

# Recommendations of the ESSF-PRF Correspondence Group on harmonising the principles of Article 8 on fees for ship- generated waste

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# Correspondence Group's task

- Clarify and define the principles set out in Article 8
- Develop common interpretation in order to promote a more harmonized approach in order to streamline implementation of Art.8 on which CRS in EU ports are based on
- Provide Recommendations to COM for the use in the IA Study being undertaken for the revision of the PRF Directive
- Evaluate the impacts of the Recommendations

# Basic principles of Art.8

- **INCENTIVE BASED FEE SYSTEM** includes an indirect fee part that a ship has to pay irrespective of the actual waste delivery.
- **TRANSPARENCY:** Fees have to be fair, transparent, non-discriminatory and reflect the costs of the facilities.
- The amount of the fees and the basis on which they have been calculated should be made clear for the port users.



- Substantial differences between Member States in interpretation and implementation
- Large variety of cost recovery systems:  
NSF systems (with or without volume limitations)  
AFS systems (euro amount of discount/reimbursement)
- Lack of transparency: The way the fee is being calculated is not clear for port users

## Article 8.2 (a)

The cost recovery systems for using port reception facilities shall provide no incentive for ships to discharge their waste into the sea. To this end the following principles shall apply to ships other than fishing vessels and recreational craft authorised to carry no more than 12 passengers:

(a) all ships calling at a port of a Member State shall contribute significantly to the costs referred to in paragraph 1, irrespective of actual use of the facilities.

Arrangements to this effect may include incorporation of the fee in the port dues or a separate standard waste fee. The fees may be differentiated with respect to, *inter alia*, the category, type and size of the ship;

## Article 8.2 (b) (c)

(b) the part of the costs which is not covered by the fee referred to in subparagraph (a), if any, shall be covered on the basis of the types and quantities of ship-generated waste actually delivered by the ship;

(c) fees may be reduced if the ship's environmental management, design, equipment and operation are such that the master of the ship can demonstrate that it produces reduced quantities of ship-generated waste.

# Significant contribution to PRF costs

## COM Statement 2000

- The 'Significant Contribution', has been interpreted by the Commission as a figure of the order of at least 30% of the costs of port reception facilities for ship-generated waste, including the treatment and disposal of the waste.
- No guidance has been given on how this 30% threshold should be implemented, this has resulted in many different interpretations in the CRS used in the EU
- CG to clarify how the principles of Art.8
- Requires understanding of the PRF costs and relationship between fees and PRF costs

- Four rounds of questions (as from 14 Dec 2015)
- Members from the MS and stakeholders: Belgium, Flemish Sea Ports, port of Bremen, CLIA, Dutch ports, ECSA, UK Chamber of Shipping, EUROSHORE, ESPO, Port of Tallinn, EPE (Greece), Finland, Irish Ports Authority, KIMO, The Netherlands, Piraeus Port Authority, Poland, Sweden and the United Kingdom.
- Two interim reports have been provided for the Sub Group (March, May 2016).
- The final round of questions addressing the impacts of the Recommendations is about to start
- The Final report will be forwarded to the Sub-Group by November (and the third interim report to 6th ESSF PRF meeting in October)



# Questions to Correspondence Group

- the need to clarify the different cost elements of PRF and the relationship between fees and costs
- how best incentivize deliveries to PRF and avoid discharges into the sea
- how to define significant contribution
- should incentive fee part include right to deliver waste?
- how best improve transparency of fee and cost recovery systems and structures
- development of criteria for applying reduced waste fees for green ships




# Eight Recommendations

- Cost elements of PRF
- Definition for significant contribution
- Method to calculate min. 30% significant contribution
- Right to deliver
- Transparency
- Green ship criteria
- New fee differentiation criteria – Type of trade
- Auditable PRF service levels



# RECOMMENDATION - Definitions of PRF Cost elements

- The indirect and direct costs should be defined in the revised PRF Directive
- **DIRECT COSTS: Costs that arise from the actual delivery (collection, treatment and disposal) of ship-generated waste including infrastructural costs (investments)**
- **INDIRECT COSTS: Administrative costs of the port arising from the management of notification, the development of the WRH Plan and the cost recovery system**
- An indicative, non-exhaustive list of direct and indirect cost elements would be placed in the Guidelines supporting the Directive to promote harmonisation between the CRS.

<b>Direct (PRF operated by Port or waste contractor)</b>	<b>Indirect (Cost recovery System administered by port)</b>	 <b>Traficom</b>
<p>The provision of PRF – infrastructural costs including the provision of containers, tanks, processing tools, barges, trucks, waste reception, treatment installations etc. Site leasing for the PRF or the equipment being used to facilitate the PRF. These costs could be large and recovery of investment costs is likely to be spread out over numerous years.</p>	<p>The ongoing costs to update, the WRH Plan (including salary costs, possible consultancy costs). WRH Plan consultation costs, including meetings.</p>	
<p>The operation of the PRF – removal of waste from the PRF or the ship, transport of waste from the PRF to the final treatment, recycling or disposal centre, maintenance and cleaning of the PRF, staff costs including overtime, electricity, segregation of the waste, analysis of the waste, insurance</p>	<p>Costs for approval of the WRH Plan and any audits of the WRH Plan and its operation</p> <p>PRF Tariff Regulation: reviewing, updating,</p>	
<p>Costs for the final reuse, recycling or disposal of the waste</p>	<p>Management of the notification and cost recovery systems (reduced fees), including the provision of IT systems (port), salary costs, statistical analysis</p>	
<p>Administrative costs such as invoicing, providing receipts by the port or PRF as appropriate.</p>	<p>Tender costs for provision of PRF, or the waste/environmental licences/permissions needed for the provision of PRF</p>	
	<p>Provision of information to ships agents and shipping (flyers, website, signs/posters in the port).</p>	
	<p>Costs for other devolved administrative elements for the PRF Directive such as reporting or exemptions</p>	<p><b>Finnish Transport Safety Agency</b></p>

# RECOMMENDATION: Significant contribution

- The contribution to the costs of PRF is considered 'significant' if the **indirect fee**, calculated on an annual basis and divided by the number of ships expected, covers both:
- a. the indirect administrative costs of the Port incurred in providing PRF to each ship's port call; and
- b. all or part of the direct operational costs as defined either in waste volumes (with or without limit) or in euro amount discount/reimbursements in the ports CRS and differentiated with respect to the category, type and size of the ship and per waste type", provided that the part covered represents at least 30% of the total direct costs for actual delivery of ship-generated oily waste (MARPOL Annex I), sewage (MARPOL Annex IV) and garbage (MARPOL Annex V).

## Recommendation: Calculation of the percentage of Significant contribution

CG recommends that the revised Directive

- i. Includes a harmonised principle involving a payment of an indirect fee of a min. 30% [or X%] with the possibility to vary the minimum percentage by waste types
- ii. Includes the following method of calculating the significant contribution based on the agreed definitions and comparing it to the suggested percentage threshold

Total yearly DOC covered by indirect fees x 100

Total yearly DOC for all waste landed in the port

# Significant contribution in the form of an indirect fee

- To calculate the incentive based indirect fee (ships contribution to the costs of PRF irrespective use of the facilities), the information of the total PRF costs is needed.
- BASIC FORMULA: Divide all PRF related costs (IAC+DOC) by total no. of ship calls

total yearly IAC + total yearly DOC for landing waste as set out in CRS

Total number of ship calls

- Set out in CRS (volume, with or without limit or euro amount – discount/reimbursement)
- and differentiated with respect to the category, type and size of the ship and per waste type.



# Recommendation – Right to deliver

- The Correspondence Group recommends that the right to deliver should be enhanced in the Directive as it is not obvious that the right to deliver is explicit in the present wording.
- In paying the indirect fee, the ship is entitled to
- deliver to PRF the amount of SGW that is set out in CRS (defined per waste type with or without volume limit) without additional costs (NSF-system; or
- Receive a set discount /reimbursement in CRS (e.g. X euro per m<sup>3</sup> delivered) depending on the volume and waste type that is delivered to the PRF (AFS-system)



# PROPOSAL: Right to deliver

- Proposal by the NL: To define the 'right to deliver' in terms of significant min. volume of **garbage** (MARPOL Annex V) that can be landed without any additional special/extra fee. However, certain flexibility in the minimum volume of garbage should be possible under the fee system.
- The Group recommends that this approach should be studied further.

# Recommendation on Green Ships

- The Correspondence Group recommends that in the Guidance supporting the Directive the green ship criteria is defined to increase harmonisation between ports.
- The Guidance to identify the criteria that ports should be free to use to reward vessels that can prove that they have adopted at least 3 of these criteria, which go beyond the requirements of existing legislation, to reduce their waste. Ships have to provide evidence to the port in applying for reduced fee. These criteria should include:



# Green ship criteria

- onboard waste segregation for recycling, which goes beyond the basic waste categories listed in the IMO Garbage Record Book;
- waste minimization provision on board;
- environmental qualifications (ISO 21070:2011, Green Award (waste section));
- environmental consultation and training contracts (trained personnel optimal procedures);
- minimising waste by use of different fuel that produces less sludge, or use of fuels that are cleaner than legally required;
- membership of a green ship award programme; and
- involvement in an environmental management program (EMP) such as ISO 14001.



- The Correspondence Group recommends that the revised PRF Directive, defines the following concepts:
- Fair and non-discriminatory: the fees should be the same for ships of similar type, and size and be proportionate to the waste a ship produces;
- Transparent: the Fee and the CRS used in a port, including the basis for calculation of the fees, should be published in the WRH Plan, the port tariff list or made otherwise available publicly and directly to users of the PRF; and
- Reflecting the costs: all costs incurred for the disposal of SGW by the port should be paid by the entirety of the ships calling the port. There should not be any subsidies for waste disposal. It should be ensured that the relation between the fees (indirect and any additional direct fee) being charged to the ships and the actual costs of PRF are in balance in the CRS.

## Recommendations: Indirect fee differentiation criteria, Auditable service levels

- The Correspondence Group recommends that the Impact Assessment should consider the option to include differentiation by the type of trade a ship is engaged in - Article 8.2 (a).
- The Correspondence Group recommends the Commission evaluate the requirement in the EMSA Technical Guidelines to provide auditable service levels in the WRH Plan, and whether it needs to be enhanced in the revised Directive or in the Guidance.

## Further work

- How would the situation improve if the Recommendations were adopted?
- ToR revised in June 2016
- Next and final round is about to start
- Focus on impact of the Recommendations
- Final report to the COM and ESSF PRF Sub Group in November 2016





**Thank you for your attention**

