Australian Shipowners Association

Senate Rural and Regional Affairs and Transport Legislation Committee

Biosecurity Bill 2014

Submission by:
Australian Shipowners Association

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Australian Shipowners Association

1. Executive Summary

1.1. This submission addresses two aspects of the Bill – the change of jurisdiction from 200nm to 12nm and ballast water management arrangements.

Jurisdiction

1.2. Moving the quarantine boundary from 200nm to 12nm affects operators in the offshore oil and gas industry by shifting compliance from the offshore facilities to the vessels that service / support them.

1.3. This change will result in an enormous compliance and operational burden for thousands of vessel movements compared to the handful of international facilities that previously required quarantine clearance each year.

1.4. The Department has advised that they intend to handle the change in policy via Approved Arrangements – the detail of which will be outlined in Regulations, which are not yet drafted.

1.5. It is expected however that Approved Arrangements will require a degree of administration and processes established to manage the risk posed by these vessel movements. They are highly unlikely to result in no action being required by the vessel operators.

1.6. The increase in red tape does not fit with the de-regulation agenda of the Government and imposes a considerable additional administrative burden and cost on parts of the industry.

1.7. ASA does not support a shift in jurisdiction from 200nm to 12nm.

Ballast water

1.8. The Bill is the mechanism by which Australia will ratify the International Maritime Organisation (IMO) convention on ballast water management (BWM Convention) and also provides the Commonwealth with the ability to manage all domestic (as well as international) ballast water.

1.9. These are both welcome developments as the industry has long called for consistent international arrangements and for a single national regime rather than piecemeal State based arrangements.

1.10. However, the economic impact of introducing controls on *domestic* ballast water ahead of treatment systems being fitted to vessels (as required by the BWM Convention) will be considerable.

1.11. Introduction of domestic ballast controls in 12-18 months' time will result in many voyages being delayed in order to manage ballast water and will cost tens of millions of dollars.

1.12. A delay to the implementation of the domestic ballast water management provisions until all vessels are fitted with ballast water treatment systems (in accordance in the international convention, likely to be within 6 years) is the most practical solution.

1.13. Since only the State of Victoria controls any domestic ballast water discharges at the moment (and presumably will continue to do so) a delay in implementation will not result in any change to the risk posed to other Australian ports from domestic ballast water discharges.

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2. Introduction

2.1. This submission addresses two aspects of the Biosecurity Bill 2014 – the jurisdictional shift from 200nm to 12 nm and the proposed domestic ballast water controls.

2.2. This submission is made on behalf of the Australian Shipowners Association (ASA). ASA represents Australian companies which own or operate:

- international and domestic trading ships;
- cruise ships;
- offshore oil and gas support vessels;
- FPSOs and FSOs;
- domestic towage and salvage tugs;
- scientific research vessels; and
- dredges and barges.

2.3. ASA represents employers of Australian and international maritime labour and operators of vessels under Australian and foreign flags. Our members collectively employ approximately 6,000 Australian seafarers.

2.4. The Association provides an important focal point for the companies who choose to base their shipping and seafaring employment operations in Australia.

2.5. ASA's purpose is to pursue strategic reforms that provide for a sustainable, vibrant and competitive Australian maritime industry and to promote Australian participation in our maritime activities.

2.6. ASA's Members are:

ANL Container Line
ASP Ship Management
BP Australia
Caltex Australia Limited
Carnival Australia
EMAS Offshore
Farstad Shipping (Indian Pacific)
Maersk Supply Service
MMA Offshore
MODEC Management Services
Port of Newcastle
North West Shelf Shipping Service Co.
Origin Energy
P & O Maritime Services
PB Towage
Rio Tinto Marine
SeaRoad Shipping
Shell Tankers Australia
Sugar Australia
Svitzer Australia
Swire Pacific Offshore
Teekay Shipping (Australia)
Tidewater Marine
Toll Marine Logistics
Viva Energy
Woodside Energy

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3. Jurisdiction

Offshore Oil and Gas

3.1. The Biosecurity Bill 2014 moves the quarantine jurisdiction from the current 200nm into 12nm.

3.2. In the offshore oil and gas sector this change shifts the burden of compliance for biosecurity risks from the installations (rigs, floating platforms etc.) that are located far offshore to the vessels that service those installations on a regular basis.

3.3. Vessels service offshore installations conduct a range of tasks including:

3.3.1. Transfer of drilling mud ashore for disposal;

3.3.2. Transfer of supplies (including food, drilling materials, spare parts, equipment, bulk cargo such as cement, potable and drill water, fuel, pallets, containers) to the facilities;

3.3.3. Transfer of waste / equipment ashore (including all of the above, some of which may have originated overseas);

3.3.4. Handle anchors/moorings and towing mobile offshore drilling units (MODU);

3.3.5. Conduct of inspection, maintenance and repair activities; and

3.3.6. Construction activities and support.

3.4. Under the existing Quarantine Act those vessels can move between port and facility/installation unhindered as both they and the facility are 'cleared in'.

3.5. The shift in jurisdiction changes that and now each time a vessel leaves and returns to port they will be exiting and re-entering the quarantine zone.

3.6. This will have the following impact on operations:

3.6.1. Pre-arrival reporting;

3.6.2. Inspection upon arrival;

3.6.3. Increased significance of current Quarantine practice whereby 'secondary ports' are attended after hours only on a voluntary basis by Quarantine officers – resulting in delays to vessels if no one is available to assess pratique.

3.6.4. Will potentially make sharing a vessel between various installations more restrictive.

3.6.5. More frequent vessel inspections may cause delays in schedules, port time is premium due to congestion.

3.6.6. The 12 hour minimum for pre-arrival reporting will cause issues and potential delays for short haul voyages.

3.6.7. If an installation is outside the 12 mile limit and has not been examined for bio-fouling then there may be a risk that Quarantine or State Fisheries or Environment departments may require hull inspections of supply vessels for potential cross contamination.

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3.6.8. Ballast water exchange issues have the potential for delays, nearly all supply vessels have to fill and discharge ballast tanks for stability purposes.

3.6.9. Questions exist regarding the declarations required from the crew members continually entering and leaving the Quarantine zone.

3.7. There are costs associated with the above that do not exist under the current arrangements.

3.8. The Department of Agriculture have indicated that they expect to manage the consequences of the change – being in the increased operational, administration and cost burden- via Approved Arrangements.

3.9. The details of what an Approved Arrangement will look like, what will be involved to establish one, what will be involved to prove compliance ongoing, etc. are not yet known as they will be worked out in the Regulations that are yet to be drafted.

3.10. What is reasonably clear is that Approved Arrangements in and of themselves will add an administrative burden and the actual operational changes to manage the activities that are deemed a risk (such as transfer of waste ashore) will still need to be undertaken.

3.11. While the Department has also spoken of Exemptions, it is highly unlikely that operations such as those undertaken by the supply and support vessels would be low enough risk that they would be exempted from management requirements.

3.12. "We'll sort it out in the Regulations" is not a satisfactory basis for industry to be assured that the requirements will not pose an excessive burden.

3.13. Further, it is not clear how moving management of risk from a point source (such as an offshore installation) to closer to shore where multiple and diverse risk vectors exist actually lessens the overall risk or is the most effective way to manage risk and protect the environment and human health.

3.14. It is also not clear how human health issues beyond 12nm are to be managed (for instance if a vessel/aircraft from overseas interacts with a facility outside 12nm) under the new Act.

3.15. The jurisdictional shift from 200nm to 12nm creates a considerable impact on industry, the actual extent of which is difficult to judge without the Regulations being available for comment.

3.16. At best, the change from 200nm to 12nm poses a significant red tape burden on many companies providing vessel support services to the offshore oil and gas sector. At worst, it imposes a raft of not only red tape but also financial and operational costs onto these businesses.

3.17. It is not clear how the jurisdictional change is justified in light of the likely impacts.

Trading ships

3.18. Vessels trading from port to port around the country will also be captured by the change in jurisdiction.

3.19. The Department of Agriculture has indicated that such vessels would be granted 'exemptions' under the Regulations as they do not come into contact with anything or stop outside the 12nm zone.

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3.20. This is an acceptable outcome provided that such exemption is automatic or deemed and the vessel itself (Owner or Master) does not have to apply and be granted such exemption.

3.21. Again, the detail is not known as the Regulations are not yet drafted.

3.22. Any increase in the administrative burden on the ship would be unacceptable.

Cruise Ships

3.23. Cruising vessels also depart and return to Australian ports exiting the 12nm zone.

3.24. Unlike trading ships however some cruise ships might slow or stop in areas beyond 12nm. It is vitally important that such ships are also provided with exemptions as the administrative burden for cruise ships to pass pratique is enormous.

3.25. Again, such exemption must be deemed / automatic or else an unnecessary compliance burden would be placed on these vessels.

4. Ballast Water

4.1. The Biosecurity Bill 2014 provides the Commonwealth with the ability to manage all domestic (as well as international) ballast water.

4.2. Ballast water is water taken on-board by a vessel from its surrounding environment to provide stability to the vessel when not fully loaded or during heavy seas.

4.3. Ballast water discharge into a new area may result in the transfer of organisms that can become pests. This can result in considerable damage to infrastructure, the environment and human health.

4.4. Ballast water is only one source of potential marine species translocation – there are many others (including fouling on vessels particularly slow moving pleasure craft, aquaculture activities and fishing).

4.5. Australia has had mandatory controls for international ballast water since 2001, well ahead of international requirements being agreed.

4.6. Further, the State of Victoria has had controls for domestically sourced ballast water in place since 2006.

4.7. The approved management technique to be employed under both the current Commonwealth and Victorian legislation is known as ‘ballast water exchange’ whereby the water taken on-board (typically in port) is pumped out and replaced with water from deep water (typically outside 12nm) during transit.

4.8. This process can take up to three days for some vessels and has a variety of serious safety issues associated with it that must be carefully managed.

4.9. Australia signed the International Maritime Organisation (IMO) Convention for the Control and Management of Ship’s Ballast Water and Sediments (BWM) in 2004 subject to ratification.

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4.10. The BWM convention is likely to enter into force in the very near future (within the next 12 months).

4.11. Importantly the BWM convention aspires to vessels adopting ballast water treatment systems as a means to treat ballast water rather than rely on ballast water exchange. At the time the convention was adopted no such treatment systems were commercially available.

4.12. Many treatment systems have now been developed and installed on vessels internationally. The technology challenge (effective, efficient, reliable systems) is far from over, however it is a widely held view that this is a superior (and safer) treatment option than exchanging water at sea.

4.13. Under the international BWM convention, all ships will be required to have ballast water treatment systems installed within five years of entry into force.

4.14. The Biosecurity Bill gives effect to the international convention requirements (for international ballast) and this is a welcome step to facilitate the use of treatment systems on board vessels.

4.15. The Biosecurity Bill also covers domestic ballast water.

4.16. This is a welcome development as the industry has long called for a single national regime rather than inconsistent State based arrangements.

4.17. However, introducing domestic ballast water arrangements across the entire country ahead of ballast water treatment systems being required and available to be installed on vessels poses many significant issues.

4.18. The vessels will need to rely on ballast water exchange to treat the water taken up from Australian ports.

4.19. Exchanging that water could take several days and for many voyages that will result in a delay to the voyage time.

4.20. Exchanging that water at the required depth and distance from land could also require ships to deviate from their intended voyage and then spend time far from their typical route to conduct that exchange. This is a particular issue for voyages through the Great Barrier Reef (where exchange is not permitted).

Example

4.21. For example, a ship travelling from Gladstone to Weipa will need deviate to the outer route to conduct ballast exchange. This will add approximately 1 day to each vessels passage. The cumulative impact on this continuously used route is that an additional 20 vessels will need to be chartered in to make up for the time that is lost.

4.22. The overall impact on this route over the course of one year is estimated at $10 - $15million per annum (made up of additional fuel and vessel hire costs).

4.23. The supply chain will also be adversely affected in other ways in terms of lost efficiency/productivity as the purpose built ships on this trade that loose time exchanging ballast/deviating from their normal voyage will be back-filled with ships that are not as

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efficient in terms of carrying capacity. This will result in more vessels for the sites to service which would decrease their annual output.

4.24. Ships have been moving vast quantities of ballast water from Gladstone to Weipa for decades with no marine pest issues arising.

4.25. A delay in the introduction of domestic ballast water provisions until treatment systems are installed on-board vessels in accordance with the international convention, would address the inconsistencies in Australia's ballast water management arrangements and provide a practical and reasonable response to the risk posed without unnecessary economic impact.

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