

(FINAL)

10 May 2004

Mr Paul Neville MP, Chair
Transport and Regional Services Committee
House of Representatives
Parliament House
Canberra ACT 2600

Dear Mr Neville

Inquiry into Maritime Salvage in Australian Waters

Thank you for this opportunity to make a submission to the above inquiry.

The BHP Billiton Mitsubishi Coal Alliance (BMA) has a direct and significant interest in the findings of the inquiry and any resulting legislative or regulatory response from the Government. BMA owns and operates a number of coal mines in Central Queensland that produce more than 50 million tonnes of coal per annum. Of this, 34 million tonnes is exported through the Hay Point Coal Terminal (HPCT), which is also owned and operated by BMA through its subsidiary, Hay Point Services (HPS). HPS, in turn, owns its own tugs, the operation of which is contracted to Teekay Shipping.

The operation of HPCT and of our in-house towage services are integral and essential to BMA's business. However, we are also concerned to ensure there is an effective response for emergency salvage in our region, on the basis that this can be done in a co-ordinated fashion and in a way that is compatible with the uninterrupted and efficient operation of HPCT.

Our salvage capability

While BMA's tugs are used solely for the harbour towage of ships using HPCT (and the adjacent Dalrymple Bay Coal Terminal when required under reciprocal towage relief arrangements), their large size and bollard pull ability makes them suitable for supporting salvage operations requiring significant line pull to dislodge grounded vessels.

BMA has been approached on one recent occasion to provide a tug to assist with a salvage operation. In that case, we entered into a contract with the salvage company to supply the vessel provided the salvor supplied a suitable replacement tug to ensure continuity of our operations at HPCT. As it turned out, the salvage company was not able to fulfil that requirement, and had to bring a tug from Singapore to undertake the salvage operation.

Issues before the inquiry

The above example highlights a key issue for the Inquiry, that being the provision of adequate salvage capability and effective emergency response around the Australian coastline, while continuing effective port operations and not otherwise imposing unnecessary costs on towage operators and users.

BMA stands ready to make our tugs available for emergency towing under contract to the salvors provided there are arrangements in place to ensure that we obtain sufficient replacement towage to maintain efficient operations at the HPCT, including for any period that a BMA tug is inoperative due to damage incurred during a salvage operation, and that otherwise the terms and conditions on which the tugs are provided for salvage are reasonable and acceptable to BMA.

Currently, these requirements can be fulfilled on the voluntary basis on which tugs may be offered for salvage, in that we are able to negotiate acceptable terms and conditions with the salvage company.

BMA would be concerned if the Government introduced a public interest obligation on towage operators to supply tugs for salvage that was not supported by the type of arrangements outlined above. Our tugs, due to their rated bollard pull, are likely to be called upon to assist in emergencies, which assistance we are to provide. However, unless we were assured of adequate replacement/remedy, BMA's operations could be significantly disrupted and our commercial interests affected.

In regard to other measures being considered by the Committee, BMA has no objection in principle to a requirement on harbour towage service arrangements to specify a defined/minimum level of salvage capability, or to the establishment of a publicly provided salvage capacity. However, given the length of Australia's coastline, each of these options would be expensive and the means by which they were funded would need to be carefully considered. In particular:

- the sharing of costs between industry and the government would need to be equitable given that the provision of adequate salvage capability has a substantial public as well as private interest component;
- towage operators/users like BMA that already have tugs with adequate bollard pull and open sea capability should be exempt from any general funding impost on towage services.

Further advice

BMA would be pleased to provide further detail on any of the points made above and, if requested, to appear before the Committee in public hearing. The BMA contact on this matter is Ben Klaassen (07-3226 0447; <mailto:ben.klaassen@bmacoal.com>).

Yours sincerely

(SIGNED)

Ross Willims

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