



**Queensland
Government**

Department of the
Premier and Cabinet

Secretary: *J. Lunn*

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10 MAY 2004

Please quote: CM/IGR

05 MAY 2004

Mr Tas Luttrell
Inquiry Secretary
Standing Committee on Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Mr Luttrell

Please find attached the Queensland Government submission for the inquiry into maritime salvage in Australian waters.

The contact officer in this department is Mr Murray Daniel who can be contacted by telephone on (07) 3225 6673.

Thank you for the opportunity to provide comment on this matter.

Yours sincerely

for Dr Leo Kelihher
Director-General

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House of Representatives - Standing Committee on Transport and Regional Services

Inquiry into marine salvage in Australian waters

Submission on behalf of Queensland Government

Background

The Queensland government actively promotes programs aimed at increasing the safety and environmental performance of all sectors of the port and marine industry. A key focus of these programs is on strategies aimed at protecting the environmental values and the economic contribution to the state of the Great Barrier Reef and neighbouring waters.

In the past the commercial towage **sector**, operating primarily in the **nation's port system**, provided both the vessels and expertise on which an **effective** maritime emergency response service for both port and coastal waters incidents was based. However the Queensland government is concerned that the emergency response capacity from this sector is rapidly diminishing.

There is little evidence to support a position **that** the towage market will ensure that the infrequent salvage opportunities on the coast will result in the provision of appropriate response capacity at strategically important locations. There are also concerns at adequacy of emergency responses within the port environment.

Queensland's preferred approach is for the provision of the necessary emergency maritime incident response capacity to be viewed from two perspectives. The *first* focuses on a "first strike" capacity with the aim of appropriate resources being readily available to quickly stabilise the situation, protect life and minimise the impact of any pollution. The second stage is the salvage operation. This may involve the same assets as in the "first **strike**" stage or it may be achieved through **different** assets and organisations.

Any review of maritime salvage capacity needs to address both aspects — emergency response and then marine salvage.

In January 2004, Queensland Transport and Maritime Safety Queensland developed and released for discussion an industry position paper as an avenue through which the key issues in this area could be identified and response options considered. A copy of that paper is attached to this submission as it provides an accurate and succinct picture of the Queensland perspective **of this** debate.

Productivity Commission Report No 24 - Economic Regulation of Harbour Towage and Related Services

The Productivity **Commission's** report indicated that the provision of salvage services need not be adversely affected by the efficient pricing and provision of harbour towage services. This argument is outlined in Appendix F of the report.

The Queensland government did not necessarily support this view and industry practice would tend to throw further doubt on the matter. It would appear that the argument advocated by the Productivity

Commission for this outcome is premised on a narrow set of assumptions and selected industry behaviour.

Queensland has a long-standing concern regarding the growing lack of capacity within port towage services for providing offshore emergency towage and incident response.

If port authorities have the discretion to license towage operators based solely on port towage requirements then market forces may dictate a commercial service solution which does not allow for an open water response capacity. From a national basis, this will result in reduced and more limited capacity for emergency offshore towage.

Adequate national salvage capability is a very important element in ensuring the protection of the Queensland coast and the Great Barrier Reef. The risk of a major marine incident and its consequences can be substantially reduced through prompt emergency towage and salvage services. Queensland strongly supports the idea that adequate salvage capability should be an element to be considered and factored into tender specifications and contracts being considered for port towage services regardless of the nature of the licence or contract being offered.

Commonwealth Responsibilities

The Queensland discussion papers raises a model based on having **sufficient** first strike **capacity** at a number of the state's ports.

However even if this model was introduced, there would still remain difficulties in providing adequate emergency response coverage in areas such as the Torres Strait, **the** Great Northeast Channel and the Inner Route between Cape Flattery and Torres Strait. These are very large regions remote from major **centres** and port facilities and therefore from the resources needed in the event of a shipping incident.

There are strong arguments to support the view that the Commonwealth must accept a greater level of responsibility for the provision of emergency response capacity in these areas than their current policy approach allows.

This issue requires not only an examination of the assets needed to provide an adequate response but also the resourcing options to support such an approach.

Use of USL Code Provisions

The Standing Committee on Transport and Regional Services' discussion paper "Inquiry into Maritime Salvage in Australian **Waters**" sets out two possible operational situations which could impact on the ability of a port to allow tugs to leave the port to undertake salvage work. **There** is a further and more fundamental scenario which could arise through an open tendering process. Such a **process**, if folly price driven, could result in a towage provider being able to perform the required tasks relating to harbour towage using tugs designed specifically and only for that task. These tugs could be designed and equipped to operate only within restricted offshore limits or even sheltered waters. This would effectively preclude them from consideration for first strike / salvage work.

Registration of vessels with state authorities offers significant ongoing savings over the costs of registration and survey of those vessels with the Commonwealth, but does place limitations on their operating area. A further saving is available by employing masters holding minimum qualifications for the size of the tug. Harbour tugs are typically less than 35 metres in length so could be manned with a master holding a USL Code Class 4 certificate. This could be further exacerbated if that master holds a restricted certificate as is provided for in the USL Code. The engineering qualifications would

not be affected as they are based on propulsion power. The effect of taking advantage of these savings would be to severely limit the capacity of a tug and its crew to undertake an emergency response.

National Plan

The National Plan to Combat Pollution of the Sea by Oil and other Noxious and Hazardous Substances - the National Plan - aims to protect the community and the environment of Australia's marine and foreshore zones from the adverse effects of oil and other noxious or hazardous substances. It is a national, **integrated**, organisational framework involving government at state and national level and the oil industry. The plan also addresses the sensitive environmental context within which an oil spill response is mounted. The framework of preparedness established by the National Plan requires relevant authorities to establish and maintain contingency plans, a comprehensive training plan for response personnel and, most relevant to this discussion, an adequate level of strategically positioned response equipment. This is administered by the **Commonwealth's** Australian Maritime Safety Authority and funded through a levy on shipping calling at Australian ports.

As the paper points out, salvage is an act of rendering voluntary services to a vessel in danger. This is generally an activity covered by commercial arrangements. It also requires a very large investment in equipment, training and experience. Queensland is of the view that the consideration of the committee should address the need for Australia to have an effective emergency response capacity which includes an ability to provide towage assistance. The purpose of this is to minimise the risk to the ship and its crew and to protect the environment.

There appears to be sufficient nexus between this purpose and the purpose of the National Plan for the committee to examine the merits of **making** this emergency response capacity a further arm in the **network** of response capacity already in place under the National Plan.

Local Government and Places of Refuge

The National Plan does not specifically involve local government in its organisational framework. However, Queensland is heavily reliant on local councils for support in providing equipment and people to effect shoreline cleanup in the event of an oil spill. These local councils are extremely interested in ensuring that state and national governments are taking every measure possible to minimise the risk of oil pollution on their shorelines. This was confirmed at the Local Government Association of Queensland Conference in 2003 which included a forum entitled "Coastal Protection - Protection of the Great Barrier Reef from sub-standard shipping." At that conference, a motion was carried urging that shipping users do not use **sub-standard** shipping to transport their goods.

Local government will be extremely interested in the process of assessing places of refuge under the *National Maritime Places of Refuge Assessment Guidelines* endorsed by the Australian Transport Council in May 2003. A place of refuge is defined as a place where a ship in need of assistance can find favourable conditions enabling it to take action to stabilise its condition, protect human life and reduce hazards to navigation and to the environment. Although not directly the subject of this review, this will be an important part of the total package involving emergency response and salvage and therefore should not be overlooked in the considerations of the committee.

ADDITIONAL INFORMATION HELD BY THE COMMITTEE

ATTACHMENT TO SUBMISSION NO. 22

ATTACHMENTS, APPENDICES AND PHOTOGRAPHS PROVIDED WITH
SUBMISSIONS ARE HELD IN THE COMMITTEE OFFICE