

**6<sup>th</sup> Meeting of the LRIT NCA's**  
**Agenda item 9**  
**Lisbon, 17 October 2012**

**Amendments to Conditions of Use-  
Submitted by EMSA**

|                           |  |
|---------------------------|--|
| <i>Action to be taken</i> | The LRIT NCA's are invited to review and confirm their agreement to these changes.           |
| <i>Related documents</i>  | <ul style="list-style-type: none"><li>• Conditions of Use for Using the EU LRIT DC</li></ul> |

## **1. PURPOSE**

The purpose of this document is to discuss proposals to modify the current *Article 9. Financial Provisions* of the Conditions of Use that apply to all the Participating countries of the EU LRIT Data Centre namely: the EU Member States, Iceland, and Norway (CG1), the Overseas Countries and Territories (CG2) and Third Countries (CG3- Croatia).

## **2. BACKGROUND**

### **Article 9 – Frequency of invoicing**

EMSA has established two types of accounts within the LRIT project: post-paid accounts and pre-paid accounts. These accounts are managed via the Invoicing & Billing System (I&B system).

The I&B system operations are designed and implemented in accordance with the contract provisions established by the Conditions of Use, the Bilateral Agreements with other LRIT data centres (ODC's), and the LRIT ASP contract.

Post-paid accounts apply to CG1 (MS/Iceland/Norway) and CG4 (Other DC's) whereas pre-paid accounts apply to CG2 (OCT's) and CG3 (3<sup>rd</sup> Countries).

Post-paid accounts of CG1 are invoiced on a monthly basis if the outstanding amount exceeds €100 and post-paid accounts of CG4 are invoiced quarterly if the outstanding balance exceeds €1,000<sup>1</sup>. In both cases, EMSA sends an invoice at least once per year if the outstanding amount does not reach the thresholds indicated above.

Pre-paid accounts of CG2 and CG3 receive monthly statements showing the balance of the yearly pre-paid amount. If during the year, the pre-paid amount appears to be insufficient to cover the cost, an ad-hoc invoice is sent. In any case, at the end of the year, a final statement is produced and an invoice is sent for the pre-paid amount of the following year minus the credit amount not consumed during the previous year.

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<sup>1</sup> Russia is exceptionally invoiced on a yearly basis.

## **Article 9 – Web Based Invoicing and Billing Interface**

For the reasons explained in the paper for Agenda item 8, it is suggested to permanently decommission the WebSelfCare Web Portal and to continue providing the services through regular mail and email as this is currently now being done.

This consequentially means a change in the Conditions of Use by removing article 9.11 of Article 9 quoted here below:

9.11 EMSA will ensure that the LRIT NCA and/or the Financial Contact Point will have access to the web based /Client Invoicing and Billing interface allowing them to check his/her account status (payable items) with EMSA.

### **3. CURRENT STATUS**

Until 2011, the total monthly invoicing of CG1 was about €3,000 and concerned mainly 5 Participating States.

Experience shows that the amounts subject to monthly invoicing vary within the range of €100–€1,200. No major delays were identified in collecting receivables and generally Contracting Governments settle their accounts within reasonable time limits.

As far as the work of the EMSA Finance team, the number of man-days of work varies in accordance with the number of invoices generated.

It has been noted that since January 2012, the number of Participating States subject to monthly invoicing has increased about 100% (from 5 to 9 Participating States). However the total monthly invoicing in terms of amounts has only increased by about 5%-10% (around €250). The increase in 2012 is mainly due to a more frequent use of the system and of the insertion of non-SOLAS ships in the system, which incurs costs for CGs.

### **4. EMSA PROPOSAL**

In light of the above, it is suggested that a change be made to the current CG1 (EU MS, Norway and Iceland) invoicing procedure. The frequency of the invoicing would be switched from monthly to quarterly. The same would apply for the balance statements sent to CG2 and CG3 which would go from monthly to quarterly.

It is also proposed to increase the threshold from €100 to €1,000.

The risks associated to this change are very limited considering:

- a) the limited magnitude of the amounts involved and
- b) the financial reliability of the CG's in terms of payment performance.

### **5. ACTION REQUIRED**

All Participating States of the EU LRIT Data Centre are therefore requested to review this document with their financial departments to ensure that it meets their needs and requirements. Subsequently, Participating States are asked to indicate their preferred way forward such that EMSA can take the appropriate action to implement the proposed changes.