

Responses to Eastern Shipping Associates Pty Limited (ESA) Correspondence of 4 June 2007 and the record of conversation with Bulk Cargo Services (BCS) taken by ACCC officer Jamie Martin dated 31 May 2007.

Eastern Shipping Associates Pty Limited – paragraph by paragraph:

1. No comment required.
2. No comment required.
3. No comment required.
4. Statements are made without any further support or evidence in the balance of the response. The reality is the exact opposite of what Eastern Shipping is stating. GeelongPort has demonstrated this through a number of submissions over recent months. The proposed practice of requiring shippers to use the more productive Figuee cranes is not anti competitive, will actually increase the productivity of the port and will result in a decrease in the overall cost of basic raw materials coming into Australia.
5. Statements are generalisations made without any supporting evidence/facts and add no value to submissions previously made by either the proponent or objectors. Eastern Shipping demonstrates its lack of understanding of the Lascelles Wharf operation and the basis of GeelongPort's submissions in support of the Notification. The trade through Lascelles is diversified including meal, grains, cement clinker, gypsum, bentonite, calcite and fertiliser. This diversification is fundamental to the Port's growth plans as it moves to have a reduced reliance on products that are impacted by weather conditions. Eastern Shipping has confirmed GeelongPort's position on grabs i.e. there are three viable sources of ships grabs to be used on ships gear– the ship, Bruce Stevens and Bulk Cargo Services. BSCS has made claims previously that it is the only viable supply of grabs in the port. This is clearly wrong.
6. There is a reference in this paragraph to “independent stevedores”. GeelongPort is not clear what this reference is intended to assert, nevertheless it can be stated that only 2 stevedore licences are on issue at GeelongPort, those being for Toll Stevedores and P&O Stevedores (notwithstanding name changes for both). No other stevedore operates or has requested to operate at GeelongPort. GeelongPort is unclear as to the point trying to be made in the balance of the paragraph. However, GeelongPort challenges the implied positive link between the provision by third parties of shore hoppers and the use of large modern hoppers to load directly to trucks. None of the hoppers provided by third party providers at GeelongPort have weighing capacity to feed the correct amount of load to a truck to ensure it will not be overloaded. As thoroughly evidenced previously in GeelongPort submissions and responses, it is only the hoppers attached to Figuee cranes that can accurately load trucks to correct legal capacity to avoid tip off of product and thus avoid

any environmental concerns and inefficiency created by tip off, reweighing and clean up. Further it is only the hoppers attached to Figees cranes that have save all incorporated into the structure of the total crane assembly to positively mitigate against spillage of product into the water.

The concept put forward by Eastern Shipping that it is quicker to dump product onto the wharf and load it into trucks by front end loaders is ridiculous. For product such as fertilisers and grain which are spherical in shape and generally free flowing the product would end up all over the wharf let alone the product damage that would occur by dumping it on the deck, and then picking it up again as the loader chases it around the wharf. This assertion by Eastern Shipping demonstrates its lack of understanding of efficient, safe and environmentally responsible wharf operations at Lascelles.

7. This paragraph is factually incorrect. While it is possible for 3 handysize bulk carriers to berth at Lascelles at the same time (or 2 handysize and 1 panamax), as evidenced by the ACCC's officers visit to Lascelles, it is certain there are only 2 Figees cranes (not 3 as claimed by ESA) and they can operate only across Lascelles wharves #2 and #3. The cranes are in excellent condition being very well maintained. The reliability of the Figees cranes cannot be faulted and currently on average less than 1.1% of available operational time (i.e. during ship loading), is lost to breakdowns - 04/05 - 1.2% / 05/06- 0.77%. 06/07 - 1.1%. This is significantly better than ships gear where is quite common for breakdowns to occur. Eastern Shipping's statements simply have no foundation in fact..
8. In GeelongPort's view, the writer of this paragraph clearly has no operational experience or else is happy to take unacceptable risks to both plant and personnel.. To operate 2 cranes into the one hopper would create a circumstance where loads would have to be carried over the cabin of the truck (in which the truck driver sits) thus exposing the truck driver to the potential of a dropped load. This is contrary of all safe working procedures and would never be sanctioned as safe or acceptable practice in any Australian port.
9. The statement is unclear - is Eastern Shipping stating that three ships gear cranes each discharge at 300 tph (with a combined 900 tonnes per hour) or each ships crane discharges at 100 tph making a combined through put of 300tph - which would seem more likely. This supports GeelongPort previous statements that a figee crane will easily outperform ships gear and therefore increase overall productivity and efficiency in the Port. Please also refer to GeelongPort's response to the ACCC's letter of 1 February 2007 at point 8 which clearly sets out GeelongPort's position in regard to these types of claims. Other comments in paragraph 9 by Eastern Shipping are irrelevant to the Notification.
10. Eastern Shipping statements clearly support the position that GeelongPort has put forward a number of times. It is the responsibility of the Port owner to turn vessels around in the shortest possible time and to ensure that the productivity of the port is not restricted by any customer whose land based facilities are not capable of meeting the high productivity rates of the Figees cranes. If the

customer dictates the productivity of the Port then the cost of moving materials into Australia will only increase.

11. It is clear, without explanation from GeelongPort, that improved productivity results in reduced stevedoring labour cost. These cost reductions are best driven by the higher productivity discharge of the Figees cranes and not ships gear.
12. Eastern Shipping has obviously been given the same inaccurate information as Omya used in its submission. GeelongPort has responded appropriately to this claim in its response to the e-mail dated 26 April 2007 from Peter Ashley of Omya.
13. See response to paragraph 12 above. GeelongPort can confirm that there was a single breakdown of the equipment amounting to 45 minutes due to a malfunction in the Figees hopper scales (note not breakdowns as claimed).
14. It is GeelongPort's experience that most ship calls to the Port of Geelong for fertiliser and other dry-bulk product are not made by vessels carrying their own grabs. Hence the reason why Bruce Stevens and BCS supply grabs at most Ports around Australia.

The Newcastle operator of shore based cranes (K2 Berth operated by P&O) permits vessels to use ship's gear only in cases where there is no vessel waiting to come along side and use the shore based cranes. If a ship was in mid discharge using ship's gear and another vessel arrived and wanted to use the shore based cranes, the vessel along side using the ship's gear must be stopped mid operation and taken off the berth to make way for the other ship. This is hardly an efficient way to operate a Port, especially GeelongPort where we discharge a much higher tonnage (possibly as much as three times), and a wider range of bulk trades. Also K2 in Newcastle is a "reluctant" common user facility as it is difficult financially for third party stevedores to operate effectively on the berth.

15. GeelongPort refers the ACCC again to the very clear photographic evidence of the recent ship gear / open grab operations at Lascelles wharf forwarded with the last GeelongPort response to submissions. The figee crane system with its hopper weightometers, closed grabs, larger capacity clams, better seal maintenance and built in large save alls will always provided a far superior environmental performance than the open grabs which are prone to excessive leaking, and overloading.
16. GeelongPort has made numerous responses to this type of claim previously. Please refer previous submissions.
17. GeelongPort continues to seek the ACCC's approval of its Notification.

Record of conversation with Bulk Cargo Services – paragraph by paragraph taken after “A summary of the issues ...”

1. No comment required.
2. No comment required.
3. No comment required.
4. No comment required.
5. The statement that Lascelles wharf is most like K2 in Newcastle is a personal view expressed by BCS which GeelongPort considers irrelevant to the Notification. GeelongPort takes issue with the comment "... *there is no requirement on port customers to use the gantry cranes.*" As previously set out at item 14 above there are indeed restrictions placed on port users at K2.
6. No comment required. This confirms GeelongPort's previous comments regarding the difficulty in moving hoppers from Port to Port and is in contrast to comments made by Bruce Stevens previously. It also makes a mockery of Bruce Stevens's view that four hoppers could be used to unload a vessel as efficiently as the Figeo cranes. It would just not be possible economically to have four hoppers in Geelong let alone the operational restrictions on this activity as previously stated in earlier submissions.
7. As stated in earlier submissions, GeelongPort does not compete at any level with equipment suppliers and BCS falls into this category. GeelongPort is already on record as saying that self discharge vessels will still be able to operate and the procedure GeelongPort has in place for using the Figeo cranes will also result in ships gear being used at similar levels to that currently being experienced. BCS are able to compete for that trade now and this will also be the case in the future.
8. GeelongPort has already provided substantial commentary concerning manning requirements in earlier submissions. The comments here by BCS are flawed and reflect a lack of understanding of operations conducted at GeelongPort.
9. This comment from BCS should be referenced to some evidence. There are no "manning agreements" in place to GeelongPort's knowledge. Manning levels are set by the relevant stevedore's management having regard to good practice and safety. The commentary by BCS is noted as being referenced to the operation of cranes on board ships and not shore based cranes.
10. GeelongPort has commented on this matter at item 15 above and also in previous submissions. It is not the EPA's decision as to what equipment should be used and the state of that equipment. Once the EPA is involved it is too late. GeelongPort has corporative obligations as well as ISO 14001 Environmental accreditation that govern how the Port should operate environmentally. This stresses pro-active behaviour not reactive as suggested by BCS.

11. This comment from BCS supports GeelongPort's position – i.e. why should any customer's lack of investment in appropriate storage govern the overall efficiency of the Port and effectively increase the costs for other port users. There is already significant information before the ACCC on GeelongPort's view of shed receipt rates.

12. GeelongPort is unclear what BCS is trying to put to the ACCC in this comment. There are contracts with port customers regarding the use of the Figee cranes and this known by the ACCC. GeelongPort notes BCS's unsubstantiated claim that "... *newer customers would not be part of any such "agreement"*". GeelongPort continues its day to day business of offering service contracts to all customers new and old including the use of Figee cranes.