

1 May, 2000

PSA Inquiry
Productivity Commission
LB2 Collins St East PO
Melbourne Vic 8003

(email – psa@pc.gov.au)

REVIEW OF THE PRICES SURVEILLANCE ACT

The Fremantle Port Authority recently wrote to the Australian Competition and Consumer Commission drawing attention to the anomalous situation where towage services in the Port of Fremantle are subject to prices surveillance in the Inner Harbour of the Port, but not in the Outer Harbour. No rationale has been offered for this apparent inconsistency and the Fremantle Port Authority submits that this should be addressed.

In 1998/99 a total of 5,812 towage services were provided in the Port of Fremantle and of these 2,649 or 45.6% were in the Outer Harbour. These figures indicate that not only is the Outer Harbour as significant as the Inner Harbour in terms of market share, but the Outer Harbour is also significant by comparison to other Ports in Australia where prices surveillance is currently carried out.

There is effectively no competition in the provision of towage services in the Port of Fremantle and this is illustrated by the fact that 99.2% of all towage services in the Inner and Outer Harbours are provided by subsidiary companies of Stirling Harbour Services which is fully owned by Adsteam/Howard Smith (see Attachments 1 and 2). The remaining 0.8% of services are provided by other service providers on a part time basis to small vessels. It is incongruous in these circumstances that only one half of the market should be subject to prices surveillance.

The Fremantle Port Authority is investigating other means, such as licensing provisions, by which it can improve the competitiveness of towage services in the Port of Fremantle and submits that until an effective alternative such as licensing is put in place, the current prices surveillance mechanism that applies in the Inner Harbour should be extended to include towage services in the Outer Harbour.

KERRY SANDERSON
CHIEF EXECUTIVE OFFICER

ATTACHMENT 1 –TUGS USED AT PORT OF FREMANTLE

INNER HARBOUR TUGS

TUGS	CATEGORY	PROPULSION	LENGTH (metres)	BHP	BOLLARD PULL (tonnes)
Wambiri	Ocean	Z-Pellar	34	4800	60
Wyola	Harbour	Twin CPP	29	2500	35
Wyong	Harbour	Z-Pellar	32	3600	52

OUTER HARBOUR TUGS

TUGS	CATEGORY	PROPULSION	LENGTH (metres)	BHP	BOLLARD PULL (tonnes)
Challenger	Harbour	Z-Pellar	34	3200	42
Champion	Ocean	Z-Pellar	34	4200	51

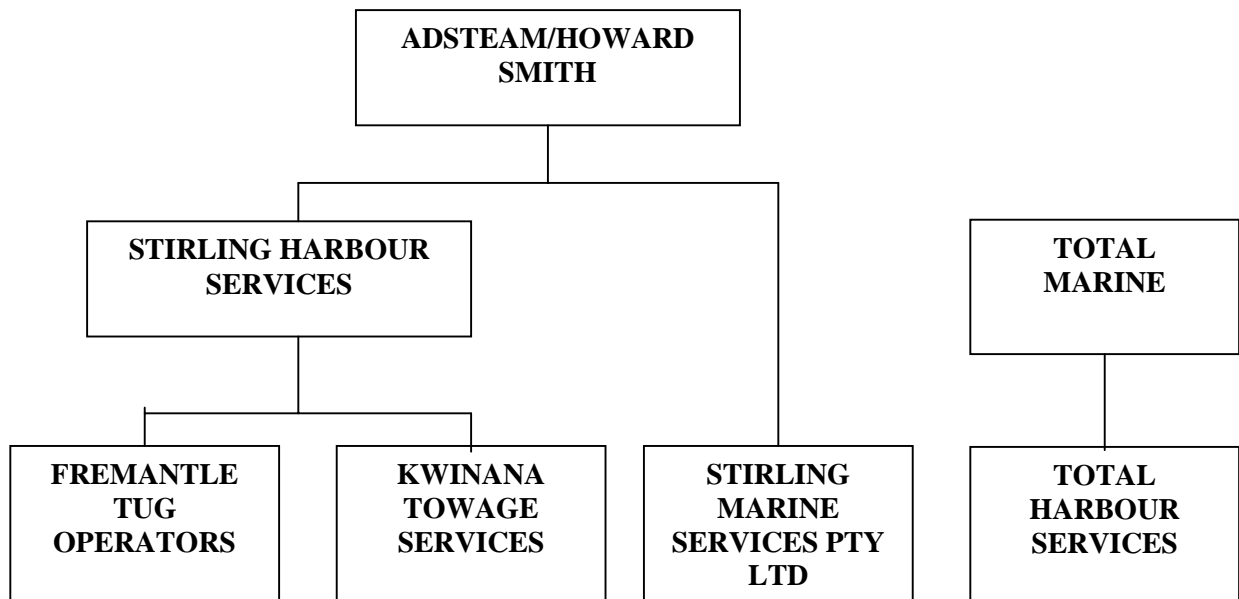
TUGS FOR ALL AREAS

TUGS	CATEGORY	PROPULSION	LENGTH (metres)	BHP	BOLLARD PULL (tonnes)
Biggada	Harbour	Twin Screw	16	1100	10
Blue Bulla	Harbour	Twin Screw			14
Sacramento	Harbour	Twin Screw			10
Total Assist	Harbour	Twin Screw			10
Krisna	Harbour	Twin Screw			14

NAVAL TUGS (NOT AVAILABLE FOR INNER OR OUTER HARBOURS)

TUGS	CATEGORY	PROPULSION	LENGTH (metres)	BHP	BOLLARD PULL (tonnes)
Tamar	Ocean	Twin Screw	26	2560	37
Quokka	Harbour	Twin Screw	18	600	11

ATTACHMENT 2 - TOWAGE OPERATORS AT FREMANTLE INNER AND OUTER HARBOURS



Inner Harbour:

- Wambiri
- Wyola
- Wyong

Outer Harbour

- Challenger
- Champion

All Areas

- Biggada
- Blue Bulla

All Areas

- Sacramento
- Total Assist
- Krisna

