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REVIEW OF THE INTERNATIONAL COMPENSATION REGIME

THE ROLE OF SIRE IN THE VETTING OF TANKERS

An information paper

Submitted by the Oil Companies International Marine Forum (OCIMF)

Summary:	This document is intended to assist delegates with their understanding of how vetting of tankers is undertaken, and the role of the SIRE report in that process.
Action to be taken:	Information to be noted.

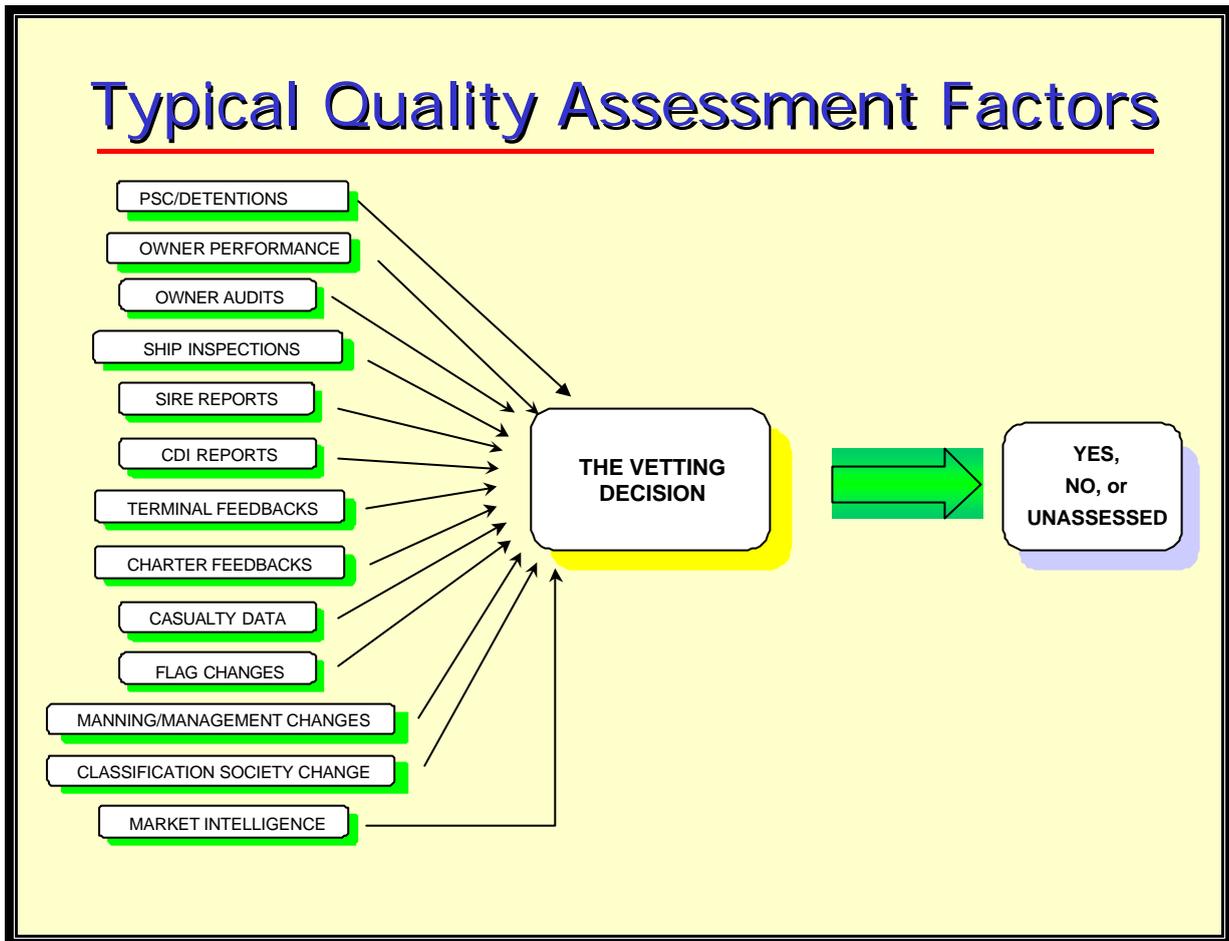
1 Introduction

- 1.1 At the 7th meeting of the the 1992 Fund 3rd Intersessional Working Group, a range of questions arose concerning access to, and use of, the Oil Companies International Marine Forum (OCIMF) Ship Inspection Report (SIRE) programme and its possible use by P&I Clubs, and others, as a means of distinguishing between acceptable quality and sub-standard tonnage.
- 1.2 As explained at the meeting, the question of vetting (also known as vessel screening) is a complex matter that has as its foundation, a quality assessment process taking into consideration many factors affecting the tanker management and operational standards. The process will typically utilise a SIRE inspection report from the OCIMF database as an input to that quality assessment, but this is not the sole factor considered in determining the use of a tanker of acceptable quality.
- 1.3 It will also be noted that OCIMF is a facilitator in the exchange of these reports from an inspecting party to the recipient. The reports are non-subjective and the inputting party gives no opinions of vessel quality. This paper will highlight the importance therefore of suitably skilled personnel to undertake a thorough technical evaluation of the report and then to use the outcome of that evaluation within the review of all information on the tanker to arrive at the final decision.

2 The vetting process

- 2.1 At the outset it is important to note that there is no 'one-size-fits-all' vetting system operated by charterers, rather they vary from company to company depending on the individual needs and

management systems each company operates. However, each will have a system that considers a similar range of factors and these are simply identified in Figure 1. shown below;



2.2 As can be seen from the figure above, the vetting decision will take into account an assessment of a wide range of possible inputs. Depending on the individual system, some of these will be more highly valued in their influence on the final decision. Key factors normally considered by OCIMF members will however include the following and these will be discussed in more detail;

- Vessel owner/operator performance assessment and rating.
- Incidents and Casualty reports.
- Vessel inspection and condition assessment data.
- Port State Inspection performance and detentions.
- Terminal performance and feedback

3 Vessel owner/operator performance assessment and rating

3.1 Firstly, vetting organisations will have a process whereby the performance of the owner/operator of the tanker is assessed and rated. This is in the first instance derived through an analysis of the operational and safety performance of the fleet, the maintenance program of the fleet and an evaluation of management review systems.

3.2 Secondly there could also be an exchange of information between the vetting organisation and the owner/operator via a face to face meeting and this will additionally include a more detailed exchange covering information such as internal management systems, fleet manning and training, operational procedures (navigational, cargo handling and engine room), incident and environmental performance, emergency response plans and repair and maintenance procedures.

- 3.3 Finally, in certain specific instances, these evaluations will lead to a particular owner/operator also undergoing a more thorough assessment via an in-house audit, usually performed at his offices by a representative of the vetting organisation. This audit will cover all of the previously mentioned topic areas, however it will be enhanced by verification checks that the systems in place with the owner/operator are not just delivering an acceptable performance but will continue to do so.

4 Incidents and Casualty reports

- 4.1 Vetting systems will have a mechanism for inputting information derived from incidents and casualty reports. The sources for this data vary but will, as a minimum, include industry-derived information from public sources such as that provided by organisations like Lloyds Casualty data services.
- 4.2 Additionally many vetting organisations will expect owners/operators to partake in an information sharing exchange, on a routine basis, of incidents that occur to their vessels. It is anticipated that they will openly share with the vetting organisation all incidents, not just those that occur in the particular service of the vetting organisation or become publicly available via sources such as the media.
- 4.3 This information will be evaluated and an assessment made as to whether the incident follow-up by the owner/operator is being effectively managed; including injury and damage assessment and repair management. In addition it is anticipated that incident investigations will have been undertaken to ensure that causal factors are identified and recommendations to prevent recurrence instigated.
- 4.4 It should also be noted that performance in this sector will have a direct bearing on the evaluation of the owner/operator as outlined in paragraph 3.1

5 Vessel inspection and condition assessment data

- 5.1 There is a range of inspection regimes in place across the industry utilised by individual Oil Companies, Charterers or P&I Clubs. The two primary sources used by the majority of vetting organisations are those operated by OCIMF (SIRE) and the Chemical Distribution Institute (CDI).
- 5.2 SIRE inspections can be utilised to cover all tanker vessel types including oil, gas and chemicals, however the majority of inspections are on oil tankers. CDI inspections are more specifically targeted towards chemical and gas tankers.
- 5.3 These two sources are preferred because in each case inspectors have benefited from an accreditation system, which provides an assurance of their knowledge, training and experience. In addition there is a mechanism whereby the report is uploaded to a database (managed by OCIMF or CDI), forwarded to the owner/operator for comment/correction on observations arising and then downloaded by a recipient for evaluation.
- 5.4 An important feature of both systems is that the reports are objective and are not designed to find fault in the specific vessel. More specifically they are designed to enable the inspector to obtain data that verifies compliance against industry expected criteria. There is no facility for the inspector to provide speculative judgement on the vessel quality.
- 5.5 It is important to note that in both cases the reports, because the inspector submits them, provide no speculative comments on the vessel quality. When recipients receive reports from the system managers (OCIMF/SIRE or CDI) they must be evaluated by the recipient for compliance against their own measurement criteria. Each vetting organisation will have determined what this is and in some cases previously communicated these expectations to the owner/operator ahead of the inspection.

- 5.6 Both inspection regimes have facilities for the general condition of the vessel to be recorded, however they have limited scope for detailed condition assessment in areas such as cargo tanks or ballast spaces. This is because they are typically performed in port during loading or discharging cargo operations where access to such spaces is almost impossible without severe disruption to the vessel operations. In addition these areas are thoroughly inspected via the responsible organisation (i.e. Classification Societies) that have responsibility and oversight of structural surveys and conditional assessments, and will gain access to the aforementioned spaces during out of service periods such as a routine maintenance drydock.
- 5.7 Vetting organisations will however, on specific occasions, request detailed survey reports from owners/operators for close review by their own experts (eg naval architects) over and above the certification and onboard documentation held onboard during the time of a SIRE or CDI inspection.

6 Port State Inspection performance and detentions

- 6.1 Vetting systems will typically have requirements for monitoring reports of vessel deficiencies and detentions identified via the Port State Control (PSC) regime as and when these reports are posted to public sources such as the Paris MoU EQUASIS database. This information will be followed up with the owner/operator and may also be utilised to target the vessel for a renewal inspection or further detailed analysis by the vetting organisation.
- 6.2 It is worth noting that PSC authorities have access to OCIMF (SIRE) and CDI reports and are actively encouraged to utilise the available information to enhance their own data gathering efforts.

7 Terminal performance and feedback

- 7.1 In an effort to reduce the numbers of inspections being undertaken by the various organisations both OCIMF and CDI have made it their goals to encourage greater sharing of inspection data by users of their respective systems. Inspections undertaken are therefore a snap shot of the vessel at a particular moment in time, and may potentially be several months old when downloaded and evaluated.
- 7.2 To overcome this many vetting organisations will also utilise terminal performance feedback reports from terminals they send the vessels to as a mechanism for receiving a brief overview on the vessel operation and performance. These reports may be used as a means for early targeting should a vessel's performance be found not to be up to standard or moving in a direction that gives cause for concern.

8 Conclusion

- 8.1 The description above highlights some of the major activities involved in the evaluation and selection of a vessel. As frequently mentioned, each organisation will go about the process in a unique way so the topical areas are not exhaustive. However, it should be evident that the process of determining whether a vessel is of an acceptable quality or substandard cannot be determined by a review of an inspection report produced by the SIRE (or CDI) system alone. It takes the involvement of many technical marine experts and a detailed review and analysis process that is constantly assessing new data inputs from a variety of sources.
- 8.2 It is important to observe that the owner/operator has a legal responsibility to maintain and operate his tanker in accordance with Flag State and Class Society requirements (among others) and that the vetting organisations have no specific rights or authority to gain access to certain information. At best therefore this process is to be considered a due diligence check based upon information largely supplied via third party sources.

- 8.3 OCIMF stands ready to assist further should any Member State or organisation wish to know more information about our SIRE inspection system, or to assist in putting them in touch with an OCIMF member vetting organisation to gain further detailed knowledge in the subject area.
