

**THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA**

**HOUSE OF REPRESENTATIVES**

**BALLAST WATER RESEARCH AND DEVELOPMENT FUNDING  
LEVY BILL 1997**

**EXPLANATORY MEMORANDUM**

(Circulated by Authority of the Minister for Primary Industries and Energy,  
the Hon John Anderson MP)

## **BALLAST WATER RESEARCH AND DEVELOPMENT FUNDING LEVY BILL 1997**

### **OUTLINE**

The purpose of the *Ballast Water Research and Development Funding Levy Bill 1997* and the *Ballast Water Research and Development Funding Levy Collection Bill 1997* is to establish a levy to provide funds for the Strategic Ballast Water Research and Development Program. This Program is to provide the framework for planning and implementing innovative and cost-effective research and development projects to strengthen management of ballast water and shipping by risk minimisation, and the eventual goal of preventing all introductions of harmful exotic species, by means of ballast water or ships hull fouling.

The Bills will enable the collection of a levy amount of \$210 for bulk carriers and \$140 for all other ships, including tankers, with a length of 50 metres or longer. The levy amounts have been estimated based on the best information available from the Australian Maritime Safety Authority and the Australian shipping industry. The formula of a two-tiered flat charge was agreed upon by the Australian Ballast Water Management Advisory Council and the levy Working Group. The levy is charged in accordance with the average amount of ballast water discharged by the type of ship, in an attempt to establish equity.

The amount to be collected is \$2 million over a 2 year timeframe, based on collecting an estimated \$1 million per year. Once the \$2 million has been raised, the levy will be ceased by Proclamation.

The money collected from the levy will fund the research and development of effective means of treating ballast water and ships' hulls to render them incapable of transporting exotic marine species between ports. In the absence of such treatments, every ship entering a port potentially carries exotic species that may pose a significant threat to the Australian fishing industry, the environment and human health.

### **FINANCIAL IMPACT STATEMENT**

The proposed levy will have no financial implications for the Commonwealth. The levy is being implemented with the full agreement and cooperation of the Australian Ballast Water Management Advisory Council and the shipping industry which will pay the levy, and is to be allocated to the research and development of effective ballast water management strategies. The agreed amount to be collected by the levy is \$2 million over a two year timeframe, based on collecting an estimated \$1 million per year. The Industry has agreed that if the \$2 million is collected prior to the 2 years, the levy will be ceased by Proclamation.

## **REGULATION IMPACT STATEMENT**

### **Problem and Background**

It has been established that ballast water and sediment in vessels entering Australian waters has been contaminated with a range of unwanted marine organisms, including toxic dinoflagellate species known to cause paralytic shellfish poisoning in humans. The introduction of diseases posing health threats to indigenous human, animal and plant life also can arise as a result of port waters being inoculated with large quantities of ballast water containing viruses or bacteria.

It has been confirmed that at least 15 unwanted aquatic species and organisms, including fish, molluscs, worms and a toxic algae, have been transferred to Australia and established here. The most likely source of transfer is ballast water. While ballast water has been used by shipping for around 100 years, it is only recently that the extent of the problem has become known. Shipping traffic has increased, travel time between ports has become more efficient, and as many of the ports with which Australia trades become more 'polluted', the threat to Australian waterways has increased enormously.

Ballast water management is now recognised internationally as an important global issue, and Australian scientists were among the first to recognise the risks posed to our marine environment, our fisheries and aquaculture industries, and on human health, by unmanaged ballast water.

In 1990, Australia was the first country in the world to introduce national voluntary controls to apply to the discharge of shipping ballast water and sediment from overseas vessels entering Australian territory. This initiative was subsequently adopted by the International Maritime Organisation when, in 1991, it incorporated the principles of the Australian arrangements for international application.

In 1995, Australia developed its Ballast Water Management Strategy. The Strategic Ballast Water Research and Development Program which is a key component of the Strategy was subsequently implemented in 1995 by the Australian Ballast Water Management Advisory Council. The aim of the Strategic Ballast Water Research and Development Program is to provide the framework for planning and implementing innovative and cost-effective research projects to improve ballast water management and to seek more satisfactory longer term solutions to the problem.

The Government has a serious concern towards the sustainable use and repair of our coastline and the threat of coastal and marine pollution. In March 1997 the Prime Minister announced the Government's Coasts and Clean Seas Initiative. Through the Initiative the Government will tackle pollution problems, threats to marine biodiversity and habitat degradation, and promote the sustainable use of Australia's coastal areas and marine environment. This Initiative will provide funding for the reduction, management and local

eradication of introduced marine pests; a rapid response capability to manage and eradicate marine pest outbreaks before they become established in new locations; and the implementation of management arrangements and guidelines to prevent the spread of pests transferred by coastal shipping. Included in this funding is the allocation of \$1 million for the Strategic Ballast Water Research Program for 1997/98.

### **Objective**

The aim of the proposed levy is to provide funding for the research and development of effective ballast water management policies. Current major research projects include the development of a decision support system (an information and communications system to monitor and support decision making concerning the risk of individual vessels and required ballast management arrangements); port baseline surveys (to ascertain existing port conditions); and heat treatment of ballast water (as a possible means of killing unwanted marine pests and pathogens). Future projects will include further evaluation of techniques for the detection of cholera in ballast water, identification of high risk vessels and routes, and the implementation of protocols for ballast water sampling and testing.

### **Options**

The Australian Ballast Water Management Advisory Council proposed to the Government that a levy on shipping to raise a total agreed amount of \$2 million, be collected and paid into the Strategic Ballast Water Research and Development Fund. This Fund will then provide the resources for research and development aimed at minimising the risk, and in the longer term possible prevention, of the introduction of unwanted marine pests and disease pathogens transported in ballast water and on ships' hulls.

There are no other options for consideration as the Minister for Primary Industries and Energy received approval in February 1997 from the Prime Minister and the Treasurer to introduce the levy.

## Impact Analysis

The levy has been designed, in consultation with industry, to have a minimal financial impact on the shipping industry while providing adequate funds for its purpose. It has been fully supported by the industry who will pay the levy.

The levy amount to be charged, \$210 for bulk carriers and \$140 for all other ships, including tankers, with a length of 50 metres or longer, has a relatively low impact on the industry when compared with costs up to \$20,000 per day for a ship while idle in a port.

The levy amounts have been estimated based on the best information available from the Australian Maritime Safety Authority and the Australian shipping industry. The formula of a two-tiered flat charge was agreed upon by the Australian Ballast Water Management Advisory Council and a Working Group of industry and Government officials established for the express purpose of determining the parameters of this legislation. It also meets the Government's principles for new or amended levy legislation.

In the interests of equity the levy is to be charged in accordance with the average amount of ballast water discharged by the type of ship. For further clarification of the charging formula, bulk liquid carriers or tankers are included in the category "otherwise" as they usually enter Australian ports with full cargo and therefore do not discharge ballast water on arrival. Bulk carriers usually load cargo at Australian ports and therefore they usually discharge ballast on arrival.

The shipping industry which will pay the levy supports the introduction of the levy; this agreement to the implementation of a levy is an indication of their commitment to resolving the risks posed to Australia's coastline from unmanaged ballast water.

There are no (or minimal) negative impacts on Government, consumers and the community. However there are indirect positive benefits, for example, the potential for improvement in the Australian coastal environment, facilitation of trade, and prevention of human illness attributed to unmanaged ballast water discharge.

## Consultation

The Australian Ballast Water Management Advisory Council, which includes shipping and bulk exporting representatives, has been closely consulted for the duration of the development of the *Ballast Water Research and Development Funding Levy Bill 1997* and the *Ballast Water Research and Development Funding Levy Collection Bill 1997*. This consultative process has taken place through meetings and regular written advice inviting comments from the Industry representatives, on the drafting of the legislation.

**Implementation, administration and review**

The legislation authorises collection of the levy until \$2 million has been raised. The Act will then be ceased by Proclamation. Also agreed is that should the \$2 million be collected prior to the 2 full years, the Act will cease on collection of the amount of \$2 million.

The levy is payable to an authorised person, appointed by the Minister or by the Department of Primary Industries and Energy on the Minister's behalf. The levy can be paid to the authorised person at the ship's home port or at another Australian port specified in writing by the owner or agent of the ship. The levy will be collected using the existing levy collection mechanism provided by the Australian Customs Service.

The levy payments can be made in person, by post, by electronic transfer or by other preferred methods of payment as prescribed by the ship's owner, master, agent or consignee.

The money collected by the levy will be paid into the Consolidated Revenue Fund and then the levy amount will be transferred into the Strategic Ballast Water Research and Development Fund.

## NOTES ON CLAUSES

### **Clause 1: Short title**

1. This clause provides for the Act to be called the *Ballast Water Research and Development Funding Levy Act 1997*.

### **Clause 2: Commencement**

2. This clause provides for the Act to come into effect on 1 July 1998.

### **Clause 3: Interpretation**

3. This clause provides the definition of 'bulk carrier' as applied in this Act. This category applies primarily to bulk carriers loading export products.

### **Clause 4: Application to Crown**

4. This clause provides for the Act to apply in all the Australian states, the Australian Capital Territory (Jervis Bay), the Northern Territory and Norfolk Island.

### **Clause 5: Imposition of levy**

5. This clause provides for the levy to be paid by certain ships arriving at Australian ports, in accordance with the *Ballast Water Research and Development Funding Levy Collection Act 1997*. That Act provides the categories of ships liable to pay the levy, and states that the levy is payable on the first day of each quarter. Also defined are situations categorised as an *emergency* which exempt a ship from paying the levy.

### **Clause 6: Amount of levy**

6. This clause provides the rate of levy payable by the two categories of ships, \$210 for bulk carriers; \$140 for all other ships, including bulk liquid tankers primarily carrying imported products. The category 'otherwise' relates to ships of 50 metres or longer, and therefore liable to pay the levy.



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