



MARITIME SAFETY COMMITTEE
83rd session
Agenda item 6

MSC 83/6/13
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LRIT-RELATED MATTERS

Performance review and audit of the LRIT system

Submitted by IMSO

SUMMARY

Executive summary: This document provides information as to how IMSO intends to undertake the performance review aspects of the role of LRIT Co-ordinator, including estimated budgetary requirements for the period 2007 to 2010 and tasks and activities IMSO is planning to cover in accordance with section 14 of the Performance Standards

Action to be taken: Paragraph 11

Related documents: MSC 83/6/2 and MSC 83/6/7

1 Document MSC 83/6/7 (IMSO) provides information as to how IMSO intends to undertake the performance review aspects of the role of LRIT Co-ordinator, including estimated budgetary requirements for the period 2007 to 2010 and tasks and activities IMSO is planning to cover in accordance with section 14 of the Performance standards and functional requirements for the long-range identification and tracking of ships (the Performance standards) adopted by resolution MSC.210(81).

2 The IMSO Advisory Committee noted the information contained in document MSC 83/6/7 and considered that “*there is a clear commitment from IMO to ensure LRIT succeeds; the document submitted by IMSO to IMO MSC gives a good indication of the readiness of IMSO to undertake the LRIT function and that it urgently needs funding*”.

3 Nevertheless, when document MSC 83/6/7 was considered by the MSC/ISWG/LRIT 2 some delegations expressed concern regarding the IMSO budget estimates for LRIT activities for the period 2007 to 2010, indicating that they were interested to have more detailed information, as in their view it was impossible to decide about making a voluntary contribution towards the start up funding which IMSO was seeking for that period (MSC 83/6/2, paragraph 125).

4 The procedures for development and approval of the budget of IMSO are exclusively the responsibility of the Director of IMSO and IMSO Parties through the different IMSO governing and advisory bodies.

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5 Considering that not all IMO Member States or SOLAS Contracting Governments are IMSO Parties; taking into account concerns expressed by some delegations during MSC/ISWG/LRIT 2; and in order to offer as much information as possible to all delegations when considering LRIT related matters and, in particular, financial aspects of the LRIT system at MSC 83, IMSO, in consultation with the Chairman of the IMSO Advisory Committee and the Chairman of the IMSO Assembly, provides in this document basic details on IMSO procedures and estimates to cover LRIT related costs for the period 2007 to 2010.

6 Procedures established by the IMSO Assembly provide for the Director of IMSO to develop the budget of IMSO and for the IMSO Advisory Committee to agree it, on an annual basis. In order for IMSO to assume the cost of its activities as LRIT Co-ordinator, accounting procedures are under development to ensure complete financial separation from its current budget and activities. The formula for cost sharing between GMDSS/Legacy activities and the new functions as LRIT Co-ordinator is based on a proportional distribution between both streams of business derived from the workload expected, sharing of common costs, etc. This formula had been already noted by the IMSO Advisory Committee.

7 In accordance with the above mentioned internal procedures, IMSO has developed illustrative budgets to cover the costs of IMSO as LRIT Co-ordinator, as set out in the annex, taking into account the following basic assumptions:

- .1 staffing costs for 3 new posts and apportionment of cost of the current and new staff at 50/50, 70/30 or 0/100 per cent depending on the involvement of each post in GMDSS/LRIT activities;
- .2 sharing of costs for office maintenance on a proportional basis;
- .3 increase in rental of office space for LRIT activities;
- .4 increase in travel expenses;
- .5 the cost of IMSO meetings split equally between GMDSS/Legacy and LRIT budgets;
- .6 the cost of annual LRIT Co-ordination meetings;
- .7 other one-off costs; and
- .8 an estimated 5 per cent global increase annually.

8 The IMSO Assembly has noted these illustrative budgets, and the IMSO Advisory Committee has already agreed the illustrative LRIT budget for 2007, and also agreed that IMSO should continue its efforts to identify possible sources of LRIT start up funding, and should write once more again to IMSO Parties reiterating the need for start up funds for commencement of LRIT project and specifying the amounts sought.

9 The tasks that IMSO plans to develop as the LRIT Co-ordinator are briefly described in paragraphs 29 to 36 of MSC 83/6/7, and further developed in section 14 of the Performance Standards.

10 The amounts contained in the agreed and illustrative IMSO budgets for LRIT activities cover all these functions for the period 2007 to 2010. The IMSO charging policy remains to be discussed by the IMSO Advisory Committee and finalized by the Director of IMSO, taking into account the decisions to be taken by MSC 83, but the basic principles are explained in paragraphs 23 to 27 of MSC 83/6/7. These principles are based on the established practice at IMSO that contributions to the IMSO budget are from the entities subject to the public intergovernmental oversight and not from IMSO Parties. In particular, article 4 of the IMSO Convention establishes that the functions and/or duties of IMSO as LRIT Co-ordinator have to be at no cost to IMSO Parties. Therefore, the IMSO Advisory Committee has already noted that the different elements that will participate in the LRIT system should contribute to the IMSO LRIT budget on the basis of the volume of traffic/messages/ships through each of those elements, or a combination of fixed fees plus additional charges based on volume/messages/ships.

Action requested of the Committee

11 The Committee is invited to note the information provided in this document when considering MSC 83/6/7 in order to assist delegations that are not familiar with IMSO procedures and practices to reach a better understanding of IMSO costs and budgets associated with its functions as LRIT Co-ordinator.

ANNEX

IMSO LRIT AGREED BUDGET FOR 2007
(in GBP)

| | |
|------------------------------|----------------|
| TOTAL STAFF COSTS | 217,236 |
| Travel and hospitality costs | 15,000 |
| Office premises costs | 13,782 |
| Administrative costs | 18,346 |
| Meeting costs | 10,000 |
| TOTAL OPERATIONAL COSTS | 274,364 |
| 1% Contingency Fund | 2,744 |
| TOTAL OPERATIONAL BUDGET | 277,108 |
| One off costs | 37,000 |
| TOTAL BUDGET | 314,108 |

IMSO LRIT ILLUSTRATIVE BUDGETS FOR 2008-2010
(in GBP)

| | 2008 | 2009 | 2010 |
|------------------------------|----------------|----------------|----------------|
| TOTAL STAFF COSTS | 101,342 | 121,283 | 127,347 |
| Travel and hospitality costs | 56,250 | 68,250 | 70,500 |
| Office premises costs | 42,850 | 57,134 | 59,991 |
| Administrative Costs | 47,741 | 46,099 | 48,404 |
| Meeting costs | 51,500 | 19,500 | 54,075 |
| TOTAL OPERATIONAL COSTS | 633,710 | 713,550 | 781,665 |
| 1% Contingency Fund | 6,337 | 7,135 | 7,817 |
| TOTAL OPERATIONAL BUDGET | 640,047 | 720,686 | 789,482 |
| One off costs | 30,500 | 3,000 | 6,000 |
| TOTAL BUDGET | 670,547 | 723,686 | 795,482 |