



# VETTING & ENHANCED DUE DILIGENCE

OCTOBER 2024



# VESSEL INSPECTION REPORTS AT AUSTRALIA



1) 15108 SMS AS IMPLEMENTED NOT ENSURE COMPLIANCE WITH PROCEDURE FOR REPORTS AND ANALYSIS OF NON-CONFORMITIES, ACCIDENTS AND HAZARDOUS OCCURRENCES  
 - VESSEL HULL INCLUDING NO.3 TOPSIDE TANK (P) SEVERELY DAMAGED DUE TO COLLISION WITH NO.11 PIER ON 30-10-2023. HOWEVER, VESSEL DEPARTED FROM INCHON NORTH PORT (DONGHAI) WITHOUT RECTIFYING ABOVE DEFICIENCY POINTED OUT BY PSC ON 31-10-2023



**Australian Government**  
**Australian Maritime Safety Authority**

## REPORT OF INSPECTION IN ACCORDANCE WITH IMO AND ILO PORT

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1	name of reporting authority	Australia	2	name of ship	[REDACTED]
10	date of inspection	20.01.2024	11	place of inspection	Gladstone, QLD, Australia
20	seq code	nature of deficiency <sup>1)</sup>		convention	
1	01308	Objective evidence-records of seafarers' daily hours of work and rest falsified.			

5 18103 Objective evidence a Seafarer worked performing shipboard tasks contrary to a restriction imposed by doctor in August 2023.

6 18203 Objective evidence-A number of seafarers monthly overtime and payment have not been assessed repeatedly by person in charge and master.



Several food (meat and fish) found in storage cold room not properly stowed without packaging. In addition, several time no expiring date is indicated.

03 18401 SOME MEDICINES IN FIRST AID BOX OF BRIDGE EXPIRED.

### Deficiencies Description:

*Objective evidences indicate more than one set of wage accounts exist. Wages for crew not in accordance with SEA.*

*Harassment and Bullying Policy not present onboard*

3 15106 Ship's safety management system does not ensure effective and safe operational procedures evidence is def.4,6 and 7.

# ENHANCED DUE DILIGENCE PROGRAM



- The Enhanced due diligence program was rolled out in 2021 due increased incidents at our terminals and to mitigate the risks created by the gaps identified and lack of uniform inspections globally
- The scope of review is to identify red flags in relation to operational readiness, crew welfare, performance of vessel's managers, evaluate shipowners and adherence with the modern slavery policy
- Depending on the Risk level, we will accept, reject, ask for more documentation or conduct physical inspections on the vessel ahead of acceptance and / or prior berthing
- Since the program was commenced, No Incident of berth blockage or downtime to terminal operations.
- The number of vessels through the EDD program have reduced over time as we have been able to weed out sub-standard vessels from calling South32 terminals suggesting a significant increase (47%) in quality of vessels that are nominated to South32 on both CIF and FOB fixtures.
- Continue to review our vetting criteria so that it is fit for purpose in demanding markets with specific management and individual assessment of outliers.
- Continuous engagements with customers and shipowners who are beginning to come onboard, as they understand the need to protect the supply chain and mitigate risk of sub-standard vessels.
- Conduct Audits on Managers to improve quality and enhance awareness.

### **What is checked as part of the Enhanced Due Diligence Process?**

- We review the fleet of the DoC managers and look for why the rating is low. Accordingly, additional documents are requested for like Class status reports, Root cause analysis, Corrective action reports and Preventive measures, for ships in the fleet that have had recent detentions or incidents. Only ships that are rated medium risk or high risk may be subject to a physical inspection.

### **Will all ships be subject to physical inspection and how will a physical inspection be carried out?**

- No. It is not practical to inspect every ship that calls at our ports. We look for pragmatic and sustainable ways to manage vessel safety risks. Preference is for the physical inspection to be carried out at a convenient port prior to acceptance by South32. This can be at a discharge port or load port.
- If it is not possible to nominate a substitute vessel, physical inspection can be conducted at load port prior to berthing..
- If deficiencies are identified, the Master and shipowner will be required to rectify deficiencies especially critical deficiencies and provide South32 with a satisfactory rectification plan, prior to the vessel being granted permission to berth.

