

SYDNEY PORTS CORPORATION

LOGISTICS REVIEW

2009/10

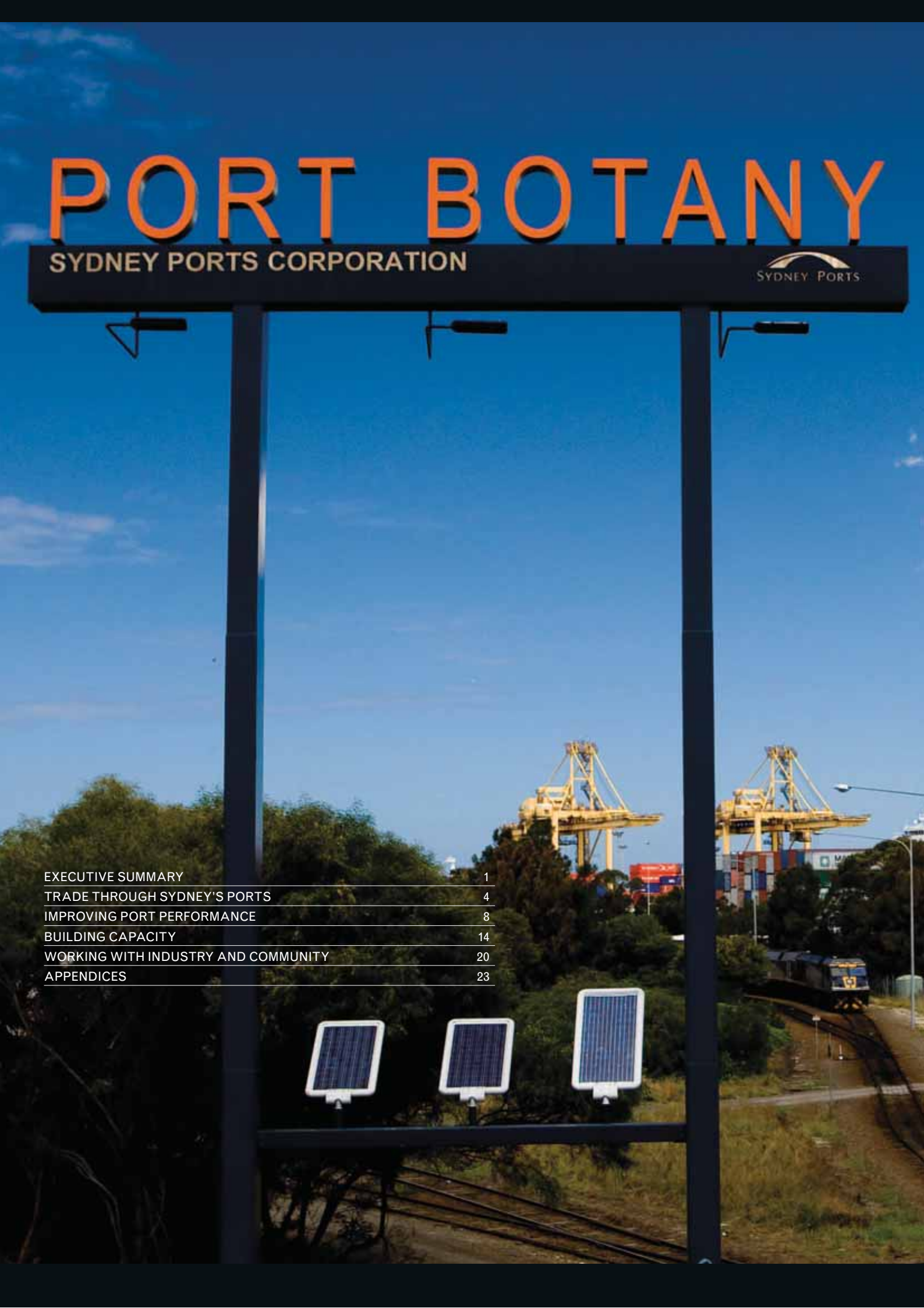


PORT BOTANY

SYDNEY PORTS CORPORATION



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EXECUTIVE SUMMARY

“Port Botany is the nodal point of Australia’s most significant logistics supply chain and it is therefore critical that the Port’s landside supply chain is efficient and high performing.”

SYDNEY PORTS CORPORATION’S 2009/10 LOGISTICS REVIEW PROVIDES DETAILED INFORMATION AND ANALYSIS ON SYDNEY PORTS’ LANDSIDE SUPPLY CHAIN PERFORMANCE AND PORT OPERATIONS FROM 1 JULY 2009 TO 30 JUNE 2010.

Throughout 2009/10, Sydney Ports continued to progress a number of its initiatives and infrastructure projects including the Port Botany Landside Improvement Strategy (PBLIS); the introduction of performance leases; the Port Botany Expansion (PBE) project; the Intermodal Logistics Centre (ILC) at Enfield and its contribution to the Hale Street Botany extension.

Sydney Ports also put a key focus on consultation and port safety via a number of meetings, industry briefings, workshops and working groups including the Port Road Taskforce, the Port Botany Rail Team (PBRT), the Sydney Ports Cargo Facilitation Committee (SPCFC), as well as consultation with key regional stakeholders.

MANAGING PORT PERFORMANCE

PORT BOTANY LANDSIDE IMPROVEMENT STRATEGY (PBLIS)

Sydney Ports has been working with industry since 2008 to implement an industry port reforms plan to increase efficiency, consistency and transparency at New South Wales’ (NSW) leading container port, Port Botany. Throughout 2009/10 Sydney Ports was in discussions with the stevedores seeking their voluntary agreement to play their part in PBLIS across 2009 and 2010. This voluntary agreement was not achieved.

In April 2010, the NSW Minister for Ports and Waterways announced the new PBLIS regulations to introduce fairness and equity into landside arrangements at Port Botany. These landmark reforms aim to ease truck congestion and freight delays – making the landside supply chain more efficient and high performing.

Port Botany is the nodal point of Australia’s most significant logistics supply chain and it is therefore critical that the Port’s landside supply chain is efficient and high performing.

PERFORMANCE LEASES

In July 2009, DP World signed a 15-year lease for its terminal operations at Port Botany. The new lease now includes productivity and performance targets, including incentives and penalties. This type of lease model will be rolled out progressively for new or expiring leases, including the new third container terminal tenant.

The new rental model for stevedore leases at Port Botany provides incentives for operators to improve their performance in return for lower rents. The new lease forms an integral part of the Sydney Ports reform agenda.

CONSULTATION

PBLIS has two working groups that were established in 2009 to formally consult on implementing the strategy – the Port Botany Rail Team (PBRT) and Port Road Taskforce. These groups are made up of Sydney Ports representatives and other key industry stakeholders including rail operators, the stevedores and industry associations.

The PBRT aims to develop and implement an agreed approach to enhance rail operational performance and transport chain visibility. The PBRT comprises representatives from stevedores; rail operators; rail network owners (Australian Rail Track Corporation and RailCorp); Sydney Ports and other government agencies including Transport NSW.



Hutchison Port Holdings (HPH) Announcement, December 2009

From left to right: Raymond Law (Managing Director Australasia & North Asia, HPH); John Meredith (Group Managing Director, HPH); Michael Braham (Director, Sydney Ports); and Grant Gilfillan (Chief Executive Officer, Sydney Ports)

In May 2010, through members of the PBRT, Sydney Ports conducted a preliminary Operational Performance Management (OPM) trial to provide a performance baseline in the Port Botany rail supply chain.

The trial presented an opportunity to examine proposed draft performance benchmarks for the port rail supply chain, to test the current capabilities of port stakeholders and to provide timely and accurate information.

The results of this trial in conjunction with a second trial in November 2010 will enable identification of root causes of significant problems such as train delays and service cancellations.

DEVELOPING PORT INFRASTRUCTURE

While PBLIS is integral to maximising the movement of trade through the Port's landside supply chain – another critical component to the efficient movement of trade is developing and maximising infrastructure. The \$1 billion Port Botany Expansion is a key infrastructure project that will provide significant additional capacity to meet projected future trade growth.

PORT BOTANY EXPANSION (PBE)

In December 2009, the NSW Government announced Hutchison Port Holdings (HPH) as the operator of the new third container terminal at Port Botany. Base construction work on the terminal will continue until mid-2011. The site will then be handed to HPH for fit-out and preparation for the start of its operations in 2012.

In March 2010, construction works commenced on a new terminal access bridge between the new container terminal and Foreshore Road, Port Botany. This bridge will provide access for trucks entering and exiting the new terminal to the heavy vehicle route on Foreshore Road.

In June 2010, construction company, Boulderstone Pty. Ltd., commenced early works on a Grade Separation at the Penrhyn Road roundabout, Port Botany. The Grade Separation Works will physically separate the road and rail interface and improve rail access to the Patrick Terminal and the new third terminal.

HALE STREET BOTANY EXTENSION

In 2009/10 Sydney Ports also contributed to the development of a new road connecting Hale Street, Botany to Foreshore Road. This new road has been specifically developed to reduce truck traffic along Botany Road by up to 1,100 truck movements per day.

The Hale Street extension opened on 6 January 2011 and will provide safer and improved traffic conditions for businesses and local residents around Port Botany.

FOCUSING ON PORT SAFETY

Throughout 2009/10 Sydney Ports also put a strong emphasis on improving road safety and truck turnaround times at Port Botany.

As a key delivery of PBLIS, Sydney Ports is developing a truck marshalling area to reduce truck queuing in the port precinct. This area will be designed to cater for early truck carrier arrivals of up to one hour prior to the commencement of a stevedore timeslot.

Additionally, Sydney Ports employed traffic specialist and transport consulting firm, the TTM Group to provide traffic marshalling throughout the port precinct and improve the flow of traffic during peak periods.

LOOKING AHEAD

Recent, strong growth in container trade through Sydney's ports is forecast to continue. In 2010/11 Sydney Ports will be focusing on implementing PBLIS and working with key stakeholders in the supply chain to improve the port's landside logistics network and performance to encourage and support further growth.



TRADE THROUGH SYDNEY'S PORTS

THE ASIAN REGION IS SYDNEY PORTS' STRONGEST MARKET FOR BOTH IMPORT AND EXPORT CONTAINERS, ACCOUNTING FOR 62% OF ALL CONTAINER THROUGHPUT IN AND OUT OF SYDNEY'S PORTS.



TRADE GROWTH

Container trade remains the dominant type of trade through Sydney's ports accounting for 83% of total trade revenue.

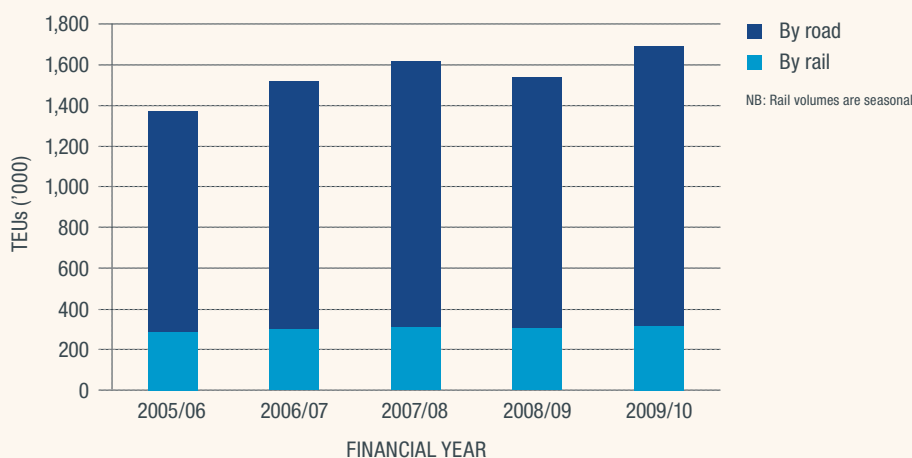
In 2009/10, container trade through Sydney's Port Botany increased by 8% – nearly 5% more than other major Australian container ports – reaching almost 1.93 million TEUs. This was the first time Sydney Ports recorded over 1.9 million TEUs in container throughput.

This increase was largely driven by trade with East Asia (which primarily consists of China, Hong Kong, Japan, Korea and Taiwan) and South East Asia (comprising Singapore, Malaysia, Thailand and Indonesia).

The Reserve Bank of Australia's bi-annual *Financial Stability Review*¹ released in September 2010 stated that "the effects of the global financial crisis on the Australian economy and financial system were quite mild, and economic growth has now broadly returned to trend." The Review also stated that Australia's economic performance was reflected by several factors including the greater scope that existed for macroeconomic policy action in Australia to moderate the impact of the crisis and the high exposure of the Australian economy to trade with the Asian region.

"In 2009/10 Sydney Ports recorded over 1.9 million TEUs in container throughput for the first time."

PORT BOTANY CONTAINER VOLUMES AND MODE SHARE 2009/10



MODAL SHARE

For the 2009/10 financial year the breakdown by transport mode was:

Road movements – 1,372,000 TEUs

Rail movements – 317,000 TEUs

Transshipments² – 240,000 TEUs

In 2009/10, road volumes to-and-from Port Botany increased by 10.8% from 2008/09 and rail volumes increased 3.8%.

This increase in volumes saw a slight increase in road mode share from 80.2% in 2008/09 to 81.3% in 2009/10. Rail mode share declined from 19.8% in 2008/09 to 18.7% in 2009/10.

ROAD

Road remains the dominant transport mode for moving freight through Port Botany and NSW, particularly metropolitan Sydney.

Trade grew by approximately 8% in 2009/10, increasing road volumes to-and-from Port Botany by 10.8% from 2008/09 and reaching 1.371 million TEUs.

Forecasted increases in trade further supports the need for more High Efficiency Container Trucks (HECTs) and also the need to investigate methodologies for increasing the container density movements on both the inward and outward leg of each return trip, regardless of vehicle configuration.

Super B-Double vehicles reduce overall road movements by being able to move up to four TEUs per trip, doubling the capacity of typical semi articulated vehicles.

The NSW Government is committed to increasing the share of containers moved by rail.

¹ The Reserve Bank of Australia, *Financial Stability Review*, September 2010 <http://www.rba.gov.au/publications/fsr/2010/sep/html/contents.html>

² Transshipments are containers transferred from one ship to another at Port Botany.

RAIL

In 2009/10, rail volumes to-and-from Port Botany increased to a record year, reaching approximately 317,000 TEUs, up from 305,000 in 2008/09. While rail volumes increased in 2009/10, overall rail modal share declined slightly to 18.7%. This can be attributed to a number of external factors including:

- Lower and inconsistent terminal loading productivity at the Patrick Terminal associated with well-documented issues with the performance of their Rail Mounted Gantries.
- Towards the end of 2009/10, Patrick's closure of its Camellia Intermodal Terminal site and additional exit of its 'Patrick PortLink' rail services from the market impacted rail modal share. However, other terminals such as Yennora and Leightonfield can capture these customers moving forward.

The Port Botany Rail Team (PBRT) is a voluntary industry committee chaired by Sydney Ports which includes stevedores, rail operators, rail track owners (RailCorp and the Australian Rail Track Corporation). The PBRT continues to meet monthly throughout 2009/10. The team works towards enhancing rail operational performance, rail transport chain visibility and supporting the modal shift to rail, which is in line with the NSW Government's focus to move 40% of containers by rail.

In December 2008, the ARTC commenced its lease of the Port Botany Rail Yard, which allowed for track and civil works to be undertaken on its

programmed \$27 million infrastructure upgrade. Works throughout 2009/10 involved a major track reconfiguration and upgrade, which included associated lighting and access roadways. These infrastructure works are expected to be completed by February 2011.

This will increase rail capacity at the port and enable improved access to each stevedore terminal – including the new third container terminal – and provide dedicated arrival and departure roads for trains to traverse the Port Botany Rail Yard and access the port from the metropolitan rail network.

This work will be supported by improvements in the Metropolitan Freight Network and the construction of the Southern Sydney Freight Line, along with Sydney Ports development of the 60 hectare Intermodal Logistics Centre at Enfield and ARTC's Enfield staging roads.

2009/10 rail services from Port Botany included:

METROPOLITAN SERVICES

- Independent Rail serviced the Macarthur Intermodal Shipping Terminal at Minto and the Port Botany shuttles of Maritime Container Services at Cooks River.
- P&O Trans Australia (POTA) Rail was the rail operator for the Port Botany shuttles at the Yennora intermodal site.
- South Spur was the rail operator for the Port Botany shuttles of the Intermodal terminal at Villawood³.

REGIONAL SERVICES

- South Spur, Independent Rail and POTA Rail serviced clients in Newcastle.
- Pacific National and Patrick PortLink⁴ were the rail operators for the Manildra Group's Manildra and Nowra rail services.
- Patrick PortLink, South Spur and Independent Rail serviced clients in the central west of NSW including Bathurst, Blayney, Dubbo, Forbes and Warren.
- Patrick PortLink, South Spur, Freightliner and Independent Rail also serviced clients in the northwest of NSW, including Moree, Narrabri and Wee Waa.

TRANSHIPMENTS

There were 239,737 TEUs transhipped in 2009/10 through Sydney's ports – a drop of 0.9% compared to the previous financial year. Almost 70% of all transhipped TEUs were destined overseas, with the remainder – 72,631 TEUs – sent to other ports in Australia. Coastal transhipments fell 2.3% compared to 2008/09, with the major origin ports in Australia being Brisbane, Fremantle and Melbourne.

EMPTY CONTAINERS

Total empty container movements increased 14.7% to 533,913 TEUs, and accounted for 27.6% of total container throughput in Sydney. Exports of empty containers increased 15.9% to 508,725 TEUs. Imports of empty containers decreased 4.7% to 25,188 TEUs.

3 On Friday, 4 June 2010, POTA Holdings Pty Limited, a joint venture between Qube Logistics and DP World (formerly P&O Ports), confirmed its acquisition of South Spur Rail Services (SSRS) from Western Australian industrial services group, Coote Industrial.
<http://www.lloydslistdcn.com.au/archive/2010/june/16/pota-acquires-south-spur-rail-services>

4 Patrick PortLink withdrew its Port Botany rail services from the market on 30 June 2010.

STEVEDORES

Waterline is an annual newsletter that is published by the Bureau of Infrastructure, Transport and Regional Economics (BITRE), which reports on, amongst other matters, trends in container handling productivity on the Australian waterfront. It covers port terminal activity up to June 2010. *Waterline 48*⁵ assessed stevedoring productivity in Sydney, with Sydney's crane rates providing a patchy performance varying from 29.9 containers per hour for one quarter in 2009/10 to 26.2 containers per hour for the lowest quarter in the year.

EMPTY CONTAINER PARKS

Empty Container Parks (ECP) are an integral component in the port's supply chain. After cargo is removed from an imported container, the container is then relocated to an ECP and re-used for cargo that needs to be exported or for repositioning abroad. The Sydney Ports Cargo Facilitation Committee (SPCFC) constantly reviews the capacity of ECPs and collects and circulates data on capacity levels on a regular basis.

The SPCFC minutes are uploaded on a monthly basis to the Sydney Ports website, which includes ECP capacity levels. To view this information, please visit www.sydneyports.com.au and click on >Logistics and Trade >Logistics > Sydney Ports Cargo Facilitation Committee.

In 2009/10 Sydney's ECPs faced increasingly challenging capacity levels. As trade through Sydney continued to grow, so does the demand for container parks and land to store these containers. For the first time in Sydney Ports' history, container imports and exports exceeded 1.9 million TEUs in 2009/10.

ECPs maximum capacity in 2009/10 reached approximately 60,000 TEUs. Prior to the closure of Patrick's Camellia Intermodal Terminal and ECP, Sydney's ECPs average inventory was 41,312 TEUs.

Trade at Port Botany is forecast to reach approximately 3.2 million TEUs within the next 10 years. Meeting future container throughput growth, demands an industry strategy to improve capacity and efficiency in our ECPs. Work on developing an ECP plan is well underway, which is being completed in

conjunction with PBLIS. Sydney Ports is working with industry to find solutions to the direct and indirect factors that adversely impact the ability of ECPs to turn over higher volumes of containers during peak periods, in order to benefit all port stakeholders.

Additionally, Sydney Ports received development application approval for a temporary 3,000 TEUs overflow ECP facility on port land at Glebe Island, which could operate for a three month period.

Optimal ECP levels are 75% – 80% of peak capacity but should industry reach capacity, to alleviate this shortfall, Sydney Ports has capacity at Glebe Island on reserve.

However, currently ECP levels are not forecast to peak as they did in 2009 due to a strong focus from shipping lines on repositioning empty containers overseas to high demand ports.

5 *Waterline 48*, Bureau of Infrastructure, Transport and Regional Economics Department of Infrastructure and Transport <http://www.btre.gov.au/info.aspx?Nodeld=166&Resourceld=781>



IMPROVING PORT PERFORMANCE

PORT BOTANY LANDSIDE IMPROVEMENT STRATEGY

One of Sydney Ports' most significant projects in 2009/10 was the Port Botany Landside Improvement Strategy (PBLIS) – a revolutionary reforms scheme that will increase efficiency, consistency and transparency at New South Wales' leading container port, Port Botany.

Throughout 2009/10 Sydney Ports remained committed to progressing PBLIS and maintaining its position as a competitive global port.

PBLIS is the catalyst for Sydney Ports becoming a more efficient and high performing port to assist facilitating future trade growth.

Since 2008, Sydney Ports has been working with industry to implement these reforms and throughout 2009/10 Sydney Ports was in discussion with the stevedores seeking their voluntary agreement to play their part in PBLIS across 2009 and 2010. This voluntary agreement was not achieved.

In April 2010, the NSW Minister for Ports and Waterways announced the new PBLIS regulations to introduce fairness and equity into landside arrangements at Port Botany. These landmark reforms aim to ease truck congestion and freight delays – making the entire landside supply chain high performing and safe.

Sydney Ports will coordinate supply chain improvements and collect performance data using a phased approach. The reforms feature a new Operational Performance Management (OPM) agreement between stevedores and transport carriers at Port Botany. This will include binding service standards for truck companies and stevedores and penalties for failure to meet agreed benchmarks.

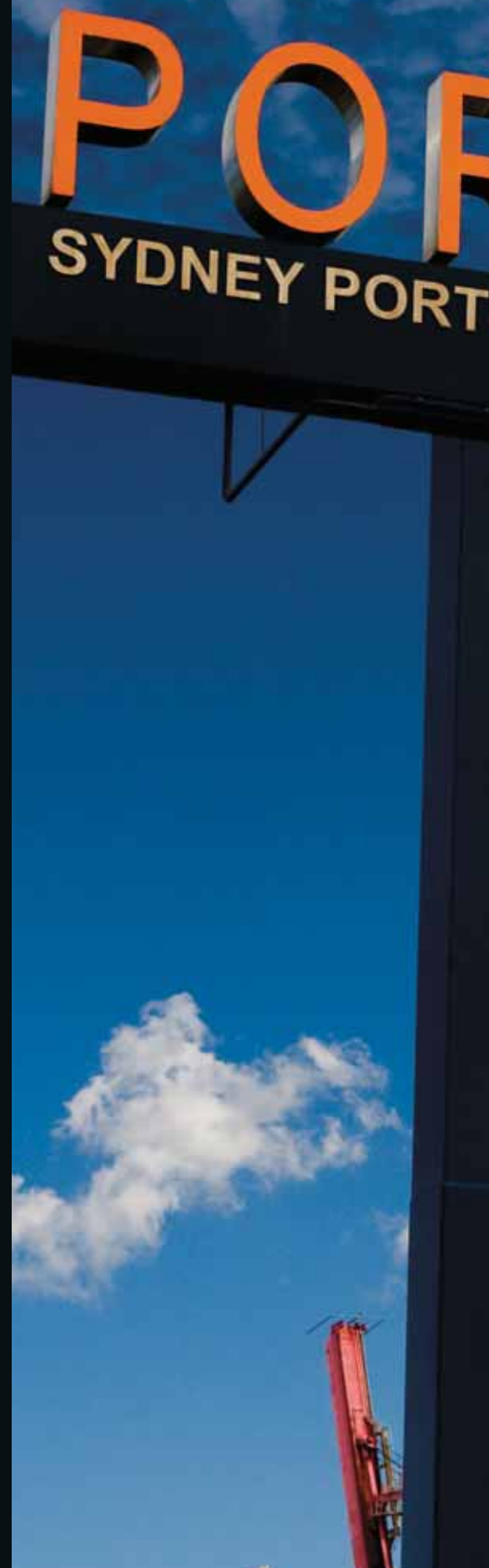
Stevedores will pay road carriers \$25 for every 15-minute delay and \$100 if the road carrier's slot is cancelled within two hours of its appointed time. Road carriers will also continue to pay \$50 for late or wrong zone arrivals and \$100 for a "No Show" (failure to visit the terminal).

If these initial measures do not produce the change needed to improve Port Botany's efficiency, Sydney Ports will move to Stage Two of PBLIS. This involves selected government intervention, such as introducing a rail OPM agreement and regulation of Empty Container Park service levels and operating hours. PBLIS Stage Two will also include a Demand Management System (formerly known as Peak Period Pricing) to encourage a more even distribution of truck activity across a 24-hour period.

Sydney Ports will oversee the new OPM and penalty regime. A monitoring system, supported by new technology, will generate independent analysis of stevedore and transport carrier performance at Port Botany and help ensure that landside operations are more transparent. This will be the first time independent operational data is collected from stevedores.

There will also be a new truck marshalling area at Port Botany, including amenities for drivers, to provide a place for transport carriers waiting to access stevedore terminals. This will help to manage congestion if it occurs.

Sydney Ports increased the wharfage charge by \$10 per TEU on full import and export containers from 1 July 2010 to fund PBLIS and to keep the program cost neutral. Non-containerised cargo, empty containers, transshipment and coastal cargo are exempt from this increase.



PORT BOTANY

S CORPORATION



ROAD AND RAIL TASKFORCES

Sydney Ports has two working groups that have been established to implement PBLIS – the Port Road Taskforce and the Port Botany Rail Team (PBRT). These groups are made-up of Sydney Ports and other key industry stakeholders.

ROAD

Road operations are one part of the logistics network that moves freight to-and-from Port Botany. With about 80% of containers currently handled at the port arriving and departing by road, Sydney Ports continues to initiate improvements to road freight operations to help make this part of the port-related supply chain more efficient. Road volumes to-and-from the port increased to 1.371 million TEUs in 2009/10.

The Port Road Taskforce includes representatives from Australian Container Freight Services, Australian Trucking Association NSW, the Custom Brokers and Forwarders Council of Australia, DP World, J&J Robertson & Sons, ECPs, Patrick Terminals and 1-Stop Connections.

The taskforce held 20 meetings from early 2008 to mid 2009 to assess operational benchmarks for all landside participants. The aim was to create incentives for best practice performance and make the supply chain as efficient as possible. These benchmarks have now been formalised as mandatory standards under Part 2B of the *Ports and Maritime Administration Regulation 2007*.

The standards will be gradually introduced from early 2011. Stevedores will be required to provide specific performance data for participants in the supply chain. Other performance criteria will be progressively activated, with the full performance measures in operation by the last quarter of 2011. This new approach should generate improvements in landside efficiency.

RAIL

The NSW Government has identified a target of achieving 40% of all container movements to-and-from Port Botany by rail to help reduce the number of heavy vehicle movements on Sydney's metropolitan roads.

Sydney Ports has already seen improved rail supply chain operations at Port Botany as part of the PBLIS reform package. Rail freight volumes have more than doubled over the past 10 years and the PBRT continues to deliver better rail supply operations as part of its continuing work with PBLIS.

The PBRT meets monthly and includes representatives from Australian Rail Track Corporation, Transport NSW, DP World, Freightliner, Independent Rail, Patrick Terminals, Patrick PortLink⁶, P&O Trans Australia (POTA), RailCorp and South Spur⁷.

The PBRT works to enhance the performance reporting of rail operators at Port Botany in order to get a better understanding of the nature of the rail supply chain and develop strategies to improve efficiency for rail servicing the port. The PBRT made significant progress in 2009/10 in the area of performance reporting.

Sydney Ports needs to be able to monitor the port supply chain to improve its performance. Previously, there had been inadequate information to form conclusions about the efficiency of the port supply chain.

Sydney Ports worked with industry in 2009/10 to examine train on-time running performance and utilisation factors relevant to the port supply chain. This is the first time in Australia that anyone has gathered and collated such statistics, and this year Sydney Ports started to publish the material on Sydney Ports' website. Sydney Ports now has more than 12 months data to analyse and use to improve efficiencies in certain areas of rail.

The PBRT has been devising plans to improve parts of the supply chain, most notably the Botany-Enfield corridor – a dedicated freight line to-and-from the port which links to destinations throughout metropolitan Sydney and regional NSW.

The PBRT has also been looking to improve misalignment between rail windows (allocated by the stevedores) and train paths (allocated by ARTC and RailCorp) at the port, which is critical to the port supply chain's productivity. This will help to service trains and reduce train turnaround times, leading to reduced costs and eventually, increased rail volumes.

⁶ Patrick PortLink withdrew its Port Botany rail services from the market on 30 June 2010.

⁷ On Friday, 4 June 2010, POTA Holdings Pty Limited, a joint venture between Qube Logistics and DP World (formerly P&O Ports), confirmed its acquisition of South Spur Rail Services (SSRS) from Western Australian industrial services group, Coote Industrial.
<http://www.lloydslistdcn.com.au/archive/2010/june/16/pota-acquires-south-spur-rail-services>

Current mode share is approximately 18.7% but rail volumes have been steadily increasing over the past decade.

Sydney Ports is developing a third container terminal at Port Botany, which will have two 650-metre rail sidings. Investing in the Intermodal Logistics Centre at Enfield will also allow containers to be transferred more efficiently by train to-and-from the port. As these infrastructure improvements become operational, it is anticipated that rail volumes and rail modal share will increase.

The PBRT has been assessing a Memorandum of Understanding (MoU) for the Australian Competition and Consumer Commission (ACCC) authorisation to obtain voluntary agreement for co-operation between the major parties in the port supply chain including Sydney Ports; the ARTC; the two current Port Botany stevedores and rail operators.

The PBRT has also been conducting rail simulation modelling to examine rail network capacity, operational standards and infrastructure improvements to gauge what generates the best return. One of the preliminary findings of this work is the need for dedicated trains to each stevedore to improve the port's efficiency and capacity use, based on larger rail volumes moving through the port.

The PBRT also wants to deploy technology to integrate data between most of the industry stakeholders. At the moment, information is isolated and ad hoc, but there are standards being developed for some documents. For example, train timetables have to be sent to various parties in the supply chain. It would be more efficient if one document could be used to inform all sources in the supply chain.

Sydney Ports is also keen to get Global Positioning System (GPS) information about locomotives from operators or the network owners to track trains more efficiently.

Sydney Ports recognises the cooperation by rail stakeholders at Port Botany over the last 12 months to deliver transparent performance reporting for rail. Sydney Ports will continue to work with the rail industry to increase rail use.



PERFORMANCE LEASES

In July 2009, DP World signed a 15-year lease for its terminal operations at Port Botany. The new lease now includes productivity and performance targets as well as incentives and penalties. This type of lease model will also apply to the new third container terminal tenants at Port Botany.

This is the first time a stevedore tenant at Port Botany has contractually undertaken meeting performance standards, not only in ship loading functions but also road and rail servicing. DP World's new lease also includes a commitment to capital expenditure.

The new rental model for stevedore leases at Port Botany provides incentives for operators to improve their performance in return for lower rents. The new lease forms an integral part of the Sydney Ports reform agenda.

TRAFFIC MANAGEMENT

Sydney Ports helps to manage traffic on roads around Port Botany to improve safety, alleviate congestion and speed truck turnaround times. Sydney Ports has been involved in many initiatives this past year to control traffic and minimise its impact on public roads.

Sydney Ports employed traffic management specialist, TTM Group, to help manage traffic at Penrhyn Road, keeping the roundabout clear, shifting illegally parked vehicles and ensuring clear access to Caltex.



To help alleviate truck queues and accommodate early arriving trucks, Sydney Ports is also developing a truck marshalling area that will include driver amenities. There is also a designated queuing area on Simblist Road for trucks visiting DP World and a temporary queuing area for trucks visiting Patrick CargoLink. Temporary driver amenities have been placed on Simblist Road until more permanent facilities are built.

As a result of traffic studies undertaken by transport consultants at ARUP, Sydney Ports positioned jersey curbs to protect vehicles and people entering and leaving port tenant properties.

Sydney Ports' TruckCam system provides up-to-date information on traffic movements around the port (which can be viewed on the Sydney Ports web site). The TruckCams take a new image, every 15-30 seconds to ensure real time information is accessible for all port users.

Sydney Ports also works with tenants on specific traffic issues and Sydney Ports will continue to monitor other safety initiatives.

In 2010/11 Sydney Ports will roll out a comprehensive Port Traffic Safety Management Strategy with dedicated staff to proactively deliver a safe working environment for all port users.







BUILDING CAPACITY

PORT BOTANY EXPANSION

The Port Botany Expansion (PBE) project involves developing a third container terminal at Port Botany. In 2009/10 the project continued to make significant progress, remaining on track and budget.

Total container trade through Port Botany increased again in 2009/10 to 1.98 million TEUs – the ninth consecutive record year. This trade is forecast to reach more than 3 million TEUs within 10 years.

Constructing the third container terminal adjacent to the existing berths at Port Botany will help NSW keep pace with such rapidly growing trade demands, and meet the growing needs of the entire port-related logistics chain well into the future. PBE will nearly double the handling capacity at the port.

NEW TERMINAL OPERATOR

On 18 December 2009 the NSW Government announced Hutchison Port Holdings (HPH) as the operator of the new third container terminal at Port Botany. HPH controls 308 berths in 51 ports around the world, with interests in 25 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia.

Base construction works on the terminal will continue until mid-2011. The site will then be handed to HPH for fit-out and preparation for the start of its operations in 2012.

CONSTRUCTION PROGRESS

The seven-storey counterfort wall units which form the 1.85 kilometre foundation of the new wharf face terminal were all placed in 2009/10. The final counterfort wall unit was placed in August 2010. These counterforts weigh 640 tonnes each and are made from durable reinforced concrete designed for a 100-year life span. The outer wall of the new wharf comprises 199 counterforts, each 20 metres high, with another 17 used for the tug wharves.

The counterforts were built at a casting yard on site by Baulderstone Jan De Nul, who also built a concrete batch plant on site, to reduce the impact of truck movements on the community and the port. The last of the 216 counterforts was cast in April 2010 and placed in August 2010.

This past year dredging continued on the Port Botany Expansion, with the dredger *Nu Bounty* joined by the *De Bougainville* through to August 2009, then the *Marco Polo* from August 2009 to April 2010. Over 11 million cubic metres have been dredged, with 8 million cubic metres used to reclaim the 63 hectare container terminal and the 2 hectare boat ramp facility.

GRADE SEPARATION WORKS

The Grade Separation Works will physically separate the road and rail interface, improving rail access to the Patrick Terminal and the new third container terminal at Port Botany. Construction company, Baulderstone Pty. Ltd. commenced early works for the Grade Separation in June 2010.

The Grade Separation Works are located at the Penrhyn Road roundabout and include a new inter-terminal access detour road through to Patrick CargoLink. The detour road also provides access to the Patrick offices, the Switzer operations base and the Sydney Ports Operations Centre.

Stage One involved the construction of a 235-metre temporary access road to Patrick CargoLink, as well as construction of three, 300-metre access lanes on the Patrick Terminal Access Road.

The detour road will operate until the Grade Separation Works is completed. Sydney Ports will continue to monitor traffic management of the detour road and provide traffic updates as required.

Stage Two of the Grade Separation Works involves construction of a fly over bridge with an entry and exit ramp for the Caltex site, a ramp and exit loop for the Patrick Terminal, and a new exit ramp to Patrick CargoLink. All this work is scheduled for completion in September 2011.

The final stage of the Grade Separation Works involves widening the Penrhyn Road entry to Foreshore Road, which is scheduled to be complete by April 2012.

NEW TERMINAL ACCESS BRIDGE

In March 2010, construction works commenced on a new terminal access bridge that will provide access for trucks entering and exiting the new container terminal from Foreshore Road, Port Botany. This dedicated six-span bridge will link directly from the new terminal to the heavy vehicle route on Foreshore Road.

INTERMODAL LOGISTICS CENTRE (ILC) AT ENFIELD

Sydney Ports is developing an Intermodal Logistics Centre (ILC) at Enfield to help move more containers by rail through Port Botany. The ILC at Enfield will include:

- a new intermodal terminal;
- empty container storage;
- warehouses; and
- light industrial and commercial areas.

The ILC at Enfield will be part of a network of new and existing intermodal terminal facilities in Sydney.

In 2009/10, the ILC at Enfield progressed with construction, community and environmental developments for this \$300 million project. Following approval from the NSW Department of Planning in 2007, the preparation works at the

60-hectare ILC at Enfield site were completed in December 2009. Sydney Ports finished approximately \$10 million of physical works, such as the demolition of existing structures and remediation of the land; and \$6 million of design work, including the design for the centre's base infrastructure.

To secure main services to the site, Sydney Ports submitted plans for external utility services such as electricity, water and sewerage to Energy Australia and Sydney Water. Sydney Ports also presented designs to the Roads and Traffic Authority (RTA) to improve traffic flow at the major intersection of Wentworth and Roberts Roads.



SUPPORT OF THIRD PARTY PROJECTS

HALE STREET BOTANY EXTENSION

This year Sydney Ports made a capital contribution to develop a new road next to an industrial estate to connect Hale Street Botany to Foreshore Road.

The project which was the result of contributed efforts over the past five years between Sydney Ports, Botany Bay City Council, ING Industrial Fund, the Roads and Traffic Authority (RTA) and local residents – extends the western end of Hale Street to meet Foreshore Road at a new intersection.

The extension allows safer and more efficient access for all road users. It will ensure better traffic movements for businesses and residents by easing congestion on local streets. Up to 1,100 truck movements per day will be removed from Botany Road.

This project will help Sydney Ports meet PBLIS objectives by improving access to the PortAir Industrial Estate and therefore improving the efficiency of the port's supply chain.

MOOREBANK INTERMODAL FREIGHT TERMINAL

In May 2010, the Federal Government announced in the 2010-11 Budget⁸ that \$70.7 million would be allocated to complete the detailed planning and approval of a proposed intermodal freight hub at Moorebank, on land owned and used by the Department of Defence.

The proposed Moorebank Intermodal Terminal will address the shortage of intermodal terminal capacity in Sydney and complement other government investments in rail connections on the main interstate rail line between Melbourne-Sydney-Brisbane as well as to Port Botany⁹.

The NSW Government, the Liverpool City Council and the local community will be consulted by the Federal Government on the proposed Moorebank Intermodal Terminal project.

The nominated site for the proposed Intermodal Terminal facility is located in the south western corridor with access to the Southern Sydney Freight Line, the M5 corridor and the industrial area of western Sydney via the M7 corridor.

The Federal Government chose the Moorebank precinct as it offers unique advantages for the development of a new Intermodal Terminal including:

- its size (approximately 220 hectares), favourable topography, and length (over two kilometres);
- its proximity to key transport corridors including the Southern Sydney Freight Line, main interstate rail line, and the M5 and M7 motorways; and
- its proximity to the industrial centres in Sydney's west and southwest including Moorebank, Bankstown, Prestons and Ingleburn.

8 http://www.budget.gov.au/2010-11/content/ministerial_statements/deewr/html/ms_deewr-04.htm#P349_50995

9 <http://www.finance.gov.au/property/property/moorebank-intermodal-freight-terminal/index.html>



PROJECT BENEFITS

If approved, the Moorebank Intermodal Terminal facility will provide an integrated solution for the movement of freight through Sydney. Benefits of the proposed Moorebank Intermodal Terminal would include:

- reduction in heavy vehicle traffic on Sydney's roads;
- improved import and export efficiency to boost Australia's productivity and economic performance by rail;
- improved air quality and decreased greenhouse gas emissions; and
- promote industry development, investment and create jobs in south western Sydney.

PROJECT TIMELINE

The Federal Government's Department of Finance and Deregulation has been given responsibility for the development of the Moorebank Intermodal Feasibility Study.

It is expected that the Federal Government will consider the outcomes of the study in 2012 and, subject to planning outcomes and timing of relocation of the School of Military Engineering from the site, the staged development of the facility could occur from 2013 and be operational by early 2016.

For the latest information on this project, please contact the Moorebank Project Office in the Department of Finance and Deregulation on:

Telephone: 1300 382 239
(during business hours)
Email: moorebank@finance.gov.au

CONNECTING THE FREIGHT LOGISTICS NETWORK

The July 2005, Freight Infrastructure Advisory Board Report¹⁰ identified the proposed 500,000 TEUs Moorebank site and the 300,000 TEUs Enfield site as key mutual components to easing the pressure on Sydney's road network by adding capacity to the metropolitan intermodal rail network. The report also supported the NSW Government's objective to move 40% of containers through Port Botany by rail.

With Port Botany's container throughput expected to reach around 3.2 million TEUs within 10 years, it is vital that intermodal terminals such as the ILC at Enfield are developed as an integrated logistics facility to meet local and sub-regional requirements. These terminals will provide additional capacity for the metropolitan rail network and facilitate Port Botany's future trade growth.

SOUTHERN SYDNEY FREIGHT LINE

Rail is a vital component of Sydney's freight logistics network. Through PBLIS and the PBRT, Sydney Ports is working with government and industry to encourage greater use of rail to meet Sydney's port freight logistics needs and to move freight in a more sustainable way through Port Botany.

In 2009/10 the Australian Rail Track Corporation (ARTC) commenced construction works on the Southern Sydney Freight Line (SSFL) to improve the efficiency and cost-effectiveness of rail freight services through southern Sydney¹¹. Currently, freight trains travel on the dedicated freight line from Port Botany to Sefton and then share existing rail lines with the Sydney metropolitan passenger services operated by RailCorp. During morning and afternoon peak periods, freight services are not permitted to run due to passenger priority. As a result, freight services cannot arrive or depart Sydney at the optimum times.

The SSFL will extend the dedicated freight line for a distance of 36 kilometres between Macarthur and Sefton in southern Sydney. The SSFL will provide a third track in the rail corridor specifically for freight services, allowing passenger and freight services to operate independently.

For more information on the SSFL project please contact:
Telephone: 1800 182 543
Email: ssfl@artc.com.au

¹⁰ http://www.planning.nsw.gov.au/plansforaction/pdf/fiab_report.pdf

¹¹ <http://www.ssfl.artc.com.au/>





WORKING WITH INDUSTRY AND COMMUNITY

SYDNEY PORTS WORKS WITH INDUSTRY, GOVERNMENT AND THE COMMUNITY TO PROVIDE AN EFFICIENT, SUSTAINABLE AND SAFE PORT SUPPLY CHAIN.

Regular communication ensures that all Sydney Ports' partners and neighbours stay informed about its plans and operations. It also provides port stakeholders with the opportunity to communicate their needs and concerns to help Sydney Ports plan better for the future.

SYDNEY PORTS CARGO FACILITATION COMMITTEE

The Sydney Ports Cargo Facilitation Committee (SPCFC) is an important component in helping maintain the ports' efficiency. The SPCFC is independently chaired and meets monthly to discuss and monitor day-to-day port operations.

The SPCFC is a long-running forum to enable diverse industries within the port precinct to discuss common operational issues and implement joint initiatives to manage these concerns. The SPCFC representatives include shipping companies, freight forwarders, customs brokers, road freight carriers, rail infrastructure owners, Empty Container Park (ECP) operators, unions, stevedores and government agencies, including border protection agencies, Customs and Australian Quarantine and Inspection Service (AQIS).

ANNUAL TRANSPORT WORKSHOP

The SPCFC held its eighth Annual Transport Workshop in July, 2010. The Workshop was attended by more than 70 industry participants, including senior representatives from the stevedores, the road and rail transport sector, shipping lines, ECPs, and other organisations across the logistics chain.

The Annual Workshop gives key stakeholders in the cargo logistics chain the chance to raise any issues of concern, or that have the potential to impede the port's operations. It also focuses on seasonal issues and solutions for moving containers efficiently through Port Botany in the lead up to the peak Christmas period.

Participants in the 2009/10 Workshop were given the opportunity to review issues raised from the previous year's workshop and discuss proactive measures to manage high seasonal demands.

The 2009/10 Workshop also featured constructive recommendations to improve landside operations. A number of organisations – including the Australian Rail Track Corporation, Australian Trucking Association, DP World, Patrick Port Logistics, Shipping Australia, and Sydney Ports – gave presentations that summarised their position on various port-related matters. Issues covered in this year's workshop included:

- Trade update by Sydney Ports
- Global container shipping trends
- Slow vessel steaming and its effects
- Worldwide container shortages
- DP World and Patrick's peak season resourcing plan

- Road operations from the Australian Trucking Association
- Port Botany Expansion grade separation works
- Rail Operations from the Australian Rail Track Corporation
- Trends in volume issues for ECPs

REGIONAL FOCUS

In 2009/10, regional NSW exports represented more than 20% of total exports. Regional exporters played a key role in Port Botany's record trade throughput of more than 442,000 full export containers. Cotton exports increased a dramatic 138.7% through Sydney's ports.

Throughout the year, Sydney Ports visited a number of key regional markets in NSW – including Central West, North West and South West NSW – as part of its 'Paddock to Port' strategy that works towards addressing regional exporters' needs. Visiting these regions throughout the year provided Sydney Ports with a greater understanding of each region's unique requirements. It also provided an opportunity to help increase awareness of Sydney Ports' initiatives and infrastructure projects designed to further support regional exporters.

The \$1 billion Port Botany container terminal expansion will provide additional capacity for regional exports. PBLIS will also compliment the expansion by improving the efficiency and reliability of the NSW supply chain for exporters.

CONTESTABLE FREIGHT

In 2009/10, Sydney Ports was active in NSW's two principal contestable freight regions – the North West and South West NSW. In the South West region, Sydney Ports increased its focus on promoting and developing existing and emerging supply chain networks to Cootamundra and its surrounding catchment zones.

Sydney's Port Botany is an import dominant port and therefore has higher container equipment availability than other major container ports. Many shipping lines stage their empty refrigerated containers in Sydney.

There is an increasing re-use of import containers for exports through a select customer base, with importers now holding containers for export re-use.

INDUSTRY BRIEFINGS

Sydney Ports provides briefings to industry throughout the year on the progress of PBLIS. These updates explain issues relevant to the project, and provide feedback to members of the Port Road Task Force and the Port Botany Rail Team.

In May 2010 Sydney Ports hosted an industry briefing and announced to over 200 attendees the regulated road performance standards as well as providing industry with an update on PBLIS rail progress.

INDUSTRY CONSULTATION

Sydney Ports operates a liaison group for the ILC at Enfield called the Road Transport Coordination Group (RTCG). This is a local government and authority-based body which comprises representatives from Strathfield Council, Bankstown City Council, the NSW Roads and Traffic Authority (RTA) and the NSW Department of Planning. The RTCG oversees traffic management and road issues associated with the ILC at Enfield project.

During 2009, Sydney Ports conducted site tours of the ILC at Enfield for major stakeholders, including local and State government officials, rail operators, and other interested authorities. Sydney Ports also made quarterly visits to both Bankstown City and Strathfield Councils; provided quarterly reports to the Department of Environment, Climate Change and Water; and produced quarterly reports for the Department of Planning.

TWU Meeting, April 2010 – Minister for Ports and Waterways, Paul McLeay with Sydney Ports' Senior Manager Supply Chain, Allan Flynn and TWU and MUA members



Throughout 2009/10, Sydney Ports also supported a number of meetings and events with industry via TruckWeek and a Transport Workers Union (TWU) event at Port Botany.

The Australian Trucking Association (ATA) held TruckWeek from 22–26 February 2010, which was also supported by Sydney Ports. The aim of TruckWeek is to bring together the ATA and its member organisations to promote truck safety and raise awareness of truck carriers and the industry.

A number of Sydney Ports staff members including Sydney Ports' CEO, Grant Gilfillan, hosted a barbecue for truck drivers at Port Botany.

The weeklong activities at Port Botany catered to over 400 people and continued the close working relationship between the port and the trucking industry.

Additionally, on 7 April 2010, the Transport Workers Union (TWU) hosted an informal event at Port Botany, which was attended by the Minister for Ports and Waterways and members of both the TWU and the Maritime Union of Australia (MUA). Members openly discussed the progress of facilities and conditions at the port over the years with the Minister and Sydney Ports representatives.

COMMUNITY CONSULTATIVE COMMITTEES

Sydney Ports is involved in a variety of initiatives that aim to achieve a balance between industry, government and the community.

Sydney Ports community and port stakeholder consultative committees include:

- Port Botany Expansion Community Consultative Committee (PBE CCC);
- Port Botany Neighbourhood Liaison Group (PBNLG);
- ILC at Enfield Community Liaison Committee (CLC);
- Glebe Island/White Bay Community Liaison Group (CLG);
- Botany Bay Coastal Management Committee;
- Botany and Eastern Regional Environment Protection Association; and
- Shell Gore Bay Community Committee.

In 2009/10 Sydney Ports met with approximately 17 major shipping lines, bulk liquids customers and international port authorities. The purpose of the meetings were to:

- raise awareness of the benefits of and enhance NSW trade by promoting Sydney Ports' initiatives and projects including PBLIS, PBE, a second Bulk Liquids Berth and the ILC at Enfield; as well as advising on the timing of the ARTC's Southern Sydney Freight Line project;
- build direct relationships with decision makers at the shipping lines and stevedores;
- gain vital business intelligence on Sydney Ports' customers long-term plans and how it will impact their requirements at Sydney's ports; and
- promote Sydney Ports as a potential hub for transshipment cargo.

As the traditional role of landlord and port operator evolves, Sydney Ports is committed to leading industry to improve the efficiency of the port's supply chain and regional development.

APPENDICES

APPENDIX 1: GLOSSARY

TEU	is a twenty-foot equivalent unit, the international measure for standardising container throughput numbers.
Ship rate (containers per hour)	is the crane rate, multiplied by crane intensity (total crane hours divided by ship labour hours). This measure provides the stevedoring productivity per ship.
Vessel working rate (containers per hour)	is computed as the total containers handled, divided by the elapsed labour time in hours (being the total allocated crane hours, less operational and non-operational delays). This measure provides the labour productivity at the stevedoring terminals.
Crane rate (containers per hour)	is the total number of containers handled, divided by the total number of allocated crane hours, assuming that the vessel is ready for working, less operational and non-operational delays.
Transhipments	represents containers transferred from one ship to another ship.



APPENDIX 2: NSW ROAD AND RAIL LINKS

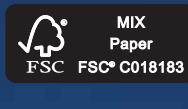
- Main roads
- - - Rail lines
- ▲ Regional Intermodal Terminals



APPENDIX 3: METROPOLITAN ROAD AND RAIL LINKS

- Motorways
- Main roads
- Dedicated freight rail lines
- - - Shared passenger/freight rail lines
- - - (Planned) Southern Sydney Freight Line
- ▲ Intermodal Terminals
- Industrial zones
- Port facilities
- ▲ (Planned) Enfield Intermodal Logistics Centre
- ▲ (Proposed) Moorebank Intermodal Terminal
- ▲ (Proposed) Eastern Creek Intermodal Terminal
- ▼ Port Botany development area





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Sydney Ports Corporation Logistics Review 2009/10 – February 2011

Corporate office and address

L4, 20 Windmill Street
Walsh Bay NSW 2000
Australia

Postal address

PO Box 25
Millers Point NSW 2000
Australia

Telephone +61 2 9296 4999

Facsimile +61 2 9296 4742

enquiries@sydneyports.com.au

www.sydneyports.com.au

ABN 95 784 452 933

