



International Oil Pollution
Compensation Funds

Fonds internationaux
d'indemnisation pour les
dommages dus à la pollution
par les hydrocarbures

Fondos internacionales
de indemnización de daños
debidos a contaminación por
hidrocarburos

CONTRIBUTIONS TO THE IOPC FUNDS

INTRODUCTION

The 1992 Fund is financed by contributions levied on any person (company or other entity) who has received in one calendar year more than 150 000 tonnes of crude oil and heavy fuel oil (**contributing oil**) in a State Party to the 1992 Fund Convention. Those persons who pay contributions are referred to as **contributors**.

The contributions system for the Supplementary Fund is similar to the 1992 Fund in that it is also financed by contributors who have received more than 150 000 tonnes of contributing oil in a calendar year. However, there is a minimum tonnage of one million tonnes per year for each Member State of the Supplementary Fund. The Member State is responsible for paying contributions of up to one million tonnes if there are no contributors in their State, or if the total amount of oil received by contributors in their State is less than one million tonnes.

BASIS OF CONTRIBUTIONS

The levy of contributions is based on reports of oil receipts in respect of individual contributors. Member States are required to communicate every year to the Director of the 1992 Fund and the Supplementary Fund the name and address of any person in that State who is liable to pay contributions, as well as the quantity of contributing oil received by any such person. This applies whether the receiver of oil is a government authority, a State-owned company or a private company.

Oil is counted for contribution purposes each time it is received at a port or terminal installation in a Member State after carriage by sea. The term **received** refers to receipt into tankage or storage immediately after carriage by sea. The place of loading is irrelevant; the oil may be imported from abroad, carried from another port in the same State or transported by ship from an offshore production rig. Oil that is received for transshipment to another port or received for further transport by pipeline is also considered received for contribution purposes. In addition, oil that is discharged in a port or terminal installation after carriage by sea in a non-Member State of the 1992 Fund and subsequently transported by land to a Member State is considered received for contribution purposes.

PAYMENT OF CONTRIBUTIONS

Annual contributions are levied by the 1992 Fund to meet the anticipated payments of compensation and administrative expenses during the coming year. The amount levied is decided each year by the governing bodies—the 1992 Fund Assembly and Supplementary Fund Assembly. The 1992 Fund has a General Fund which covers expenses for administration. The General Fund also covers compensation payments and claims-related expenditure up to a limit of SDR 4 million^{<1>} per incident. Contributions to the General Fund are based on the oil received in the preceding calendar year and are payable by 1 March the following year. For example, the 2018 General Fund contributions are based on the oil received in 2017 and are payable by 1 March 2019.

If an incident gives rise to substantial payments of compensation and claims-related expenditure, a **Major Claims Fund** is established to cover payments in excess of the amount payable from the General Fund (SDR 4 million). Contributions to a Major Claims Fund are based on the oil received by contributors in the year preceding the incident. For example, if an incident occurred in 2018, contributions to the Major Claims Fund for that incident would be based on the oil received in 2017.

Each contributor pays an amount per tonne of contributing oil they received. The amount per tonne is calculated by dividing the total contributions to be levied by the total amount of oil received in all Member States in the relevant calendar year.

The relevant governing body decides the total amount to be levied in contributions for a given calendar year, and a system of deferred invoicing exists whereby they can decide to invoice a portion for payment by 1 March in the following year, with the remaining amount, or a part thereof, to be invoiced later in the year if necessary.

The Director issues an invoice to each contributor following the decision taken by the governing bodies to levy annual contributions. The contributions are payable by the individual contributors directly to the 1992 Fund. The State will only be responsible for paying the contributions if it has voluntarily accepted such responsibility under Article 14 of the 1992 Fund Convention.

Payments made by the 1992 Fund in respect of claims for compensation for oil pollution damage may vary considerably from year to year, resulting in fluctuating levels of contributions and amounts per tonne of contributing oil.

The Supplementary Fund has a General Fund which only covers administrative expenses. A Claims Fund will be set up for any incident for which the Supplementary Fund has to pay compensation.

REIMBURSEMENT TO CONTRIBUTORS

When all claims and expenses for a Major Claims Fund incident have been settled, the balance of that Major Claims Fund, including any interest earned, is reimbursed to the contributors. Reimbursements are paid to the contributors in the same proportion as their total contribution to that Major Claims Fund, i.e. based on the oil they received in the year preceding the incident.

<1> Approximately £4.3 million. Currency conversion correct as at 31 December 2018.

MOST RECENT CONTRIBUTIONS

General Fund

At its October 2018 session, the 1992 Fund Administrative Council decided to levy 2018 contributions to the General Fund of £5.9 million, based on oil received in the calendar year 2017 and payable by 1 March 2019. Since the total quantity of oil received in 2017, both reported and estimated, totalled 1 586 303 134 tonnes, contributions of £0.0037193 per tonne were levied to the General Fund.

Major Claims Funds

At its October 2018 session, the 1992 Fund Administrative Council also decided to levy contributions to the *Agia Zoni II* and *Alfa I* Major Claims Funds, and to reimburse contributors to the *Volgoneft 139* Major Claims Fund, as set out below. They decided not to levy 2018 contributions in respect of the *Prestige* or *Hebei Spirit* Major Claims Funds.

With regard to the *Agia Zoni II* Major Claims Fund, it was decided to levy contributions of £26 million with £10 million payable by 1 March 2019 and £16 million deferred for payment no later than 1 September 2019, if it proves necessary. Contributions to the *Agia Zoni II* Major Claims Fund are based on oil received in the calendar year 2016. The total quantity of oil received in 2016, both reported and estimated, totalled 1 546 400 431 tonnes, so contributions of £0.0064666 per tonne were levied.

It was decided to levy contributions of £1 675 000 to the *Alfa I* Major Claims Fund, payable by 1 March 2019. Contributions to the *Alfa I* Major Claims Fund are based on oil received in the calendar year 2011. The total quantity of oil received in 2011, both reported and estimated, totalled 1 545 786 311 tonnes, so contributions of £0.0010836 per tonne were levied.

The 1992 Fund Administrative Council decided to reimburse contributions of £3 675 000 from the *Volgoneft 139* Major Claims Fund, as this incident had closed. Contributions to the *Volgoneft 139* Major Claims Fund were based on oil received in the calendar year 2006, and the reimbursement was therefore also based on oil received in 2006. The total quantity of oil received in 2006 totalled 1 513 731 871 tonnes, so the reimbursement was -£0.0024278 per tonne.

HISTORY OF CONTRIBUTIONS

The following tables set out the contributions levied by the 1992 Fund during the period 1996–2018.

Annual contributions to the General Fund

| Annual contributions | Oil year | Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|----------------------|----------|--|------------------------|--|
| 1996 | 1995 | 01.02.1997 | 4 000 000 | 0.011044 |
| | | 01.09.1997 | 3 000 000 | 0.0082868 |
| 1997 | 1996 | 01.02.1998 | 6 000 000 | 0.0089723 |
| 1998 | 1997 | 01.02.1999 | 7 200 000 | 0.0081266 |
| 1999 | 1998 | <i>There was no levy of contributions to the General Fund in 1999.</i> | | |
| 2000 | 1999 | 01.02.2001 | 7 500 000 | 0.0066366 |
| 2001 | 2000 | 01.03.2002 | 5 000 000 | 0.0039182 |

| Annual contributions | Oil year | Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|----------------------|----------|--|------------------------|--|
| 2002 | 2001 | 01.03.2003 | 3 000 000 | 0.0023192 |
| 2003 | 2002 | 01.03.2004 | 7 000 000 | 0.0052817 |
| 2004 | 2003 | 01.03.2005 | 5 400 000 | 0.0039297 |
| 2005 | 2004 | <i>There was no levy of contributions to the General Fund in 2005.</i> | | |
| 2006 | 2005 | 01.03.2007 | 3 000 000 | 0.0020156 |
| 2007 | 2006 | 01.03.2008 | 3 000 000 | 0.0019699 |
| 2008 | 2007 | 01.03.2009 | 10 000 000 | 0.006487 |
| 2009 | 2008 | <i>There was no levy of contributions to the General Fund in 2009.</i> | | |
| 2010 | 2009 | 01.03.2011 | 3 800 000 | 0.0026043 |
| 2011 | 2010 | 01.03.2012 | 3 500 000 | 0.0022946 |
| 2012 | 2011 | 01.03.2013 | 5 000 000 | 0.003263 |
| 2013 | 2012 | 01.03.2014 | 3 300 000 | 0.0021077 |
| 2014 | 2013 | 01.03.2015 | 3 800 000 | 0.0024779 |
| 2015 | 2014 | 01.03.2016 | 4 400 000 | 0.0029061 |
| 2016 | 2015 | 01.03.2017 | 9 700 000 | 0.0062582 |
| 2017 | 2016 | 01.03.2018 | 1 500 000 | 0.0009734 |
| 2018 | 2017 | 01.03.2019 | 5 900 000 | 0.0037193 |

Major Claims Funds contributions—open incidents

Prestige

The *Prestige* incident occurred on 13 November 2002. Contributions to the *Prestige* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 2001.

| Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|------------|------------------------|--|
| 01.03.2004 | 75 000 000 | 0.0552221 |
| 01.03.2005 | 33 000 000 | 0.0243113 |
| 01.03.2012 | 8 500 000 | 0.0062683 |
| 01.03.2014 | 2 500 000 | 0.0018429 |

Hebei Spirit

The *Hebei Spirit* incident occurred on 7 December 2007. Contributions to the *Hebei Spirit* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 2006.

| Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|------------|------------------------|--|
| 01.11.2008 | 50 000 000 | 0.0328304 |
| 01.03.2011 | 50 000 000 | 0.0328515 |
| 01.03.2012 | 31 500 000 | 0.0205264 |

Alfa I

The *Alfa I* incident occurred on 5 March 2012. Contributions to the *Alfa I* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 2011.

| Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|------------|------------------------|--|
| 01.03.2017 | 6 400 000 | 0.0041634 |
| 01.03.2019 | 1 675 000 | 0.0010836 |

Agia Zoni II

The *Agia Zoni II* incident occurred on 10 September 2017. Contributions to the *Agia Zoni II* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 2016.

| Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|------------|------------------------|--|
| 01.03.2018 | 26 000 000 | 0.0168720 |
| 01.03.2019 | 10 000 000 | 0.0064666 |

Major Claims Funds contributions—closed incidents

Nakhodka

The *Nakhodka* incident occurred on 2 January 1997. Contributions to the *Nakhodka* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 1996.

| Date due | Total contribution (£) | Total reimbursement (£) |
|--------------|------------------------|-------------------------|
| 01.09.1997 | 7 000 000 | |
| 01.02.1999 | 21 000 000 | |
| 01.09.1999 | 9 000 000 | |
| 01.09.2000 | 13 000 000 | |
| 01.02.2001 | 17 000 000 | |
| 01.03.2002 | 11 000 000 | |
| 01.03.2004 | | 37 700 000 |
| 01.03.2005 | | 600 000 |
| Total | 78 000 000 | 38 300 000 |

Osung N°3

The *Osung N°3* incident occurred on 3 April 1997. Contributions to the *Osung N°3* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 1996.

| Date due | Total contribution (£) | Total reimbursement (£) |
|--------------|------------------------|-------------------------|
| 01.02.1998 | 3 500 000 | |
| 01.03.2004 | | 3 700 000 |
| Total | 3 500 000 | 3 700 000 |

Erika

The *Erika* incident occurred on 12 December 1999. Contributions to the *Erika* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 1998.

| Date due | Total contribution (£) | Total reimbursement (£) |
|--------------|------------------------|-------------------------|
| 01.09.2000 | 40 000 000 | |
| 01.03.2001 | 25 000 000 | |
| 01.03.2002 | 25 000 000 | |
| 01.03.2003 | 28 000 000 | |
| 01.03.2012 | | 25 000 000 |
| 01.03.2014 | | 26 200 000 |
| Total | 118 000 000 | 51 200 000 |

Volgoneft 139

The *Volgoneft 139* incident occurred on 11 November 2007. Contributions to the *Volgoneft 139* Major Claims Fund were therefore levied on oil reported to the 1992 Fund for 2006.

| Date due | Total contribution (£) | Total reimbursement (£) |
|------------|------------------------|-------------------------|
| 01.03.2014 | 7 500 000 | |
| 01.03.2019 | | 3 675 000 |

Annual contributions to the General Fund—Supplementary Fund

The following table sets out the contributions levied in 2006, the first year for which contributions were levied to meet the Supplementary Fund’s administrative expenses:

| Annual contributions | Oil year | Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|----------------------|----------|------------|------------------------|--|
| 2006 | 2005 | 01.03.2007 | 1 400 000 | 0.0017223 ^{<2>} |

In April 2017, the Supplementary Fund Assembly decided to reimburse £830 000 to contributors in the 19 Member States who paid the 2006 contributions to the General Fund. They also decided to levy contributions of £1.5 million to contributors in the current 31 Member States, as set out in the following table.

| Annual contributions | Oil year | Date due | Total contribution (£) | Contribution per tonne of contributing oil (£) |
|----------------------|----------|------------|------------------------|--|
| 2017 | 2016 | 01.03.2018 | 1 500 000 | 0.0014891 ^{<3>} |
| Reimbursement | | | | |
| 2006 | 2005 | 01.03.2018 | -830 000 | -0.0010249 |

^{<2>}

Capping

Under Article 18 of the Supplementary Fund Protocol, total annual contributions in a Member State could not exceed 20% of total contributions for that calendar year. When contributions were levied to the General Fund in 2006, Japan reported 31.64% of the total contributing oil. A capping levy was therefore applied to reduce Japan’s total contributions to 20% of the total and the difference was redistributed amongst contributors in other Member States. Capping was also applied to the reimbursement of the 2006 contributions to ensure that the reimbursement to contributors was in the same proportion to the contributions they paid. Article 18 ceased to have effect from 2010 when the total tonnage reported to the Supplementary Fund surpassed 1 000 million tonnes. It is no longer applied to Supplementary Fund contributions.

Details on the 2006 capping deduction and capping levy are set out below:

| | Levy per tonne £ |
|---|------------------|
| Capping deduction per tonne for contributors in Japan | -0.0006334 |
| Capping levy per tonne for contributors in other States | 0.0002931 |

^{<3>}

At its April 2017 session, the Supplementary Fund Assembly decided to reimburse £830 000 from the General Fund on 1 March 2018 to those contributors in the 19 Member States who contributed to the 2006 levy to the Supplementary Fund. It was noted that a capping levy had been applied to the 2006 levy of contributions in accordance with Article 18.1 (Transitional provisions) of the Supplementary Fund Protocol and the capping levy would also be applied to the reimbursement of those contributions. The capping deduction and additional reimbursement are set out below:

| | Levy per tonne £ |
|--|------------------|
| Capping deduction on reimbursement for contributors in Japan | 0.0003794 |
| Additional reimbursement for contributors in other States | -0.0001765 |