

INDEPENDENT REVIEW

Ports and Maritime Administration Act 1995 & Port Botany Landside Improvement Strategy

Supplementary Paper to the Discussion Paper

Contents

1	Overview of Port Botany container supply chain	3
2	Timeline of PBLIS	8
3	Stakeholder engagement & industry action	10

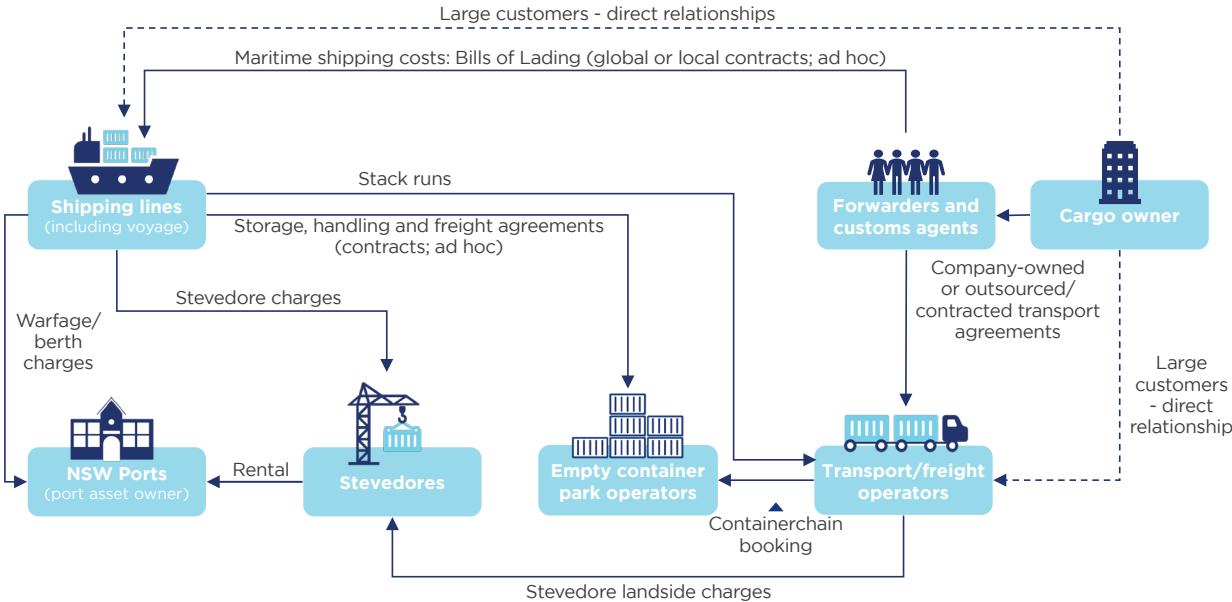
1 Overview of Port Botany container supply chain

Port Botany plays an important role in the NSW economy as a key gateway for international trade. The port currently handles 99.6 percent of NSW’s containerised freight volumes and has an expected potential terminal operating capacity of over 7 million twenty foot equivalent units (TEUs) per year¹.

In 2020/21 over 2.7 million TEUs passed through the Port. Three container terminals handle this containerised freight and are privately operated by stevedores DP World Australia, Patrick Terminals and Hutchison Ports. The stevedores are tenants of the private port operator, NSW Ports (also the commercial manager of Port Kembla).

The Port Botany container supply chain includes multiple parties and requires high levels of coordination. Because it is an interconnected supply chain, disruptions in one part have the potential to create flow on effects in other parts. The following sections provide an overview of each party in the Port Botany supply chain in alphabetical order and the diagram below shows the commercial relationships in the supply chain.

Figure 1: Port Botany supply chain



Empty container storage facilities

Empty container storage facilities (also referred to as empty container parks) provide storage facilities for empty containers before they are either provided to exporters to pack with goods for export or exported overseas as empty containers. In NSW, when imported freight is unpacked the majority of empty containers are returned to the shipping line’s nominated empty container storage facility.

While some empty containers are used for products exported from NSW, because significantly more containerised goods are imported than are exported, a large volume of empty containers are required to be stored before they are exported. Some empty container storage facilities will provide container cleaning and repair services to facilitate the export of cargo, while others only provide storage before exporting empty containers overseas. Around 60 percent of containers exported from Port

¹ NSW Ports 2021, Port Botany – Australia’s premier port, <https://www.nswports.com.au/port-botany>

Botany are empty containers. There are 13 main empty container parks in Sydney, most of which are within the Port Botany precinct or immediate surrounds.

Forwarders and customs brokers

Freight forwarders and customs brokers market container space and act as agents for exporters and importers, coordinating freight movements on their behalf. This includes engaging with shipping lines to reserve space on ships, organising container pick-ups and deliveries and arranging for the return of empty containers to terminals as directed by shipping lines.

They also organise customs fees and clearance processes through Commonwealth agencies.

Government agencies

- Transport for NSW sets policy objectives and strategies to improve efficiency to and from NSW's ports and maintain high standards of marine safety and environmental protection. Transport for NSW implements the Ports and Maritime Administration Act 1995, Ports and Maritime Administration Regulation 2021 and PBLIS.
- NSW Treasury has functions as the lessor of Port Botany. The lessee at Port Botany, NSW Ports, is required to provide information to NSW Treasury including five-year port development plans, 30-year master plans and environmental management plans for approval.
- The Australian Border Force is Australia's frontline border law enforcement agency and customs service, facilitating the movement of people and goods across the border.
- The Commonwealth Department of Agriculture, Water and the Environment manages biosecurity risks to prevent, respond to and recover from pests and diseases that threaten the economy and environment.

Importers and exporters

Importers and exporters, also referred to as cargo owners, own the containerised freight (cargo) that is imported or exported through Port Botany. The port supply chain services importers and exporters. They choose the origin and destination port for transporting their cargo, based on various factors.

Importers and exporters either deal directly with shipping lines and landside transport operators, or contract freight forwarders to arrange the movement of cargo on their behalf. They arrange for their cargo to be transported between the origin and destination ports and require landside transport operators (road and rail) to transport their cargo from a container terminal to a facility for unpacking and delivery or direct to their premises and vice versa.

Intermodal Terminals

Intermodal terminals are facilities that provide for the transfer of freight from one transport mode to another, for example from rail to road. There are a number of intermodal terminals in NSW, with five in the greater Sydney area. They are often located near distribution centres where containerised goods are unpacked and distributed to their final destinations.

Port Authority

The Port Authority is a state owned corporation, and has responsibility for the navigation, security and operational safety needs of commercial shipping at Port Botany (and other ports in NSW). The Port Authority is also responsible for overseeing the management of dangerous goods at the port and provides harbour masters, marine pilotage and emergency response services.

Private port operator – NSW Ports

NSW Ports is a privately owned company that operates Port Botany (and Port Kembla) under a 99 year lease with the NSW Government. This includes:

- Long-term strategic development and planning at the port
- Leasing port land to the stevedores and other port and logistic operators
- Shipping access, wharf infrastructure and common user road infrastructure maintenance
- Security and safety on common port areas
- Operating control of the multi-user bulk liquids berths.

Port rail infrastructure providers

Port Botany is the only container port in Australia with “on dock” rail facilities at each of its container terminals (where rail lines extend into the stevedore terminals), and it handles the highest volume of containers transported by rail in Australia (around 400,000 TEU per year)². The stevedore rail facilities are connected to metropolitan and regional intermodal terminals by both a dedicated freight line and the passenger network.

There has been significant investment in rail infrastructure at Port Botany including a \$120 million investment from NSW Ports and a \$70 million investment from Patrick Terminals for a fully automated on-dock rail terminal. The project is expected to increase rail capacity by integrating rail into the semi-automated terminal, increasing and improving rail servicing infrastructure, whilst also providing increased windows, which are the time slots allocated to service a train. The project commenced in 2019 and will increase the annual rail capacity at Patrick’s terminal from 250,000 TEU to over 1 million TEU when fully operational³.

The Australian Rail Track Corporation (ARTC) is investing in the Botany Rail Duplication Project to duplicate the remaining section of single line track leading to Port Botany, allowing freight to be moved more efficiently and effectively. When completed, the new line will have the capacity to meet the predicted growth in demand for freight to be carried on rail between Port Botany and metropolitan freight intermodal terminals⁴.

The ARTC is a Commonwealth owned company established to manage the interstate rail network. The ARTC also manages and provides access to the Metropolitan Freight Network, the Southern Sydney Freight Line and the Port Botany rail yard (container terminal rail yards within the port precinct).

Rail operators

Rail operators move containers by rail either from the stevedores to intermodal terminals or from intermodal terminals to the stevedores. Currently five freight rail operators service Port Botany via the Port Botany freight line. Approximately 50 per cent of full export containers handled at Port Botany arrive from regional NSW, and of those, approximately 86 percent arrive by rail⁵. Empty containers are loaded onto trains from intermodal terminals in Sydney and sent to regional areas of NSW for packing, these containers are then railed back to Port Botany for export. Figure 2 shows the movement of containers to and from Port Botany by rail.

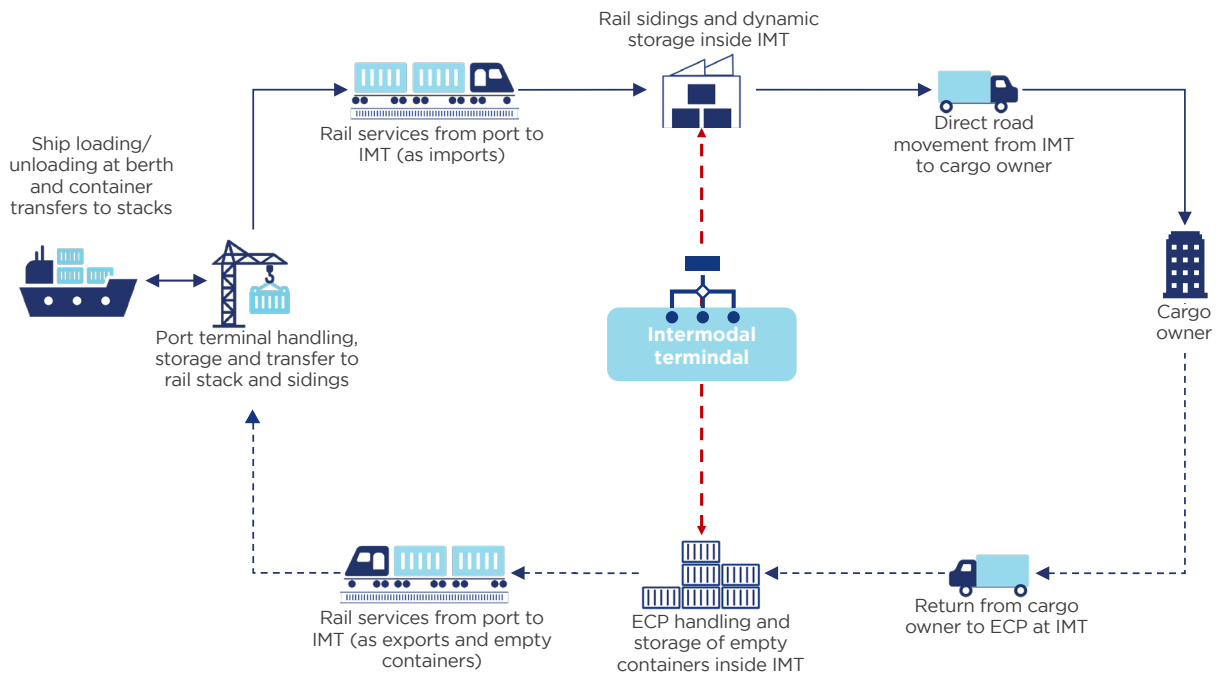
² NSW Ports 2021, Major Initiatives – Growth in rail <https://www.nswports.com.au/rail>

³ Patrick Terminals 2021, Patrick Terminals – Sydney Autorail <https://patrick.com.au/patrick-services/patrick-sydney-autorail/>

⁴ ARTC 2021, Botany Rail Duplication –Transporting more freight by rail <https://proj.artc.com.au/botany-duplication/>

⁵ NSW Ports 2019, [NSW Ports submission into the Inquiry into impact of Port of Newcastle sale arrangements on public works expenditure in New South Wales](#), Sydney, NSW, p.3.

Figure 2: Port Botany container movements by rail

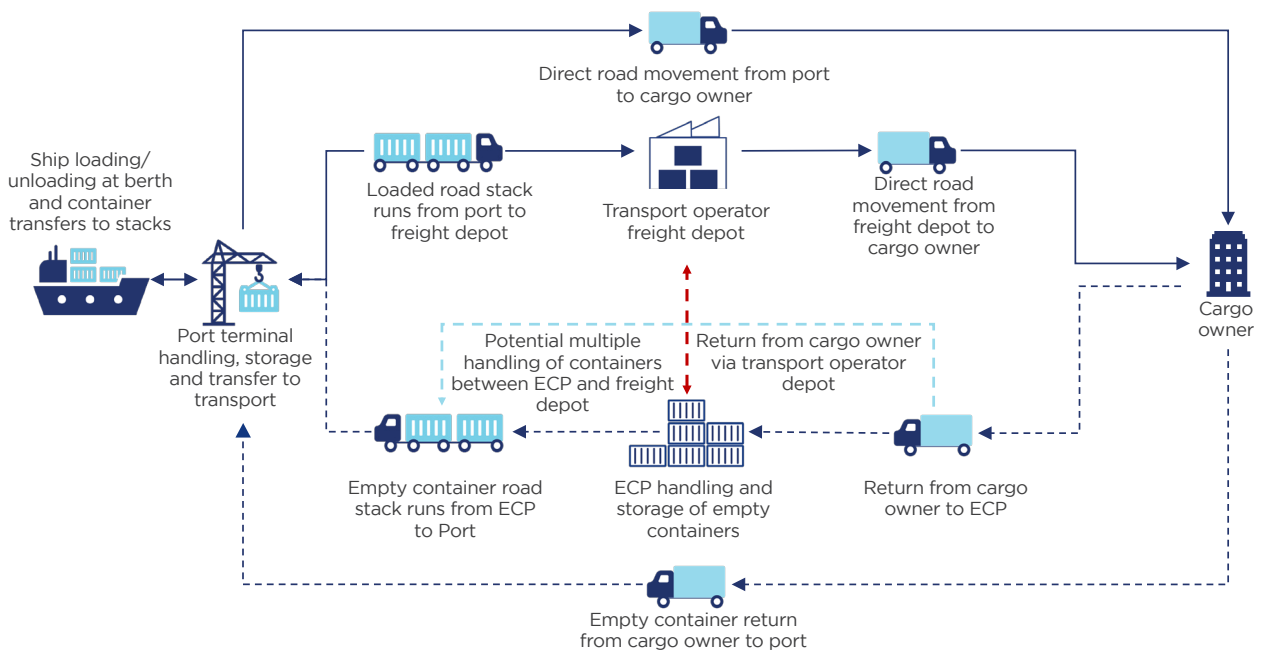


Road

Road transport operators move containers to and from the port, intermodal terminals and empty container parks on behalf of importers and exporters or their freight forwarders.

There are around 270 road transport operators servicing Port Botany with the largest 20 operators moving around 50 per cent of the volume moved by road. The majority of all containers transported to and from Port Botany are via road carriers, approximately 85 percent, and the rest are moved by rail. Figure 3 shows the movement of containers to and from Port Botany by road.

Figure 3: Port Botany container movements by road



Shipping lines

Shipping lines own and operate trading vessels for the transportation of freight from one port to another. Around 12 shipping lines provide container freight services to and from Port Botany. They predominantly own the containers, 'rent' them to users and direct where unpacked containers are to be returned, charging for late returns to the nominated facility.

Shipping lines deal directly with cargo owners, freight forwarders, customs brokers, stevedores, empty container parks and regulatory agencies.

The shipping lines negotiate rates for access to the three stevedores' container terminals on an Australia-wide basis and generally include bundled services for the handling of containers.

Stevedores

Stevedores provide both quayside services to shipping lines and landside services to road and rail operators, through the loading and unloading of containerised freight from vessels, trucks and trains. Through PBLIS, stevedores allow three free days of storage on their terminals before daily charges to transport operators apply. Stevedores contract directly with shipping lines for vessel and related landside services.

Three stevedores service Port Botany - Patrick Terminals, DP World Australia and Hutchison Ports Australia.

DP World Australia and Patrick Terminals use 1-Stop Solutions, a company that provides a vehicle booking system (VBS) service, for access to their container terminals. Hutchison Ports Australia operate a Truck Appointment System for access to its terminal.

2 Timeline of PBLIS

2005

Freight Infrastructure Advisory Board (FIAB) established and recommended changes to support delivery of freight infrastructure objectives.

2006

Port Botany Logistics Taskforce established (in response, in part, to FIAB recommendations) and recommended an independent review of the interface between stevedores and landside transport operators, and the matter was referred to IPART.

2007

May

- IPART Issues Paper – Review of the Interface between the Land Transport Industries and the Stevedores at Port Botany – for public consultation.

October

- IPART Draft Report – Reforming Port Botany’s links with inland transport - for public consultation.

2008

March

- IPART Final Report – Reforming Port Botany’s links with inland transport.

September

- NSW Government response to the IPART Review, which included the establishment of PBLIS as a two phased strategy.

December

- NSW Government introduced powers to regulate the port and port related supply chain, as a contingency if Phase One of PBLIS, voluntary industry action, was not successful.

2009

February

- Sydney Ports Corporation announced industry trials (three) to benchmark Port Botany’s existing performance (via the Port Botany Road Taskforce and the Port Botany Rail Team).

- First industry trial of the PBLIS reform process undertaken.

April

- Second industry trial of the PBLIS reform process.

2010

November

- Regulations enabling the setting of Mandatory Standards introduced

December

- NSW Government announced staged rollout of new regulations and the Mandatory Standards with full implementation by early 2011.

- Mandatory Standards introduced including directions for stevedores to provide road and rail servicing data to the Sydney Ports Corporation (Patrick Terminals and DP World Sydney).

2011

February

- Third industry trial of PBLIS reform process (trailing the new system before penalties enforced) complete.

- Changes to Mandatory Standards made, including to stevedore impacted trucks, clarification of some definitions and minor corrections.

- PBLIS financial penalties start to be enforced for stevedores and carriers that do not meet PBLIS requirements.

August

- Pricing set for rail servicing at Port Botany (Patrick Terminals and DP World Sydney).

September

- Changes to Mandatory Standards made, including to the carrier and stevedore mandatory standards, definitions, and records and data requirements.

2012

September

- The Ports and Maritime Administration Regulation 2007 was remade which included some changes to the Mandatory Standards.

2013

May

- NSW Government leased Port Botany (and Port Kembla) to NSW Ports for 99 years.

2014

April

- Transfer of functions from Sydney Ports Corporation to TfNSW.

June

- Pricing for rail servicing set for Hutchison Ports Sydney.

July

- Hutchison Ports began operations at its Port Botany terminal.

- The TfNSW Cargo Movement Coordination Centre established, incorporating the previous functions of the Sydney Ports Corporation to implement PBLIS.

2015

December

- Changes to the Mandatory Standards made, including to truck servicing, slot bookings, cancellation of bookings and truck turnaround times.

2020

March

- TfNSW Freight Operations established, incorporating the functions of the TfNSW Cargo Movement Coordination Centre.

2021

September

- Remake of the Ports and Maritime Administration Regulation 2021 in effect including ability to require data from empty container parks and minor changes to the Mandatory Standards regarding truck identification information and clarification of some definitions.

3 Stakeholder engagement & industry action

Port Transport and Logistics Taskforce

The Port Transport and Logistics Taskforce (PTLT) is a consultative forum for representatives of businesses with a direct interest in the operations of Port Botany. The PTLT was established in 2019 to replace the Port Road Taskforce.

Through PTLT, TfNSW and NSW Ports consult with business representatives on developments and proposals for, or affecting, transport logistics at Port Botany, and encourage feedback and ideas for continued and improved efficiency.

Port Botany Rail Optimisation Group

Established in December 2015 the Port Botany Rail Optimisation Group (PBROG) includes representatives from stevedores, rail operators, NSW Ports, TfNSW and port infrastructure participants. PBROG is intended to provide advice to TfNSW on strategies and actions to optimise the movement of containers by rail to and from the container terminals at Port Botany.

Empty Container Working Group (ECWG)

TfNSW established the ECWG in July 2020 to identify industry-led, voluntary solutions to address inefficiencies in the management of the empty container supply chain at Port Botany, including to:

- examine issues related to the management of empty containers
- share information and develop performance measures to provide a clearer picture of supply chain issues
- identify opportunities for additional empty container storage capacity and investigate other ideas, such as trials of new equipment or technology which could reduce pressure on empty container parks
- make recommendations and co-develop solutions that can be implemented by industry on a voluntary basis.

Membership of the ECWG includes representatives from shipping lines, stevedores, empty container park operators, road transport operators and key freight industry groups.

Over the time it has operated, the ECWG has enabled a number of effective initiatives to improve empty container supply chain efficiency. A key achievement has been to put in place monthly reporting against nine key metrics based on data shared by group members. These metrics include the ratio of import to export containers (the load discharge ratio), dwell time and utilisation at empty container parks, and number of direct returns to stevedores. This sharing of performance data has helped improve visibility and communication across the supply chain, and has helped operators with forward planning.

Following strong support from industry stakeholders, the ECWG has now transitioned to an ongoing forum.

Empty Container Incentive Scheme

Since July 2021, NSW Ports has implemented its Empty Container Incentive Scheme to encourage the shipping industry to achieve a balance between the number of containers loaded (for export) and the number of containers discharged (for import), referred to as the Load/Discharge ratio (L/D ratio). NSW Ports will calculate this on a quarterly basis and invoice each shipping line an export wharfage charge based on its

L/D ratio. The scheme is intended to achieve a sustained supply chain balance which enables empty container flows to be handled efficiently through Sydney's empty container parks and container terminals⁶.

The ECWG reported in September 2021 that total import volumes were up around 10 per cent year-on-year, while total export volumes were up 12 per cent year-on-year. The L/D ratio was 0.98. TfNSW data indicates that the L/D ratio for October 2021 will be slightly more than 1⁷.

⁶ NSW Ports 2021, Working with us - Port Users, <https://www.nswports.com.au/port-users>

⁷ TfNSW 2021, Open Data - Freight Data, <https://opendata.transport.nsw.gov.au/dataset/freight-data>