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Mr Tas Luttrell
 Principle Research Officer
 Enquiry into Maritime Salvage in Australian Waters
 Standing Committee on Transport
 and Regional Services
 Parliament House
 CANBERRA ACT 2600



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Dear Mr Luttrell

Mermaid Marine Australia Limited (Mermaid Marine) is an Australian publicly listed company providing marine and logistics services to the offshore oil and gas industry. The head office is based in Fremantle and our main operations base is in Dampier. The company traditionally provided vessel support services but recently spent in excess of \$30 Million undertaking the development of a multi-user supply base in Dampier. Our fleet of 17 vessels includes offshore tugs, multipurpose anchor handlers, supply vessels, crew boats and barges. Our vessel services include:

- Offshore towage support;
- Survey;
- Seismic support;
- Supply operations; and
- Offshore construction support.

On our supply base we have a ship repair facility and a range of forklifts and cranes to support supply operations and construction projects.

While Mermaid Marine is not directly involved in salvage we are in a position to support salvage operations undertaken by salvage experts. In 2003 Mermaid Marine supported the successful salvage operation for the Hanjin Dampier which went aground in the port of Dampier. This involved discharging iron ore from the grounded vessel onto our barges and transporting this ashore. We also provided a range of other support services. Tugs for this exercise were also variously provided by Hamersley Iron, RiverWijs and Farstad. The salvage operation was managed by the salvage department of Wijsmuller whose regional Salvage Master is based in Singapore. What is important to note about this operation is that a range of companies provided marine assets to undertake the salvage operation under the direction of the salvage company Wijsmuller that was chosen by the owner of the vessel. This I believe is the type of model we should be pursuing in Australia whereby we have a system that allows multiple companies to support a major salvage operation.

The Author is the current Chief Executive Officer of Mermaid Marine having had a previous role as General Manager of RiverWijs in Australia. As General Manager of RiverWijs I set up the towage operation in Bunbury in Western Australia and negotiated with Woodside Energy to take over their towage operation in Dampier, which involved 4 tugs. In my experience, the process of Port Authorities undertaking competitive tendering for companies to earn the right to provide towage services in a port has not led to a reduction in either the size or capability of tugs in these ports and I do not believe this issue is the major factor in considering the current and ongoing salvage response capability of Australia. If the ports of Bunbury and Geraldton for example are considered the tendering process that each of these ports went through actually led to an increased capability of the tugs in these ports.

The more important issue in my view is how the country can develop a framework that allows the most appropriate assets to be utilised in a given salvage situation regardless of who is actually undertaking the salvage operation. There are at least 3 major salvage companies in the Australasian region with links to Australia. Wijsmuller Salvage, United Salvage and SEMCO Salvage. Please note that SEMCO is a subsidiary of PSA Marine who have a substantial shareholding in Mermaid Marine so we do have strong links with this company. However, we still were able to support Wijsmuller when they won the salvage work in Dampier.

The best assets for undertaking offshore salvage operations are undoubtedly the offshore Anchor Handling Tugs (AHTs). However this is not to say that the best company for doing the salvage operation is the owner of the AHT and we need to consider the salvage operation and the assets required as separate issues. There are a number of occasions in recent history where AHTs have supported salvage operations and the major operators of these vessels in Australia are Farstad, Swires and Tidewater. These vessels are predominantly operating in either the NWS or Bass Strait where clearly the major oil gas operations are situated. On this basis it is evident that the NWS region and Bass Strait are the best serviced in terms of substantial salvage operations. Indeed Wijsmuller commented during the salvage of the Hanjin Dampier that it was almost the perfect place to undertake a salvage operation due to the wealth of supporting assets at hand. I believe it is important that these offshore companies at least be consulted in relation to this issue as they do have some valuable input into the overall equation.

I also believe it is important to recognize that the first response requirements in a salvage operation can normally be undertaken by any number of suitable tugs around the coastline. By first response I mean the ability to go out to a vessel and provide some sort of support to stabilize a situation. It may be that there is a requirement for a larger vessel at a later date but our normal harbour tugs can provide a substantial amount of assistance in the short term.

The challenge then is to develop a system whereby the best assets are made available to undertake a salvage operation to ensure the least amount of damage is done to people, the environment and property.

This raises a number of questions. For example if the best asset to undertake a particular operation is owned by a company that is not the salvage manager then should that asset be used anyway - can this be enforced by a government authority for example. If it was a competing situation can a company that owns relevant assets and undertakes salvage work not allow a particular asset to be used if they are unsuccessful in obtaining the salvage contract. These are not questions I have answers to but if we are considering a national response to salvage in this country then they are pertinent. There is some discussion about port authorities making assets available for a salvage operation but little about competing companies making assets available.

As indicated earlier the Hanjin Dampier model, whereby the most appropriate assets were used regardless of the owner is a good model to consider. The practicalities of this in some situations may be more difficult than it was in Dampier due to competitive and operational constraints.

Finally I would suggest that it would be worthwhile considering approaching a range of salvage companies to establish how, in an ideal world, they would like a national framework established that would ensure the best possible salvage outcome. I do not believe we have anything approaching a crisis in this country in relation to our salvage response capability but fully endorse a sensible analysis of the issues and a framework going forward that as far as possible ensures we protect our valuable personnel and environment. This framework needs to address issues such as:

- Are there particular areas where risks and or consequences are higher (Great Barrier Reef is a clear example)
- How do we cater for the situation where appropriate assets may be owned by different companies and under the control of different port authorities.
- How do we address situations where a vessel owner chooses a salvage company that may not actually own the appropriate assets for a particular salvage operation.

In addressing these issues it must be borne in mind that ultimately salvage is a commercial operation.

Regards

MERMAID MARINE AUSTRALIA LIMITED



JEFFREY WEBER
Chief Executive Officer