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BUDGET FOR 2004 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

Note by the Director

Summary:	The need for additional contributions to cover the payments in respect of three incidents which occurred in August and September 2003 is examined.
Action to be taken:	Decide on the levy of 2003 General Fund contributions.

1 Introduction

- 1.1 Since the issue of document 92FUND/A.8/22 three incidents have occurred which will or may give rise to payments by the 1992 Fund, namely the *Victoriya* (Russian Federation) and the *Duck Yang* and the *Kyung Won* (Republic of Korea). The need for additional contributions to cover payments in respect of these three incidents is considered in this document.

2 General Fund assessment

- 2.1 In document 92FUND/A.8/22 the amount of contributions requested to balance the General Fund in 2004 was assessed at £2 523 028, as set out in the table in paragraph 4.1.1 of that document. This figure was arrived at on the basis of the amount required for the administrative expenses and for the estimated incident related expenses set out in Annexes I and III to that document.
- 2.2 It is estimated that the cost to the 1992 Fund of the *Kyung Won* incident may reach the maximum amount payable for the General Fund, 4 million SDR, which corresponds to £3 488 440. It is further estimated that the *Duck Yang* incident will give rise to payments by the Fund of £1 million, which would be below the maximum amount payable from the General Fund, £3 488 440. As regards the *Victoriya* incident it appears at this stage that the Fund will not be required to pay compensation although some costs will be incurred, estimated at £25 000.
- 2.3 Any payments in respect of the *Kyung Won* incident exceeding the amount payable from the General Fund will be made by means of loans from the General Fund, pending the levy of contributions to a *Kyung Won* Major Claims Fund.

- 2.4 For the purpose of the assessment of annual contributions, it is assumed that any payments in respect of these incidents will be made in 2004.
- 2.5 A revised Annex III to document 92FUND/A.8/22 is at the Annex to this document.
- 2.6 In the light of these considerations the amount of annual contributions needed for the General Fund is estimated as shown in the following table:

		£	£
	ESTIMATED INCOME		
<i>Plus</i>	Surplus as at 31 December 2003	21 049 222	
	Interest to be earned in 2004	650 000	
	Total estimated income 2004		21 699 222
<i>LESS</i>	ESTIMATED EXPENDITURE		
	Administrative expenditure 2004 (Annex II)	2 952 250	
<i>Plus</i>	Minor claims expenditure 2004 (Annex III)	5 558 440	
<i>Plus</i>	Loans to HNS Fund (cf paragraphs 4.1.3)	150 000	
<i>Plus</i>	Loans to Supplementary Fund (cf paragraphs 4.1.4)	75 000	
<i>Plus</i>	Working capital	20 000 000	
	Total estimated expenditure 2004		28 735 690
	AMOUNT REQUIRED TO BALANCE 2004 BUDGET		7 036 468

- 2.7 As shown from the estimates in the table above, contributions of £7 036 468 would be needed to balance the budget of the General Fund.
- 2.8 Modifying his proposal set out in paragraph 4.2 of document 92FUND/A.8/22 the Director proposes that the Assembly should fix the levy of contributions to the General Fund at £7.0 million instead of £2.5 million.

3 Action to be taken by the Assembly

The Assembly is invited:

- a) to take note of the information contained in this document; and
- b) to decide in respect of the assessment of 2003 contributions to the General Fund.

ANNEX

General Fund claims expenditure in 2004

(Figures in Pounds Sterling)

Incident	Date	Maximum Payable from General Fund: 4 million SDR	Estimated Balance Payable from General Fund at 31/12/2003	2004 Estimated Expenditure		Estimated Total General Fund Expenditure in 2004	Estimated Total General Fund Expenditure up to 31/12/04	Estimated Balance Payable from General Fund at 31/12/2004
				Compensation	Miscellaneous			
<i>Unknown Germany</i>	20/06/96	3 752 700	3 691 000	0	(30 000)	(30 000)	(93 000)	3 661 000
<i>Dolly</i>	05/11/99	3 383 800	3 371 000	(700 000)	(40 000)	(740 000)	(754 000)	2 631 000
<i>Al Jaziah 1</i>	24/01/00	3 307 800	2 662 000	0	(25 000)	(25 000)	(671 000)	2 637 000
<i>Slops</i>	15/06/00	3 535 920	3 422 000	0	(40 000)	(40 000)	(155 000)	3 382 000
<i>Unknown Sweden</i>	23/09/00	3 553 840	3 549 000	0	(10 000)	(10 000)	(15 000)	3 539 000
<i>Zeinab</i>	14/04/01	3 525 200	2 998 000	0	0	0	(528 000)	2 998 000
<i>Prestige</i>	13/11/02	3 369 200	0	0	0	0	(3 370 000)	0
<i>Butang</i>	22/04/03	3 488 320	3 489 000	0	(125 000)	(125 000)	(125 000)	3 364 000
<i>Hana</i>	13/05/03	3 496 960	3 497 000	0	(75 000)	(75 000)	(75 000)	3 422 000
<i>Victoriya</i>	30/08/03	3 486 760	3 486 760	0	(25 000)	(25 000)	(25 000)	3 461 760
<i>Kyung Won</i>	12/09/03	3 488 440	3 488 440	(3 463 440)	(25 000)	(3 488 440)	(3 488 440)	0
<i>Duck Yang</i>	12/09/03	3 488 440	3 488 440	(975 000)	(25 000)	(1 000 000)	(1 000 000)	2 488 440
						(5 558 440)		