

PAMA ACT AND PBLIS DETAILED (PART II) REVIEW

Joint Response Submission from the International Forwarders and Customs Brokers Association of Australia Limited (“IFCBAA” and Road Freight NSW (“RFNSW”) March 2022
(6 Pages)



Executive Summary

This response package from IFCBAA and RFNSW (“I+R”) flows from the initial joint submission provided by both industry bodies 29 January 2021. Please see our attachment for that submission in our appendices.

The issues and proposed solutions contained within that original submission still apply, with this submission designed to provide an update on these items, to where the industry situation is currently.

To summarise the key recommendations of that original submission:

- introduction of push SMS messaging for container truck drivers, alerting them to changes or delays at the port
- expanding automated number plate recognition technology to approach roads and empty container parks in Port Botany
- times slots per hour increased from the current 54 to 85
- the definition of ‘Working Day’ to include weekends and 24/7
- establishment of a Port Community System (PCS) to be able to efficiently contribute to and access relevant and timely data that covers all aspects of both full and empty container movements, both internationally and domestically
- a new approval approach to increasing costs in terminal infrastructure surcharges require them to be included under PBLIS and the new safety/weight surcharge to be stopped
- manual (paper) processes to be identified and removed
- empty container storage, handling, data, evacuation and the full life cycle of every container with traceability to be included under PBLIS.

I+R welcomes this detailed review and commends TFNSW for the manner in which this process has been led and administered and for the quality of the update information that has been provided since the first call for submissions from industry.

Executive Summary (continued)

Since the original submission, the Federal Government has called an Inquiry into Long Term Productivity of Australia's Maritime Logistics System, which is being facilitated by the Productivity Commission – I+R have both welcomed this initiative and have provided individual response packages (RFNSW jointly with ATA) to that Inquiry (copies of which are included with this submission package and referenced in the Appendices).

Whilst this Inquiry is at a national level, there are issues and proposed initiatives that feature in both of these reports that point to a PBLIS type system (contained within a PAMA type Act) being used as a model for which all of Australia's major trading ports should be required (through legislation at a Federal Government level) to administer the industry interface with all stevedore terminals.

The COVID period has further exposed the negative impact on costs and service levels that have been forced on Australia's international and domestic logistics services industry from the stevedore terminals and shipping lines.

It is pertinent to remember that Mandatory standards were introduced under the Port Botany Landside Improvement Strategy (PBLIS) following a 2008 Independent Pricing and Regulatory Tribunal (IPART) finding that:

- Bottlenecks at the port caused congestion on the wider Sydney road network
- Waiting times for trucks were often unreasonably long
- Stevedores were unable to service trucks within the timeslot booked due to a lack of clear rules around terminal delays
- Ineffective working relationships between stevedores and truck drivers were hurting supply chain operations
- There was no performance data available about landside operations

PBLIS Cost Benefit Analysis – Report to Transport for NSW February 2022

I+R agrees with many of the findings contained within this report (as referenced in the Appendices). The financial and productivity gains detailed in this report speak for themselves.

Necessary refinement and expansion of PBLIS

The PBLIS system has generally been effective and assisted in creating more process fairness at the port interface at Port Botany, noting that an expansion of it's powers now needs to occur, so that empty container parks ("ECPs") and empty container movements are included within the scope of the PBLIS system, so that "the whole of the domestic life cycle" of all import/export/shipping based container movements be captured within appropriate processes within PBLIS.

Meaning for imports, full container pick up, through to delivery, through to ultimate empty container dehire to ECP and for exports, empty container pick, through to delivery for packing, through to delivery to stevedore terminal for export shipping.

Core current issues with PBLIS

We note that as part of the process for consultation, there were 16 questions that were requested to be answered within each submission .

I+R have addressed this by raising the current concerns around PBLIS from an operator perspective and providing you overarching problem and solution formula.

The following issues/items are weakness and inequities in the PBLIS system that need to be addressed, together with what I+R proposed as being solutions for each one of those:

Issue A

Stevedore and ECP charges continue to be forced onto industry, without any form of justification in terms of \$ or timing – this continues to be a impost on Australia’s international trade (as referenced in the Appendices)

Solution

Current charges to be justified by way of an independent industry audit as to where the funds for these charges have been and will be, directed within each of the charging organisations.

Additionally, a collective industry body (“CIB”) containing representatives from each relevant service sector and relevant government agencies such as IPART, needs to be formed to administer and assess all aspects of these charges. A review by the NSW government is required, particularly given the undertakings provided, and as evidence in NSW Parliamentary hansard to the freight industry at the time of the privatisation of Port Botany. Please refer to the ATA/RFNSW Productivity Commission submission for that hansard.

To be clear, the CIB would require legislative powers and not be structured under a voluntary mechanism such as Port of Melbourne’s VPPM model.

If road freight operators need to pay ever increasing surcharges at Port Botany for infrastructure, access and like; then an increase in slots to improve productivity, particularly during peak periods, needs to be examined as part of these increased costs.

Refer to our enclosed data detailing these surcharges at Port Botany since inception in Sydney over 5 years ago.

In issue as well is the notice period provided for the surcharges as seen recently by CargoLink/Patrick’s empty container fees.

Issue B

VBS slot allocations have not changed since 2015 and are no longer “pinned” to current import and export full container movements from/to the stevedore terminals.

Solution

CIB to work with TFNSW and the stevedore terminals in formally reviewing each quarter, the necessary number of slots within any 24 hour period, which are required to then be available to industry operators for the next quarter, with the ability for further review by the CIB within that quarter for situations such as:

- Material increases and decreases in ships servicing levels between each stevedore
- Material/prolonged disruption from “acts of god”/extreme weather/significant WHS matters

Currently, the VBS system contains full container movements involving Patrick and DPW, this needs to be expanded to include Hutchison, in order for the industry to benefit from one system to increase operational efficiency and to improve the production timing and accuracy of related data.

Issue C

The number of vessel amendment are increasing at alarming levels.

Data from members shows the following amendments over a 77 week period from September 2020 to March 2021:

- Stevedore “1” = 132
- Stevedore “2” = 84
- Stevedore “3” = 58

(this data can be provided separately, as commercial-in-confidence to TFNSW if required)

These amendments cause container carriers, freight forwarders and customs brokers enormous disruption to their transport planning and scheduling processes and add unnecessary costs onto domestic container movements

Solution

Expansion of the Financial Penalties featuring under PBLIS, to include vessel amendments.

Issue D

Communications and general service levels from the stevedores with industry operators is wide ranging in terms of quality and consistency.

Of the three stevedores servicing Port Botany deserves some recognition in their attempts to generally provide a reasonable level of communication service with industry, at a local level.

Currently there are no basic standards in this area covered under PBLIS.

Solution

The stevedores and the CIB to jointly work through an agreed set of communication standards for the industry interface at Port Botany, with the Financial Penalties featuring under PBLIS, to expand to provide additional incentives for all parties to adhere to such minimum communications standards.

Issue E

The stevedores currently have complete control over when they issue dates and times for import container availability, which can be open to potential manipulation and error.

I+R Members have reported instances where such dates have been published, only to find out when booking import slots for transport pick-up, that the containers are not in fact available.

Such issues then take at least one full day of the import detention free time period at the stevedore terminal for effected containers.

This issue is then additionally negatively impacted on free time, in that PBLIS defines a working day as a day that the stevedore provides trucking services for a period of 12 consecutive time zones or more, which is in effect only half a day.

So when taking into account that the import container free time period is 3 days, scenarios can and do occur where it becomes impossible for a carrier to book a import slot and achieve that slot, where the free time has been artificially reduced.

Solution

Container availability for vessels, must be at the time of (or the confidently forecasted time thereof) the complete discharge of each vessel - without exception.

This vital process may need to be audited independently by TFNSW, through a random process with each stevedore.

The scope of the Financial Penalties under PBLIS needs to be expanded to include this important service level process.

Issue F

ECPs and empty container movements in the Port Botany precinct are not captured within the scope of PBLIS.

The use of different operational software by ECPs outside of the VBS, adds to inefficiencies at a carrier and operator level, blocks the availability of full and timely empty container data for TFNSW and industry and hampers carrier ability to maximise two way and next leg movements of full and empty containers.

Empty container dehires to ECPs in the Port Botany precinct continue to be plagued by instances of late notice of redirections and no notice of redirections.

The stevedores promote a 24/7 industry operating requirement, whereas the ECPs operate under their own customised operating hours, most of which are less than 24/7.

All of these issues combine to hamper industry in their endeavours to minimise truck movements in a port precinct area that is squeezed and often congested, due to space restraints, being land locked and the situation where close proximity of residential areas and the airport.

Solution

Core ECP data such as capacity, empty container nominations and redirections, etc need to be captured within the VBS, being also linked within new PBLIS requirements for same.

Understanding the separate commercial situations between the ownership of the VBS and ECP operational and charging software, the necessary data required can be restricted to that level and an interface linked between those software providers and the VBS.

As with previous proposals contained here within this submission, there needs to be an expansion of the Financial Penalties under PBLIS to incorporate minimum service standards from ECP's in these areas.

The ECPs/ stevedores and the CIB need to be required under an expanded PBLIS, to mutually agree on the standard minimum operating days and hours for each ECP in the Port Botany precinct.

Issue G

Import container free time at the stevedore terminal is generally rigidly applied, even under circumstances where regulatory bodies such as ABF or DAWE have prevented the stevedore from releasing containers due to mainly required intervention.

Solution

The stevedores need to be required to add one full day of free time for effected import containers, for each 12 consecutive time zones or more, where an import container has not been release by the stevedore under such circumstances.

Issue H

The PONDUS containing weighing process that has been introduced at Patrick Terminals is a further example of the stevedores charging what they want, when they want, for terminal access.

This process is controlled "in house" by Patrick under compliance and safety based reasoning.

This process is subjective, is not independently controlled or audited to our knowledge and has not been sanctioned or approved by the NHVR as a compliance based requirement or initiative in Australia.

I+R are supportive of the need to progress technology based solutions to increase the accuracy of container weight declarations for both domestic and international cargo/freight.

Solution

The PONDUS system needs to be removed and the CIB tasked with establish ways of improving standards in weight declaration reporting via technological advancements, that in particular require overseas shippers to be more accountable for accuracy in this area, with imports particularly being a key focus.

Summary

The introduction of PBLIS has proved to be successful in a number of areas for industry in general.

This review now provides a once in 20 year opportunity to further strengthen PBLIS's scope, powers and effectiveness, not only for Port Botany and NSW's international trade, but also for the rest of Australia's major ports.

It is important to remember from a freight perspective that, in many ways, they are the weaker parties, in terms of bargaining and agreements at the Port.

Particularly given that there is effectively a stevedore duopoly at play and a buyers market for freight.

The role of government in ensuring some form of equity at Port Botany for freight operators is essential.

I+R supports the role of PBLIS and want to ensure that it remains, albeit in an improved, expanded and more empowered framework.

Minister for Transport discretion in the PAMA Regulation 62 needs to remain as part of the Regulation over the workings of PBLIS and stevedore charging.

I+R senior management remain available for further discussions and input into this important review.

Appendices

- IFCBAA/RFNSW Joint Submission to PAMA Regulation and PBLIS Review – January 2021
- Cost Benefit Analysis of PBLIS Performance – Report to TFNSW – February 2022
- IFCBAA Submission into Australia's Maritime Logistics System – February 2022
- RFNSW and ATA Joint Submission into Australia's Maritime Logistics System – February 2022
- IFCBAA and RFNSW Analysis of Stevedore and ECP charges at March 2022