

**REPORT OF THE 36TH MEETING OF REVOLVING FUND COMMITTEE
18TH SEPTEMBER 2017, JOHOR, MALAYSIA**

INTRODUCTION

1. Pursuant to the decision of the 35th Meeting of the Revolving Fund Committee (RFC 35th) held in Bukit Tinggi, West Sumatera, Indonesia on 15 October 2016, the 36th Meeting of the Revolving Fund Committee (RFC 36th) was held on 18 September 2017 in Forest City, Johor, Malaysia.
2. The Meeting was attended by delegations from Indonesia, Malaysia, Singapore and Malacca Strait Council (MSC). The list of Participants appears as **Annex A**.

OPENING OF THE MEETING

3. The Chairman of Revolving Fund Committee (RFC), Dato' Dr. Ahmad Kamarulnajib Che Ibrahim, Director General, Department of Environment Malaysia delivered his welcome remarks. He welcomed delegates from Malaysia, Singapore and Indonesia to Johor, Malaysia. He extended his gratitude to representative from Malacca Strait Council, Mr. Eiichi Kato, for being able to join the meeting.
4. He informed that this the third time Malaysia took over the management of the Revolving Fund since 1981 and hope Malaysia will have full support from the littoral states as well as Malacca Strait Council in administering the Revolving Fund.
5. He expressed his gratitude to Indonesia for an excellent management of the Revolving Fund and the cooperation amongst littoral states.
6. He expressed his concerns on the safety of vessels passing through the Straits as the volume of traffic and the risks of oil spill incidents have increased greatly. Thus, it is important that the Revolving Fund continues to develop better mechanisms in terms of immediate fund to facilitate clean-up operation of oil spill incident, enhancing capacity building and expertise in oil spill combat.

7. He also informed the meeting on the main objectives of the meeting which is to review the operational and administrative budget prepared by the Authority of RFC Malaysia and to discuss issues that have been discussed in the RFC Technical Meeting on 4 May 2017 in Langkawi, Malaysia. The full opening remarks is as attached in **Annex B**.

ADOPTION OF AGENDA

8. The Meeting adopted the agenda as appears in **Annex C**.

BUSINESS ARRANGEMENTS

9. The Meeting agreed to discuss all agenda in plenary.

ADMINISTRATION AND OPERATION OF THE REVOLVING FUND

10. Report on the expenditure of the Revolving Fund for 2015/2016
 - i. Indonesia reported that the approved budget for financial year 2015/2016 was **Rp. 1,032,449,140.00** to cover the administrative cost, personnel expenses, meeting air fare, room and audit fees for expenditure of financial year 2015/2016.
 - ii. Indonesia informed that the total balance that have been transferred to Malaysia is **Rp. 42,465,493,389.00** and extended their appreciation to Malaysia, Singapore and MSC for the support to the management if the Revolving Fund by Indonesia for period 2011 to 2016.
 - iii. The appointed auditor, KAP-Ghazali, Sahat dan Rekan reported the audit financial report for the period of 1 April 2015 to 31 March 2016 and for the period of 1 April 2016 to 31 December 2016 as in **Annex D**.
11. Report of Handling Over the Revolving Fund
 - i. Malaysia informed that the Revolving Fund will be managed by the Authority of RFC Malaysia for the next five (5) years beginning 1 April 2016 to 31 March 2021. The management of the Revolving Fund will be carried

out based on the procedure and regulation of the Trust Account of the Revolving Fund of Straits Malacca and Singapore.

- ii. The Fund was transferred from Bank BNI Harmoni, Indonesia on 22 December 2016 to Affin Islamic Bank, Malaysia. The total amount of **Rp. 42,465,493,389.00** or equivalent to **USD 3,130,491.65** or equivalent to **RM 13,814,859.65** (at the prevailing exchange rate of USD 1= RM 4.413) was received by Malaysia on 29th December 2016. **RM 12,000,000.00** has been deposited in the fixed account at Bank Kerjasama Rakyat (M) Bhd.in Cyberjaya Branch. The protocol of Handing Over the Revolving Fund is as **Annex E**.

12. Presentation of Administrative and Operational Budget for 2017/2018 and Proposal Budget for 2018/2019

- i. Malaysia presented the administrative and operational budget for 2017/2018 as in **Annex F**. The budget allocated for administrative cost, personnel expenses, meeting/travelling/living costs, audit fees and other events is **RM 465,940.00**. The current expenditure of the Fund is **RM 149,060.41**.
- ii. Malaysia proposed budget allocation for 2018/2019. The proposed budget allocation for the operation of Revolving Fund Committee is **RM 426,140.00**, while the estimated income from interest earned in fixed deposit account is about **RM 444,000.00**.
- iii. The Meeting agreed to the proposed budget allocation as in **Annex G**.

13. Appointment of Auditor for 2017/2018

- i. For the financial year 2017/2018, Malaysia proposed to appoint **JS Associates Sdn Bhd**, as the authorized public auditor for the account of the fund for year 2017/2018 with audit fee of **RM 19,000.00**.
- ii. The Meeting agreed on the appointment of JS Associates Sdn Bhd as the auditor of the fund for financial year 2017/2018 as appears in **Annex H**.

DISCUSSION ON TECHNICAL MATTER

14. Report of the RFC Technical Meeting 2017/2018

- i. Malaysia presented the report of RFC Technical Meeting which was held on 4 May 2017 in Langkawi. The Meeting highlighted on the update and amendment of the Standard Operating Procedure (SOP) for Joint Oil Spill Combat in the Straits of Malacca and Singapore.
- ii. Malaysia proposed to conduct a regional workshop on Capacity Building for Dispersant Usage and Operational. Malaysia also proposed to hold a regional retreat on Harmonization on the Dispersant Usage and Operational by the Littoral States in the Straits of Malacca and Singapore.
- iii. Malaysia presented the concept paper the Conduct of the Formal Safety Assessment on Oil Risk Response the Straits of Malacca and Singapore.
- iv. The RFC Technical Meeting agreed that the Secretariat will prepare a standard template to list down the type of response resources and to circulate the template via email. This template is unable to be tabled in this meeting as the secretariat request more time to prepare the complete list.
- v. The RFC Technical Meeting also noted the importance of drone as a tool for aerial surveillance during oil spill incidents. However, the usage if done should abide to the related laws and should confine within the country boundaries, to respect the security and sovereignty of the neighbouring country. The use of drone in oil spill aerial surveillance will be included in the SOP for Joint Oil Spill Combat in the Straits of Malacca and Singapore.
- vi. The Committee adopted the report as appears in **Annex I**.

15. Concept Paper on Proposed Capacity Building For Dispersant Usage And Operational Under the Revolving Fund Committee (RFC) in The Straits of Malacca and Singapore.

- i. Malaysia presented the paper in Capacity Building for Dispersant Usage and Operational under the Revolving Fund Committee (RFC) in the Straits of Malacca and Singapore as attached in **Annex J**.
- ii. The objective of the regional workshop is to provide essential and necessary information and tools in the recent technological advancement of the dispersant usage and operational to enhance knowledge and skills. The workshop will contribute to the development of human resources and to promote mutual understanding as well as cooperation among the littoral States.
- iii. The Meeting agreed to conduct the Capacity building for Dispersant Usage and Operational under the Revolving Fund Committee (RFC) in the Straits of Malacca and Singapore.

16. Harmonization in the Dispersant Usage and Operational By the Littoral States in the Straits of Malacca and Singapore Workshop.

- i. Malaysia presented on the Harmonization on the Dispersant Usage and Operation by the littoral States in the Straits of Malacca and Singapore as attached in **Annex K**.
- ii. The objectives of the regional workshop is to establish mutual understanding of the dispersant usage and operational by the littoral States and to consolidate the topics in the agreed Joint SOP and to contribute to the development of human resources.
- iii. Authority of RFC Malaysia proposed to organize the Regional Workshop on (i) Capacity Building for Dispersant Usage and Operational under the RFC in the Straits of Malacca and Singapore; and (ii) Harmonization on the Dispersant Usage and Operation by the littoral States in the Straits of Malacca and Singapore, on a back-to-back basis to minimize the cost.
- iv. Singapore reiterated the decision in RFC Technical Meeting report that the title of the regional workshop to be revised in order to better reflect the objective of the workshop.

- v. The Meeting agreed to change the title of the workshop to “*Workshop on Enhancing Awareness in Dispersant Usage and Operational under the RFC in the Straits of Malacca and Singapore*”.
- vi. The Meeting agreed to conduct the Workshop on Enhancing the Awareness on Dispersant Usage and Operational under the RFC in the Straits of Malacca and Singapore on a back-to-back basis with Capacity Building for Dispersant Usage and Operational under the RFC in the Straits of Malacca and Singapore.

17. Concept Paper On The Conduct Of The Formal Safety Assessment On Oil Risk Response In The Straits of Malacca And Singapore

- i. Malaysia proposed to conduct a formal safety assessment on oil risk response in the Straits of Malacca and Singapore. The concept paper as attached in **Annex L**.
- ii. The assessment will take six (6) months to twelve (12) months to be completed and will be able to identify risk profile related to oil spill response from ships and related activities in the Straits of Malacca and Singapore in case of accident or incident.
- iii. The allocated budget of the program will be subjected to financial status of the Fund and contribution from other organisations.
- iv. Regarding the potential contributors mentioned in above Concept Paper and considering the comments from MSC, the Meeting agreed that the program arise from RFC shall be implemented only by the Littoral States with MSC as the only appropriate potential contributor, if necessary. This is to take account of the historical background of the Fund and the efficient conduct for the program.
- v. Since there are already existing initiatives under regional mechanisms such as Cooperative Mechanism on Safety of Navigation and Marine Environment Protection in which Indonesia has already embarked in a project titled Study of the Blueprint on Future development of Safety of

Navigation and Marine Environment Protection in the Straits of Malacca and Singapore (Straits Project 10), the Meeting proposed that this Concept Paper with appropriate amendment to be discussed as part of the Project. This is to avoid duplication in the scope of study.

- vi. The Meeting agreed to retract the Concept Paper and for Malaysia to put forward the Concept Paper to the upcoming Tripartite Technical Experts Group (TTEG) for the Safety of Navigation and Marine Environment Protection for further consideration.

OTHER MATTERS

18. Proposal To Extend The Administration And Operation Of The Revolving Fund

- i. Malaysia presented the proposal to extend the administration and operation of the Revolving Fund by Malaysia as attached in **Annex M**.
- ii. Malaysia stated that the Revolving Fund management responsibilities was officially transferred from Indonesia to Malaysia on 30 January 2017. The extension of the management of the Revolving Fund by Malaysia is proposed to be until 31 March 2022 to ensure the administration and operation of the Revolving Fund is in the period of five years as stipulated in the paragraph 4 of the Arrangement for Establishment of Revolving Fund.
- iii. The Meeting agreed with Malaysia's proposal to extend the administration and operation of the Revolving Fund to 31 March 2022.

DATE AND VENUE OF THE NEXT MEETING

19. The Meeting agreed that the venue of the next RFC Annual Meeting would be in Kuala Lumpur, Malaysia. Malaysia will inform the date and venue in due course.

CONSIDERATION AND ADOPTION OF THE REPORT

20. The Meeting considered and adopted the report.

ACKNOWLEDGEMENT

21. Chairman expressed his thanks and gratitude to the delegations of Indonesia, Malaysia and Singapore and MSC for the excellent cooperation which enabled the Meeting to be completed successfully.

22. The delegation of Indonesia, Singapore and MSC expressed their sincere appreciation to Malaysia for the successful meeting and the excellent arrangements made for the event.