

RECORD OF MEETING

Bruce Stevens Bulk Commodities Pty Ltd

27 March 2007

Location:	ACCC - Canberra
Time:	10am
BSBC:	Bruce Stevens David Stevens
ACCC:	Scott Gregson (General Manager, Adjudication) David Hatfield (Director, Adjudication) Jaime Martin (Assistant Director, Adjudication)

1. Bruce provided some background on BSBC, particularly noting the development over time of more efficient grabs. Remote controlled, larger grabs have reduced the cycle time and significantly reduced the amount of time taken to unload ships using ship's gear.
2. BSBC used to transport grabs between ports as they were demanded, but now has enough grabs to be able to keep some in almost all ports.

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4. Bruce noted that fertiliser and stock feed industries are very price sensitive, and are attracted to BSBC's significantly less expensive unloading rates, compared to the figee cranes. The cost of using grabs and hoppers can be as low as one quarter of the cost of using the figee cranes, particularly for small volumes of product.

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6. HiFert uses BSBC all around Australia, and when it acquired Summit Fertilisers, acquired/built new storage sheds at Geelong. Bruce noted only a few customers which discharge cargoes directly into storage sheds located at the wharf can take advantage of the maximum unloading rate of the figee cranes. Many of the fertiliser companies that use BSBC have shed receival rates that are well below the unloading rate of the figee cranes – which means they do not place a value on the figee cranes' ability to unload ships at a higher rate.
7. By contrast, BSBC can use just one or two ships cranes and match the receival rate of the storage shed. If a higher unloading rate is required, BSBC can simply use more ship's cranes with his grabs and hoppers and increase the unloading rate to the level desired.

8. Bruce accepts that this will bring with it higher costs due to the need to hire more teams of stevedores, but that this cost would be more than offset by the lower cost of using BSBC's equipment rather than the figee cranes.
9. BSBC totally disagrees with Toll GeelongPort's statement that it is uneconomic or unsafe to use three or four ship's cranes at once, with three or four hoppers on the wharf. In fact, Toll is currently supplying three and four stevedoring gangs and using three and four BSBC grabs hoppers and other equipment at numerous ports in WA, and have done so for many years using four ship's cranes, with four hoppers on the wharf - Kwinana for example, has much less space and working area than Lascelles wharf.

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13. Bruce noted that the BioAg submission may be a little misleading. There are no backloads running east/west, only north/south. Further, the distance from Narrandera to Geelong is much the same as to Port Kembla, and there is no escarpment to traverse, making it a more attractive option. These factors add up to Geelong being a much more attractive option for BioAg, so it is no real surprise that they switched from Port Kembla.
14. BSBC described a number of reasons why companies have moved to Geelong Port from Melbourne for bulk commodities. Increasing volumes of container traffic, trucking congestion at the port and through Melbourne itself, combined with 10pm curfews on trucks in surrounding suburbs have made it more and more costly to unload bulk commodities at Melbourne.
15. As such, the overall volumes of bulk commodities being unloaded at Geelong Port have increased significantly over the last few years, such that even with some fertiliser being unloaded by BSBC, the volumes being unloaded by the Figee cranes will still have increased. Further, the bulk of the volume is committed to using Figee cranes. At most around 100 000t might shift to using ships gear – but the remaining tonnes would be more than sufficient to cover the cost of maintaining the figee cranes.
16. The risk of ships unloading with ship's gear causing a queue or port congestion is very low. BSBC noted that there is a busy time for fertiliser ships in the months of March, April and May, but that the unloading times would not be significantly different, given the receival rates of the customers tended to drive the unloading rate – for both figee cranes and ship's gear.

17. Bruce expressed the view that these fertiliser customers at Geelong Port would not shift volumes to Melbourne Port to take advantage of BSBC's lower unloading costs if they were no longer available to Geelong. Given they now have storage sheds at Geelong, the costs of trucking fertiliser from Melbourne to Geelong would negate the cost saving in unloading. Some small volumes might be economic, if they were trucking them direct to customers, rather than into storage first.
18. BSBC is the only third party provider of hoppers and grabs operating at Geelong Port at the moment. Bulk Cargo Services is not operating at Geelong. Incitec Pivot has four hoppers on Lascelles Wharf as a bargaining ploy to prevent Toll GeelongPort from increasing its prices.
19. BSBC's hoppers do not have weighing mechanisms, but operators can load trucks to within a tonne and do not have any issues with 'tip offs' or having to be reloaded and reweighed prior to leaving the port.
20. BSBC believes that customers at Geelong Port want to have choice in the provision of unloading services and that the notified conduct will restrict that choice and lessen the strong competition that has developed between Toll GeelongPort and BSBC.
21. Bruce believes the issues behind the notification arose when BSBC got the contract with HiFert late in 2006. BSBC is not actively seeking to take large volumes away from Toll GeelongPort, but it wants to be able to respond to requests from customers to provide a service.