spanish will be borne by the 1992 Fund only.

3.1.39 The total appropriation under the heading has been maintained at £180 000 and is broken down as follows:

(i) The cost of printing and publication, excluding Spanish publications, has been estimated at £75 000. This appropriation covers the cost of printing a planned special publication to mark 25 years of operation of the international compensation regime.

(ii) The cost of producing the Spanish publications, including the 2002 Annual Report, has been estimated at £25 000.

(iii) An amount of £80 000 is included for public information to cover the cost of the ongoing development of the Organisations' web site and to engage a public relations agency with a global network which may be called upon to assist the Secretariat in the event of a large incident.

III Meetings

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
126 500	126 500	0%

3.1.40 The meetings of the governing bodies of the 1992 Fund and the governing bodies of the 1971 Fund, as well as those of any intersessional Working Groups, have over the years taken place in the IMO conference rooms. The arrangements for holding meetings during 2003 will remain the same as in previous years.

3.1.41 The total appropriation for 2003 has been maintained at £126 500, on the basis of the following meeting schedule of twenty days:

- (i) ordinary sessions of the governing bodies of the 1992 and 1971 Funds in October 2003: five days
- (ii) three further sessions of the Executive Committee of the 1992 Fund and the Administrative Council of the 1971 Fund: nine days
- (iii) two meetings of an intersessional Working Group for the 1992 Fund: six days.

3.1.42 The appropriation for meetings has been apportioned between the 1992 Fund and the 1971 Fund on the basis of the expected duration of the respective meetings and not according to the 80:20 formula. The cost of translating documents into Spanish and interpretation to and from Spanish at the 1992 Fund meetings will be borne by the 1992 Fund.

IV Travel

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
70 000	70 000	0%

3.1.43 This appropriation covers the costs for missions and for attendance at conferences and seminars in which it is in the interest of the 1992 Fund or 1971 Fund to participate.

3.1.44 In previous budgets there were separate appropriations for Conferences and Seminars and for Missions. It has been considered appropriate to merge these appropriations. In the previous budgets these appropriations were split equally whereas in the draft 2003 budget the appropriation for travel has been split between the two Funds according to the 80:20 formula.

V Miscellaneous expenditure

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
255 000	183 500	39%

(a) External audit

3.1.45 The fee for auditing the accounts of the 1992 Fund and the 1971 Fund for the 2002 financial period has been provisionally advised by the United Kingdom National Audit Office as £30 000 for the 1992 Fund and £20 000 for the 1971 Fund. With respect to the 1992 Fund audit fee, the External Auditor has informed the Director that the estimate includes staff travel costs to visit the local claims handling office in France, set up in relation to the *Erika* incident, as part of the

external audit process. He has also stated that if visits to other offices were to be required, the fee may have to be increased.

(b) Payment to IMO for general services

3.1.46 Even after the relocation of the IOPC Funds' offices outside of the IMO building the Secretariat benefits from IMO's assistance in certain regards. The Conference Division provides services before, during and after Fund meetings. The Personnel Section provides the services of a staff doctor and nurse and passes to the Secretariat all information necessary to implement the Staff Regulations and Staff Rules in accordance with the United Nations common system as applied by IMO. The costs of these services are included in the appropriation for office accommodation (cf paragraph 3.1.29 above).

(c) Consultants' fees

3.1.47 Even with the increased resources of the Secretariat, 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 necessary, for example, in connection with the continuing efforts to improve the working methods of the Secretariat and to undertake studies of a general nature which are not related to specific incidents.

3.1.48 At their October 2001 sessions the governing bodies approved the establishing of a network of persons in various regions and sub-regions to serve as contact points (documents 92FUND/A.6/28, paragraph 17.2 and 71FUND/AC.6/A.24/22, paragraph 16.2). The resulting costs will be covered by this appropriation.

3.1.49 The appropriation in the draft budget for consultants' fees has been increased from £100 000 to £125 000. Fees for consultants engaged in connection with individual incidents are charged against the respective incidents.

(d) Audit Body

3.1.50 At their October 2001 sessions the IOPC Funds governing bodies decided to create a joint Audit Body for the two Funds to assist the External Auditor in his task (documents 92FUND/A.6/28, paragraph 12.5 and 71FUND/AC.6/A.24/22, paragraph 11.6). At the April /May 2002 sessions the governing bodies determined the composition of Body (documents 92FUND/A/ES.6/10, paragraph 4 and 71FUND/AC.7/A/ES.9/14 paragraph 5). An appropriation of £50 000 has been included to cover the costs resulting from the operation of this body, mainly the fee of one "outsider /expert" and the travel costs and subsistence costs of the other six members nominated by Member States. The appropriation has been apportioned equally between the 1992 Fund and the 1971 Fund.

(e) Investment Advisory Bodies

3.1.51 As decided by the respective Assemblies, both the 1992 Fund and the 1971 Fund have an Investment Advisory Body, composed of three external experts with specific knowledge in financial matters. The governing bodies have appointed the same persons to serve on the Investment Advisory Bodies of the two Organisations.

3.1.52 The appropriation for the remuneration of the three members of the Bodies has been increased from £9 000 to £10 000 per member, ie a total of £30 000. The fees were last increased from the financial year 2001. The appropriation has been apportioned equally between the 1992 Fund and the 1971 Fund.

VI Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff, cost of equipment and any other cost not foreseen.)

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
60 000	60 000	0%

3.1.53 The appropriation under this chapter is designed to cover expenditure that was not foreseen at the time of the adoption of the administrative budget. This appropriation has been maintained at the 2002 level, ie £60 000.

VII Winding up of 1971 Fund

2003 Appropriation £	2002 Appropriation £	% Increase/(decrease) on 2002 Appropriation
250 000	250 000	0%

3.1.54 An appropriation of £250 000 has been retained in the draft budget to cover the cost of studies, fees of lawyers and other experts, and travel pertaining to the winding up of the 1971 Fund. These costs will be borne only by the 1971 Fund.

3.2 Minor claims expenditure 2003

3.2.1 The known incidents in respect of which payments may have to be made from the General Fund during 2003 are listed in Annex III.

3.2.2 As regards the *Al Jaziah 1* and *Zeinab* incidents which occurred in the United Arab Emirates on 24 January 2000 and 14 April 2001 respectively, both the 1992 Fund Convention and the 1971 Fund Convention apply. The governing bodies of the 1992 Fund and the 1971 Fund have decided that the liabilities should be distributed between the two Funds on a 50:50 basis.

3.2.3 It is estimated that the total payments by the 1992 Fund from the General Fund in 2003 will amount to £3 950 000. This estimate does not include any provision for the payment of claims 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 2003, nor any compensation payments in respect of the *Natuna Sea* incident. 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 2004, actually have to be made earlier.

3.3 Working capital

3.3.1 The working capital is needed to cover claim payments not included in the estimated expenses for minor claims, and to make loans to Major Claims Funds for the satisfaction of claims to the extent that sufficient money is not available in the Major Claims Funds in question.

3.3.2 The Director has submitted a document to the Assembly in which he proposes to maintain the working capital at £20 million (document 92FUND/A.7/22). If the Assembly were to decide otherwise, the Director would revise his proposals in respect of the budget.

**4 General Fund assessment**

4.1 Sum required

4.1.1 The amount of annual contributions needed for the General Fund in 2003 is estimated as shown in the following table.

		£	£
	ESTIMATED INCOME		
	Surplus as at 31 December 2002	22 881 055	
<i>Plus</i>	Interest to be earned in 2003	800 000	
	Total estimated income 2003		23 681 055
<i>LESS</i>	ESTIMATED EXPENDITURE		
	Administrative expenditure 2003 (Annex II)	2 381 297	
<i>Plus</i>	Minor claims expenditure 2003 (Annex III)	3 950 000	
<i>Plus</i>	Loans to HNS Fund and Supplementary Fund (cf paragraphs 4.1.3 and 4.1.4)	106 500	
<i>Plus</i>	Working capital	20 000 000	
	Total estimated expenditure 2003		26 437 797
	AMOUNT REQUIRED TO BALANCE 2003 BUDGET		2 756 742

4.1.2 As shown from the estimates in the table above, contributions of £2 756 742 would be needed to balance the 2003 budget of the General Fund.

4.1.3 At its 6th session held in October 2001, the 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 would be reimbursed to the 1992 Fund by the HNS Fund when the HNS Fund Convention entered into force. It was noted that these costs would be paid from the General Fund (cf document FUND/A.6/28, paragraphs 28.5 and 28.6). It is estimated that a sum of £50 000 will be required in 2003 for this project.

4.1.4 At its 6th extraordinary session held in April /May 2002, the Assembly decided to make available to IMO funds to finance a Diplomatic Conference in the Spring of 2003 for the adoption of a Protocol establishing a Supplementary Fund (the ensuing costs estimated by IMO at £56 500) on the understanding that the amount paid to IMO would be reimbursed, with interest, to the 1992 Fund by the Supplementary Fund when the Protocol establishing that Fund had entered into force (cf document 92FUND/A/ES.6/10, paragraphs 6.11). The loan will be paid from the General Fund.

#### 4.2 Director's proposal

The Assembly may wish to decide to fix the levy of contributions to the General Fund at £3 million.

#### 4.3 Timing of levy

4.3.1 Internal Regulation 3.7 provides that unless the Assembly decides otherwise, payment of annual contributions shall be due on 1 March of the year following that in which the Assembly decides on the levy of annual contributions.

4.3.2 At its 1st session, the Assembly decided to introduce a deferred invoicing system. Under this system the Assembly fixes the total amount to be levied in contributions for a given calendar year, but may decide that only a specific lower amount should be invoiced for payment by 1 March in the following year, the remaining amount, or a part thereof, to be invoiced later in the year if it should prove to be necessary (document 92FUND/A.1/34, paragraph 16).

4.3.3 The Director proposes that the entire proposed levy to the General Fund should be due for payment by 1 March 2003.

**5 Action to be taken by the Assembly**

The 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 consider for adoption the draft budget for 2003 for the administrative expenses of the 1992 Fund (section 3.1 and Annex II);
- (c) to decide in respect of the assessment for 2002 contributions to the General Fund (paragraph 4.2);
- (d) to decide on the date of payment of 2002 contributions to the General Fund (paragraph 4.3.3); and
- (e) to decide whether 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 £127 500 based on the draft 2003 budget) (paragraph 3.1.13).

\* \* \*

**ANNEX I**

**General Fund claims expenditure in 2002**

*(Figures in Pounds Sterling)*

Incident	Date	Maximum Payable from General Fund: 4 million SDR	Payments by 31/12/01		Balance Payable from General Fund 31.12.01	2002 Expenditure				Estimated General Fund Expenditure in 2002	Estimated Total General Fund Expenditure up to 31/12/02	Estimated Balance Payable from General Fund 31.12.02
			Compensation	Miscellaneous		Compensation		Miscellaneous				
						Paid	Estimate	Paid	Estimate			
			Paid by 31.12.01	Paid by 31.12.01		1/1/02-30/6/02	1/7/02-31/12/02	1/1/02-30/6/02	1/7/02-31/12/02			
<i>Unknown Germany</i>	20.06.96	3 752 700	0	(28 697)	3 724 003	0	0	(2 095)	(10 000)	(13 000)	(42 000)	3 712 000
<i>Mary Anne</i>	22.07.99	3 412 968	0	0	3 412 968	0	0	0	(20 000)	(20 000)	(20 000)	3 393 000
<i>Dolly</i>	05.11.99	3 383 800	0	(2 281)	3 381 519	0	0	0	(40 000)	(40 000)	(43 000)	3 342 000
<i>Al Jaziah 1</i>	24.01.00	3 307 800	(204 756)	(39 768)	3 063 276	0	(200 000)	(3 565)	(25 000)	(229 000)	(474 000)	2 835 000
<i>Slops</i>	15.06.00	3 535 920	0	(19 948)	3 515 972	0	0	(2 223)	(40 000)	(43 000)	(63 000)	3 473 000
<i>Unknown Sweden</i>	23.09.00	3 553 840	0	0	3 553 840	0	0	0	(25 000)	(25 000)	(25 000)	3 529 000
<i>Natuna Sea</i>	03.10.00	3 540 840	0	(7 929)	3 532 911	0	0	0	(30 000)	(30 000)	(38 000)	3 503 000
<i>Baltic Carrier</i>	29.03.01	3 517 120	0	(860)	3 516 260	0	0	0	(20 000)	(20 000)	(21 000)	3 497 000
<i>Zeinab</i>	14.04.01	3 525 200	0	(13 725)	3 511 475	(155 804)	(429 000)	(6 096)	(15 000)	(606 000)	(620 000)	2 906 000
<i>Neptank 7</i>	12.06.02	3 512 240	0	0	3 512 240	0	0	0	(10 000)	(10 000)	(10 000)	3 503 000
										(1 036 000)		

**ANNEX II**

**DRAFT 2003 ADMINISTRATIVE BUDGET FOR 1992 FUND AND 1971 FUND**

STATEMENT OF EXPENDITURE		Actual 2001 expenditure for 1971 and 1992 Funds		2001 budget appropriations for 1971 and 1992 Funds		2002 budget appropriations for 1971 and 1992 Funds		2003 budget appropriations			
		£		£		£		Total		Distribution	
								£		£	
	<b>SECRETARIAT</b>										
<b>I</b>	<b>Personnel</b>										
(a)	Salaries	1 005 922		1 115 240		1 190 291		1 275 816		1 033 864	241 952
(b)	Separation and recruitment	113 658		113 658		55 000		35 000		28 000	7 000
(c)	Staff benefits, allowances and training	342 835		439 022		481 922		523 341		418 673	104 668
	<b>Sub-total</b>		<b>1 462 415</b>		<b>1 667 920</b>		<b>1 727 213</b>		<b>1 834 157</b>	<b>1 480 537</b>	<b>353 620</b>
<b>II</b>	<b>General Services</b>										
(a)	Rent of office accommodation (including service charges and rates)	215 797		223 950		240 450		249 700		199 760	49 940
(b)	Office machines, including maintenance	45 851		71 500		71 500		71 500		57 200	14 300
(c)	Furniture and other office equipment	7 079		24 500		17 500		17 500		14 000	3 500
(d)	Office stationery and supplies	21 350		22 000		20 000		20 000		16 000	4 000
(e)	Communications (telephone, telefax, telex, postage)	48 741		56 151		65 500		65 000		52 000	13 000
(f)	Other supplies and services	34 449		34 449		38 000		41 000		32 800	8 200
(g)	Representation (hospitality)	15 308		16 500		16 500		22 500		18 000	4 500
(h)	Public Information	67 454		220 000		180 000		180 000		149 000	31 000
	<b>Sub-total</b>		<b>456 029</b>		<b>669 050</b>		<b>649 450</b>		<b>667 200</b>	<b>538 760</b>	<b>128 440</b>
<b>III</b>	<b>Meetings</b>										
	Sessions of the 1992 and 1971 Fund Governing Bodies and Intersessional Working Groups		<b>95 950</b>		<b>126 500</b>		<b>126 500</b>		<b>126 500</b>	<b>88 000</b>	<b>38 500</b>
<b>IV</b>	<b>Travel</b>										
	Conferences, seminars and missions		<b>66 172</b>		<b>70 000</b>		<b>70 000</b>		<b>70 000</b>	<b>56 000</b>	<b>14 000</b>
<b>V</b>	<b>Miscellaneous expenditure</b>										
(a)	External audit	40 936		50 000		50 000		50 000		30 000	20 000
(b)	Payment to IMO for general services (included in II (a) above)	0		6 500		6 500		0		0	0
(c)	Consultants' fees	64 645		100 000		100 000		125 000		100 000	25 000
(d)	Audit Body	0		0		0		50 000		25 000	25 000
(e)	Investment Advisory Bodies	27 000		27 000		27 000		30 000		15 000	15 000
	<b>Sub-total</b>		<b>132 581</b>		<b>183 500</b>		<b>183 500</b>		<b>255 000</b>	<b>170 000</b>	<b>85 000</b>
<b>VI</b>	<b>Unforeseen expenditure (such as consultants' and lawyers' fees, cost of extra staff and cost of equipment)</b>		<b>0</b>		<b>60 000</b>		<b>60 000</b>		<b>60 000</b>	<b>48 000</b>	<b>12 000</b>
<b>Total Expenditure I-VI</b>			<b>2 213 147</b>		<b>2 776 970</b>		<b>2 816 663</b>		<b>3 012 857</b>	<b>2 381 297</b>	<b>631 560</b>
<b>VII</b>	<b>Expenditure relating only to 71Fund</b>		<b>8 200</b>		<b>250 000</b>		<b>250 000</b>				<b>250 000</b>

**ANNEX III**

**General Fund claims expenditure in 2003**

*(Figures in Pounds Sterling)*

Incident	Date	Maximum Payable from General Fund: 4 million SDR	Estimated Balance Payable from General Fund 31.12.02	2003 Estimated Expenditure		Estimated General Fund Expenditure in 2003	Estimated Total General Fund Expenditure up to 31/12/03	Estimated Balance Payable from General Fund 31.12.03
				Compensation	Miscellaneous			
<i>Unknown Germany</i>	20.06.96	3 752 700	3 712 000	(250 000)	(30 000)	(280 000)	(322 000)	3 432 000
<i>Dolly</i>	05.11.99	3 383 800	3 342 000	(700 000)	(40 000)	(740 000)	(783 000)	2 602 000
<i>Al Jaziah 1</i>	24.01.00	3 307 800	2 835 000	0	(25 000)	(25 000)	(499 000)	2 810 000
<i>Slops</i>	15.06.00	3 535 920	3 473 000	(1 500 000)	(40 000)	(1 540 000)	(1 603 000)	1 933 000
<i>Unknown Sweden</i>	23.09.00	3 553 840	3 529 000	(280 000)	(30 000)	(310 000)	(335 000)	3 219 000
<i>Natuna Sea</i>	03.10.00	3 540 840	3 503 000	0	(30 000)	(30 000)	(68 000)	3 473 000
<i>Baltic Carrier</i>	29.03.01	3 517 120	3 497 000	(1 000 000)	(15 000)	(1 015 000)	(1 036 000)	2 482 000
<i>Zeinab</i>	14.04.01	3 525 200	2 906 000	0	(10 000)	(10 000)	(630 000)	2 896 000
						<b>(3 950 000)</b>		