



Photo: Katrina Lawrence / VCRA

## SPECIAL REPORT – VICTORIA: Geelong welcomes one of the biggest chip ships as new era for port opens

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THE *Kalimantan Express*, one of the biggest woodchip carriers in the world, sailed quietly into Geelong's port this week to load almost 60,000 tonnes of woodchips.

Her inaugural visit attracted no fanfare and no fuss. But to the Victorian Regional Channels Authority's Captain Peter McGovern it's a clear affirmation the authority's multi-million dredging program in Corio Bay is rolling out the red carpet to bigger ships of the future.

The VRCA has spent more than \$18m improving its channel network in the past two years, with the deepening of Corio Quay North No. 4 Berth a key part of the program.

That work has paved the way for the *Kalimantan Express* and sister ship *Fujian Express*, whose visit in January set the record for the largest cargo of woodchips loaded in Geelong.

The *Kalimantan Express* is following suit.

"The deeper berth's been instrumental in getting these big new woodchip carriers here," VRCA chief executive officer Captain McGovern says.

"It's great to see that our dredging program is making a real difference to the port, helping attract

bigger ships that can load greater volumes. And that's a real win for Geelong.”

The VRCA kicked off its dredging work in 2014, widening City Bend's tight right-angle turn and bringing Corio Quay North No. 4 Berth into line with the channel network's declared depth of 12.3 metres.

New Zealand-based Heron Construction Company, armed with backhoe dredger *Machiavelli*, completed the work worth almost \$10m in late 2014.

The authority continued its improvement program last year, outlaying more than \$8 million on dredging work between Refinery Pier and Lascelles Wharf to provide more room for ships to manoeuvre around berth pockets and ease congestion.

Crude oil tankers servicing Viva Energy Australia's Geelong refinery use Refinery Pier. The dredging on Refinery 4's western flank is to make access possible for larger tankers including suezmax vessels.

Captain McGovern says the raft of channel upgrades focused on providing safe and efficient access for increasing larger ships and helping position the port, Victoria's largest bulk port, to take advantage of future trade opportunities.

“The next generation of bigger ships are already arriving in Geelong and more are on their way,” Captain McGovern says.

“Studies we've commissioned into global shipping trends tell us this – and so does the view out my office window of ships like the *Kalimantan Express*.”

The VRCA is responsible for managing more than 18 nautical miles of shipping channels that provide access to Geelong's port. These saltwater highways are the gateway to Geelong.

“Geelong's port is vital for the economic health of not just Geelong, but the region and the state,” Captain McGovern says.

“Infrastructure upgrades, both on water and land, play a major role in keeping the port productive, efficient and open to new opportunities. And with shipping, you just can't be reactive, you have to be proactive or those opportunities for growth will sail on by.”

The VRCA has a long-term blueprint of channel improvements in Corio Bay that it's developed with support from port stakeholders.

The prioritised upgrades, to be carried out in stages over the next two decades, will help the port retain its competitive edge in the face of changing dimensions of vessels and other challenges.

The VRCA has drawn on its computer simulation program and a Brisbane-based port design and navigation simulator to help identify these potential improvements.

Captain McGovern says the VRCA's introduction of Dynamic Under Keel Clearance (DUKC) technology earlier this year will also play a role in helping boost port productivity and efficiency. Developed by Melbourne-based OMC International founder Dr Terry O'Brien, DUKC is in use in 24 ports around the world including the Port of Melbourne. DUKC allows bulk carriers to navigate Corio Bay's shipping lanes safely while loaded to maximum draught.

North Shore-based woodchip exporter Midway Limited has welcomed the dredging program and DUKC's arrival in Geelong.

Development manager Stephen Roffey says deepening the Corio Quay berth was central to attracting the big new woodchip carriers to port.

“Because of that work it's now viable for these ships to visit – and they can load about 7000 more metric tonnes of woodchips than previous record loadings,” Mr Roffey says.

“This just wasn't possible before the VRCA's dredging work.”

Mr Roffey says he expects the DUKC technology will be a real asset to Midway's competitive edge, especially in winter when woodchips are wetter and heavier.

"DUKC will allow us to minimise slack space and that's great news," he says.

More than 700 ships visited Geelong's port last financial year, with the port handling 13 million tonnes of cargo, worth \$8.4bn.

And those trade figures look set to climb, with a recent VRCA-commissioned economic impact study predicting trade and jobs in Geelong's port will grow by 50% in the next two decades.

The research estimates port operations add more than \$400 million to the region's economy a year and forecasts this will rise significantly with an ongoing commitment to infrastructure improvements to help the port compete successfully on a global stage.

Geelong Port Manager Stephen Anderson says he's had great feedback about DUKC from customers. And he believes the dredging work at Corio Quay is delivering obvious advantages already.

"DUKC allows our customers to potentially load more product and even one to two percent extra volume on a ship translates to increased returns for our customers," Mr Anderson says.

While larger ships and greater vessel numbers present challenges for the channels network, Geelong Port is also facing ramifications, but on land, and is planning infrastructure improvements to meet them head on.

"We have to be very mindful of the requirements of our customers," Mr Anderson says.

"If customers are demanding bigger ships – to reduce cost per tonne and make their business more efficient – that puts pressure on the width and depth of channels and corresponding infrastructure of wharfs and berths."

Geelong Port isn't sitting on its hands. The port operator is working on a strategy to develop a new bulk berth at highly-utilised Lascelles Wharf to increase capacity for customers and potential future trade. Adding a rail link to the wharf will be the icing on the cake if governments join the party.

"The Lascelles berth development is a short-term goal for us, one to five years, and would represent a significant capital expenditure commitment," Mr Anderson says.

"With the railway line included, it would turn the wharf area into a valuable logistics hub and it would mean jobs – in construction, maintenance, operation and all the add-on services that entails.

"It's all about jobs."

Potential growth at Corio Quay is also under the spotlight, with Geelong Port investigating the possibility of extending its footprint. It's examining similar options at Lascelles Wharf, a key asset for the fertiliser trade.

When Mr Anderson looks at the changing global landscape he doesn't see problems.

He sees opportunities. Lots of them. And he's adamant Geelong Port will not let them drift away on the tide.

"At the end of the day it's all about cost-effective solutions for our customers; we offer a low cost, efficient option and I think the port's future is looking very positive," Mr Anderson says.

Viva Energy Australia's Geelong refinery is a key part of the port community, providing employment for more than 700 people and injecting over \$200 million in wages and services into the local economy each year.

The refinery also supplies about 55% of Victoria's fuel needs, accounts for more than 50% of the port's trade and about 20% of all ship visits to Geelong.

And when DUKC technology can lead to increases on each cargo of between 1350 and 3000 tonnes, that's good news for the big employer.

Viva Energy Australia refining general manager Thys Heyns says each additional 10 centimetres in vessel draught results in a saving of over one million dollars per annum.

Viva Energy has also worked closely with parties including the VRCA to maximise the size of vessels that can be accommodated on the refinery berths.

“As a consequence, we can now concurrently berth two large crude/feedstock vessels that helps reduce ship demurrage costs,” he says.

The refinery owner, currently building a new crude oil tank costing more than \$40m at the Corio site, is also working with other port stakeholders to develop a business case for widening and deepening the main access channel into Geelong’s port.

Back at the VRCA headquarters, Captain McGovern is preparing for the change that’s blowing across Corio Bay – a change that’s bringing bigger ships, greater volumes and new demands.

“We need to be ready, all of us,” he says.

“This port is a vital part of Geelong today and it needs to be a vital part of the city’s future. We can all play a role in making that happen – and our channel upgrades contribute to the picture.”

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