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Transport for NSW  
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Online: [yoursay.transport.nsw.gov.au/hub-page/parareview](https://yoursay.transport.nsw.gov.au/hub-page/parareview)

Dear Sir/Madam

**Review of the Ports and Maritime Administration Act 1995 (Act) and  
Port Botany Landslide Improvement Strategy (PBLIS) Freight Policy and Regulatory Reform**

Thank you for opportunity to make a submission in response to the proposed recommendations to change the Act and PBLIS in the June 2022 Options Paper.

Namoi Cotton is the Australia's leading cotton ginner, proudly servicing our growers for 60 years. We operate 8 cotton gins in NSW with supporting warehouses and IMEX terminals at Wee Waa and Warren. We consign export cotton lint, cottonseed and grain in containers by rail on up to 6 train services per week to Port Botany.

Namoi Cotton, along with other agribusinesses, underpin our regional economy and communities by providing a pathway for the export of our food and fibre commodities. We estimate regional commodities represent around 50% of container exports from Port Botany where around 80% of this freight is consigned to the port by rail.

The export of regional commodities through Port Botany is dependent on a competitive and reliable rail supply chain. Unfortunately, as identified in the Options Paper, rail's share of export containers to Port Botany is declining. This decline in rail share is not *only* due to "a lack of coordination among the many public and private organisations that make up the Port Botany supply chain". The other key drivers for this decline, as outlined in this submission, are:

- a) Complexity of rail that include managing train paths between different track owners and port stevedore windows, where regional exporters are disadvantaged to importers.
- b) Increasing cost of rail with the multiple track owners and port stevedores along the supply chain, imposing additional charges that negatively impact regional exporters.

In this submission we outline our concerns and proposed suggestions in response to each of the recommendations for Option D (for rail at Port Botany). We urge the NSW Government to consider our views to support the sustainable growth of agriculture in NSW and minimise the loss of exports from rail to road transport and loss of exports through Brisbane and Melbourne.

## Recommendation D19: Remove regulated rail booking fee structure

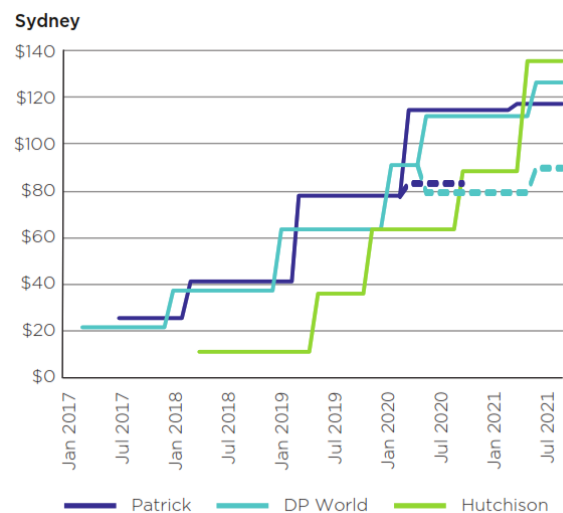
Namoi Cotton *strongly opposes* the removal of regulation of rail servicing and booking fees that will allow port stevedores to set fees and service fees. This move will further increase the cost of rail transport for regional exporters without tangible improvements.

### Background

Port stevedores recoup an increasing portion of their revenue from terminal access charges from transporters into the port vs negotiated quayside charges with shipping lines. These charges are not a fee for service but are used by port stevedores to shift their revenue onto transporters into the port who are in no position to negotiate these charges.

These access charges (including VBS charges) place a burden on regional exporters in three ways:

- These charges are exponentially increasing faster than CPI. As shown in the graph (source: ACCC) these charges have increased by 600% since 2017 vs 10% for inflation.
- Recipients of these charges, who are managing the landside supply chain, are not always able fully pass on all of these charges.
- These charges add additional administrative burden as they must be funded and passed through from the transporter to the shipper and then to the exporter.



### Proposed approach

We propose the NSW Government should retain regulatory control of port lift charges for rail. While we acknowledge the NSW Government does not have jurisdiction over other terminal access charges imposed by port stevedores (including VBS charges for road transport). However, there is as strong case to maintain the status quo for rail charges to ensure regional exporters who are the dominant user of rail are not further disadvantaged.

We propose NSW Government should only allow changes in rail lift fees with operational and service improvements that deliver a reduction in overall cost to NSW regional exporters.

The rationale to maintain this regulation are follows:

- a) Regional exporters cannot negotiate fair and reasonable rail lift charges with port stevedores given their market power.
  - If the lift charges for rail are deregulated, it is most likely the port stevedores will increase these fees to a similar level as the VBS for road transport, an increase of over 100%.
  - Furthermore, regional exporters will be exposed to above inflation escalation in these charges, as demonstrated by VBS charges which have increased by 20% per annum since their introduction in 2013. (Source ACCC).
- b) Regional exporters already pay additional access surcharges to use rail into Port Botany. Currently trains into Port Botany pay, in addition to tariff track access fees, up to \$1,000 in

access surcharges to ATRC (with Botany track access price) and Sydney Trains (with Enfield marshalling yard fee).

- c) If the current regulated rail lift charges are maintained, we strongly believe the port stevedores will continue to actively seek to attract regional export business by rail given the importance of this business for their shipping line customers. This is demonstrated by their investment in rail infrastructure with the current lift fees.

### **Recommendation D20: Rail data transparency**

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Namoi Cotton *supports* the need for more information on stevedore window use, performance and container tracking.

There is also a need, as outlined in the Issues Paper, for more information on the use of rail transport into Port Botany to support improved decision making, that could include:

- Separately showing the use of rail transport for export and import containers,
- Use of (direct) rail transport into port stevedores by regional exporters, and
- Use of (indirect) road transport for transferred containers from rail transport for the last mile by regional exporters due to inability to access the port stevedore.

This information should be made public through Transport for NSW open data portal along with the other Port Botany shipping information.

### **Recommendation D21: Improve governance frameworks to align public infrastructure managers with the port rail task**

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Namoi Cotton *supports* the need for ARTC and Sydney Trains to be aligned with the port rail task. However, the NSW Government should take a leading role to ensure integrated access outcomes from regional NSW into Port Botany are delivered between these two government parties.

#### Background

The ownership of rail track by multiple owners in NSW creates complexity and additional cost that disadvantage regional exporters compared to other short haul rail users (for example coal) with higher access charges and reduced reliability.

Most regional export trains into Port Botany operate on rail track owned by the CRN (UGL), ARTC (Regional), Sydney Trains and ARTC (MFN). Accordingly, our container export trains from Wee Waa and Warren need to traverse across 4 different track access regimes into Port Botany.

This imposes complexity in managing the different train paths and access arrangements. This imposes additional cost for the different fixed and variable access fees regimes between each track provider and reduces reliability by not having access to optimal train paths.

#### Proposed approach

The following structural changes are sought in the management and pricing of track access to ensure a competitive and reliable rail service for regional exporters into Port Botany:

- a) Move to a seamless and competitive end-to-end track access fee structure for regional exporters between the track providers. This would avoid the additional cost in paying for

different fixed and variable fees as you move between the different track owners. This includes removing rail surcharges into Port Botany above the tariff track access fee:

- ARTC special access surcharge into Port Botany
  - Sydney Trains access surcharge into the Enfield Marshalling Yard.
- b) Fair access and cost to mandatory paths for regional exporters, that reflects the seasonal nature of the export task, to support a reliable service. The current access arrangements favour coal trains who can pay the high fixed cost for mandatory paths for the full year.
- c) Provision of train paths through Sydney Trains (and ARTC) that support the even spread of regional trains in Port Botany to avoid bunching and mismatching to port windows.

### **Recommendation D22: Encourage voluntary arrangements between private sector participants to improve rail coordination**

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Namoi Cotton does *not support* the recommendation that voluntary arrangements among private organisations will improve coordination in the port-rail supply chain. We argue the NSW Government should lead this process to ensure access to port stevedore windows that do not disadvantage regional exporters.

#### Background

Rail transport into Port Botany for regional exporters is dependent on having access to suitable port stevedore windows. Unfortunately accessing port windows has become more difficult given the need to negotiate and manage following complex and conflicting constraints:

- Linking port windows between multiple port stevedores, each who have their own commercial interests, to service a regional export train.
- Matching port windows to train paths from regional areas given train delays and disruptions with trains that operate up to 500km along with changing shipping schedules.
- Reduced availability of port windows for regional exporters with increased focus on 600m shuttle trains that service import containers.

Given the above issues an increasing portion of regional export containers are now forced to be transferred through container parks and using road transport for the last mile. This places a significant additional cost on regional exporters of up to \$300 per container for lifts, road transport and VBS fees.

#### Proposed approach

We propose the NSW Government explore a process to centrally manage the equitable allocation of port stevedore windows to rail providers and regional exporters.

### **Recommendation D23: Examine additional future rail options**

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Namoi Cotton does *not support* the ability of supply participants to deliver future options to improve the interface/coordination that will benefit regional exporters. We strongly argue the NSW Government should exercise more oversight to ensure new operating arrangements do not disadvantage regional exporters.

## Background

NSW Ports and port stevedores are moving to a new operating model that involve dedicated 600 metre trains into one port stevedore, where these trains handle two-way export and import loaded containers.

While we understand the rationale for this new operating model, we are concerned regional exporters will not have cost-effective access to port stevedores as the benefits of this new operating model benefit import containers with regional exporters bearing additional cost given:

- Regional exporters must operate 900-1,200 metre trains to be competitive vs road transport. It is not commercially viable to operate 600 metre trains from regional areas to Sydney.
- Regional exporters will be forced to break trains or transfer containers through intermodal facilities onto 600 metre trains at an additional cost of around \$100 per container.

## Proposed approach

To equitably achieve the benefits of the new operating model outlined in the Issues Paper there is a need for the NSW Government to explore a process for the fair allocation of additional costs so regional exporters are not disadvantaged. This could involve:

- a) Applying a no worse-off test for regional exporters, where any additional cost in transferring containers to 600 metre trains is borne by import containers, and/or
- b) Track access fees paid by regional exporters are adjusted to reflect this additional cost that are benefiting importers.

We look forward to your favourable consideration to our suggestions outlined in this submission. If you have any questions or wish to further discuss this submission, please reach out to myself or Neil Johns on (0418) 222 905.

Your sincerely,



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