

# ON/OFF HIRE SURVEYS

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### 1. ON-HIRE & OFF-HIRE SURVEYS

The On and Off-hire surveys are conducted in order to determine the condition of a vessel prior to being accepted into charter, and prior to being handed back to the vessel owner, to determine any changes in condition that may have occurred between the commencement of the charter and the termination of the charter.

The reason this survey is conducted is to limit the liability of the client.

Clients can be; the vessel owner, charterer, or both parties. In accordance with AMS reporting practices, the final report is only made available to the party who commissions and pays for the survey report.

The reporting requirements for an owner or charterer are different. The owner wants to protect their asset, while the charterer wants to protect the profitability of the operation they are conducting. The owner and charterer will need to be approached differently in order to protect their interests and limit their liability.

The on and off-hire surveys are usually conducted by the same surveyor (or company) in order to provide a consistent service and record of the vessel condition.

Generally the same reporting format is to be used for both the on-hire and off-hire reports, in order to make a direct comparison of condition at both dates. The AMS standard On-hire/Off-hire report template is to be used by AMS surveyors for this task.

These survey reports are to be read in tandem to determine the extent of damage, deterioration in condition, acceptable wear and tear, which may have occurred between the on-hire and off-hire dates.

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During the off-hire survey, the on-hire report is to be referenced in order to determine any differences in condition.

The on-hire and off-hire surveys are also used to check:

- Vessel documents.
- Results of Class and Statutory surveys.
- Record; special tooling, machinery spares, and consumable liquids.
- Record bunkers.
- Vessel cleanliness.

The client is to provide limitations or exclusions to the survey. These limitations and exclusions are to be recorded in the on-hire report. The off-hire survey is subject to the same limitations encountered or placed on the on-hire survey. Any differences in the overall circumstance or extent of either the on-hire or off-hire surveys is to be agreed to by both parties and recorded specifically as a survey variation, in the relevant report.

Exclusions may include:

- Record of Spares or Consumables,
- Bunkers amounts or remuneration may be agreed rather than recorded.
- Operations equipment such as towage equipment, lifting equipment, may be provided by the charterer and existing equipment needs to be removed by the owner.
- Vessel manuals, safety management plans, planned maintenance systems are likely to be started and recorded in the charterers system of records.
- Requirement for sea-trial or operational tests of machinery or safety equipment.

If a specific exclusion is included, a statement from each party will be sought regarding the excluded item, in order to provide a measure of coverage. This statement may request a condition confirmation, agreed measurement or record in order to record and agreed condition in lieu of a witnessed condition. This should be recorded as exclusion to the standard report.

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The charterer may in some instances need to furnish their own operations manuals, and will complete their own deck and engineering logs (deck, engine, alarms, meggar tests, alarm testing, battery schedule, consumption charts, safety training and procedures, paper navigation charts, safety equipment such as EPIRB and distress signals). The extent of charterer provided items should be recorded in the report, in order to provide a record of in-service documentation and charter owned fit-out items.

If Owner items are left on-board as part of ship fit out, then they should be recorded. These items include; charts, publications, user manuals, logs, maintenance and running records.

### **2. ON BEHALF OF OWNER.**

The owners' liability is limited by providing evidence of the vessel condition prior to the charter agreement, and ensuring delivery back in similar condition, after accounting for fair wear and tear. At on-hire the owner must understand the charters operation profile for the vessel during the on-hire period. This includes;

- Hours of operation
- Load profile vs hours
- Vessel loading conditions

By understanding the vessel usage profile and including this in the On-hire agreement, the owner can place limitations on the vessel wear and tear, overhaul hours and contracted usage. It also enables the owner to negotiate a termination payment at the off-hire if the agreement terms are exceeded.

Limitations can be placed on the vessels usage, to ensure the vessel is not operated in a capacity for which it was not designed or intended to be used.

The owner can also make an informed decision regarding which documentation they wish to be furnished with during the on-hire period, including;

- Planned and unplanned maintenance of machinery
- Owner notification requirements for maintenance and damage repairs

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- Owner receipt of service and repair agent reports
- Owner receipt of class and flag authority reports
- Ongoing consumption and load data.

These limitations affect the definition of fair wear and tear, when conducting the off-hire survey.

It is important to establish and record clear evidence to avoid misrepresenting the vessel, capacity, capability or condition.

### **3. ON BEHALF OF CHARTERER.**

The charterer liability is limited by ensuring the vessel condition is acceptable to carry out the desired charter operation, and to be used as evidence of their liabilities during the charter period.

#### **1) Vessel Audit**

In most cases the client will have carried out an internal assessment of the vessel capability, prior to engagement of a surveyor for an on-hire survey. In many cases the audit is superficial and without technical substance. A request is to be forwarded to the client for the following information. If the client has not assessed the suitability of the vessel, a desk top audit should be offered as the first service.

The vessel nominated for survey should successfully pass a desktop audit of the vessels suitability for operation. A desktop audit should include;

- vessel description,
- stability data,
- Loading Capacity
- Crane lift capacity charts
- List of major deck equipment
- Certificate List
- Classification and Flag authority survey dates (note survey cycles)
- Outstanding; Deficiencies, Memoranda, Recommendations.
- Note any Classification notifications of requirements coming into force during the

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intended on-hire period.

- Hours on Major Machinery components and Lifecycle overhaul hours. Compare these with intended charter operational hours.
- Fuel and Oil consumption rates
- Engine and Genset continuous running analysis reports
- Last 4 Oil Analysis reports for; Main Engine, Aux. Engine, Stern tubes, Steering gear.
- Date of last Dry-docking and next dry-docking.

## 2) Vessel Survey

If the vessel has passed the desktop audit, we can proceed to the vessel survey. The vessel, structure or facility survey is conducted before the vessel is delivered to a charter, and before the charterer personnel take control of systems.

The on-hire survey, conducted by AMS surveyors is to include:

- Preamble with Limitations of survey
- Statement of Survey
- Survey conclusions
- Client details and Survey Condition details
- Vessel Particulars and Description
- List of Major Equipment and Machinery
- Class and Flag Authority Documentation review
- Vessel certificate file and records review
- Review of the Safety management and Planned maintenance systems
- Hull survey & watertight integrity
- Machinery survey & Automated systems survey
- Lifesaving & Firefighting equipment survey
- Review of Internal spaces and habitability
- Machinery records, oil records, and consumption rates
- Vessel specific operations checklist
- Running trial results

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- Inventory of tools, spares, machinery and liquid consumables
- Declaration of bunkers
- List of items not able to be inspected
- Recorded defects (with photographic record if possible)
- Client notification items.
- General condition photos.
- Survey photo stock (retained by AMS, usually in the order of 300-400 photos)
- Append records, drawings, reports as required and made available.