

PORT OPERATORS & SUPPLY CHAIN

SYDNEY'S PORTS HANDLE MORE THAN \$50 BILLION IN INTERNATIONAL AND DOMESTIC TRADE EACH YEAR. OUR AIM IS TO ADVOCATE AND FACILITATE SUSTAINABLE PRACTICES IN PLANNING, DEVELOPING AND OPERATING THE PORT SUPPLY CHAIN AND TO INFLUENCE PORT OPERATORS TO CONDUCT SUSTAINABLE BUSINESS.

OUR PERFORMANCE AGAINST OUR 2006/07 COMMITMENTS

→ PROGRESS WITH THE IMPLEMENTATION OF *THE PORT FREIGHT LOGISTICS PLAN* (SUBJECT TO NSW GOVERNMENT ENDORSEMENT)

The Port Freight Logistics Plan prepared by Sydney Ports aims to maximise the use of rail infrastructure, improve landside transport and minimise truck movements generated by Port Botany on Sydney's key arterial roads.

Sydney Ports worked with industry and government to prepare the plan, which was endorsed by the NSW Government in May 2008. We believe the plan will assist in improving port freight logistics to the benefit of the port, industry and the community. The implementation of the plan is a continuing commitment.

✓ → PROGRESS THE INTRODUCTION OF HECTs AT PORT BOTANY

The introduction of Super B Doubles or High Efficiency Container Trucks (HECTs) at Port Botany started with a successful trial in May 2008. Two operators within the Port Botany precinct are fully accredited with the Roads and Traffic Authority for HECTs.

Sydney Ports supported these operators with accreditation, as well as undertaking minor road works to accommodate the HECTs within the Port Botany precinct which now has suitable infrastructure to support such vehicles. These trucks can carry four TEUs, as opposed to a maximum of three TEUs for B-double trucks. HECTs will improve container terminal operation through faster and more reliable delivery times.

Sydney Ports will continue to work with industry, government and operators to encourage further use of the HECTs.

→ CONTINUE TO WORK WITH INDUSTRY AND GOVERNMENT TO INCREASE THE PROPORTION OF CONTAINERS TRANSPORTED BY RAIL AT PORT BOTANY TO 40%

The growth of trade through Port Botany outstrips the growth in containers currently moved by rail. Examinations of the infrastructure and operational changes needed to accommodate an increase in the amount of containers moved by rail are currently underway by our port operators and Sydney Ports.

→ CONTINUE TO COLLABORATE WITH INDUSTRY AND GOVERNMENT TO MAXIMISE THE EFFICIENCY OF SUPPLY CHAIN MOVEMENTS

Sydney Ports is committed to communicating with the supply chain at peak periods of trade movement, such as the pre-Christmas retail rush. We are reaching out to those organisations and businesses that are not normally included in the day-to-day traffic movements of the port but are still heavily affected by them.

Sydney Ports facilitated transport workshops in July 2007 and June 2008 in order to prepare for these peak trade times. The workshops offer a forum to share information on the current situation, as well as provide the chance to review actions and proposals to create an efficient supply chain. In the future, Sydney Ports is hoping to increase the level of monitoring and reporting of performance during the peak season.

Key: ✓ Achieved → Continuing X Not achieved

DISCUSSION POINTS

CONTAINER MOVEMENTS BY RAIL

A total of 310,000 TEUs were transported by rail in 2007/08. This translates to a percentage of containers by rail of approximately 20%, similar to that achieved last year.

CONTAINER MOVEMENTS BY ROAD

Approximately 80% of containers at the port were transported by road. This proportion has remained constant since the previous reporting period, although the absolute number of truck movements has increased.

The total percentage of port trucks in total road traffic remained at 2%.

IPART REVIEW INTO LANDSIDE OPERATIONS AT PORT BOTANY

A review of the interface between land transport industries and stevedores at Port Botany by the Independent Pricing and Regulatory Tribunal (IPART) was finalised in March 2008.

The report contains 18 recommendations to improve landside operations and facilitate the smooth flow of containers in and out of the port. These recommendations have been considered by Sydney Ports and the NSW Government and will mean Sydney Ports will play a more significant role in managing landside operations. Refer to www.sydneyports.com.au for further information.

PORT BOTANY LANDSIDE IMPROVEMENT STRATEGY

Sydney Ports is implementing the recommendations of the IPART review through our Port Botany Landside Improvement Strategy. This strategy incorporates a number of elements related to real time reporting by the stevedores, road related performance standards and rail related performance standards. A Port Road Taskforce and Port Botany Rail Team have been established as a mechanism for industry and government stakeholders to implement the strategy.

TRUCKCAMS

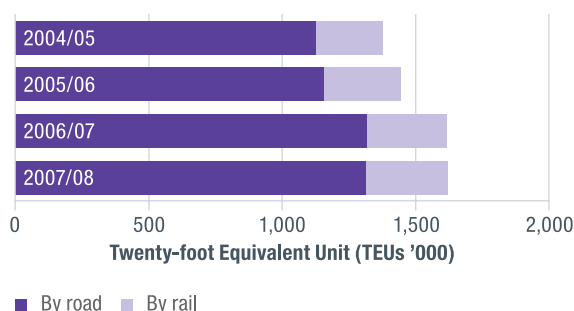
To improve road operations around Port Botany and within its terminals, Sydney Ports worked with a software company to develop *TruckCams*, which provides real-time images of truck queues and movements via Internet-based cameras.

TruckCams helps to manage truck movements outside the container terminal and allocate resources within the terminal to minimise the impact of queues on the port's road network.

The system transmits images from remote cameras at various locations where there is no power. Pole-mounted cameras driven by solar panels are connected to Sydney Ports' information systems using a 3G network. This is the first time these two technologies have been used together in Australia.

Sydney Ports installed 10 new *TruckCams* following the success of a trial webcam installed on Friendship Road, which provided vision of the DP World container terminal truck queue. These *TruckCams* will also complement the images provided by the Patrick container terminal. Access to *TruckCams* is available via the Sydney Ports website.

TOTAL CONTAINER TRADE BY ROAD AND RAIL
2004/05 TO 2007/08



STAKEHOLDER SURVEY

Between February and May 2008, Sydney Ports engaged a market research company to survey more than 150 stakeholders across a range of industries and sectors. Stakeholders gave Sydney Ports an average satisfaction rating of 6.8 out of 10. Although overall satisfaction has fallen slightly since 2005 (from 7.2) 64% of those interviewed in 2008 awarded an overall satisfaction score of 7 out of 10 or higher.

Our stakeholders were most satisfied with our operations in the areas of emergency response (7.5 out of 10), environmental management (7.4) and marine services/marine response (7.2). The areas where stakeholders indicated the lowest level of satisfaction were rail access (4.9) and road access (5.2).

Opportunities for us to improve our operations were identified as pilotage (40% of those interviewed), problem mediation (37%) and land leasing and property management (35%).

In response to this feedback, an internal Sydney Ports team is implementing projects that should reflect our new approach and strengthened abilities in both our day-to-day operations and our strategic and development plans.

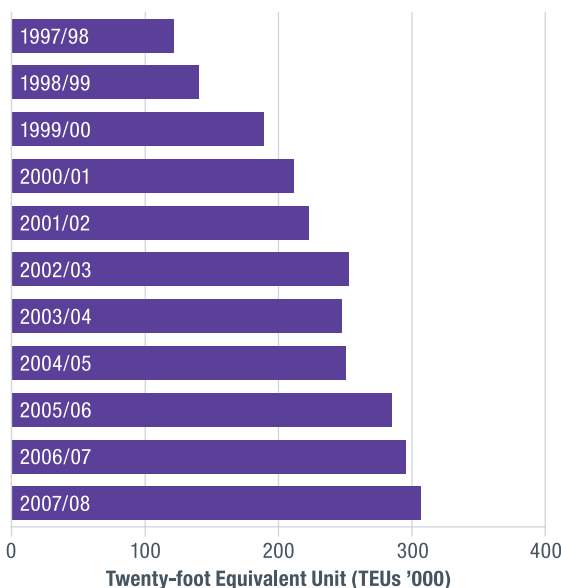
TENANT ENGAGEMENT

A Port Botany Tenant Sustainability Forum was established to create a platform to share information about climate change, sustainability and environmental management. The forum enables tenants and Sydney Ports to share ideas and information which may assist in improving port wide sustainability.

The first forum was held in June 2008 and covered topics including recent updates to legislation, current sustainability actions and the impacts of rising sea levels on port infrastructure.

Sydney Ports hopes to hold two forums in the coming year to cover more detailed industry-related topics and present resource reduction opportunities for the port community.

PORT BOTANY RAIL VOLUMES 1997/98 TO 2007/08





COMMITMENTS FOR 2008/09

- » Progress with implementation of the Port Freight Logistics Plan.
- » Continue to collaborate with industry and government to maximise the efficiency of supply chain movements.
- » Progress with recommendations of the IPART review on landside logistics at Port Botany.
- » Hold the second Port Botany Tenant Sustainability Forum to further promote sustainability initiatives to port tenants.

