



Environmental Incentive



Shipping is the most efficient mode of transportation of goods. It produces fewer CO₂ emissions per tonne transported than other modes of transport. While shipping is a global industry that is internationally regulated, ports have a role to play in promoting continual improvement in environmental performance. NSW Ports is committed to driving sustainable growth, so we developed an Environmental Incentive for Shipping that took effect from 1 January 2019. This is the first such incentive to be offered in Australia and provides an excellent opportunity to encourage clean and climate friendly shipping.

The Incentive applies to ships registered with the international Environmental Ship Index (ESI) visiting Port Botany and Port Kembla. Vessels qualifying for the Incentive will receive a financial payment in the form of a rebate on their port charges.

PURPOSE

The purpose of the Incentive is to demonstrate that NSW Ports and the shipping industry are voluntarily taking steps to improve environmental outcomes for local communities and our planet. Together we demonstrate this as:

- ships improve their environmental performance beyond regulatory requirements;
- NSW Ports provides a financial benefit to eligible ships; and
- data is collated enabling an understanding of the emissions reductions achieved and the measures which have achieved these reductions.

DETAILS

1. ENVIRONMENTAL SHIPPING INDEX (ESI)

The ESI is an initiative within the World Ports Sustainability Program that is administered by the ESI Bureau of the International Association of Ports and Harbours (IAPH). The ESI identifies seagoing ships that perform better in reducing air emissions than required by the current emission standards of the International Maritime Organisation. The ESI evaluates ships on a scale from 0 to 100 according to the following factors:

- the amount of nitrogen oxide (NO_x) that is emitted by a ship;
- the amount of sulphur oxide (SO_x) that is emitted by a ship; and
- the greenhouse gas (or CO₂) emission of the ship relative to the distance sailed.

Specific formulae are applied to determine the contribution of each factor to the overall ESI score.

Ships receive an ESI score by making a self declaration to the ESI Bureau that is verified and published on the ESI website. Ships are required to regularly update their data in order to maintain their ESI score. Incentive Providers such as NSW Ports may, with the permission of IAPH, undertake audits of ships to check the validity of data provided to ESI. For more details regarding participation in ESI, including terms of use, refer to the ESI website (www.environmentalshipindex.org).

2. ELIGIBILITY CRITERIA AND REBATE STRUCTURE

Each ship visiting Port Botany or Port Kembla must meet the following criteria to be eligible for a rebate under this Incentive:

- be a commercial ship for which vessel charges are payable to NSW Ports (refer to the Schedules of Port Charges at <https://www.nswports.com.au/resources/port-charges/>) or be a commercial container ship at Port Botany; and
- have a valid ESI score of 20 or greater at the time of its visit; and
- submit the required information to NSW Ports regarding emission reduction measures on the questionnaire provided.

Rebates shall be provided on a per visit basis. Each ship shall be categorised according to its ESI Score to determine the applicable rebate (refer to Table 1 below). Container ships visiting Port Botany will receive a part-rebate that is 40% of the full rebate received by other vessels as vessel fees for these ships are payable to Port Authority of NSW and not NSW Ports.

Table 1. Applicable rebates for each category of ships based on ESI scores

ESI CATEGORY	ESI SCORE	REBATE PER VISIT (AUD, excl. GST)	
		Port Botany Container Ships	Other Ships
N	Not listed	\$ 0	\$ 0
A	0 – 19.9	\$ 0	\$ 0
B	20.0 – 34.9	\$ 400	\$ 1,000
C	35.0 – 49.9	\$ 600	\$ 1,500
D	50 or greater	\$ 1,000	\$ 2,500

The Shipping Emissions Control Questionnaire must be submitted annually by the ship owner or its authorised agent for each ship. The questionnaire identifies the types of control measures ships are utilising to reduce emissions of air pollutants and greenhouse

gases. The information provided in the questionnaire will help NSW Ports to assess the effectiveness of the Incentive program and identify trends in ship design and operation that may inform the provision of infrastructure and services at our ports.

The Shipping Emissions Control Questionnaire must be submitted before the last day of each quarter in order to be eligible for a rebate in that quarter. For instance, to be eligible for a rebate in the quarter Jul-Sep 2020, the questionnaire must be submitted by 30 September 2020. The validity of each completed questionnaire will expire after one year (that is, it shall be valid for four quarters) after which ship owners/agents will be required to resubmit a revised questionnaire to maintain eligibility for the Incentive.

NSW Ports may amend the Questionnaire at any time to ensure that relevant information is collected.

3. RECEIPT OF INCENTIVE

NSW Ports shall determine eligibility for the Incentive and the rebate amounts payable for each ship that visits Port Botany and Port Kembla as per the criteria described above. Rebates shall be paid on a quarterly basis to the account of the party responsible for paying the following port charges:

- Wharfage for containerised cargo at Port Botany;
- Site occupation at Bulk Liquids Berths 1 and 2, Port Botany; or
- Navigation services at Port Kembla.

Rebate amounts shall be itemised for each ship visit in a detailed statement that will accompany the Recipient Created Tax Invoice (RCTI).

In case of queries, NSW Ports will provide any additional details.

4. USE OF INFORMATION PROVIDED

Information collected by NSW Ports about ships eligible for the Incentive shall be used to evaluate and report on its effectiveness. NSW Ports shall abide by the Terms of Use for ESI data and will not disclose specific information about any ship or data provider without the prior permission of the data provider.

Further Information

Re: Eligibility criteria and submission of questionnaires

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