



**Container Transport
Alliance Australia**

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4th March 2022

Mr. Ed Willett
Independent Reviewer
Review of the PAMA Act and PBLIS
Freight Policy and Regulatory Reform
Transport for NSW
PO Box 973, Parramatta NSW 2124

By email: Freight@transport.nsw.gov.au

Dear Ed,

Re: Review of the PAMA Act and PBLIS Mandatory Standards

Container Transport Alliance Australia (CTAA) welcomes the opportunity to make a submission to the Review of the PAMA Act and the Port Botany Landside Improvement Strategy (PBLIS) Mandatory Standards.

CTAA alliance companies also welcomed the online consultation with you and TfNSW Review staff on 16th February, and the opportunity to escort you on a brief tour of landside logistics activities at and near Port Botany on 22nd February 2022.

Container Transport Alliance Australia (CTAA) is a strong alliance of companies engaged in the container transport logistics sector across Australia. CTAA alliance companies are responsible for the majority of the landside movements of containers through Port Botany.

Success of PBLIS Mandatory Standards:

PBLIS was introduced in 2010 to improve efficiency and productivity of container movements through Port Botany, by regulating the performance of road carriers and stevedores.

The terms of reference for the Review ask fundamental questions about the future existence of the PBLIS mandatory standards, with questions such as “*whether PBLIS remains the best approach. And, if so, whether the PBLIS arrangements are appropriate, and if not, what are the alternative options.*”

The CTAA position is that the PBLIS mandatory standards have been successful in improving the road transport interface with the three international container terminals at Port Botany, leading to a relatively consistent truck turnaround time (TTT). The mandatory standards should be retained and strengthened.

PBLIS has also balanced to a degree the disproportionate “market power” of the stevedore companies by imposing financial penalties for poor terminal performance that delays road transport operators unduly or for non-service events. No other major capital city container port in Australia has this mechanism in place.

In addition, it regulates (independently) the imposition of financial penalties on transport operators for poor arrival performance and “no shows” – whereas in other ports these penalties are administered by the stevedores without any independent oversight, and, at an increasingly higher penalty cost imposed by the stevedores in “no-show” and “wrong zone” fees.

It is acknowledged that the PBLIS had four main objectives:

- **Enhancement of a pre-existing stevedore booking system**, supported by early, late, and non-arrival penalties on road carriers (paid to stevedores) and cancellation / non-performance penalties paid by stevedores to road carriers.
- **Provision of the Truck Marshalling Area (TMA)** at no cost to road carriers to provide them with a waiting area away from public roads, enabling road carriers to manage their booking slots without congesting public roads.
- **Targets for truck turnaround times (TTTs)** imposed on stevedores, supported by penalties paid to road carriers for underperforming landside service targets.
- **Provision and management of service lines**, as well as broader regulation and enforcement of parking and stopping rules around the port precinct, supported by a network of automated cameras.

Strategic Evaluation of the PBLIS Objectives

Vehicle Booking Systems (VBS):

As mentioned above, an objective of PBLIS was to implement enhancements to the existing Vehicle Booking System (VBS) in place at Patrick Terminals and DP World in Port Botany (provided by 1-Stop Connections Pty Ltd), and subsequently at Hutchison’s Sydney Terminal upon their entry into the market with their own Truck Appointment System (TAS).

The 1-Stop VBS had its origins in the Port of Melbourne in the early 1990s following a review funded by the Victorian Government and conducted jointly with the (then) Port of Melbourne Authority (PMA) into the chronic truck queuing delays at stevedore terminals in Melbourne. The first terminal to adopt a VBS was West Swanson Terminal then operated by P&O Ports (before the purchase of P&O Ports by Dubai World).

At the time, there was general agreement among landside stakeholders that the VBS should be accompanied by access “rules” and associated financial penalties to discourage poor operational performance, including truck “no-show” and late (and early) truck arrival penalties. At the time, the quantum of the penalties (i.e. including being measured as a percentage of the cost of moving a container to/from a stevedore terminal by road) was vastly different to the penalties in place today.

Also at the time, truck access was governed by terminal access terms & conditions imposed by the stevedores, including on the use of the VBS itself, which did not include any clauses of note that applied obligations on the container terminals to perform to an objective road interface standard. This is still the case today in all Australian container ports, other than in Sydney governed by the PBLIS mandatory standards regime.

However, CTAA would offer the philosophical view that in an ideal World, unincumbered by precedent and existing “ways of doing things”, it is likely that we would not set out to design & build Vehicle Booking Systems (VBS) that resemble the way our existing systems function.

The existing VBS are not truly “demand/supply” driven.

VBS slots are allocated into the systems by the container terminals based on their forecasts of pending terminal container volumes (import discharge and export receipt), as well as equipment and labour allocations to meet the task.

The slots are then “dropped” at predetermined times and wharf road carriers compete to “grab” as many slots as they have individually forecast that they need in the coming period (based on “rules” regarding the number of slots they are allowed per time zone), and then try to match obtained slots against customer demands and truck movements.

Unused / unwanted slots are returned to the “exchange”, which become available to others to book if they are still chasing additional slots.

This process is known colloquially as the “mad minute”, and on any measure is an awful way to regulate a demand/supply “market”.

CTAA would offer the view that what is now referred to as the “normal” VBS slot allocation, and the vagaries of whether wharf carriers are successful each day in obtaining sufficient slot supply to manage their customer demands (imports & exports), has led to an increase in concepts such as full “Stack Runs”.

Stack Runs give larger volume carriers the opportunity to step aside from the “mad minute” slot drop system and apply to the container terminals to undertake a Stack Run In (SRI) or Stack Run Out (SRO) of a predetermined number of containers over an allocated time period, at an allocated number of slots per time zone.

Indeed, without the introduction of the Stack Run capability, it is highly unlikely that the “normal” slot drop system would have been unable to cope with increased slot demand.

Of course, Stack Runs come with conditions imposed by the terminals – the minimum number of containers to qualify for a SRI or SRO, the timeframe and slots per zone allocated, the need for the containers to be “picked off the face” by the terminal (i.e. next container from the stack onto the next truck instead of selected container numbers), and restrictions on matching an SRI with an SRO. This process requires the containers to be staged through transport yards, increasing landside operational container handling and costs, and institutionalising “one-way” truck running.

Theoretically, an alternative to allocating access slots closer to a “demand/supply” model would be for wharf carriers to upload all of the containers identified as requiring collection from a terminal upon vessel import discharge, and their level of slot demand for export receipts based on bona-fide export bookings with shipping lines. The VBS – again based on “rules” related to carrier performance, volumes handled, and working hours indicated – could then automatically allocate time slots across the available operating time zones.

Such a system would remove the dreaded “mad minute” and align slot allocation with actual need.

A constant concern of most wharf carriers is the current slot allocation process does not take account of variable changes in demand. It also does not take account of the fact that many more wharf carriers now operate larger vehicle combinations, including higher productivity freight vehicles (HPFVs), with larger container carrying capacity per trip.

Slot demand for one carrier that might be (say) 20 on one vessel may be 40 or 50 on the next vessel. However, the VBS allocation rules limit the carrier’s ability to scale up for the increased demand, or potentially to get maximum utilisation of their road transport equipment.

Terminal / Road Interface Performance Measurement & Penalties:

Taking the concept of fundamental structural change to Vehicle Booking System (VBS) design and operation a step further, there is a considerable effort endured by container terminals, transport operators and TfNSW alike in administering and reconciling the current performance penalty regime enshrined in the Ports and Maritime Administration Act and its regulations, and the PBLIS Mandatory Standards.

It seems clear and desirable that there be appropriate incentives for both transport operators and terminals to perform to identified minimum operational standards. However, are monetary penalties, reconciled on a daily, weekly, and monthly basis, really the answer?

TfNSW data (<https://www.transport.nsw.gov.au/data-and-research/freight-data/freight-performance-dashboard/port-botany>) demonstrates that on-time truck arrivals at container terminals has been relatively steady between March 2016 (96.9%) to December 2021 (94.6%). In other words, transport operators only attract mandatory standard penalties between 3% to just over 5% of the time.

By contrast, on-time servicing of trucks within the Port Botany container terminals have deteriorated from 94.8% in March 2016 to 86.6% in December 2021, leading to a situation for the first time in 2020 and 2021 where stevedores paid out more in penalties owed to transport companies than they collected from transport companies (*Figure 10, P.25, PAMA and PBLIS Discussion Paper, TfNSW, Dec 2021*).

An alternative may be replacing the current financial penalty system and its time-consuming invoicing cycle, with a system of performance review conducted over a longer periodic timeframe. This could involve a “demerit points” system applicable to transport operators and stevedores alike.

Quarterly or half-yearly the performance of individual container terminals could be compared with the on-time performance of individual transport operators against the demerit points incurred.

Ultimately, such a system could still involve a financial penalty payment between the parties. However, it would reduce the significant administrative burden associated with the management of the penalty regime under the current mandatory standards.

One downside of the current mandatory standards and the growth of Stack Run requests is that Port Botany is the worst performing container port in Australia for the percentage of trucks backloaded through container terminals – at only 5.7% compared to the “Five Port” average of 11.7% and the highest backloading rate achieved in Adelaide of 22.9% (BITRE [Waterline 67](#) Report - 22 December 2021).

Stack Run rules that inhibit the combination of Stack Run In (SRI) slot allocations with Stack Run Out (SRO) opportunities are a contributing factor in Port Botany’s extremely low truck back-loading rate.

This translates to more trucks on Sydney’s public road network for the given container freight demand.

On the other hand, an extremely beneficial aspect of the PBLIS regime is the functioning of the NSW Cargo Movement Coordination Centre (CMCC) within Transport for NSW (TfNSW). The CMCC plays a vital role in measuring the road transport / container terminal interface independently and calculating associated non-performance penalties.

Relatively recently, the CMCC commenced using the Cargo Efficiency Operations System (CEOS). CEOS integrates stevedore data with truck and train tracking data to provide an independent & comprehensive record of operations of the landside interface in Port Botany.

The refinements in the technologies used to monitor truck movements and terminal TTT, including the use of Automated Number-Plate Recognition (ANPR) cameras and associated software, are welcomed by CTAA.

Truck Marshalling Area (TMA):

CTAA would agree that a vital element of PBLIS is the provision of the Truck Marshalling Area (TMA) allowing early truck arrivals to stage through the TMA before being called forward for their respective time zone.

The size, layout and adopted technologies should be the subject of review to ensure that the TMA remains fit for purpose or is able to be enhanced to improve the terminal / road interface.

For instance, in the future it may be advantageous for trucks to be called forward to their time zone based on better integration with terminal operating systems. Trucks manifested to receive or deliver containers from a certain area of the terminal (or blocks in the case of the Automated Stacking Crane (ASC) operations at Hutchison), or those manifested to receive containers that are available for the top of available terminal stacks, might be called forward in sequence (within their allocated time zone).

At present, trucks in the TMA are just alerted when their applicable time zone has opened (via a messaging board).

Another more recent concern is truck queues in Port Botany associated with empty container park (ECPs) operations.

It would be worth considering the use of the TMA, and a method of calling forward trucks from the TMA, to smooth arrivals into ECPs, given the limited areas of opportunity for trucks to legally queue on Port Botany roads awaiting entry into ECPs.

Improvements to PBLIS Mandatory Standards:

The following are suggestions as to how the PBLIS Mandatory Standards should be strengthened, and other issues for consideration:

Unforeseen Events related to Carriers – expand to take account on delays caused in another regulated entity (a “whole of Port” view of performance):

The definition of an Unforeseen Event applicable to a Carrier (road transport operator) should be extended to include an unforeseen delay that the relevant Carrier or Truck Driver could not have reasonably foreseen in another regulated entity in Port Botany.

It is a frequent occurrence that a Truck will be delayed in (say) one container terminal and subsequently is late (wrong zone) or a “no show” for a slot booking in another container terminal or other location in the Port.

Currently, there is no consideration of declaring an unforeseen event in those circumstances or the waiving of penalties in the subsequent terminal.

In other words, PBLIS should be expanded to adopt of “whole of Port” view of performance, as it is an eco-system that is intertwined.

Unforeseen Events related to Stevedores:

CTAA Alliance companies have witnessed an increase in cancelled slots and whole time zones at container terminals due to:

- Technology / IT / systems failures, and terminal equipment failures (“gate-in” technologies / VBS outages and glitches / container loading equipment malfunctions, etc.);
- Weather events
- Industrial disputes / unrest / labour shortages on some shifts, etc.

It’s acknowledged that the definition of “Unforeseen Event” as it relates to stevedores includes the caveats that it is only “unforeseen” if the event is:

- not within the reasonable control of the Stevedore and
- could not have been reasonably anticipated by the Stevedore; and
- alone or when taken together with any other such events, causes the Stevedore to incur a Financial Penalty; and
- is not reasonably able to be prevented by the Stevedore taking reasonable precautions and cannot reasonably be circumvented by the Stevedore.

An Unforeseen Event related to a stevedore also does not include:

- any failure of operating equipment used at the Stevedore’s Terminal (including Container handling equipment); or
- any Vessel-side delay that does not have any material impact on the performance of Truck Services; or
- an industrial dispute, strike, lockout, boycott, work ban, or other labour dispute or difficulty involving the Stevedore’s personnel that is pre-arranged and of which the Stevedore was aware in reasonably sufficient time so as to enable the Stevedore to cancel or rearrange affected Slots or time zones.

However, it is concerning that these events, irrespective of whether they are declared “unforeseen” or not, are causing more delays and cancelled slots / zones than before. No doubt these events are contributing to the deteriorating on-time truck servicing performance at container terminals in Port Botany.

There is a fair amount of subjective judgement in deciding whether an event is to be declared as “unforeseen” – how are the phrases “*could not have been reasonably anticipated*” or “*is not reasonably able to be prevented by the Stevedore*” interpreted?

For instance, technology failures may be because of poor maintenance regimes, and some industrial unrest / labour shortages may well be foreseen and prevented by the Stevedore prior to seeking to declare an “Unforeseen Event”.

CTAA would suggest the development of further publicly available guidance on how TfNSW is to judge these decisions in the future.

Also, any Corrective Action Plans (CAP) that might be agreed between the Stevedore and CMCC (TfNSW) should be made public so that it is transparent as to whether the CAP has been acted upon prior to the next application for an “Unforeseen Event” to be declared.

It is noted that Schedule 5 of the PBLIS Mandatory Standards outlines the Incident Report format to be used by Stevedores in informing TfNSW of an “Unforeseen Event”, including what temporary and permanent remedies have been (are being) applied to the issue. However, this information is not made public, and should be.

The timeframe for declaring an “Unforeseen Event” can be very short relative to lead times necessary for Carriers to alter operational plans without significant disruption.

Also, the timely exchange of information with Carriers and Drivers could be improved when Unforeseen Events occur, including better and more frequent information about when the issue is likely to be resolved and the remedies put in place immediately and in the longer term to mitigate the risk of that event happening again.

Stevedore Impacted Trucks (Affected Trucks):

Section 11 of the Mandatory Standards regulates how a Stevedore must treat a truck affected by a performance delay at the terminal in a previous time zone and must not deny the truck entry into that Stevedore’s terminal on the basis that the truck has arrived late at the terminal.

In these circumstances, the recognition that the truck is an Affected Truck relates specifically to the identified truck, and not to any other truck operated by the Carrier.

For operational reasons, where a truck has been impacted by a performance issue at the terminal, Carriers sometimes need the flexibility to replace the Affected Truck with another truck to maintain best operational performance.

The definition of a Stevedore Impact Truck (Affected Truck) should be amended to include another truck nominated by the Carrier for subsequent time zone slot appointments, and penalties reduced to \$0 for that nominated truck for subsequent arrival times.

Cancellation of Bookings:

In the Mandatory Standards changes implemented in September 2021, the time-period of 4 hours for stevedore booking cancellation confirmation was changed to allow the timeframe to be determined by TfNSW, after appropriate consultation with all relevant users, and then detailed on the TfNSW website.

The rationale for setting the stevedore booking cancellation timeframe on the TfNSW website rather than in the Mandatory Standards was that it allows greater flexibility to update this timeframe as required to reflect operational practice, after appropriate consultation with industry.

CTAA alliance companies are keen to understand further how this will work (is working) in practice.

Carriers are certainly experiencing cancelled time zones with notification much less than 4 hours out from the time zone(s) impacted.

Stevedore must make alternative Slots available in a similar Time Zone:

Section 14.5 dictates that if a stevedore is required to offer an alternative Slot for booking by a Carrier, the alternative Slot must be in the same Time Zone or in a Time Zone on either side of that Time Zone, or at a time agreed with the Carrier within the time-period specified by the Regulation.

In practice, this has proven hard to achieve with the stevedores.

Minimum Number of Slots per Hour offered by Stevedores:

When reviewing the PBLIS Cost Benefit Analysis Report 2022 produced by Castalia, it appears that the average number of slots booked per time zone remains below the minimum 54 slots per zone, except during peak periods during the late morning and early afternoon.

It is also noted that the minimum number is modified for each terminal operator and to take account of reduced demand on weekends, and as described above, Stack Run slot allocations are not counted toward the minimum number of slots required to be made available under the regulation.

CTAA supports the findings of the Castalia Report that road carriers constantly express the desire for stevedores to release more slots during peak hours to avoid a “scramble” for slots.

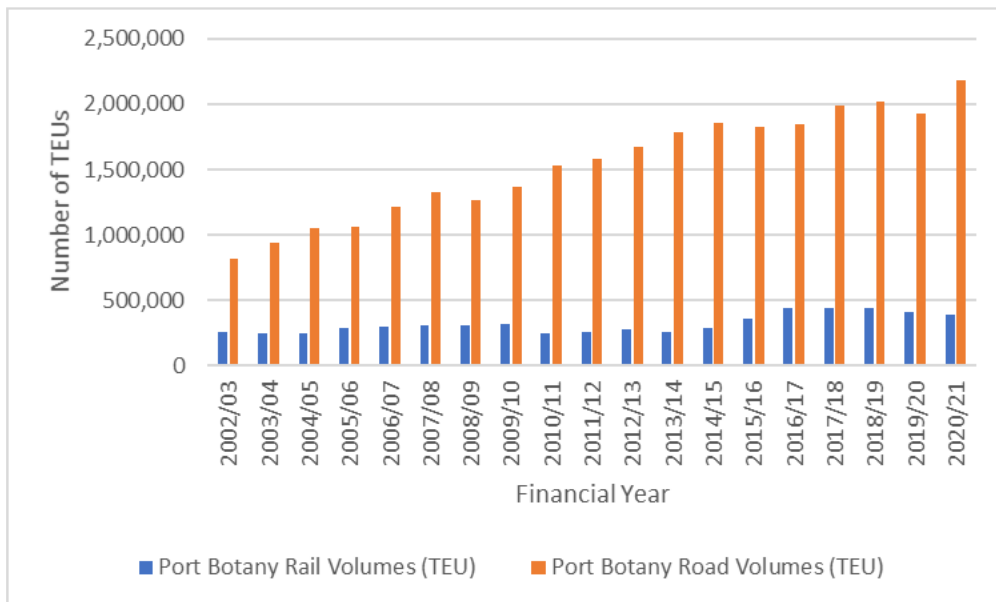
Given the mismatch of operating hours among downstream supply chain participants (customers’ premises and warehouses) there is a significant preference among road carriers for peak hour slots for truck servicing.

Road carriers would prefer to see stevedores increase their capacity to service more trucks at peak periods while minimising the variations in TTT.

CTAA would agree that TfNSW should ensure that the stevedore incentives reflect the objective to further spread the demand profile over the 24-hour workday and explore opportunities to change the regulations governing the minimum booking slots per stevedore.

As aptly described in Figure 3.7, p.21 of the Castalia Report, road transport volumes through Port Botany have more than doubled over the last decade, compared to rail volumes which have remained relatively stagnant.

Figure 3.7: Total Port Botany road and rail throughput volumes (TEU), 2011-2021



Change of import availability / export receipt:

In the current circumstances, notices of import container availability amended times, and changes to export receipt dates, are occurring more frequently. This has a significant impact on landside logistics planning and slot bookings.

The mandatory standards require the stevedores to provide notification of these changes a minimum of 4 hours before the time zone if stevedores are to avoid penalties owed to the Carriers in cases where the vessel arrival is delayed, and a minimum of 12 hours before the time zone when the provision of stevedore services delays the vessel.

It would be appropriate for the current Review to assess whether these minimum notice periods are adequate.

There is also the concern that stevedores advertise vessel import availability after they have dropped the VBS slots for what becomes the first free day (FFD) of availability. This restricts road carriers from obtaining slots to pick up imports from the vessel on the FFD, adding stress to the transport task to collect containers on the second and third availability day to avoid import storage charges.

Truck Turnaround Time – Financial Penalty:

Schedule 3 of the Mandatory Standards sets out the Truck Turnaround Time (TTT) reference table, currently requiring a TTT of 45 minutes for the first container, and 20 minutes for each additional container (from time when the truck arrives to job completion by the stevedore).

Section 56 of the Regulations dictates that a stevedore is liable to pay the carrier a financial penalty calculated at the rate of \$25 for every 15 minutes by which the truck turnaround time is exceeded.

The cost imposed on road carriers of delays inside container terminals is now more than \$100 per hour (i.e. \$25 penalty for every 15 minutes in which the TTT is exceeded).

The base operating cost of a higher productivity freight vehicle is approx. \$132 to \$150 per hour (i.e. between \$2.20 to \$2.50 per minute), on top of which you can add an “opportunity cost” of the delayed vehicle not being available for its next allocated task (which might also risk incurring a mandatory standards penalty if its next task is into a separate container terminal in Port Botany).

CTAA would expect that penalty amount should increase to at least **\$100** for every 15 minutes of delay, taking account of the average operating cost of a container truck per minute, as well as the “opportunity cost” of the truck not being available for another task due to the delay caused by the stevedore.

The timing thresholds in Schedule 3 should also be reviewed to align with “best practice” TTT in modern container terminals.

Should the PBLIS Mandatory Standards be Extended to Empty Container Management?

CTAA’s position is that the imposition of a penalty regime under the PBLIS mandatory standards **should not** be extended to empty container parks and the empty container management logistics chain generally at this time.

However, the regulations should underpin the mandatory provision of data to support the continued analysis and publication of key performance indicators in empty container management associated with container trades through Port Botany.

Mandatory standards imposed on Empty Container Parks (ECP) and Carriers would lead to strict time-slotting arrangements at ECPs and associated penalties for non-performance. This would likely be a nightmare for both ECP operators and Carriers.

The management of empty containers requires a degree of flexibility in the interface between ECPs and Carriers. This is why the Containerchain Notification System was designed originally not to be a strict time-slotting regime, but to be a system that provided greater visibility to stakeholders on ECP capacity per Notification Window, and the intention of transport operators to arrive within the Window specified.

There is no doubt that empty container management processes in Sydney and the interactions between ECPs, container terminals and Carriers on empty container de-hire and export pick up could be improved greatly.

The [NSW Empty Container Supply Chain Study](#) released in May 2020 found that current inefficiencies in the NSW empty container supply chain result in an estimated additional cost of \$49 million per year, potentially escalating to \$100 million per year by 2040 if the inefficiencies are not addressed.

CTAA and its alliance companies have been active participants in the NSW Empty Container Working Group discussions since the second quarter of 2020 seeking to better measure empty container management performance, and to consider ways to improve this element of the container logistics chain through collaborative stakeholder efforts.

CTAA would support the regulatory settings being amended to require performance data on empty container management to be provided by stakeholders, and for consultative mechanisms to be supported with Government resources through TfNSW.

The extension of the application of Automated Number-Plate Recognition (ANPR) cameras and associated technologies managed and maintained by TfNSW to monitor truck arrivals into ECPs and truck turnaround times within ECPs is welcomed.

There are two elements of information exchange however where a regulatory mandate would assist in addressing productivity and efficiency outcomes in empty container management:

1. Mandating that foreign container shipping lines servicing Port Botany trades are compelled to provide electronic information on import empty de-hire locations for all import containers discharged at Port Botany, for direct upload into specified technology provider platforms.

The negative impacts on landside logistics operations of the lack of initial electronic data exchange on de-hire location are immense. It also restricts landside logistics stakeholders from striving for true “paperless trading” of import de-hires into ECPs. In turn, this impacts negatively on the velocity of truck movements through ECPs (TTT).

2. Regulations should compel VBS and empty container slot management technology providers to exchange electronic data on empty container redirections.

When empty imports containers are redirected between ECPs and container terminals for de-hire there is a current disconnect between information shared by the VBS and ECP booking systems technology providers. This leads to human errors in empty container movements and unnecessary time lags in de-hire activities.

Instead, if it is compulsory for redirection requests to be shared electronically between the platforms, electronic safeguards can be put in place to mitigate the opportunity for human errors to occur.

Should the PBLIS Mandatory Standards be Extended to the Rail Interface at Port Botany?

It is noted that the initial IPART Review released in March 2008 recommended that performance standards for road and rail operations be developed, including clarification of terminal operating rules.

The NSW Government’s response to the IPART Review flagged potential regulatory measures for consideration, including rail performance standards, but these were not implemented.

Figures highlighted in the PAMA / PBLIS Discussion Paper show that rail container volumes and mode share increased in 2017 to almost 20 percent mode share, but since then both rail volumes and rail mode share have decreased.

There are considerable opportunities to grow the market share of container rail movements through the Port Botany stevedore terminals. However, there are numerous “head-winds” with adequate growth in rail path availability, train slot availability and servicing performance within the terminals, lengthy rail shutting times, and wasted capacity.

Due to the increase in the mixture of regional rail involving longer train consists, and shorter urban intermodal train slot demands, the scheduling of services into Port Botany is suboptimal.

CTAA alliance companies who are major users of rail also raise issue with the lack of information visibility of container movements via rail, including whether import containers have been loaded for delivery to intermodal terminals on rail services.

It is recommended that PBLIS be expanded to incorporate the development of rail performance standards and include the (re)establishment of a coordinating forum following the termination of the Port Botany Rail Optimisation Group (PBROG) and the Rail Freight Industry Group (RFIG).

Awareness Building / Education on PBLIS Mandatory Standards

The PBLIS Mandatory Standards are relatively complex. CTAA observes that much of the matters raised or responses given (by all stakeholders) when interface issues arise can to due to as lack of awareness of what is contained in the mandatory standards and the obligations on stevedores and Carriers contained therein.

TfNSW should implement an awareness / education program to explain the standards, respective obligations and their operational application – open to all stakeholders.

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Again, we thank you for the opportunity to input these views into the Independent Review of the Act and its regulations.

Any queries related to this submission should be directed to the undersigned – email:

[Redacted]

[Redacted]