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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 54

New Delhi, 12 April, 2003

NOTIFICATION

In exercise of the powers conferred by Section 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal from the Visakhapatnam Port Trust for consolidated charges for shifting of fenders for POL vessels as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

Tariff Authority for Major Ports
Case No. TAMP/40/2002 - VPT

The Visakhapatnam Port Trust

Applicant

ORDER

(Passed on this 17th day of March 2003)

This case relates to a proposal received from the Visakhapatnam Port Trust (VPT) for prescribing consolidated charges for shifting of fenders for POL Vessels.

2.1 The VPT has made the following points in support of its proposal:

- (i). Whenever tankers are moored at New Oil Jetty, mooring fenders are to be shifted from Boat Basin Jetty (B.B.Jetty) to alongside the mother tanker to facilitate berthing of the daughter tanker for undertaking transshipment operation. After completion of transshipment and unmooring of the daughter tanker, the fenders are shifted back to the B B Jetty for unberthing mother tanker.
- (ii). The existing Scale of Rates prescribes the charge for shifting of fenders at US \$ 187.629 per operation. In addition to this, overtime charges for shifting/placement of fenders is also being levied since there is no provision in the existing Scale of Rate for levy of extra officer charges.
- (iii). In the present system of billing, these charges are separately levied after one/two weeks after completion of operation which causes inconvenience to the users to estimate actual expenditure. Therefore, there is a persistent demand from the Trade to levy a consolidated charge for shifting of fenders including extra officer charges.
- (iv). To arrive at consolidated charges, the VPT has considered revenue realised during the period from January 2001 to June 2001 for the shifting of fenders and extra officer charges and last three years average throughput of crude/product transshipment. It has requested to fix a consolidate rate of Re. 0.40 Ps. per tonne of cargo transhipped in the case of crude tankers and Re. 0.80 Ps. per tonne of cargo transhipped in the case of product tankers.

2.2 The VPT had initially requested the Authority to approve and notify the consolidated charges for shifting of fenders and extra officer fees for P.O.L. vessels leviable on mother tanker as proposed in paragraph 2.1 (iv) above.

3.1. A copy of the proposal was forwarded to various concerned users/representative bodies of port users for comments. The comments received from the various users / representative bodies of port users were forwarded to the VPT as feed back information.

3.2. A joint hearing in this case was held on 21 January 2003 at the VPT premises. At the joint hearing, the VPT and the port users have made their submissions.

3.3. As agreed at the joint hearing, the VPT has submitted revised proposal in consultation with the Shipping Corporation of India and Visakhapatnam Steamship Agents' Association. The points made by the VPT are summarised below:

- (i). It has proposed to include the following clause under Section 3.1 as SI No. 6 of terms and conditions:

"A consolidated charge of Rs. 27,000/- per tanker shall be levied on mother tanker per each call towards preparation of fenders, shifting of fenders (belonging to port / oil industry/ship owners) from anywhere in the port to

along side mother/daughter tanker and vice-versa, disconnection of fenders, fender hire charges and overtime towards staff. This charge is payable by the mother vessel calling at the port for transhipment operations”.

- (ii). It has also proposed to delete the word “Fender” in the item no. 5 of Section 2.4.1 i.e. schedule of shifting charges for vessel other than POL vessel.

3.4. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpts of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be available in our website (www.tamp.nic.in).

4.1. In terms of the existing Scale of Rates, shifting charges of fenders and hire charges of fenders are levied separately. The VPT has stated that it also levies overtime allowances payable to its staff engaged in shifting of fenders. The revised proposal of the VPT is to levy a consolidated fee for supply of fenders which includes hire and shifting charges also. In contrast to the original proposal, the revised proposal seeks to apply the proposed rate to oil transhipment taking place in the outer harbour and to levy the charge from mother vessels only. Significantly, the revised proposal takes care of the suggestions made by the VSAA.

4.2. Considering a transhipment operation for 3 days and requirement of around 3 to 4 fenders for such operations, the (revised) proposed consolidated rate is slightly lower the existing itemised rates. While the existing hire charge of fenders is for supplying the port owned fenders, the proposed rate covers supply of even the fenders owned by vessels / oil industry. Notwithstanding this position, the Authority is inclined to approve the revised proposal of the VPT considering the fact that rate proposed is an average rate for the comprehensive services and recognising the fact that the main user of this facility i.e. the SCI has agreed to the revised rates.

4.3. Since consolidated charges are to be proposed for supply and shifting of fenders for transhipment operation, the existing rate for shifting of fenders will be rendered redundant. That being so, the word ‘fender’ item 5 of Section 2.4.1. of the existing Scale of Rates is deleted, as proposed by the VPT.

5. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following amendments to the Scale of Rates of the VPT:

- (i). Insertion of the following clause under Section 3.1 as Sl. No 6 of the terms of conditions:

“6. A consolidated charge of Rs. 27,000/- per tanker shall be levied on mother tanker per each call towards preparation of fenders, shifting of fenders (belonging to port/ oil industry/ship owners) from anywhere in the port to along side mother/daughter tanker and vice-versa, disconnection of fenders, fender hire charges and overtime towards staff. This charge is payable by the mother vessel calling at the port for transhipment operations”.

- (ii). Deletion of the word ‘fender’ in the item no. 5 of Section 2.4.1. i.e., schedule of shifting charges for vessel other than POL vessel.

(A.L. Bongirwar)
Chairman

A SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No. TAMP/40/2002-VPT - Proposal from the Visakhapatnam Port Trust for consolidated charges for shifting of fenders and extra officer fees for POL vessels.

1. The comments received from the port users / representative bodies of port users are summarised below:

Visakhapatnam Steamship Agents Association

- (i). The proposal mentions transshipment of crude/POL only at New Moorings whereas transshipment takes place at many other berth/Jetty/mooring. It has, therefore, suggested the proposal should be applicable for any crude/POL transshipment as long as transshipment takes place within the outer harbour.
- (ii). On some occasions, the fenders may be kept in outer harbour in close vicinity or they may be shifted directly from one mother tanker to another mother tanker after completion of transshipment instead of shifting fenders back to B.B. Jetty as mentioned in the proposal.
- (iii). The VPT should charge shifting of fenders at rates applicable for coastal vessels as the fenders are always in the port.
- (iv). The VPT charges fender hire whenever their fenders are used. To make entire billing simple and objective, proposed consolidated rate should take care even the fender hire also.
- (v). The VPT has not considered data for similar period to calculate consolidated charges. It has considered three year throughput of crude/product transshipment but six month revenue generated is taken into account.
- (vi). At present there is no provision to levy over time on extra officer in the VPT's Scale of Rates. It is, therefore, not justifiable to levy extra pilot officer fee separately or consolidated charges on mother vessel. The pilotage fee paid includes services of port's pilot.
- (vii). The basis considered by the VPT as cargo transshipment for levying a consolidated charge for shifting of fenders and extra officer charges have following disadvantages:
 - The quantity to be transhipped depends on various factors like river drafts, ullage availability at the Haldia etc.
 - A big tanker has to pay more charges whereas a small tanker need to pay less charges.

- A tanker arriving with deeper draft and subsequently shifts to other berths for completing balances lighterage. It will involve additional shifting of fenders as compared to a case where mother tanker completes transshipment in only one place. If the charge is based on cargo transhipped, charges payable in both cases may be same.
- (viii). The VPT should consider alternative method to levy the charge on equitable basis. A lump sum rate may be more suitable. In case the mother vessel completes her lighterage only in one place there will be one time charge. If lighterage takes place at more than one place there will be additional charge for shifting of fenders.

The Shipping Corporation of India Limited

- (i). It has reiterated many of the comments of the Visakhapatnam Steamship Agents' Association.
 - (ii). The charges towards shifting of fenders should be included in the consolidated rate leviable on mother vessel to avoid any dispute with foreign owner. It is logical and justified, to include the charges towards shifting of fenders in the consolidated charges leviable on mother vessel.
2. A joint hearing in this case was also held on 21 January 2003 at the VPT premises. At the joint hearing, users objected to the proposal with reference to inclusion of overtime in the costing since this element was deemed to have been included in the basic tariff itself. The VPT, however, argued that overtime payment was a definite cost element and, hence, it cannot be excluded from the costing.

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