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SAL15058

15 June 2015

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### **SAL Submission to the proposed amendment to the Protection of the Environment Operations (Clean Air) Regulation 2010**

Shipping Australia Limited (SAL) is a peak ship-owner association with 36 member Lines and shipping Agents and 50 corporate associate members, which generally provide services to the maritime industry in Australia. Our member Lines are involved with over 80% of Australia's international trade and car trade as well as over 70% of our break bulk and bulk trade. A number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees. A list of members is at Annex A.

A major focus of SAL is to promote efficient and effective maritime trade for Australia whilst advancing the interests of ship-owners and shipping agents. SAL also provides secretariat services to the many liner companies and agencies that are members of conferences, discussion agreements, consortia and joint services that have their agreements registered under Part X of the Australian Competition and Consumer Act 2012. These agreements specifically seek to facilitate and encourage growth of Australia's liner shipping trades.

### **NSW Government's Unilateral Stance**

SAL members have a number of concerns over the implications of the adopted unilateral approach of the NSW Government in reducing emissions by limiting the sulfur content of fuel used by international cruise ships in NSW ports. Of particular concern is the very short timeline for the planned introduction. Most of the vessels operate globally and are governed by the International Maritime Organisation (IMO's) accepted standards and protocols for safety, environment as well as emissions. Cruise vessel schedules are fixed 3-4 years in advance to secure berth and anchorage bookings at all ports on a lengthy cruise and the maintenance schedules of these ships are also planned up to 5 years ahead to tie into these schedules. The timelines in the proposed legislation will impact on commercial operations and may not be achievable by all vessels. At the very least, vessels calling during the 2015-2016 cruise season which already had an overnight booking confirmed by NSW Ports before overnight stay moratorium was introduced should have their bookings honoured.

Australia is a signatory to the IMO regime (under the MARPOL Convention - Annex VI) which entered in to force in 2010, phasing in a progressive reduction in sulfur oxide (SO<sub>x</sub>) from ships and further reductions in nitrogen oxide (NO<sub>x</sub>) emissions from marine engines.

It includes a well-established regime and schedule in relation to reducing the sulfur content in fuels which developed regions such as Europe and the USA have successfully adopted and achieved by establishing designated Emission Controlled Areas (ECA) through the recognised IMO processes and in accordance with IMO timelines.

In addition, since January 2013, all vessels (not just cruise vessels) over 400 GT have a Ship Energy Efficiency Management Plan SEEMP which includes fuel consumption and emissions monitoring and analysis which reports are subjected to Port State Control Inspections in this regard.

SAL suggests that it would be more productive to encourage vessels to be early adopters of further emission controls, such as through reduced harbour dues, rather than to rapidly introduce legislation that will be disruptive to the cruise industry.

### **NSW Marine Emissions Strategy**

The NSW EPA *Diesel and Marine Emissions Management Strategy* (Jan 2015) recognised the MARPOL Convention as the instrument that controls shipping emissions and undertook a project, engaging the services of an international consultancy expert, to evaluate, amongst other things, the measures used internationally as well the logistical and technical feasibility of adopting lower sulfur fuels. The result and findings of this project **have not yet been published**. Additionally, the supporting evidence related to the implementation of this seemingly fast-tracked legislative amendment has not been provided nor has sufficient consultation with all the relevant stakeholders occurred.

### **NSW Health and Port Authority of NSW Air Missions Monitoring**

In response to health issues raised by the local residents, in October 2014 the NSW Health Department published an information sheet to address their concerns. Noting that the White Bay cruise terminal has been operating since April 2013, the NSW Health response reflected that the average levels of air pollution modelled and measured in the White Bay area were similar to the average background levels observed elsewhere in Sydney.

It stated further that little evidence exists of an association between long-term exposure to SO<sub>2</sub> and adverse health effects and that it would be rare for any individual to suffer respiratory or cardiovascular symptoms solely as a result of exposure to cruise ships. NSW Health concluded that the levels of air pollution modelled in the Environment Assessment and measured in the White Bay area did not warrant public health warnings.

In addition, the Port Authority of NSW has conducted air monitoring as required by the NSW Department of Planning and Environment and the results indicate compliance with the requirements set for the cruise passenger terminal.

There appears a lack of factual information to support the fast tracking of this restrictive regulation.

## **Fuel Availability & Vessel Tank Modification**

Inquiries by SAL following the release of the above-mentioned NSW EPA Strategy revealed the following in the relation fuel availability:

- Low-sulfur fuel marine fuel is not locally available and would need to be sourced from Singapore with at least three months' notice;
- If ships need to burn low-sulfur fuel whilst in port, they need to have that grade of fuel on board before arrival which may not be possible, particularly for those cruising the Pacific Islands, where they can't bunker prior to arriving in Sydney. By the time the ship bunkers low-sulfur fuel here it will be almost ready to sail
- More than six months would be required to prepare relevant shore storage tanks in Australia to receive such fuel; and
- Cruise vessels would have to be retro-fitted to with appropriate fuel tanks and would have to be off-line during this period. Some cruise ships will require engine modification to use low sulfur fuel, this extremely difficult to achieve before July 2016.

Since the release of the draft regulations, SAL understands that the above status remains unchanged and that on-going feasibility discussions in relation to fuel availability and the possibility of cruise vessels retro-fitting their fuel tanks are yet to occur. It seems apparent that a number of critical factors and variables have not been accounted for and are yet to be determined. Therefore, the timelines prescribed in clauses 78B and 78C of the draft regulation are premature and should be reconsidered.

## **Increased Risk - Technical Problems at Fuel Changeover**

Since the introduction of low sulfur fuel content requirements within US ECAs, the US Coast Guard identified several incidents involving substantial fuel leakages within the machinery spaces of vessels whilst switching over to ultra-low sulfur fuel oil. In some cases loss of propulsion has occurred. In order to highlight the potential hazards associated with fuel oil changeover and to reduce the possibility of similar incidents, the USCG has recently published a Marine Safety Alert in this regard. Given that the NSW government is proposing a shorter transition period as opposed to the US it could be expected that the frequency and level of such incidents could be far greater. As Sydney harbour is an attractive cruise destination, it would be prudent to have similar safety preventative measures with contingencies in place, prior the implementation of any proposed emissions controlled legislation.

## **Conclusion**

In summary, SAL's members would support the implementation of a local restriction on sulfur content if emissions from cruise ships were shown to be having a deleterious health impact on local residents and the implementation was allowed sufficient time. However, there appears to be no evidence linking the presence of cruise ships at White Bay with any harmful or adverse health effects. Also, any policy or legislative changes in this regard should be consistent with the international framework and governance of such vessels.

It appears that the NSW Government is making a knee-jerk response to a public media campaign by local interest groups. To implement this restrictive regulation in such a short

time-line brings into question the NSW Department of Planning and Environment's approval process and ignores the results of the Ports Authority of NSW air quality monitoring regime and the advice of the NSW Health Department.

SAL believes that regulations on ship emissions must be based on evidence rather than on misconception and hearsay. Moving forward recommends that the results and findings of the NSW EPA initiated project (international expert in shipping emissions) along with supporting evidence relevant to cruise ship emissions be fully considered and publically released before the introduction of any such legislation/regulation. SAL additionally believes any major changes such as this need to be part of a national consideration.

Authorised by:  
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