

copied to NB
JM



**Howard Smith
Towage**

FAXED

September 13, 2000

Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Attn: Mr. J.D.S. McLeod



Howard Smith
Towage Pty. Limited
ABN 84 004 082 062

Level 21, 1 York Street
Sydney NSW 2000

Telephone (02) 9230 1777
Facsimile (02) 9251 3862
Email hstowage@hst.com.au

Dear Mr. McLeod,

Submission 25th July – PSA Review

We refer to your letter of 9th August 2000. In that letter you requested additional information in relation to the reduction in tug utilisation within the ports of Melbourne and Brisbane.

In 1998 following on from the results of customer surveys, Howard Smith Towage progressed negotiations with tug crews that would remove the inefficiencies created by existing inflexible tug and manning rosters working arrangements.

Until this time availability of tugs was based on advanced bookings from customers, which ensured that sufficient crew were available to man the required vessels. In the case of night time and weekend movements, this resulted in long lead times and therefore orders were based on the needs of the vessel in line with expected weather and harbour conditions.

In the event that weather conditions changed or vessel arrival/departure times changed, customers may have under-ordered tugs, leading to delays, over-ordered tugs resulting in superfluous costs, or cancellation fees on the basis of earlier bookings.

The introduction of tugs manned on a 24-hour basis resulted in a much shorter lead time for booking movements. In the main this was reflected in overall reduced tug utilisation, with bookings now based on the lowest level of assistance expected to be required by the vessel. The changed availability enables customers to vary their requirements with no notice should conditions or circumstances change. This reduction in the number of tugs ordered "just in case" improved efficiency and has therefore been the greatest factor in reduced tug costs to customers.

We trust this answers your query and would be pleased to answer any further questions you may have.

Yours faithfully,
For HOWARD SMITH TOWAGE PTY. LIMITED

per J. White
JIM SWEETENSEN
General Manager, Australia

I7957js

Postal Address

PO Box N364
Grosvenor Place
Sydney NSW 2000

