
Submission to the Productivity Commission



Inquiry into

Economic Regulation of Harbour Towage and Related Services

Response to Issues Paper

April 2002

Introduction

The Association of Australian Ports and Marine Authorities

The Association of Australian Ports and Marine Authorities (AAPMA) is the peak body representing the interests of government owned and privately owned ports as well as marine regulatory authorities in Australia. The Association provides leadership and support in areas of common interest related to ports, their interfaces and the achievement of their trade facilitation objectives. A list of our members is included at Appendix I.

Key Issues

Productivity Commission findings and recommendations - *application to all ports*

AAPMA defines all of Australia's general use ports as major ports for the purposes of this inquiry and elsewhere, whether they are located in capital cities with a predominantly containerised trade base, or in regional Australia facilitating the trade of Australia's bulk exports such as Port Hedland through which 68,469,377 tonnes of iron ore were exported during 2000/2001. It is entirely inappropriate for ports' importance to Australia's economy to be classified as "major" (or by implication "minor") simply according to geographic proximity to a capital city.

The role of the port corporation

The roles and responsibilities of port corporations are set out in state government legislation. In general, each relevant act outlines a role that facilitates the smooth and efficient movement of trade (both imports and exports) for the benefit of the Australian economy. The port corporation has a multi-faceted role that involves the planning and co-ordination of the provision of adequate port facilities, infrastructure and necessary services such as pilotage, towage and navigational aids as well as multi-modal facilities to meet sea/land transport interfaces. The role of the corporation will include direct negotiations with various parties that provide services to the port to ensure that they offer efficient services so as not to burden businesses and consumers with undue costs.

The role of the Harbour Master

- Port authorities, through their harbour master responsibilities, take their role very seriously as it involves ensuring the safety of people, cargo and other assets.
- In general, the harbour master within a port will be a Master Mariner with extensive experience in the direct handling and driving of ships. He or she will have an intricate knowledge of the specific port environment in which he or she

works and the factors that will affect the handling of ships within it. The harbour master will, in association with pilots, typically issue guidelines on the number of tugs that will be required in manoeuvring a ship within the port. However, in each case, the harbour master (in consultation with the pilot) will assess these guidelines with respect to a large number of factors including:

- The type of ship and the cargo it is carrying;
- The various weather conditions which will affect the handling of the ship;
- Other traffic in the harbour; and
- Any other factors which may be relevant.

Wherever possible the harbour master will seek to minimise the number of tugs that will be required but **ONLY** when he or she is satisfied that it can be done without risk to crew, other personnel, ship and assets as it involves ensuring the safety of people, cargo and other assets.

Harbour towage and salvage issues

Harbour towage is a mandatory service required by virtually all cargo or passenger vessels that enter or leave a port. Towage requirements in a port are determined between the Harbour Master and the pilot and are published by the port corporations.

Salvage is an operation that can be carried out by some harbour tugs provided that they are of a certain capacity and have suitable equipment for the purpose. Other vessels can also provide salvage capability. In some ports, port corporations have concerns over the capacity and provision of types of tugs and of equipment that may not be required for the normal provision of harbour towage.

Exclusive v non-exclusive licenses by port corporations

As the term suggests, an exclusive license confers a right to provide or undertake a good or service, or range of goods and services, under usually set criteria or conditions (i.e. for a particular time; or, within a particular geographic area; or, at a minimum service level) to the exclusion of all other potential providers.

A non-exclusive license is more likely to be used where a set of minimum criteria is required to be able to perform a given task (such as minimum safety provisions or ensuring that the provider has the technical ability) and the appropriate price level is perhaps left to the market to determine through competitive pressure from alternative providers.

Intuitively, the term “exclusive” sounds bad: it seems “anti-competitive” or “monopolistic” by creating an absolute barrier to entry and therefore contrary to the competitive outcomes that economic theory teaches us to pursue; outcomes that are inherent in much of today’s public policy. For this conclusion to be correct, however, the argument relies on the assumptions of perfect competition and further, in the absence of the license, that perfect, or near perfect, competition would prevail in the market – ***this is not the case for the provision of towage services.***

Productivity Commission Issues

2.1 About harbour towage: market characteristics and performance

Services provided by towage operators

- **What other services do harbour towage operators provide (eg fire-fighting, salvage)?**

Fire-fighting: The majority of tugs used for harbour towage do not have fire-fighting capacity. Generally only ports that handle petroleum and crude oil require this type of functionality and would have one or more tugs with fire fighting capacity.

Salvage: Salvage should be considered from two perspectives. Firstly, the need to hold fast (or secure) a vessel that is in trouble and/or to conduct some limited towage operation. Larger harbour tugs can undertake this type of operation, however, there is an issue as to whether the absence of a harbour tug from a port for this purpose limits the ability of the port to undertake its normal trade function of moving ships in and out of port safely and in a timely manner.

The second perspective relates to salvage capability. A salvage tug or a harbour tug with salvage capability has to be generally a larger sized tug with salvage-specific equipment such as additional/higher capacity pumps, fire-fighting equipment as well as the ability to carry additional people, fuel and fresh water.

Mooring lines: Some harbour towage operators provide mooring services in ports which include the provision of lines boats and labour.

- **To what extent is there joint production of these services (that is, to what extent do they share equipment and other inputs)?**

Fire-fighting: Firefighting capacity is unique and would not be used for any other purpose. There would be no increase in labour required on a tug for fire-fighting (other than perhaps changes to shifts caused by an emergency) as tug crews do not engage in the actual fire-fighting activity and are simply used to operate the tug.

If a tug is used in a fire-fighting role the costs of its operation are generally met through the property owner's (ship, shore-based, facility) insurance. Capital costs may be included in the harbour towage charges.

Salvage: This issue is of great concern to port corporations. Our concern relates principally to the choice by towage providers of the types of tug boats (design size, bollard pull or capacity and additional on board equipment / functionality) and the manner in which harbour towage customers are essentially charged for features that are not demanded and not required for the 'normal' provision of harbour towage services.

Mooring lines: Equipment and labour used for mooring facilities are not used for the provision of harbour towage.

- **When ships enter ports, what bundle of services do they typically require?**

As noted in *Lloyd's Practical Shipping Guides: Port Management and Operations*, ships will typically require the following services and facilities to enter a port:

- Navigation aids such as 'approach' and 'channel' lights and vessel tracking system (VTS) either electronic or manual
- Channel access
- Pilotage
- Towage
- Mooring line services
- Berth access
- Cargo transfer services
- Administrative, provisioning and regulatory requirements such as port state control, police, immigration, customs, supplies, water, bunkers (or fuel) etc.

(Adapted from Alderton 1999:7)

- **Who are the main providers of these services?**

Precisely which organisation provides which of these services will differ from port-to-port and, country-to-country. In general, they will be provided as follows:

- *Port corporation* – navigation aids, VTS, channel access, berth access, Harbour Master control although in Queensland these services are primarily supplied by the Department of Transport. *A list of port corporations who are AAPMA members is provided at Appendix 1.*
- *Pilotage* – is either provided by the port corporation or by a private company that may or may not be licensed by the port corporation (or other regulatory body).
- *Towage* is provided by a private company either with or without a licence arrangement (exclusive or non-exclusive) with the port corporation. Where licences are *NOT* in place, typically the incumbent towage provider has operated within the respective port for many years.

The names of the towage operators are as follows:

- Adsteam Marine Limited (Adsteam)
- North Western Shipping & Towage Co Pty Ltd (formerly Brambles)
- Riverwijs Pty Limited (Riverwijs)
- Stannards Brothers Pty Limited (Stannards).
- McKenzie
- Teekay BHP Billiton
- Mermaid Marine

A map of the ports in which they operate is provided at Appendix 2 – some mining ports operate towage services specifically for their own use.

- *Mooring lines* are provided by a range of operators ranging from independent operators, harbour towage companies and in some cases by stevedores or port personnel.
- *Cargo transfer services* – stevedores
- *Administrative, provisioning and regulatory requirements* are provided by either Government authorities (regulatory requirements) or various specialist private sector suppliers as required (e.g. ships agency functions, bunkers, engineering and food etc).

Industry structure

• What factors have driven rationalisation of harbour towage?

The provision of harbour towage in Australian ports has continued to be rationalised in recent years. In its “Inquiry into the Harbour Towage Declaration” the Australian Competition and Consumer Commission (ACCC) identified the following towage providers that operated either in their own right or within a joint venture arrangement with another towage operator:

- Adsteam - various names
- Howard Smith Towage (HST) – various names
- Stannards
- P&O Towage Services
- Brambles
- BHP Transport
- McIlwraith
- ‘Others’

(ACCC 1995:36)

And while there appears to be a similar number of towage providers, the main change has been the acquisition of HST by Adsteam. Adsteam has also taken a more dominant role in the towage industry generally, operating or managing more ports with a general reduction in the number of ports operated by alternative providers.

The rationalisation of towage providers in Australia depends to some degree on the port, with their differing trade/commodity bases and therefore different types of ships that visit.

Ports that have large volumes of containerised trade are typically visited by large shipping lines, calling in at multiple ports around Australia in any single voyage, loading and unloading cargo. These ports include Sydney (Port Botany and Port Jackson), Melbourne, Brisbane, Adelaide and Fremantle. Adsteam now provides harbour towage services in all of these ports due historically to its acquisition of HST in March 2001.

The rationalisation of towage providers appears less prevalent in ports that are visited by bulk carriers and tankers. Bulk carriers, or ships that carry bulk commodities such as coal, iron ore, or grain, are chartered for a particular voyage or voyages and are

more likely to fully load at a single port before returning overseas and therefore do not have a “pattern” of visits. Some bulk mining commodity ports provide their own towage – these are generally newer “operation owned” ports, whilst others have tended to continue to use the same towage operation that has operated in that port

- **Have changes in industry structure reduced costs?**

As AAPMA is neither a towage provider nor has a direct commercial relationship with towage provider/s, we do not intend to comment on this issue directly, however, we would make a number of related observations for consideration.

In most instances where two (previously competing) companies merge their respective operations, one of the primary reasons given as driving the need to merge or rationalise is the ability to reduce the costs incurred in providing the given service.

As noted above, in March 2001, HST was acquired by Adsteam. At that time, HST and Adsteam were the two major towage providers in Australia.

In December 2001, Adsteam notified the ACCC of its intention to *increase prices* for towage services in the ports of Melbourne, Sydney (Port Botany and Port Jackson), Brisbane and Adelaide arguing that “... costs to Adsteam have risen in every port that is subject to this [notification], averaging plus 54% ...” (Adsteam 2001:1)

Since 1999, three port corporations have issued a licence to a towage operator following a tender process, and in each case, the prices (and presumably costs) charged for the provision of harbour towage services in those ports have been significantly reduced. The ports are Gladstone, Bunbury and Fremantle – *copies of the pricing schedules before and after the licence arrangements were in place are attached at Appendix 3.*

Clearly, AAPMA is not in a position to provide specific information on the costs incurred by towage operators, however, based on the above observations, there appears to be no information to support the view that rationalisation within the industry has resulted in reduced costs or prices to towage customers. And further, where prices have fallen, it has been due to factors other than rationalisation.

- **Are there significant efficiency benefits in having one operator provide harbour towage in any one port and/or across a number of ports?**

The issue here is greatly affected by the size of Australia’s ports – number of ship calls and therefore number of tug jobs within the port – with direct implications for operational efficiency of the towage operator. Most, if not all, of Australia’s ports do not have sufficient volumes of ship calls to support the sustainable entry of a competing towage operator/s within an individual port and, in this sense, Australia’s ports can be said to exhibit natural monopoly characteristics.

This conclusion (natural monopoly) was reached in a recent judgement of the Federal Court of Australia which considered the issue of whether the issuing of an exclusive licence by the Bunbury Port Authority for the provision of towage services in the Port

of Bunbury, a regional Western Australian port, was in breach of various sections of the *Trade Practices Act 1974* (TPA). The case considered in evidence an attempt at competition in the provision of towage service at an Australian regional port which “demonstrated the character of such services as supporting natural monopolies” (*Stirling Harbour Services v Bunbury Port Authority* 2000 [FCA] 38). This argument was accepted. The port in question was Newcastle which, since 1990, has experienced steady growth in the number of ship calls from a level of approximately 1100 per year (refer <http://www.aapma.org.au/tradestats/archive/>).

The main issues for port corporations are therefore threefold:

- (1) How to ensure that the towage provider continues to achieve operational efficiencies given the lack of direct competition from alternative providers; and,
- (2) How to ensure that efficiency gains are passed on to towage users, in the form of fair and reasonable prices; and
- (3) That the provision of towage services does not abuse the provider’s (natural) monopoly power.

Costs

- **What is the extent of joint production and joint costs across the range of services provided by towage operators?**

Refer above for discussion on harbour towage and salvage

- **How do productivity levels in harbour towage in Australia compare with operations overseas? What explains any differences?**

AAPMA is aware of many previous studies and reports that have attempted to benchmark and compare the efficiency/productivity of various operational activities both within and across ports, including harbour towage services. In our view, many of these measures are of limited value as a policy or regulatory guide. Put simply, numerous factors affect the operational efficiency of activities within an individual port and these factors will affect operations in various ports to differing degrees. It is unlikely that “benchmarks” in most cases can be sufficiently standardised such that comparison across Australia would provide an accurate “picture” of the towage environment, let alone overseas comparisons.

To illustrate this point in relation to harbour towage, measures of efficiency are likely to depend on:

- The number and capacity of tugs within ports
- The number of tugs required per ship call – types of ships, types of commodity; and
- The, physical characteristics of ports – distances, difficulty, berth position, weather conditions etc.

If “benchmarks” or other measures of productivity are considered appropriate, AAPMA suggests that these be taken *within* a port and then compared for that port

over time.

- **Are Australian harbour towage operations ‘efficient’, or is there scope for further improvement? In which areas?**

On this issue, AAPMA is aware that previous studies have found that:

“... operational performance of the [towage industry] was satisfactory, but there were opportunities to improve the economic efficiency of the industry and reduce costs to users, particularly those relating to crew levels and work practices such as tug booking arrangements. Over-servicing was also identified as an issue, in specific circumstances” (BTCE (1989) cited in Swan Consultants 1993:24)

AAPMA acknowledges that considerable improvement has progressively been achieved in the efficiency of harbour towage operations, however, in our view, there remains scope for even further improvement. To date, many of the improvements have been achieved through changes to labour arrangements. While arguably there is still scope for continued improvement here - either through a more appropriate selection of tug boat design as new equipment is introduced to the market, or where existing equipment can safely cater for further crew reductions – AAPMA believes the focus now needs to turn to the towage providers themselves.

This view has been recently reinforced by the arguments put to the ACCC by Adsteam in their pricing notification pursuant to the *Prices Surveillance Act 1983* (PS Act) (Adsteam 2001) and the ACCC decision on the matter as outlined in their Statement of Reasons (ACCC 2002).

A copy of the ACCC Statement of Reasons and other related documents can be found at <http://www.accc.gov.au/fs-transport.htm>.

There are major differences in the provision of mooring services between NSW ports and ports in other states. This reflects a NSW state award, the absence of any competition in the provision of mooring services in NSW ports, and different approaches to mooring/lines handling in the other states. As a result, the cost of mooring services in NSW ports are about three times higher than those, for example, in Melbourne and Brisbane.

- **What impediments constrain productivity improvements?**

The main impediment to productivity improvements is the lack of competition in the provision of harbour towage services as a result of the natural monopoly characteristics of many Australian ports. We are well aware that through the pricing declaration the PS Act seeks to regulate the pricing of activities by towage operators. However, within this market for reasons further outlined below, we believe that pricing structures adopt a “cost-plus” approach without providing any real incentive to consider productivity improvements or cost efficiencies.

- **Can anything be done to address these impediments?**

As noted above, since 1999, three port corporations have undertaken tender processes for the purposes of issuing a license to one party to provide towage services for a fixed time period in their respective ports. These ports are Gladstone, Bunbury and Fremantle. In each case, the tender process and subsequent licence arrangement led to both price reductions and changes to the levels of service. Based on this experience, the licensing of towage services within ports is one effective means of improving the efficiency of towage services due to the competitive threat of entry that the tender process provides where direct entry to the market is unlikely.

It needs to be noted, however, that not all port corporations are in a position to license towage services (or other services). The majority of port corporations are owned by state governments and their respective roles and responsibilities are outlined in establishment legislation and regulations. In some cases, port corporations are specifically restricted from issuing licences, in some it remains unclear whether licenses are allowable, while in other cases, licensing is clearly an option. There are also uncertainties in some states as to whether licenses can be exclusive or not.

A significant factor in the less than efficient approach to mooring services in NSW is the prescriptive state award which is strongly supported by local unions and which effectively makes it less attractive for competition to enter the market.

Prices and quality of service

- **What is the range of towage services for which charges are levied?**

In a port environment, the services or activities provided (set out above – channel access through to administrative requirements etc.) are each distinct and discrete ones required to perform a specific function. There is no substitutability between them in response to price changes or any other incentive structure; for instance, it is not possible to choose to take two pilots (instead of one) in place of one of the required tug boats because the price is preferred.

Similarly, in our view, it is not appropriate to consider the towage service within a port as a “range” of towage services. The towage service is essential to ensure the safe entry and exit of ships to and from port waters with limited ability to manoeuvre due to reduced power from their own engines and the confines of the port. The towage service should be considered the entire process – ie., the safe entry or exit of ships.

It is, however, possible for the total amount of charges to a ship to vary to some extent to perform this service. Charges may vary as a result of altered weather conditions where it is decided that the ship can safely be manoeuvred with two tugs instead of three. Decisions of this nature are made by the pilot (in consultation with the Harbour Master and, to an extent, with the vessel’s Master). The criteria for making these decisions are published and well-known.

- **On what basis are charges typically levied (eg vessel size, number of vessels used, job duration)?**

Towage charges payable by a vessel will be based on the vessel size (Gross Registered Tonnage) and the number of tugs required.

- **Have there been changes in the basis for charging?**

There have been no changes to the published bases for calculating charges. However, in some cases, a towage provider may enter into commercial arrangements with a shipping line to offer rebates (from the published rates) where the shipping line agrees to use that towage provider in all ports where it operates and the total cost for towage services paid by the shipping line reaches some threshold level.

The basis for calculating rebates and the amounts of rebates themselves are not publicly available and the rebates are not offered to all shipping lines.

- **Currently, what are the charges for harbour towage services?**

In most cases, the published rates are available directly from the port corporation, the towage operator, or their websites. The rebate arrangements are not publicly available.

- **Have charges been decreasing or increasing?**

The charges for towage services differ between ports.

On 6 March, 2002, (effective 6 March, 2002) Adsteam announced that price increases for 5 ports declared under the PSA as follows:

- Brisbane: +11.7%
- Adelaide: +15.8%
- Port Botany: +13.1%
- Port Jackson: +26.2%
- Melbourne: +23.4%

(Adsteam 2002)

These increases followed an ACCC investigation into the proposal which found “no justification” (ACCC 2002a) and unprecedented public and private outrage expressed by shipping lines, port corporations, shippers and other stakeholders.

AAPMA is aware that Adsteam is seeking to increase prices in a number of other ports in the near future.

AAPMA is unaware of any changes to the rebate arrangements – either the amounts payable or the conditions that need to be met – or whether other pricing arrangements have been entered into in relation to specific ports and specific shipping companies since the above price increases.

- **Have there been changes in the structure of charges? For example, are there discernible trends in the use of rebates, non-uniform and/or peak-period pricing?**

There have been some changes to pricing arrangements in some ports in recent years as a result of towage tenders and also negotiations on call out times, crew rostering, rate structures, etc.

We are not aware of any reductions of prices as a result of the reduction from four men to three men crews in those ports where this change has been made. As noted above, AAPMA is unaware of any changes to rebates or other pricing mechanisms. In all likelihood any changes in this regard will be covered by commercial arrangements between the towage provider and shipping lines.

- **Do price structures reflect cost differences or capacity to pay?**

Anecdotal information available to AAPMA suggests that pricing structures for towage services (other than those where licences have been issued as a result of prices being submitted through a tender or “contract” process) may be more closely aligned to towage customers’ capacity to pay rather than purely reflecting the towage providers cost structure.

Given the structure of the towage market (largely port-based monopolies which exhibit natural monopoly characteristics, supported by significant barriers to entry) and very “high penalties” that vessels face if towage services are withdrawn, the prices for towage services are largely inelastic.

Vessels’ high penalties take the form of additional running costs. Vessels may find themselves in the position where they need to consider the trade-off of paying higher charges for towage services or additional running costs for the ship if they are delayed – a figure in the order of \$20,000 - \$30,000 per day.

We believe our view has been further strengthened on this issue by arguments that Adsteam used to the ACCC to justify price increases: namely,

- “In the context of the price increases being sought by Adsteam, however, it is important to know just how towage costs have actually moved *in the books of the shipping company customers* [original emphasis] over the last five years” (Adsteam 2001:38);
- “There is no evidence available to Adsteam that suggests that any benefit derived from these cost reductions has been passed on to Australian consumers”(Adsteam 2001:39).

Please note that these are claims made by Adsteam in their publicly available submission to the ACCC.

AAPMA continues to strongly dispute whether these factors are relevant in assessing whether price increases are justified in a regulated environment. AAPMA is also aware that some industry representatives may dispute the factual accuracy of these statements as claimed by Adsteam.

- **In charging for different services provided, how are any common or joint costs allocated?**

This issue is of great concern to port corporations. Our concern relates principally to the choice by towage providers of the types of tug boats (design size, bollard pull or capacity and additional on board equipment / functionality) and the manner in which towage customers are essentially charged for features that are not demanded and not required for the 'normal' harbour towage services.

At a recent conference on Salvage and Safe Havens issues, Adsteam verbally stated that the cost of salvage equipment and capacity on harbour tugs was not charged through to harbour towage pricing. This statement must be queried as it is unlikely that a commercial entity would not cover the cost of equipment that may very be used infrequently and opportunistically in some more time-related way.

Refer above for discussion on harbour towage and salvage issues

Investment and financial performance

It is commonly accepted within industry that the size of trading vessels, particularly the liner trades (container, car/truck carriers and passenger vessels), and also dry bulk vessels visiting Australian ports, is increasing. AAPMA does NOT accept that this trend will necessarily bring an associated increase in the size of tugs required to undertake the towage function, particularly if the suggestion is that tugs will have to get even bigger, on average, than those already being utilised.

For a large Australia wide towage provider there would also appear to be an opportunity which exists to review the distribution of the tugs within the fleet to ensure that the most appropriate tugs are located in the various ports to ensure the optimal delivery and prices of services.

The phased introduction of new tugs to replace old existing tonnage, allows the towage provider to move displaced units to regional (smaller) ports or to sell "surplus" tugs. Tugs tend to have a long service life with tugs built 26 years ago still being effectively used in ports around Australia and in the Pacific.

The size and number of tugs that service a port are determined as a result of a number of, at times, competing factors, those being:

- The nature of the port and the vessel types they handle;
- the size of the tug *versus* the number of tugs required;
- the response time required by towage customers (which affects the number of tugs required in the port) *versus* the price that customers are willing to pay (i.e. customers may be willing to accept the chance of some delay or some actual delay in response time resulting in a lesser number of tugs servicing the port in return for reduced towage prices); and further
- many of the newer and larger liner vessels visiting Australia will increasingly have technologically advanced aids such as bow and stern

thrusters and shilling rudders that assist in reducing the number and capacity of tugs required.

Information available to AAPMA suggests that the existing tug fleet deployed in Australia has sufficient capacity to handle the size and types of vessels that are envisaged for some years to come and any suggestion to the contrary would not be supported by industry. Investment in newer and larger trading vessels is not an everyday event and their use in particular trades and in port and is publicised well in advance of arrival in port. Increases in the size of new vessels only occur at the upper end of the port's and associated terminal's normal capacity limit, and the vast majority of vessels requiring harbour towage services are within the band requiring fewer and smaller tugs.

A major issue for consideration is *who* makes the choice of which tugs are deployed for use in a port and when new investment, especially if this results in a larger size of tug or additional functionality, is required. AAPMA understands that a number of new tugs which have been deployed in Australia in recent years have been as a result of unilateral decisions made on the part of the relevant towage provider, without discussion with port corporations or users.

The exception to this practice is where port corporations have gone out to tender and subsequently issued licences for the provision of towage services. This enables port corporations and users (through their discussions with port corporations) to have a far greater opportunity to influence decisions relating to the towage services to be provided in the port (size, number and functionality) and then allow the market, through the tender process, to assess what price they consider would be achievable in meeting the criteria that have been set.

In terms of profitability of harbour towage services, AAPMA is aware that Adsteam has previously claimed that "average margins have eroded to a current 0.7%, which is clearly unsustainable" (Adsteam 2001:1). AAPMA strongly disputes any claim by towage providers that the towage market is unprofitable. To the contrary, we believe that the provision of towage services is extremely profitable, a conclusion seemingly supported by the ACCC's recent decision on Adsteam's price notification.

2.2 Competition and market power in towage services

Barriers to entry

Economies of scale and scope

The ACCC considered these issues in detail in their 1995 inquiry. AAPMA accepts these findings (ACCC 1995: section 6.2) and makes the following additional comments:

- **Scale economies and harbour towage services?** Scale economies are a formidable, probably insurmountable, barrier to entry and effectively restrict the provision of those services to a single operator.

- **Scale economies and “related services” (specifically mooring lines)?** Barriers to entry due to scale economies in the provision of mooring lines would be significantly lower in our view and there appears to be no reason that multiple mooring lines providers cannot directly compete as they currently do in some ports such as Melbourne. (where mooring lines line costs are about one third of those in Sydney).
- **Cost advantages and services at several ports?** AAPMA accepts the ACCC finding on this issue. Since then, there is only one national operator and the benefits from being the national operator are likely to have been further enhanced in relation to the position they had as part of the joint venture with HST.
- **“Cost efficient” and single provider?** AAPMA has specifically chosen not to use the term “cost-efficient” in this instance. While we accept that the provision of towage services is likely to tend towards being a natural monopoly in individual ports, we do not accept that the incumbent monopoly provider in many of Australia’s ports is necessarily cost-efficient, particularly as it relates to the choices and implementation of equipment and labour arrangements that are included in the cost base of the operator. We understand from industry sources that lower cost options to provide a given level of service are available and would lead to more efficient outcomes than presently exist.
- **Bundling of services** – Towage operators’ ability to bundle a range of harbour related services within an aggregate price structure (particularly when combined with rebate arrangements which tie large customers – *see Other barriers to entry below*) is of particular concern to port corporations and appears to be an emerging industry trend. As outlined above, barriers to entry to provide harbour towage services are unquestionably high but this has not been the case with related services such as mooring lines. Bundling has the effect of not only greatly increasing the barriers to entry to what presently seems to be a separate market but also has the potential to adversely affect existing alternative supplier’s ability to compete by tying customers.

AAPMA is very concerned about these developments. Industry experience shows that where there is a single provider of both towage and mooring lines in Sydney, the prices for mooring lines are at about treble those offered in Melbourne and Brisbane where competing mooring lines providers exist and there are different practices and procedures in place.

- **Have there been cost savings from this process?**

Adsteam have made numerous claims regarding cost savings resulting from changes in the way they provide towage services.

- **Have any cost savings been passed on via reduced towage charges and/or improved service levels?**

AAPMA remains unconvinced that any such cost savings have been passed on to towage users in any substantial form.

Lumpy investments and sunk costs

- **Do, or could, shipping companies or shipping conferences provide a credible threat of entry into harbour towage?**

Refer comments below regarding countervailing power.

- **Are there commercial reasons or legislative restrictions that inhibit their entry into the towage market?**

Refer comments below regarding increasing competition in the provision of harbour towage services and licensing and competition.

- **Are there any recent Australian or overseas examples of new entry into towage markets?**

Riverwijs Pty Ltd is a new entrant to the market for the provision of harbour towage services and was able to do so via an exclusive license issued by Bunbury Port Authority through a successful tender proposal. Riverwijs also now provides towage in Dampier for Woodside Petroleum.

- **How real is the threat of entry into harbour towage services if prices are too high?**

As noted above, the demand for harbour towage services by ships is strongly demand inelastic. This is due to, firstly, the essential role that harbour towage services plays in the safe entry/exist of ships into and out of ports and, secondly, the very high ship operating costs (relative to harbour towage costs) if the ship is delayed due to any withdrawal of towage services.

Further, the natural monopoly characteristics of the towage market prevent direct entry by alternative towage operators which minimises any competitive threats to the incumbent towage operator.

Therefore it is extremely unlikely that there is any real threat of entry in response to price incentives either by alternative operators or through vertical integration by shipping companies.

- **Does the possibility of new entry vary between ports and, if so, why?**

In the absence of a licensing arrangement with the relevant port corporation, the possibility of new sustainable entry to any Australian port is likely to vary only marginally as a result of differences in the number of ship calls to the port.

Without a licensing agreement, any new entrant would need to have unambiguous commitments from shipping lines that they would use the harbour towage services of the new entrant. This would require the shipping line to sever agreements they already have in place with the incumbent. Such commitments would need to be of a time period that would enable a reasonable recovery of capital costs of entry.

Other barriers to entry

Rebates and their effect on contestability in capital city ports

(Please note that while this is predominantly a capital city ports issue, it will also be an issue in regional ports).

As noted above, the types of ships and cargo differ between ports. The majority of bulk cargo is moved through regional ports and the ships that are chartered to transport this cargo are more likely to fully load at a single port before returning overseas.

The majority of containerised cargo on the other hand is imported or exported through capital city ports. The shipping operators themselves and their voyage patterns are fundamentally different to those carrying bulk cargo. Container lines typically have consistent routes that are duplicated on a cyclical basis (e.g. weekly or fortnightly). They will also visit multiple ports in any single voyage to Australia.

Adsteam now provides harbour towage services in all capital city ports except Hobart. This “pattern” and Adsteam’s incumbency have serious implications for the contestability of harbour towage services in any or all of these ports.

It is well recognised that entry into any single port is very difficult given the economies of scale, high sunk costs etc (Bunbury case, various ACCC and other inquiries) and, as a result, is unlikely without some regulatory/commercial arrangement in place.

Greatly increasing these already high barriers to entry is the existence of commercial arrangements between Adsteam and shipping lines which provide for rebates to be paid, effectively discounting towage charges where shipping lines meet some pre-determined financial hurdle. The amounts of these rebates are not publicly available and it needs to be noted that such contracts are not offered to all shipping lines, even some that many would consider high volume users of harbour towage services.

Rebate arrangements, combined with Adsteam’s incumbency in capital city ports have the following inter-related effects:

- Contestability of any individual capital city port, on a single port basis, is further reduced;
- Entry would therefore only be possible on a **multi-port basis** greatly increasing the entry costs and therefore the risks to a potential new entrant. As a pre-condition to entry, the new operator would need to secure “long term” contracts to provide harbour towage services to shipping lines and many of these are already contracted to Adsteam through the rebate and possibly other arrangements;
- The ability of port corporations to introduce contestability to individual ports via exclusive licenses is weakened. Port corporations are separate statutory authorities established under state government legislation and may not presently have the ability to collectively offer towage licences for towage services at the

same time. (It is uncertain whether some are in a position to offer licenses at all). Therefore, shipping lines are very resistant to accept a new entrant even when they may have a superior tender in an individual port as it may result in decreased rebate payments to them, overall increasing their towage costs Australia-wide.

- # This places the port corporation in a difficult situation in that they may have to choose between (a) the benefits offered by new entrant to the majority of users in the port (remembering that rebates are only offered to high volume users) and (b) the benefits of retaining the incumbent for a small number of high volume users.
- # Some industry sources argue that tenders made by potential entrants vying for exclusive licenses showed more than sufficient reductions in charges in the individual port to offset any Australia-wide losses. *AAPMA is not in a position to comment on the accuracy or otherwise of this claim.*

For a detailed discussion on regulations that affect harbour towage, the operation of licensing agreements and the differences between exclusive and non-exclusive license refer to comments below under “Increasing competition in the provision of harbour towage services” and “Licensing and competition”.

The demand for towage services at particular ports

- **What is the level of competition between Australian ports?**

In general, there is only limited scope for direct competition between ports and any competitive pressure will be restricted to specific commodities and between specific ports. Overall, competition will be limited to commodities that are produced in areas that are equi-distant between two or possibly more ports or where “back-loading” or other land transport arrangements make travelling greater distances an attractive option.

Traditionally, the locations of ports have been chosen in large part to minimise the transport costs of exporting or importing the commodity in question. As with many bulk commodities, the port is co-located as far as possible with the production site (eg., the mine).

In addition, some commodities require specific loading and unloading facilities that cannot economically be duplicated in other ports even where the distances between alternative ports may be similar.

Technical and other improvements in other transport modes will improve this situation, however, while such changes are occurring at present, it is AAPMA’s view that the necessary infrastructure and other facilities are not in place to make greater competition between ports an option in most cases. Further, it is likely that the economics of Australia’s geographic reality may prevail long into the future.

Where possible, port corporations have provided, and will continue to provide, pressure on towage operators to offer efficiently priced harbour towage services to shipping lines. It needs to be noted, however, that where there is no commercial

relationship between the two parties, such as a licensing arrangement, the extent to which port corporation involvement is effective may be limited.

Countervailing power?

Shipping operators have limited, if any, countervailing power in their dealings with towage operators and would not be in any position to credibly threaten to reduce their use of towage services. Firstly, the decision to reduce the number of tugs is outside the control of the vessel. Even though the vessel is responsible for payment of the charges incurred, the pilot and the Harbour Master make the decision as to the number of tugs used. Secondly, any threat of this nature would only be credible if the vessel were able to secure an alternative provider which is not the case.

The countervailing power of a user is often assessed in terms of their ability to either:
 (a) import – clearly not relevant in this case; and/or,
 (b) vertically integrate into the upstream market.

Vertical integration into the towage market was attempted in the Port of Newcastle during the 1990s. Since 1990, ship calls to Newcastle have been steadily growing from a level of approximately 1100 per year (refer <http://www.aapma.org.au/tradestats/archive/>). For a short period, two towage operators directly competed for market share within this port. The new entrant exited the market within three to four years of their initial entry despite their ability to “control” a substantial market share and, since then, the incumbent has resumed its position as the monopoly towage provider in Newcastle.

While not the largest, Newcastle is one of Australia’s larger ports in terms of ship calls and, based on their experience, it is our view that sustainable entry to the towage market via vertical entry is unlikely to be successful on a single port basis in most, if not any, of Australia’s ports except perhaps by a port corporation which owned or leased tugs.

Under the present regime, prices oversight provides *NO* alternative to commercial negotiation due to the inability of anyone to enforce the regulator’s decisions. This position was clearly illustrated by the actions of Adsteam on 6 March 2002.

Cost share of towage services

Other parties in the industry are better placed to provide this information however we draw your attention to the Gladstone Port Authority website which provides an example of charges, segmented in separate services, that a vessel could expect when visiting Gladstone Port – refer <http://www.gpa.org.au/Sections/PotentialPortCustomer/PotentialPortCustomer.htm>.

Evidence of misuse of market power? Impact of Market Power

Based on industry views, AAPMA believes that providing towage services within a port on a monopoly basis is extremely profitable and that charges more closely reflect

users' capacity to pay. We have no direct evidence of this for the purposes of this inquiry but point to the recent ACCC pricing decision which unambiguously stated:

"Using Adsteam's own numbers, the ACCC has estimated that Adsteam would achieve returns on equity at a rate approximately double that observed for Australian shares over recent years and in some cases even significantly higher. The ACCC found that, in setting its proposed prices, Adsteam has double-counted its profit margins. Only a company with significant market power could propose to implement such a pricing strategy" (ACCC 2002a).

In relation to the question of attributing fixed costs, it is worth considering the extent to which harbour towage users are charged for higher capacity tugs, salvage capacity and other features that they do not require.

2.3 Increasing competition and options for prices oversight

Increasing competition in the provision of harbour towage services

- **Is there scope to increase competition within the market for harbour towage services at Australia's major ports?**

Comment- "Australia's major ports": AAPMA defines all of Australia's general use ports as major ports for the purposes of this inquiry and elsewhere. This applies whether they are located in capital cities with a predominantly containerised trade base or in regional Australia facilitating the trade of Australia's bulk exports such as Port Hedland through which 68,469,377 tonnes of iron ore were exported during 2000/2001. It is entirely inappropriate for ports' importance to Australia's economy to be classified as "major" (or by implication "minor") simply according to geographic proximity to a capital city.

Comment – use of the term "market": As this inquiry is not being conducted with any direct reference to the TPA, the term "market" in connection with towage services has been interpreted and used in a generic sense to mean the supply of and/or demand for towage services in port/s. No assertion is to be made as to what the appropriate use of this term may be under the TPA in its product, functional, geographic and temporal dimensions.

AAPMA believes there is scope to increase competition within the market for towage services at Australia's major ports, being all metropolitan and regional ports, although competition is unlikely to take the conventional form of direct entry by a new towage provider into a single port on the basis of price/cost incentives.

Experience within the industry suggests that the volume of any individual Australian port is likely to be too small to sustainably support competition between two or more operators. However this does not preclude the use of "serial competition" as used in the Bunbury case whereby towage providers, both the incumbent and potential operators, tender to service the entire market within a port based on service and safety criteria set by the port corporation and their own revenue and cost assessments. This process is largely consistent with arrangements to provide large public sector

infrastructure or commercial outsourcing arrangements of activities entered into by businesses.

Refer also above comments (“Other barriers to entry”) regarding the effect of rebates and capital city ports’ ability to increase to increase competition for harbour towage services.

- **Impediments to increasing competition?**

By far the greatest impediment to increasing direct competition between alternative towage providers within a port is the size of the market, or alternatively put, the natural monopoly characteristics of the towage market in each case.

This view has been strongly supported in previous inquiries and cases that have considered the issues finding that the market is either not contestable, or at best weakly contestable, due to economies of scale (Bunbury case, Queensland inquiry (EA 2001)) and direct market experience).

AAPMA is aware that some industry participants providing information to this inquiry have previously argued that the use of licensing or other commercial arrangements used by port corporations is anti-competitive and constitute a barrier to entry or impediments to competition. AAPMA strongly disputes such arguments.

Any suggestion that licenses are an impediment to competition relies on the assumption that conditions for perfect, or near perfect, competition exist in the market in the absence of the license and is simply not supported by fact (or previous findings). The provision of towage services within Australian ports exhibit strong natural monopoly characteristics and, as has previously been found, the use of license arrangements by port corporations are a valid and justifiable means of generating more competitive and efficient delivery of towage services for the benefit of users.

- **Who is responsible for regulation that may be impeding competition (the Commonwealth, States or port authorities)?**

As noted above, regulation per se is not responsible for impeding competition in the market for towage services. Impediments to competition in this market exist as a consequence of market structure.

In any event, few regulations exist in this area, viz.,

- The Commonwealth Government has no direct involvement.
- There is no direct involvement by state governments (with the exception of Queensland) other than in setting the legislative and regulatory framework under which the majority of port corporations operate – an issue discussed further below.
- In the few ports that some regulation does exist, the “regulation” generally takes the form of license arrangements issued by the port corporation for the provision of towage services within that port. Licenses (a combination of exclusive and non-exclusive) exist in Gladstone, Fremantle, and Bunbury. In some instances, ports have understandings on the provision

of towage that involve price formulas which have been historically established, eg., Townsville.

- **Are there any inconsistencies in regulation between jurisdictions or ports which may hinder competition between towage operators?**

Discussed below.

Licensing and competition

- **Do port authorities generally have the appropriate incentives to encourage efficient and efficiently-priced towage services?**

As noted above, the roles and responsibilities of port corporations are set out in state government legislation. In general, the legislation outlines a role which facilitates the smooth and efficient movement of trade (both imports and exports) for the benefit of the Australian economy. The port corporations have a multi-faceted role that involves the planning and provision, or the co-ordination of the provision, of adequate port facilities, infrastructure and necessary services such as pilotage, towage and navigational aids as well as multi-modal facilities to meet sea/land transport interfaces. Their role will include direct negotiations with various parties that provide services to the port to ensure that they offer efficient services so as not to burden businesses and consumers with undue costs.

It is a role that is entirely appropriate to encourage effective and efficiently price towage services.

- **What impediments are there to competition for the market at particular ports?**

Comment – “for the market” (original emphasis): We have interpreted this phrase in a manner consistent with that outlined in the Bunbury case: that being competition through a tender or some other appropriate process for the right to provide towage services to the entire market, as distinct from the more conventional understanding of the term competition where alternative suppliers both operate within the market and compete directly for a proportion of market share within that specified market.

Comment – We also start from the premise that licensing arrangements in the form generally outlined in this submission are a justifiable means of generating efficient service delivery (price and service levels).

Therefore, from the basis of these comments, the main impediment to being able to generate competition for the market (through licensing or other arrangements) is the inability of port corporations, or uncertainty surrounding whether they have the legislative authority, to issue licenses for towage and other services within the port.

The legislative framework concerning regulation/licensing of service providers is set out above. The establishment legislation for port corporations is state-based and as such, it differs from state-to-state. In some states, licensing and other arrangements

are allowed, in some it is not. In others the legislation is silent on the issue, leaving open for interpretation whether licensing is possible or not.

In cases where legislation is ambiguous (silent), its practical application is far more susceptible to pressure from influences outside the port corporation, such as shareholder Ministers and the political process generally. Therefore, irrespective of whether port corporations are legally permitted to license service providers, there may be considerable pressure for them not to do so – this has occurred in the past. *(Please note that AAPMA is aware of instances of Ministerial/political pressure in this regard even when the appropriate legislation IS in place).*

- **What, if any, are the roles of the Commonwealth, States or port authorities in facilitating competition for licences to provide towage services at a particular port?**

Consistent with the roles outlined above, port corporations are responsible for facilitating competition. State governments set the legislative framework but have no direct role. The Federal government has no involvement other than that set out in the TPA and the PS Act – the PS Act is equivalent to having no involvement due to the inability to enforce decisions.

- **On balance, what effect do current licences or services agreements have on competition?**

Where licensing arrangements are possible AND where licensing arrangements for a set period of time have been issued pursuant to a rigorous tender process, they are an effective means of setting the appropriate level of service to be offered within the port (number and type of tugs, response times etc.,) at a more efficient level than that likely to be offered by an incumbent in a market which is largely uncontestable.

The tender process is the essential mechanism for generating competitive outcomes in the absence of competition within the market. Some license arrangements or supply agreements do exist which have been in place for a long period and which appear to primarily focus on service levels with a loose control over the prices for which services are offered via some sort of pricing formula. Licenses without tender processes are unlikely to be effective in generating competitive outcomes.

- **Exclusive versus non-exclusive licence arrangements**

As the term suggests, an exclusive license confers a right to provide or undertake a good or service, or range of goods and services, under usually set criteria or conditions (ie., for a particular time, or, within a particular geographic area, or, at a minimum service level) to the exclusion of all other potential providers.

A non-exclusive license is more likely to be used where a set of minimum criteria is required to be able to perform a given task (such as minimum safety provisions or ensuring that the provider has the technical ability) and the appropriate price level is still perhaps left to the market to determine through competitive pressure from alternative providers.

Intuitively, the term “exclusive” sounds bad: it seems “anti-competitive” or “monopolistic” by creating an absolute barrier to entry and therefore contrary to the competitive outcomes that economic theory teaches us to pursue; outcomes that are inherent in much of today’s public policy. For this conclusion to be correct, however, the argument relies on the assumptions of perfect competition and, further, in the absence of the license that perfect, or near perfect competition would prevail in the market – *this is not the case for the provision of towage services*.

The provision of towage services in Australian ports is essentially a series of natural monopolies given the relatively small number of ship calls to each port and the limited scope for large scale competition between the ports themselves apart from in specific cases.

It is not appropriate to assume that the conditions for perfect competition exist in this market and therefore it should not automatically be assumed that exclusive licenses (for an appropriate period of time when issued following a tender process) are anti-competitive or contrary to public policy objectives.

In the Bunbury case, exclusive licenses were found to be “pro-competitive”.

It is valid to ask why an exclusive license has significant competition benefits over a non-exclusive license? If the market were essentially a natural monopoly, why is an exclusive license necessary given that once the new towage provider begins operating within the port it becomes the incumbent and protected from competitive threats by the same barrier to entry to the market that protected the previous incumbent?

The point here is that the new entrant, having provided a tender proposal superior to that of the incumbent), needs to be provided the opportunity to establish competitive operations within the port with some surety of covering its investment. We consider it will only be able to do so if the incumbent is required to exit the market, an action that could not be enforced under a non-exclusive license.

If the incumbent were to be allowed to remain in the port, it would render the tender process irrelevant as the incumbent would be in a very strong position to engage in either aggressive competitive activities or even anti-competitive behaviour over a short period of time until the new provider failed.

Firstly, regardless of the cost/price differences between the incumbent and the new provider, it is highly unlikely that the new provider would be in a position to attract sufficient, or possibly any, business. Based on current industry practice, the incumbent will have existing service contracts with high value (= high volume) shipping lines which will cover the provision of towage services across multiple ports.

Secondly, the incumbent’s cost structure would not need to factor in “set-up” and other sunk costs. Thirdly, the new provider would be highly susceptible to any anti-competitive behaviour by the incumbent, particularly where the new provider enters the market in a single port and an incumbent operates in a number of ports and is able

to cross-subsidise that behaviour from other activities or locations not subject to competitive pressure at that time.

Whatever the outcome of these activities in a single port, the incumbent would be likely to benefit substantially across Australia due to the signalling effect their activities would have to deter other potential entrants in other ports.

- **How have exclusive licences been allocated in Australia? Has this been successful?**

Exclusive licenses have been allocated in Gladstone (to the incumbent) and Bunbury (resulting in a new provider). AAPMA understands that in both cases, the arrangements brought about improved service levels and price outcomes.

Prices oversight

Current regulation: prices surveillance/notification

It is difficult to identify any advantages of the current regulatory regime, other than perhaps that it is administered by the Australian Competition and Consumer Commission, which we believe could continue to be responsible for any future regulatory regime applicable to towage services.

The disadvantages of the current regime are many and widely known with the Productivity Commission having undertaken a recent inquiry into its operation. In our view, the main disadvantages are as follows:

- The ports covered by the PS Act declaration – as you are aware, the current declaration covers the provision of harbour towage services in the ports of Melbourne, Sydney (Port Jackson and Port Botany), Brisbane, Fremantle and Port Adelaide and Newcastle. This is an inadequate coverage particularly given the present industry structure whereby one towage provider services the majority of ports across Australia. As stated throughout this submission, it is entirely inappropriate to make an assessment of the economic importance of ports based on an arbitrary distinction between capital city and regional ports.

We note the ACCC has previously recommended that the declaration should be extended to cover at least:

“Sydney/Botany, Newcastle, Port Kembla, Melbourne, Geelong, Westernport, Brisbane, Gladstone, Townsville, Adelaide, Fremantle, Kwinana and Bunbury” (ACCC 1995:xv).

- Lack of enforceability of the PS Act
- Lack of clear purpose or scope of the PS Act.

It is unclear to us to what extent the PS Act has affected pricing, investment and business management decisions in towage services, if at all. We do not believe the Act has provided any incentive to minimise costs or provide appropriate levels of

service as demanded by the industry. The PS Act may have had some effect on other industries to which it has been applied where that industry has shown more respect for the decisions of the ACCC's reputation as a regulator generally, however, this approach has not been at all successful in relation to harbour towage where a declared entity has simply ignored two ACCC decisions without any repercussions. This is a ridiculous situation for any regulator, regulated entity or industry.

It is abundantly clear that the PS Act has been ineffective in dealing with the market power held by towage provider/s – illustrated by the recent pricing notification by Adsteam and their subsequent behaviour in the market (6 March 2002).

Alternative prices oversight mechanisms

AAPMA does not wish to comment on specific options for future regulation at this time. It is our strongly held view, however, that regulation of harbour towage in Australia needs to continue and be extended ***to those ports where exclusive licenses are not able to be given, or there is no other form of competition.*** Further, such regulation should be enforceable.

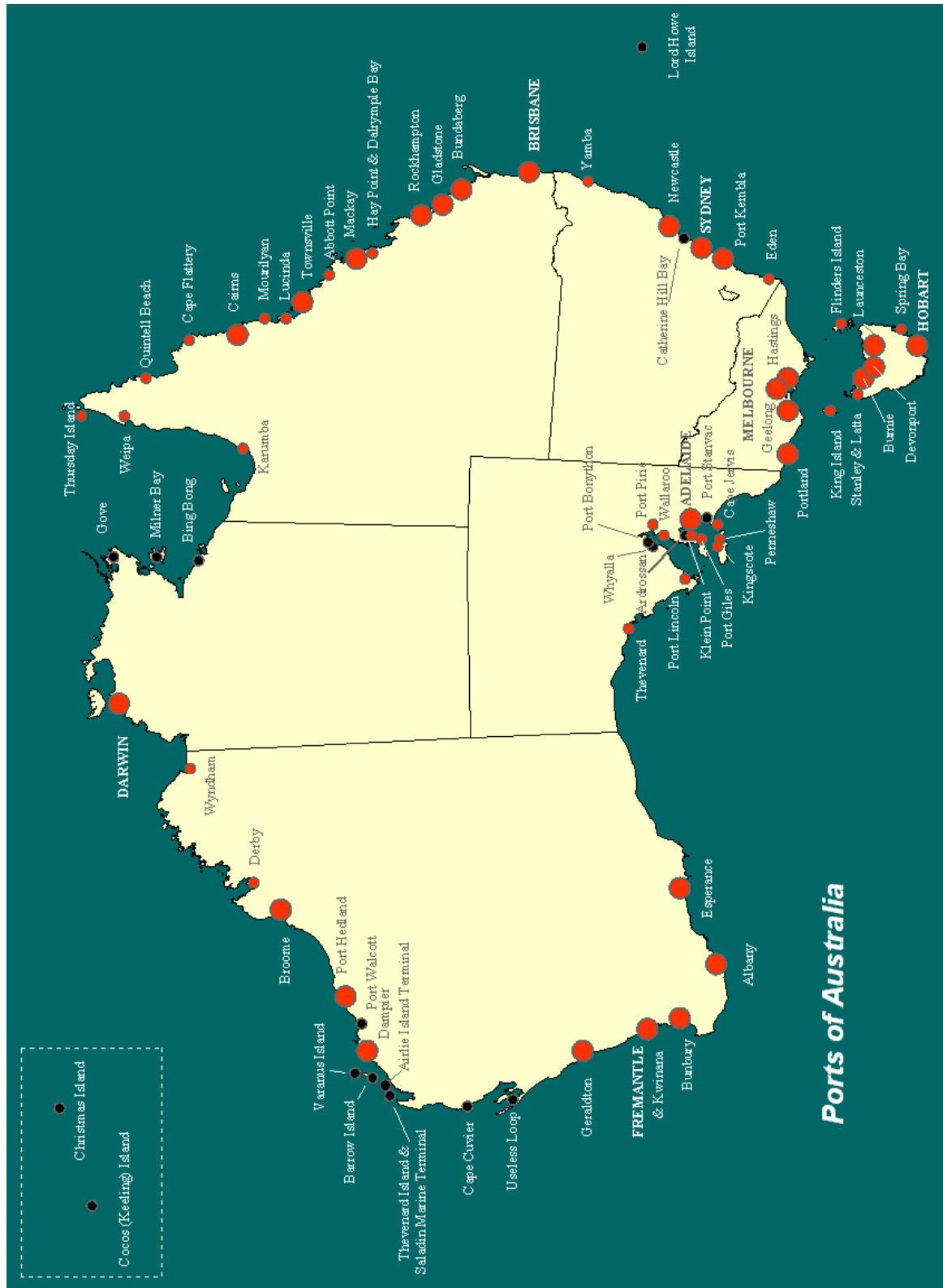
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Appendix 1 – List of AAPMA port corporation members

- Albany Port Authority
- Broome Port Authority
- Bunbury Port Authority
- Bundaberg Port Authority
- Burnie Port Corporation Pty Ltd
- Cairns Port Authority
- Darwin Port Corporation
- Esperance Port Authority
- Flinders Ports South Australia
- Fremantle Port Authority
- Geraldton Port Authority
- Gladstone Port Authority
- Hobart Ports Corporation Pty Ltd
- King Island Port Corporation Pty Ltd
- Mackay Port Authority
- Melbourne Port Corporation
- Newcastle Port Corporation
- NSW Waterways
- Port Hedland Port Authority
- Port Kembla Port Corporation
- Port of Brisbane Corporation
- Port of Devonport Corporation Pty Ltd
- Port of Launceston Pty Ltd
- Port of Portland Pty Ltd
- Ports Corporation of Queensland
- Rockhampton Port Authority
- Sydney Ports Corporation
- Toll Ports and Resources - A Division of Toll Logistics
- Townsville Port Authority

Appendix 2 – Map of Towage Operations



Towage provision in AAPMA member ports

Queensland

All ports except for	- Adsteam
- Weipa	- Comalco & Adsteam jointly
- Abbot Point	- MIM & Adsteam jointly
- Hay Point	- BHP/Teekay
- Dalrymple Bay	- Mining Co's/Terminal
- Cape Flattery	- Mining Co.

New South Wales

All ports	- Adsteam
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Victoria

Melbourne, Hastings, Geelong	- Adsteam
Portland	- NW Shipping (formerly Brambles)

South Australia

All ports	- Adsteam
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Western Australia

Albany, Fremantle/Kwinana, Geraldton	- Adsteam
Bunbury	- Riverwijs
Esperance	- McKenzie
Port Hedland	- BHP/Teekay
Dampier/Hammersley	- Hammersley Iron
Dampier/Woodside	- Riverwijs
Dampier/general cargo wharf	- Mermaid Marine

Tasmania

All ports-	- NW Shipping (formerly Brambles)
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Northern Territory

Darwin	- Stannard/Adsteam
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Appendix 3 – Price schedules for Bunbury and Fremantle

Published historical rates – available on request