

## ICE CLASSES AND FAIRWAY DUES

In the late 1990s suspicions were aroused concerning the correctness of ice class information. When the truthfulness of the information in ship documents was investigated at the beginning of the present decade, it was found that the information in the ship certificates issued by classification societies did not always correspond to the facts. The Parliamentary Transport and Communications Committee and the media also took an interest in the setting of fairway dues and ice classes and possible unclear points regarding them. The Parliamentary Transport and Communications Committee asked the Ministry of Transport and Communications, which in turn asked the Finnish Maritime Administration for several reports on this matter. Fairway dues totalled 72.5 million euros in both 2002 and 2003.

In order to eliminate errors, it was decided that all ice class certificates should be renewed in 2003. This caused an unusually large amount of work. This work was done alongside the investigation of unclear points.

During the audit it became clear that provisions regarding the maximum ice class draught in the ice class regulations that were issued by the Finnish Maritime Administration in 1985 contained a discrepancy between the Finnish text and the Swedish and English texts. This discrepancy, which dated from the regulations issued in 1971, influenced the determination of a ship's ice class.

The objective of the audit was to investigate how well the Finnish Maritime Administration has been able to clarify unclear points regarding fairway dues, how this work was organized and whether work was efficient enough. On the basis of the audit the question regarding the clarification of unclear points can be answered positively. The unusually large amount of work caused problems, however.

Ice-due class and ice class documents were checked by the same organization in the Finnish Maritime Administration that in a normal situation checks documents received by the Finnish Maritime

Administration concerning the notation of a ship's ice class. The number of people assigned to this task was increased from one to two in 2002. In cases where a ship's ice class was lowered and this required the post-collection of dues by Customs, the Finnish Maritime Administration's organization did not work steadily throughout the year, but over half of cases were initiated between the beginning of November and 10 December. The organization cannot be regarded as having worked efficiently enough. Towards the end of the audit an appropriate number of people was assigned to checking ice classes.

The audit also looked at Customs' role in setting and collecting fairway dues. Customs' task is to set fairway dues on the basis of documents presented by a ship and to collect them. The audit observed that in a normal case setting and collecting fairway dues took place rapidly. In post-collection matters the Finnish Maritime Administration caused work to pile up at Customs. Issuing a post-collection decision required overtime work at Customs, since notice of post-collection must be sent within three years of the beginning of the next calendar year after the year in which fairway dues were set or should have been set.

Another objective was to determine how the Ministry of Transport and Communications supervised the Finnish Maritime Administration. The ministry's supervision normally focused on legality and objectivity. With regard to fairway dues supervision focused on revenues from dues. Supervision took the form of ordinary procedures related to performance management. For practical reasons supervision did not focus on ice class technology and technical details regarding ships.

After the Parliamentary Transport and Communications Committee took an interest in the setting of fairway dues and ice classes and possible unclear points regarding them, the Ministry of Transport and Communications considerably expanded its supervision and focused on the setting of ice classes and technical details regarding ships. Supervision was in writing. Its purpose was to determine the size of financial losses and to reduce losses through the post-collection of dues. This supervision was not conducted on the ministry's initiative, however, but was based entirely on questions asked by the Parliamentary Transport and Communications Committee. Nor did the ministry analyse the answers provided by the Finnish

Maritime Administration but merely forwarded them to the committee.

Key documents in setting fairway dues are a ship's advice of payment, tonnage certificate and ice class certificate. A ship's ice class is the most significant thing influencing the size of fairway dues. The Finnish Maritime Administration is responsible for determining a ship's ice class. A ship's ice class is determined and an ice class certificate is issued by an inspector from the Finnish Maritime Administration at a ship's port of arrival. A decision is based on the ship documents that are presented. The determination of a ship's ice class and the issuing of an ice class certificate take place flexibly at the harbour.

The audit observed that, considering the number of ship documents, few mistakes were made in the determination of ships' ice class and the issuing of ice class certificates. If a ship was assigned to the wrong ice class, this was mainly due to the fact that a certificate issued by a classification society did not correspond to the facts.

Errors concerned ships' engine power, ice-class draught and load line. The Finnish Maritime Administration clarified ships' true structural information from structural drawings and other sources. Obtaining information proved more difficult than had been anticipated and took time. A general feature in errors was that a ship was assigned to too high an ice class, according to classification societies' certificates, in which case fairway dues were lower.

Once it has noticed an error, the Finnish Maritime Administration cancels a ship's ice class certificate and issues a new one. In the post-collection procedure a decision regarding the new ice class is sent to Customs, which must give the shipowner an opportunity to respond.

The audit observed that the actual number of post-collections was fairly small, since according to the guidelines that it received from the Ministry of Transport and Communications, the Finnish Maritime Administration could issue derogations and keep fairway dues on the level according to the regulations issued in 1971 with regard to draught, even if the ice class would have been lower according to current regulations and fairway dues consequently higher.

New legislation pertaining to fairway dues came into force at the beginning of 2006. This legislation contains the principle of equivalence, according to which a ship that has been approved under the ice class requirements of another European Union member state, Turkey or a state belonging to the European Economic Area is equated to a ship that meets the ice class regulations issued by the Finnish Maritime Administration provided that the ship is as safe as a ship meeting the Finnish ice class regulations. No damage has occurred in Finland to a ship that meets the 1971 ice class regulations but not the 1985 ice class regulations as a result of the load line.