

Road Taskforce - Meeting No. 22

12 August 2009

Confirmation of Minutes from Previous Meeting

There were changes to the minutes of Meeting #21 which were confirmed.

Unforeseen Events

Discussions took place around a presentation that was tabled in the meeting. SPC requested whether a sliding scale was not in use regarding air temperature. Patrick Ports Logistics advised that it was, but it doesn't affect operations significantly. SPC discussed heavy rain as an issue. There was discussion around two methods being used; first, the stoppage of all operations and a call force majeure, or a go slower and avoid penalties. 1-Stop asked how heavy rain would be defined and determined and who makes the final call on how unsafe operations are during heavy rain. Patrick Ports Logistics confirmed that usually the equipment operator makes the call and it is usually logged.

SPC confirmed that a review process would be in place for both OPM and PPP measures.

In discussing IT failure unplanned or unscheduled, SPC suggested that this will be replaced by the word "system outage". A representative from Customs Brokers & Forwarders Council of Australia stated that VBS (1-Stop) outages should be included as a carrier unforeseen event

1-Stop had a view that the VBS, PRA and eIDO services were critical to terminal operations and that any outage of these systems would affect the terminals and the carriers. The view again from the Taskforce was that if 1-Stop goes down then all operations will be affected for carriers and terminals. This led to the discussion on carrier IT systems failure and a representative from Australian Container Freight Services said that an IT systems failure could lead to disruption in our operations as carriers will not know where to go.

On the topic of vessel delays, SPC said that only a dozen or so boxes would theoretically be affected by this due to the interval time between vessel arrival and cargo discharge. There were no comments from the Taskforce.

Dispute Resolution Procedures

SPC presented a high level process flow diagram for the Dispute Resolution Process for PPP & OPM frameworks. The main points were that at the start of PPP, any carrier could identify and submit data to SPC. The next step is where SPC validates the data to see if it is sufficient enough for a ruling to be made. If the data is not sufficient, additional information would be requested to help make the final ruling. If this is not agreed by the carriers or SPC then the arbitrator who is a non-SPC entity will make the final ruling. It was also noted that a senior SPC manager would lead the wholly owned subsidiary managing the PBLIS solution. A third party independent arbitrator is yet to be discussed and agreed upon.

1-Stop stated that if the CTO and the carrier could not resolve a dispute and if any party (including SPC) did not accept either SPC's or the independent third party's arbitration, then the aggrieved party still has the right to take the next step, which is legal action. Therefore following the process is the correct way to go but SPC or the independent arbitrators' involvement may be redundant. The view from carriers and stevedores was that SPC coming to negotiate an issue between carriers and stevedores is not supported and this has to be done without SPC getting involved.

SPC noted they will listen to all comments and take the feedback but the flexibility to change SPC's position in the Dispute Resolution Process is not possible.

NSW Maritime stated that IPART came about because nobody was talking between stevedore and carriers and pointed to schedule 4 of the Ports & Maritime Administration Act which has powers to regulate. NSW Maritime believes that SPC is in an invidious position as SPC cannot run others' businesses but has to drive results accordingly. NSW Maritime also raised the issue that planning a high volume system in a low volume environment is not ideal, and that businesses have previously raised concerns that there were favourable relationships in place before the PBLIS process.

SPC added that access will be governed by agreement and based upon the conditions imposed by the PPP.

Technology

Mr Ripka advised that EOI's have gone out for truck tracking and a billing solution. Evaluation was complete on truck tracking and a shortlist has been produced. Billing EOI is ongoing. To this Mr Kosmina asked if there are any timeframes on this and asked if the next step will be an RFT and when this was likely? Mr Ripka advised that the next step will likely be an RFT depending on the EOI response but he is unaware of the exact timeframes.

Other Business

NSW Maritime provided an overview of the recently held Empty Park Forum hosted by the Minister and the recently completed NSW Maritime (Meyrick) ECP report. The feedback was that analysis of container park operations has been good. The consultant's report provided some recommendations. One option they recommended was an ECP trial of extended operating hours (around an extra 4 hours each day and subsidised) and ECPS would be subsidised for extending hours. NSW Maritime stated that obviously there will be changes in the supply chain following PPP. NSW Maritime offered to provide a copy of the report to any members that requested a copy.

NSW Maritime went on to highlight that the ACCC is investigating POTA's acquisition of MCS and highlighted some of the issues involved. Discussion occurred around the cost risk to carriers of ECP changes.

Patrick Port Logistics stated that parks will open to match demand, similar to how stevedores function. Stating most parks are open from 5.30am. Patrick Port Logistics also stated that throughout the IPART /PBLIS process, there had been significant discussion on the need to extend the hours of operation of the ECPs. Stating that the emphasis has been on the ECPs to be open for the de-hire of containers, predicated on the ability of the ECP to impact the road carrier's ability to meet a VBS time slot at the terminal. .

Patrick Port Logistics felt it was unnecessary to analyse the commercial viability of each park. And that it would be more practical to ascertain the operating costs to stay open, on the basis of recovery of these direct costs. The following suggested direct costs would provide the determining the quantum of a subsidy.

- OHS risk assessments lighting , additional lighting requirements
- Labour and shift penalties for one clerk and one forklift operator
- Equipment , 1x forklift

Patrick Port Logistics also suggested a cost recovery mechanism could be via a levy on FCL imports per TEU, and that the levy could be paid by Shipping Lines to SPC for the period of the trial.

A representative from Customs Brokers & Forwarders Council of Australia stated that the CBFCA shares the views of stevedores that there are other ways to achieve the outcome of 'smoothing out' R&D across peak, shoulder and off peak periods. At minimum, the CBFCA is of the view that these solutions should have been considered via the Road Taskforce.

He also stated that as a result of failure by 'market forces' and a lack of co-operation between stakeholders in achieving an OPM, the CBFCA saw merit in Govt / SPC intervention to achieve the desired outcomes. Whilst the CBFCA acknowledges that there have been substantial improvements in landside operations over the last 2 years, there is a view that this has been primarily driven by the threat of Govt intervention. The CBFCA has serious concerns that if the Govt intervention would cease (or retract), that industry would not be able to adequately address penalties / service levels etc and that industry could potentially revert back to poor landside processes. To that end, the CBFCA sees significant merit in SPC managing an OPM framework.