



EMERGENCY TOWAGE REVIEW

A report on ETC LEVEL 2 arrangements

Executive Summary
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How is the current system received and how might it be improved in a dynamic, evolving Australian Towage market?

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1. Executive summary

This paper sets out to consider national Level 2 emergency towage capacity by port and possible structural changes to improve the current system, on the premise shipping casualties can occur anywhere at any time and notwithstanding significantly improved tracking and risk mitigation measures, one incident is too many, with the potential for catastrophic loss.

The Review included extensive industry wide consultation finding most stakeholders are broadly comfortable with the current arrangements, while concluding there are inevitably gaps in coastal coverage and general acknowledgement the emergency towage framework could be improved.

The Review confirmed across-the-board support for a Level 1 vessel guarding the Great Barrier Reef and no shortage of aspirational views on extended coverage of dedicated emergency towage vessels.

While a number of respondents encouraged early AMSA intervention in a casualty situation, consensus prevailed that the National Plan and ETC arrangements stand up well to any international comparison and are widely acknowledged as world's best practice.

Value from the current system was however debatable among stakeholders engaged in the process.

Reservations centred around whether the current Level 2 arrangements could arguably be seen as cross-subsidising commercial salvage capability and questioned the economy of paying for a standby capability that may in some cases be available in any event, considering MERCOT's significant powers of intervention.

That said, no harbour towage industrial instruments in Australia currently compel crews to participate in any outside work, including emergency towage and whether MERCOT powers can be used in reality is dependent on having adequate emergency response capacity available in each of the regions, with operators capable (crew, training, equipment, bunkers etc.) of providing an effective response. The current ETC2 contracts being designed to make a timely and effective response more likely.

However, there were further considerations expressed that the current arrangements may even act as a disincentive for some parties to include emergency towage capability in tug specifications.

The advent of compact harbour tugs and downturn in the offshore sector have combined to reduce the number of vessels with stern winches available to AMSA as potential vessels of opportunity. However, the report finds this reduces ocean towing capacity as opposed to minimum first strike emergency towage capacity within the national harbour towage fleet.

The sector has seen an unprecedented investment in new more powerful tugs to service trade growth, the vast majority of which are able to work safely in an open seaway and in many cases can be considered as functional first strike options, provided they are able to deploy a



line over the stern.

Fundamental to this conclusion is that basic first strike capability does not require a stern winch or heavy towing wire and that an aft towing hook and light line will suffice in many circumstances.

By making the distinction between ocean towing and minimum first strike capability, it presents a very different picture of national emergency towage resources. Under this setting, the fact is there are significantly more eminently capable vessels of opportunity in the national harbour towage fleet, as it stands.

In future, the Australian coastal safety net could be progressively strengthened under a revised emergency towage structure, as proposed;

ETC Level 1: Dedicated vessel/s in high risk areas with contractual relief arrangements

ETC Level 2: Ocean towing Emergency Towage Vessels (ETVs) in 2B Survey

ETC Level 3: First strike vessels of opportunity

Under this scenario, all states and ports could in theory achieve an emergency towage capacity of their choice, be it minimum first strike, ocean towing or even full salvage capability, by mandating emergency towage functionality in port specific towage licences.

New competitive tension in the Australian towage market has seen commercial leverage shift to the port authorities and their clients, enabling significant improvement in tug selection and service at a lower cost where licences are issued through a competitive tender process.

Hence, by recalibrating minimum first strike requirements and demonstrating that gearing up for emergency towage will not necessarily compromise port efficiency, or increase cost, it should be possible to dispel any isolated market concerns in respect to ETC funding allocation.

The report finds that jurisdictions that do not currently licence towage should be supported to do so as an effective means to control towage outcomes, including emergency towage capability, while port authorities that already licence towage operations should be encouraged to incorporate emergency towage requirements in future contracts.



As the peak industry body, Ports Australia is a key stakeholder in this process, whose endorsement at policy level and support by potentially codifying minimum emergency towage standards will be critical to the success of the proposed new network solution.

While federal, state and port cooperation will be necessary to drive the change, with the ports on board, AMSA may then consider stockpiling first strike equipment to a consistent minimum level and providing training to build standard emergency towage skills across the industry.

The review included a well subscribed survey capturing over 35 port operations that revealed there is room for improvement in emergency response capability within and beyond port limits, reinforcing the need for towage licencing as an appropriate and practical solution.

In summary, there is an opportunity for AMSA to considerably improve national emergency towage coverage and efficiency by reconsidering ETC Level 2 as full ocean towing capability and progressively increasing first strike resources where they are not already in place through towage licencing in cooperation with the states and port industry.