



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 will be 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 2017 contributions are based on the oil received in 2016 and are payable by 1 March 2018.

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 2017, contributions to the Major Claims Funds for that incident would be based on the oil received in 2016.

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.

A system of deferred invoicing exists whereby the governing bodies fixes the total amount to be levied in contributions for a given calendar year, but can decide that only a specific lower total amount should be invoiced for payment by 1 March in the following year. The remaining amount, or a part thereof, is then 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

On closure of a Major Claims Fund when all claims and expenses for the incident have been settled, the balance of the Major Claims Fund, including any interest earned, is repaid to the contributors in the same proportion as their total contribution to that Major Claims Fund, i.e. based on the oil received by contributors in the year preceding the incident.

^{<1>} Approximately £4.3 million. Currency conversion correct as at 31 December 2017.

MOST RECENT CONTRIBUTIONS

At its October 2017 session, the 1992 Fund Assembly decided to levy 2017 contributions to the General Fund of £1.5 million, based on oil received in the calendar year 2016 payable by 1 March 2018. The 1992 Fund Assembly also decided to levy contributions of £51 million to the *Agia Zoni II* Major Claims Fund, with £26 million payable by 1 March 2018 and £25 million deferred for payment no later than 1 September 2018, if it proves necessary. Contributions to the *Agia Zoni II* Major Claims Fund are based on oil received in the calendar year 2016.

For the purpose of calculating the levy per tonne, the total quantity of oil reported as well as the quantity estimated to have been received by contributors whose reports were pending at the time of invoicing are taken into account. Since the total quantity of oil received in 2016, both reported and estimated, added up to 1 541 015 583 tonnes, contributions of £0.0009734 per tonne were levied to the General Fund and contributions of £0.0168720 per tonne were levied to the *Agia Zoni II* Major Claims Fund.

The 1992 Fund Assembly decided not to levy 2017 contributions in respect of the *Prestige*, *Volgoneft 139*, *Hebei Spirit* and *Alfa I* Major Claims Funds.

At its April 2017 session, the Supplementary Fund Assembly decided to levy 2017 contributions of £1.5 million to the General Fund, payable by 1 March 2018. The total oil received in 2016, both reported and estimated, added up to 1 007 336 150 tonnes and the levy per tonne was £0.0014891.

HISTORY OF CONTRIBUTIONS

The following tables set out the contributions levied by the 1992 Fund during the period 1996–2017.

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
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

Annual contributions	Oil Year	Date Due	Total Contribution (£)	Contribution per tonne of contributing oil (£)
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

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

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 (£)	Contribution per tonne of contributing oil (£)
01.03.2014	7 500 000	0.0048892

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

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

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

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