

Thursday 2 April 2009

# Port Botany Landside Improvement Strategy – 3<sup>rd</sup> Industry Briefing

Presentation by

**Paul Weedon, Chief Operating Officer**  
Sydney Ports Corporation

Thursday 2 April 2009

# Port Road Taskforce Update

Presentation by

**Mark Ripka, General Manager, Trade & Logistics**  
Sydney Ports Corporation

# Trial 1: Highlights

1. Sydney Ports received full support and cooperation from different stakeholders who provided daily operational data critical to the success of this Trial.
  - a) These stakeholders include both stevedores, 1-Stop, several participating empty container parks and Customs.
2. The trial analysed operations at Port Botany in terms of the proposed Peak, Shoulder and Off-Peak time period. The time classification used for the trial was:
  - a) Peak: Monday – Friday 5am – 1pm
  - b) Shoulder: Monday – Friday 1pm – 9pm
  - c) Off-Peak: Monday – Friday 9pm – 5am, and Friday 9pm - Monday 5am (Off-Peak includes the whole weekend)
3. The trial measured Truck Turnaround Time (TTT) from Queue Arrival to Terminal Out-Gate, rather than the traditional measure of In-Gate to Out-Gate.

## Trial 1: Highlights (cont.)

4. For the first time, the trial looked at activities at the Empty Container Parks. There were seven Empty Container Parks participating in the trial, all were located within the Port Botany area.
5. Also for the first time, the trial looked at container inspection activities by Australian Customs Service.
6. The trial demonstrated stevedores' ability to provide daily communications and contingency reports in a timely fashion.
7. The period surveyed was a low-volume period (total truck trips of around 6,000 / week vs. a normal weekly average of around 9,000+ truck trips).

# Trial 1: Summary of Analysis

1. VBS slot bookings were clearly centred at Peak Hours, with utilisation across both terminals peaking between 05:00 to 14:00 weekdays (reaching 90% or above during this period). (This is close to the Peak Hour definition used for the trial of 05:00 to 13:00).
2. During the trial, both Stevedores generally met the requirement to provide the minimum 45 slots / hour, except weekends when the demand was low.
3. In the trial, the Stevedores were able to achieve on average 40-45 minute Truck Turnaround Times (TTT). This resulted in Stevedores being able to process 83-87% of the trucks within the target service time agreed for the trial.
4. During the trial, 81% of trucks arrived within the agreed trial arrival timeframe at the terminals, 9% arrived early and 4% arrived later than the trial timeframe. Around 5% arrived with no bookings made in advance, mostly at the DP World terminal.
5. Roughly 40% of trucks had been processed through the paperless system. The average difference in time recorded between paperless and manual processing was about 5-6 minutes (more than 10% of average TTT).

# Trial 1: Summary of Analysis

6. In terms of Dual Slots processed, the industry is estimated to have achieved 58% of the total possible dual slot demand within the terminals that could have been met in the trial.
7. During the trial, 5% of import containers in the terminals had been left beyond the three days normally allocated for pick-up.
8. Industry Communications (Terminal Daily Performance Report and Contingency Report) were carried out through agreed templates in a timely fashion.
9. During the trial, 65% of total operating capacity of participating container parks were utilised.
10. Of all the containers examined at CEF during the Trial, more than 75% were released on the first day of availability and roughly 4% took longer than 24 hours to examine.

---

## **Trial 2: 13 April to 26 April 2009 (14 days)**

Similar to Trial 1, Trial 2 will continue to collect operational data at Port Botany during a busier time period, with a view to reporting against trial performance measures. During Trial 2, penalty criteria will be applied when agreed trial performance standards are not achieved. This will allow industry to understand and assess the notional impact of the type of penalties that may apply.

# Trial 2: 13 April to 26 April 2009 (14 days)

## Scope for Trial 2:

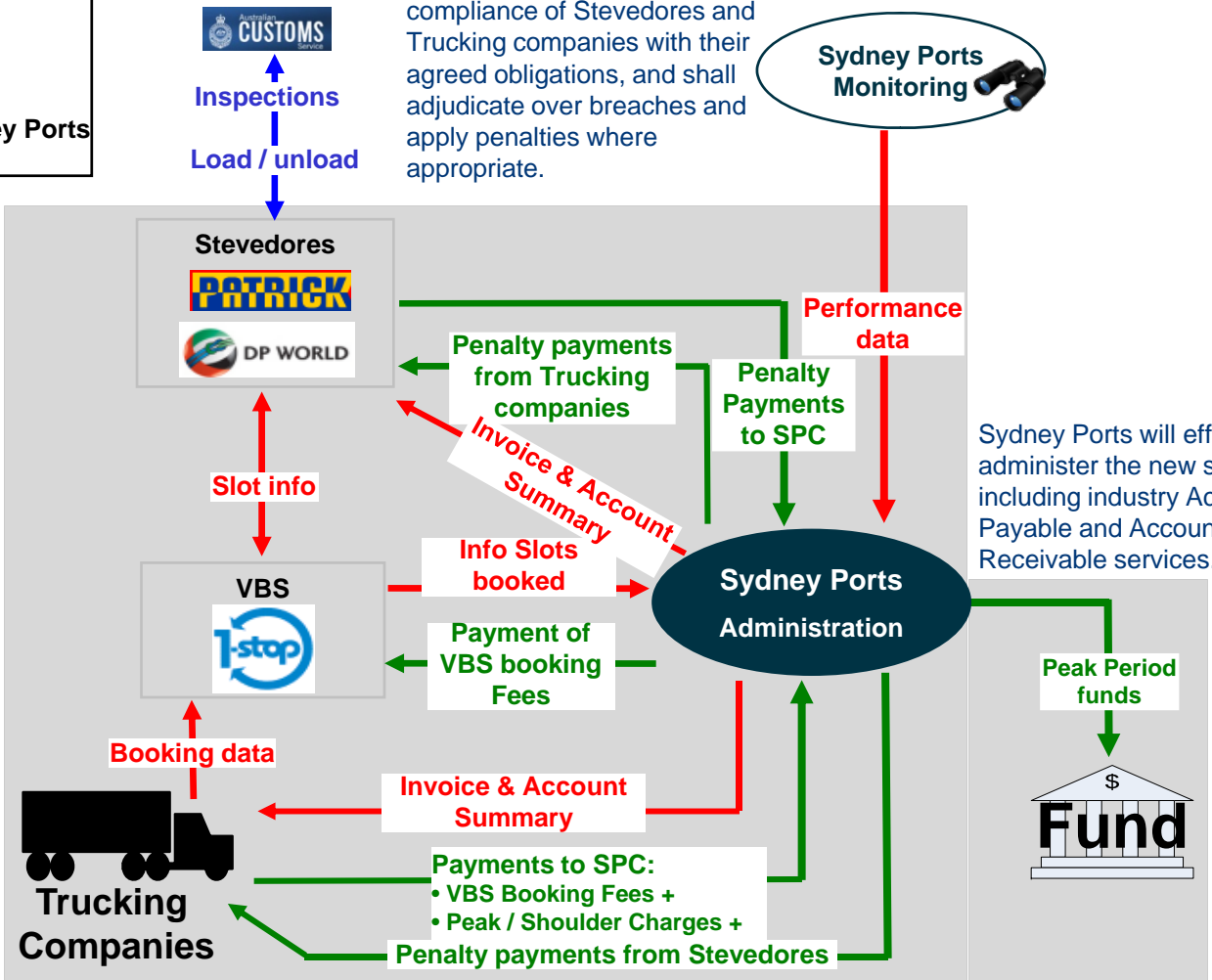
- VBS Slot Availability & Utilisation
- Carrier Late & Early Arrivals
- Carrier No show
- Terminal Truck Turnaround Times
- Utilisation of Dual Slots
- Container Dwell times
- Degree of Electronic Processing
- Industry Communications - Operational & Contingency information
- Dual running
- Stack runs – Empty and Full
- Trucks with no bookings
- Measuring job complete as well as out-gate
- Empty Container Parks – engagement of six parks to measure in gate, out gate and to monitor queuing
- Customs/AQIS

# Sydney Ports' Proposed New Industry Role

**Legend**

- Blue arrow: Flow of Goods
- Red arrow: Flow of Data
- Green arrow: Flow of Money
- Grey box: Boundary of Sydney Ports involvement

Sydney Ports will monitor the compliance of Stevedores and Trucking companies with their agreed obligations, and shall adjudicate over breaches and apply penalties where appropriate.



Sydney Ports will effectively administer the new solution, including industry Accounts Payable and Accounts Receivable services.

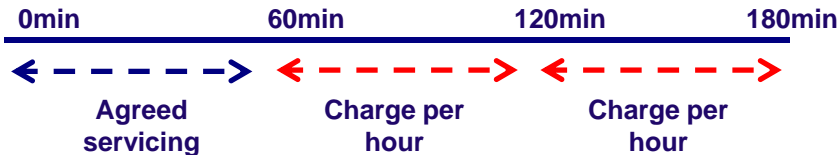
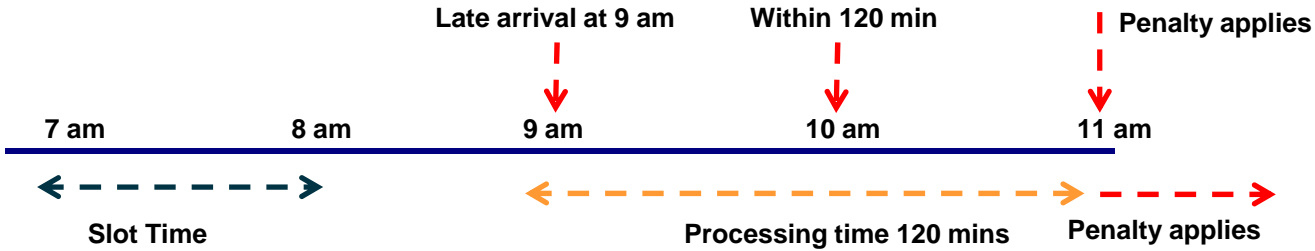
# Proposed Performance Measures and Penalties

	Description	Levied
<b>CARRIER OPM PENALTIES</b>	<ol style="list-style-type: none"> <li>1. Late arrival penalty               <ul style="list-style-type: none"> <li>• Truck arrives more than <b>30</b> minutes, but less than <b>120</b> minutes past the end of the slot time. (Wrong zone)</li> <li>• Charged per hour up to 120 minutes (charged in 15 minute blocks)</li> <li>• Talled on a per transaction basis and paid to the relevant stevedore via Sydney Ports</li> </ul> </li> <li>2. No show fee               <ul style="list-style-type: none"> <li>• The truck does not arrive within 120 min past the end of the time zone</li> <li>• Charged per no show and paid to the relevant stevedore via Sydney Ports</li> <li>• Truck will not be serviced and will need to re-book</li> </ul> </li> <li>3. Early arrival               <ul style="list-style-type: none"> <li>• The truck arrives at the queue more than 30 minutes earlier than the start of the booked time zone</li> <li>• Flat Fee applied for every early arrival occurrence paid to the infrastructure fund</li> </ul> </li> </ol>	Per Truck

**NOTE: Performance measures are agreed for Trial purposes only**

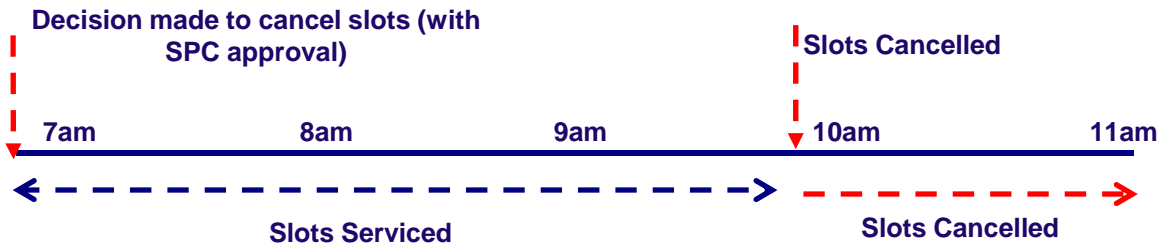
# Proposed Performance Measures and Penalties

STEVEDORE  
OPM  
PENALTIES

	Description	Levied
	<p>1. Slow container processing time is measured from when the truck joins the queue (and the booked time zone has commenced), to the out gate</p> <ul style="list-style-type: none"> <li>The agreed service time = 60 mins for 1<sup>st</sup> container + 15 mins subsequent containers (e.g. 3 containers = 90 minutes)</li> </ul>  <ul style="list-style-type: none"> <li>If truck has arrived past their time slot (but within 120 mins) then penalty is only applied 120 minutes once the truck arrives</li> </ul>  <ul style="list-style-type: none"> <li>Penalty charged per hour (charged in 15 minute blocks) for each hour of slow processing</li> </ul>	<p>Per Truck</p>

NOTE: Performance measures are agreed for Trial purposes only

# Proposed Performance Measures and Penalties

	Description	Levied
<p><b>STEVEDORE OPM PENALTIES</b></p>	<p>2. Penalty for cancelling VBS slots due to General Congestion (within stevedore control) or ship unloading delays (approval from Sydney Ports must be granted).</p> <ul style="list-style-type: none"> <li>– The stevedores cannot cancel the next immediate 3 time zones. They must service the trucks with a booked slot in the relevant time zone. If the carrier is processed outside of the agreed time they will receive the relevant amount calculated from the slow processing time fee</li> <li>– If the carriers are notified &gt; 3 hours to the booked slot, stevedores will pay all carriers fees (carriers will receive a refund of all charges) for cancelled slots.</li> <li>– Carriers will need to rebook a slot.</li> <li>– The storage time between cancellation and re-booking will be waived.</li> <li>– Stevedores will be charged by Sydney Ports and refunds provided to affected carriers</li> </ul>  <p>The diagram illustrates a timeline from 7am to 11am. A solid blue line represents the period from 7am to 10am, labeled 'Slots Serviced'. A dashed red line represents the period from 10am to 11am, labeled 'Slots Cancelled'. A vertical dashed red line at 7am is labeled 'Decision made to cancel slots (with SPC approval)'. A vertical dashed red line at 10am is labeled 'Slots Cancelled'.</p>	<p>Per Truck</p>

**NOTE: Performance measures are agreed for Trial purposes only**

# Proposed Performance Measures and Penalties

**DRAFT**

	Description	Levied
<p><b>STEVEDORE OPM PENALTIES</b></p>	<p>3. Cancelling VBS slots due to Force Majeure (outside of Stevedore control)</p> <ul style="list-style-type: none"> <li>• Stevedores cancel booked slots due to Force Majeure only if approval from Sydney Ports has been granted. (Force Majeure will need to be clearly defined.)</li> <li>• No penalties apply at any time. There is no compensation for any party apart from refunds of all charges for carriers.</li> <li>• Storage Fees will be waived by Stevedores for the duration of the event.</li> </ul>	<p>Per Truck</p>
	<p>4. Penalty for not offering a minimum number of slots per hour</p> <ul style="list-style-type: none"> <li>• Stevedore fails to provide a minimum number of slots per time period (excluding force majeure) at any point in time during 24 hours throughout the week.</li> <li>• This is not a performance penalty. A penalty is applied to ensure the stevedores comply with the previously agreed performance measure (offering minimum number of slots per hour).</li> <li>• If slots are not booked 24 hours before the slot time, stevedores have the right to rescind the slots.</li> </ul>	<p>Per Incident</p>
	<p>5. Penalty for not servicing a truck (e.g. lost box) when truck is physically in terminal precinct.</p> <ul style="list-style-type: none"> <li>• This is not a performance penalty. Stevedores to pay a flat fee for each container and will pay the VBS booking charges (incurred).</li> <li>• Storage is waived.</li> </ul>	

**NOTE: Performance measures are agreed for Trial purposes only**

Thursday 2 April 2009

# Port Botany Rail Update

Presentation by

**Arthur Smith**  
Sydney Ports Corporation

# Rail Team Objectives

## 1. Meet the Recommendations of the IPART Report

(14) Non-Price Rail Incentives, including facilitating :

- Auslink funding for Botany Yard improvements
- Funding of further freight access across Sydney;

(15) Implement a Port Botany Rail team, modelled on the Hunter Valley Coal Chain, to improve rail system performance at Port Botany

## 2. Target a 40% on Rail outcome in the supply chain

## 3. Provide for a sustainable outcome

---

## Key Considerations

- Current performance mostly cannot be measured therefore improvement cannot be managed
- All Supply Chain members need to be involved
- Roles and responsibilities are not clear
- Reporting is not transparent
- Common benefits of an integrated approach not being realised

---

## Work Completed to Date

1. Review of information flows in the supply chain
2. Documentation of processes in the supply chain
3. First draft report prepared on the performance of the Supply Chain
4. Review of Empty Container Management
5. Rail Window Utilisation Review – Second report on Supply Chain performance
6. Root-cause analysis commenced

## Where To From Here

- Establish appropriate forums involving all participants in the Supply Chain
- Use of previously completed analytical work
- Understand where the opportunities for improvement lie
- Establishment of performance monitoring and reporting system
- Initially a manual system collating information and reporting performance
- Longer term requires technology assistance and IT systems platform

---

## Where To From Here

- Development of improvement strategy
- Establish organisational capability to manage the above initiatives through to completion
- Planned implementation from August 2009

**Thank you**

**Please take a few minutes to complete the  
Event Evaluation Form**

**[www.sydneyports.com.au](http://www.sydneyports.com.au)**