

## **Record of teleconference with GeelongPort Pty Ltd**

**1 June 2007**

### **Re: GeelongPort exclusive dealing notification N92776**

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<b>ACCC:</b>	David Hatfield Jaime Martin
<b>GeelongPort Pty Ltd:</b>	Lindsay Ward Noel Kimberly

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Staff from the Australian Competition and Consumer Commission (ACCC) explained that the exclusive dealing notification lodged by GeelongPort Pty Ltd (GeelongPort) was in the final stages of consideration. However, staff noted there are some outstanding operational issues at Lascelles Wharf upon which further information is requested.

A summary of the issues discussed during the teleconference follows:

- GeelongPort stated that it is common place for fertiliser companies to share cargo space on the same vessel. This allows port users to receive a lower figee tariff rate based on the total volume of cargo onboard the vessel, rather than individual volumes.
- GeelongPort encourages customers to charter larger vessels as this leads to more efficient unloading. For example, unloading one vessel as opposed to three saves on channel movement time and the figee cranes spend more time unloading from each hold before clean out on larger vessels.
- There is room for a larger panamax vessel and a smaller vessel to be berthed at Lascelles No. 2 and No.3 Wharves at the same time.
- Regarding the potential for congestion at Lascelles Wharf, GeelongPort noted there are two peak shipping periods currently driven by fertiliser importers. Within the last several weeks, and during one of the peak periods, there has been some congestion at the wharf - at times there were 2-3 vessels waiting for a berth.
- GeelongPort is looking to diversify trade through Lascelles Wharf in order to ensure more consistent shipping throughout the year. This will potentially create greater risk of congestion at the wharf. GeelongPort believes the requirement to use the figee cranes is important to prevent this becoming a problem in the future.
- GeelongPort noted that while there had been an increase in trade of 64% at Geelong Port over the last two years, this had primarily been due to additional steel and lumber tonnages. The volume of dry bulk commodities, such as calcite and fertiliser, coming through Lascelles Wharf has declined. GeelongPort believes the drought is likely to have contributed to this.

- GeelongPort confirmed the number of ship visits at Lascelles Wharf is approximately 130 per annum. The total number of ships through Geelong Port is approximately 550 per annum. The combined number of ship visits to Lascelles Wharf and Corio Quay is approximately 260 – 280 per annum.
- GeelongPort explained that some port users are not able to receive cargoes at the maximum figee crane discharge rate because of slower receival rates at their storage sheds. As a result, the entire unloading chain slows down – for example, it is likely that fewer trucks would be used in the unloading cycle, the figee crane ‘swing rate’ may be slower and figee cranes may have to wait at various times through the unloading process. GeelongPort does not consider the efficiency of the Port should be reduced to the lowest common denominator – especially where parties have chosen not to invest in receival sheds that can accept product at the figee unloading rate.
- ACCC staff referred to the photographs attached to GeelongPort’s most recent submission (of 16 May 2007) and asked whether this is typical of the level of cargo spillage using ships’ gear and third party hoppers and grabs. GeelongPort stated the photographs are typical of what happens using such equipment. In this regard, GeelongPort explained the amount of spillage is a result of:
  - third party hoppers not having weighing capabilities
  - product leaking out of the top of thirds party grabs (GeelongPort noted that its grabs are closed grabs)
  - trucks having to tip off cargo in excess of legal road weight limits
  - ineffective ‘save alls’ used in the ships gear operation compared to the figee crane system results in product entering the water.
- GeelongPort confirmed that the figee cranes have very high fixed costs and minimal variable costs. Significant maintenance is required to ensure the figee cranes are available 24 hours a day, 365 days a year.