

Thursday 6 May 2010

Port Botany Landside Improvement Strategy Road Update

PRESENTATION BY

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SYDNEY PORTS CORPORATION

Port Botany Landside Improvement Strategy (PBLIS) Objectives

- Provide the path to improve the *efficiency, transparency, consistency* and transition to *24/7* operations of the landside interface.
- Implement a *binding* operational performance framework that improves the landside interface at Port Botany.
- Invest in technology to deliver on the PBLIS objectives.



PBLIS Background

Key Milestones

Mar 2008	IPART releases <i>Reforming Port Botany's Links with Inland Transport</i> report
Sep 2008	NSW Government responds to the IPART Report
Oct/Nov 2008	Port Road Taskforce (PRT) and Port Botany Rail Team (PBRT) established
Feb/Apr 2009	Industry road trials conducted
Jun 2009	Port Road Taskforce develops Operational Performance Management (OPM) framework
Jul 2009/Feb 10	Industry provides feedback on OPM framework
Jul 2009/Feb 10	Discussions with stevedores to seek voluntary industry implementation
Nov 2009	Change in Minister for Ports and Waterways
Jan 2010	Minister for Ports and Waterways advises industry that regulation will take place failing voluntary agreement on the OPM measures
Feb 2010	Stevedores provided with final opportunity to agree to Road OPM measures
Apr 2010	Minister for Ports and Waterways announces regulation under a phased approach for PBLIS

Port Botany Road Issues

- Inconsistent servicing of trucks
- Inefficient landside interface
- No performance standards in place to monitor carrier discipline and Truck Turnaround Time (TTT)

- Stevedores and carriers are not equal commercial partners on the landside interfaces
- No visibility of operational information
- No independent data captured

- Forecasted increase in trade volumes
- Road congestion
- Strong demand for peak slots, imbalance in supply and demand
- Under utilisation of port infrastructure

PBLIS Objectives

Consistency & Efficiency

Transparency

24 x 7 operations

Port Botany Landside Improvement Strategy

Overview of Phased Approach

Stage 1

- Regulated Operational Performance Management (OPM) for Road, continue to work on voluntary approach for Rail
- The impact of OPM will be monitored over the initial 6 to 12 months to determine if behavioural changes are made by industry that result in the improvement of the landside supply chain
- Implementing OPM for Road results in a Net Present Value (NPV) benefit to NSW and industry over the first 10 years of an estimated **A\$27.9 million.**

If required the NSW Government will move to Stage 2

Port Botany Landside Improvement Strategy

Overview of Phased Approach

Stage 2

- Demand Management System.
- Evaluate options for Empty Container Park operating hours and performance.
- Introduce Rail Operational Performance Management (OPM) framework through regulation.



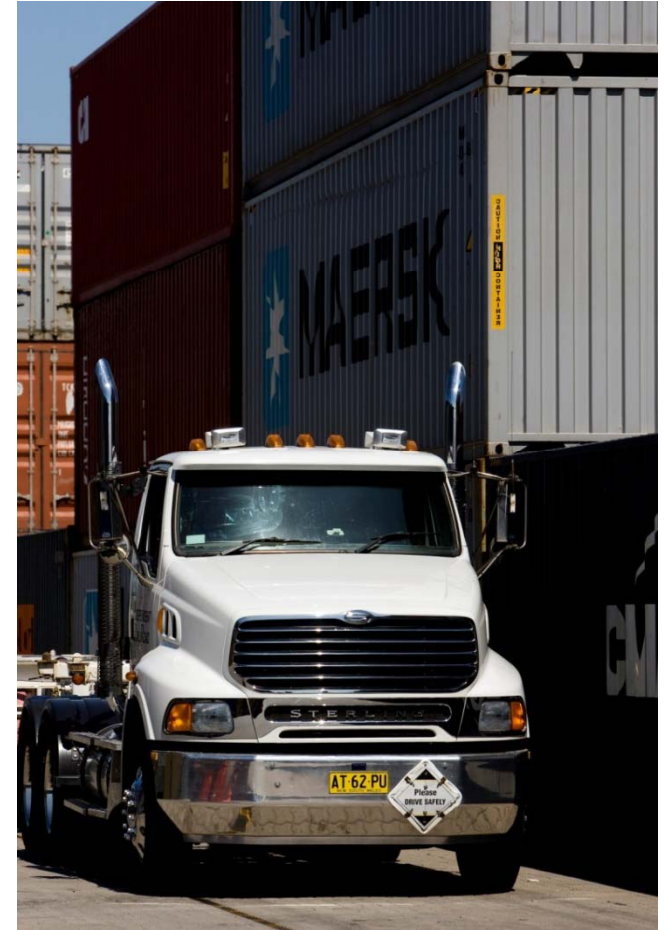
PBLIS Funding

- Stage 1 will be funded by a \$10/TEU increase in wharfage. Wharfage is the charge levied and paid by shipping lines for each container handled over the wharf.
- The increase will apply only to full imports and exports. Empty container, coastal container and transshipment container charges will not be affected.
- This funding will cover the costs of implementing Stage 1 including Sydney Ports staff to manage the PBLIS solution and the required technology.



Operational Performance Management Benefits to NSW and Industry

- Improving Truck Turnaround Time (TTT) **efficiency** by 26% provides **\$10.2 million** per year
- More **consistent** TTT reducing routing time built into schedules providing **\$5.2 million** per year
- Improved asset utilisation leads to cost saving for stevedores, deferring additional asset expenditure providing benefit of **\$1.6 million** per year by 2019.
- OPM supports Sydney Ports target for a **landside demurrage free** port.



Operational Performance Management (OPM): Carriers

Carriers Performance Measures			Penalty
1	Early Arrival	<p>No trucks to arrive before booked time slot.</p> <p>Trucks may be accepted into the terminal at the stevedore discretion. Truck Turnaround Time (TTT) applies.</p>	<p>\$100 per truck Payable once a Truck Marshalling Area is operating</p>
2	Late Arrival	<p>No trucks to arrive after booked time slot.</p> <p>Trucks may be accepted into the terminal at the stevedore discretion. TTT applies. If the truck is accepted, the slot(s) booked for the truck will be deemed a Late Arrival. TTT to apply from time of truck entry.</p> <p>If not accepted by the stevedore then the “No Show” penalty applies</p>	<p>\$50 per slot Payable to stevedore</p>
3	No Show	<p>Truck fails to arrive within 1 hour of the end of the booked time zone or where the truck is late and not accepted by the stevedore will be deemed a “No Show”.</p>	<p>\$100 per slot Payable to stevedore</p>
4	Cancellation of Time Slots	<p>Closer the carrier gets to the time slot the more restrictions apply.</p>	<p>\$50 per slot Payable to stevedore</p>

Operational Performance Management (OPM): Carriers - Cancellation of Slots

Cancellation of slots	Penalty
Greater than 24 hours before slot	No penalty
Between 12 – 24 hours before the slot	Slot goes into exchange pool as a returned slot
If returned slot is not taken up within 12 hours then it is a cancelled slot	This is a cancelled slot \$50 per slot Payable to stevedore
Less than 12 hours, then it is a cancelled slot	This is a cancelled slot \$50 per slot Payable to stevedore
Cannot cancel after time zone commences	This is deemed as a No Show \$100 per slot Payable to stevedore

All bookings are subject to a Vehicle Booking System (VBS) Administration Fee.

Operational Performance Management (OPM): Stevedores

Stevedores Performance Measures		Penalty
1	Truck Turnaround Time (TTT) Gate In to Job Complete 50 min for first container plus 10 min per additional container (Phase 1)	\$100 per truck Increments of \$25 per 15 minutes
2	Minimum Slots Offered Minimum of 50 slots per hour must be offered 24/7.	Regulated penalty for any infringement
3	Truck Non-servicing Stevedore fails to service a truck that has a slot booking. Truck Turnaround Time (TTT) also applies Stevedore must provide replacement slot to be provided within 24 hours	\$100 per slot Payable to the road carrier
4	Cancellation of Time Zones Closer the stevedore gets to the time zone the more restrictions apply. Example: time zone cancelled less than 2 hours then Truck Non-service penalty applies, greater than 2 hours 50% of Truck Non-service penalty applies.	\$100 per slot Payable to the road carrier

Truck Turnaround Time – Phased Introduction

Phase 1

- Gate In to Job Complete
- 50 min + 10 min

Phase 2

- Gate In to Gate Out
- 50 min + 10 min

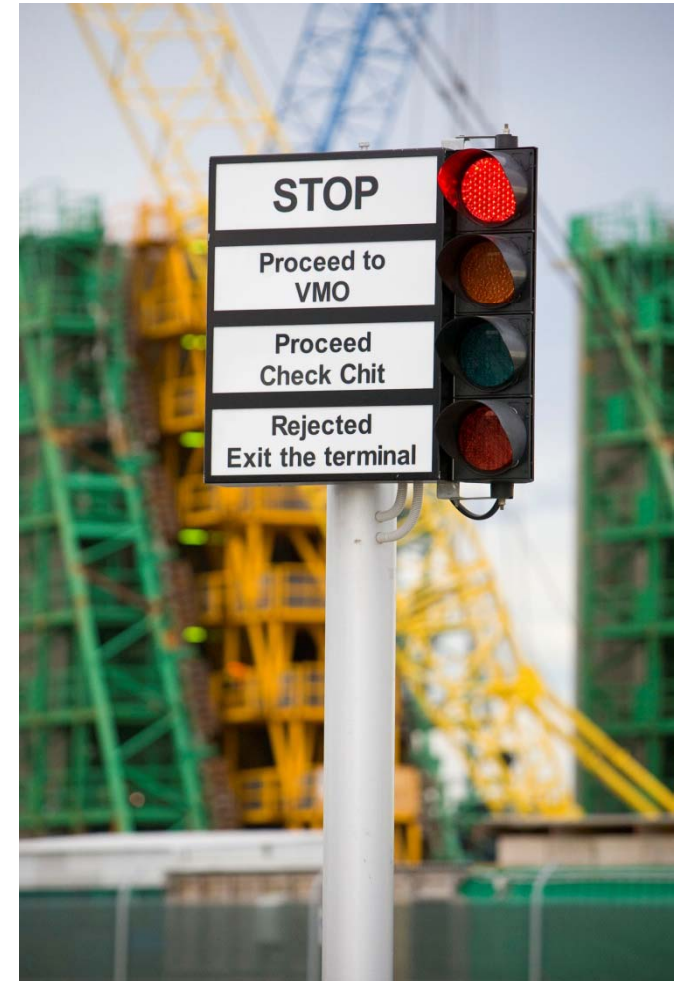
Phase 3

- Queue to Gate Out
- 50 min + 10 min

Phase 4

- Queue to Gate Out
- 45 min + 10 min

At the port of Singapore 90% of trucks are turned around within 30 minutes.



Truck Marshalling Area

- Long-term, permanent operation, as close as obtainable to port precinct.
- Operate 24/7 and provide amenities for drivers.
- Capacity for the vehicles servicing all three stevedores.
- Controlled access rules:
 - Capacity for one time zone per stevedore (150 vehicles in total)
 - Vehicles arriving no more than one hour prior to VBS slot
 - Not a truck rest area



Current Timelines

An Operational Performance Management (OPM) framework will be introduced progressively

Date	Activity
End of 3 rd Qtr 2010	Regulations implemented
4 th Qtr 2010	Data to be audited <i>prior</i> to application of penalties Consolidated industry reporting by Sydney Ports Corporation
4 th Qtr 2010	Penalties to commence between stevedores and carriers
1 st Qtr 2011	Truck tracking solution in place
2 nd Qtr 2011	Fully automated reporting system for landside performance
2 nd Qtr 2011	Truck Marshalling Area to be established and available for use

Thursday 6 May 2010

Port Botany Landside Improvement Strategy Rail Update

PRESENTATION BY

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SYDNEY PORTS CORPORATION

Overview

- Background
- The Landside Challenge
- Strategic Initiatives Underway
- 600m Progress
- Supply Chain Improvements
- Rail OPM (Baseline) Trial 1
- Reporting Transparency
- Next Steps



Background

NSW Government objective – 40% rail mode share

IPART recommendations – 14 & 15; Sydney Ports to:

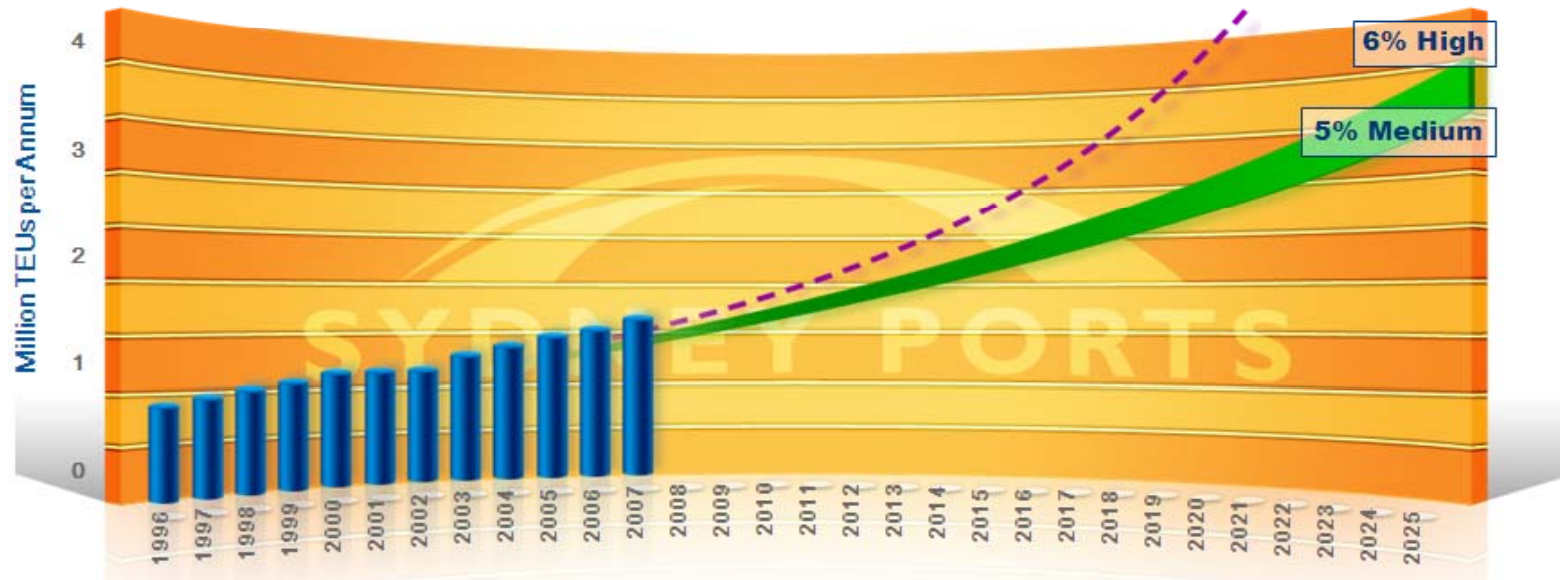
- Establish the Port Botany Rail Team (PBRT) modelled on HVCCLT
- Develop rail performance measures (KPIs) and report transparently

Port Botany Rail Team – The team meets to discuss issues concerning:

- System performance and efficiency
- Supply chain and asset utilisation
- Operational rules, procedures and protocols

The Landside Challenge

7.4% Historic long-term average



Financial Year	Port Throughput (TEU)	Rail Volumes (TEU)	Rail Share
2008/09	1.78 Mil	0.35 Mil	23%
Forecast → 2024/25	3.20 Mil	1.28 Mil	40%

Strategic Initiatives Underway

- S1** - Memorandum of Understanding (MoU)
- S2** - Supply Chain Improvement Strategy
- S3** - Rail Paths and Windows Alignment
- S4** - Botany-Enfield Corridor Strategy
- S5** - Quantitative Capacity Modelling

S1 – Memorandum of Understanding (MoU)

MoU - Establishes a Steering Committee

- Members are Sydney Ports, Australian Rail Track Corporation (ARTC), Patrick and DP World

Role of Steering Committee

- To make decisions;
- To receive recommendations from the Port Botany Rail Team; and
- To authorise the implementation of those recommendations.

Subject to agreement by parties and ACCC authorisation

S2 - Supply Chain Improvement Strategy

KPI Strategy

- Defines benchmarks for reporting
- Outlines benefits

Strategy Roadmap

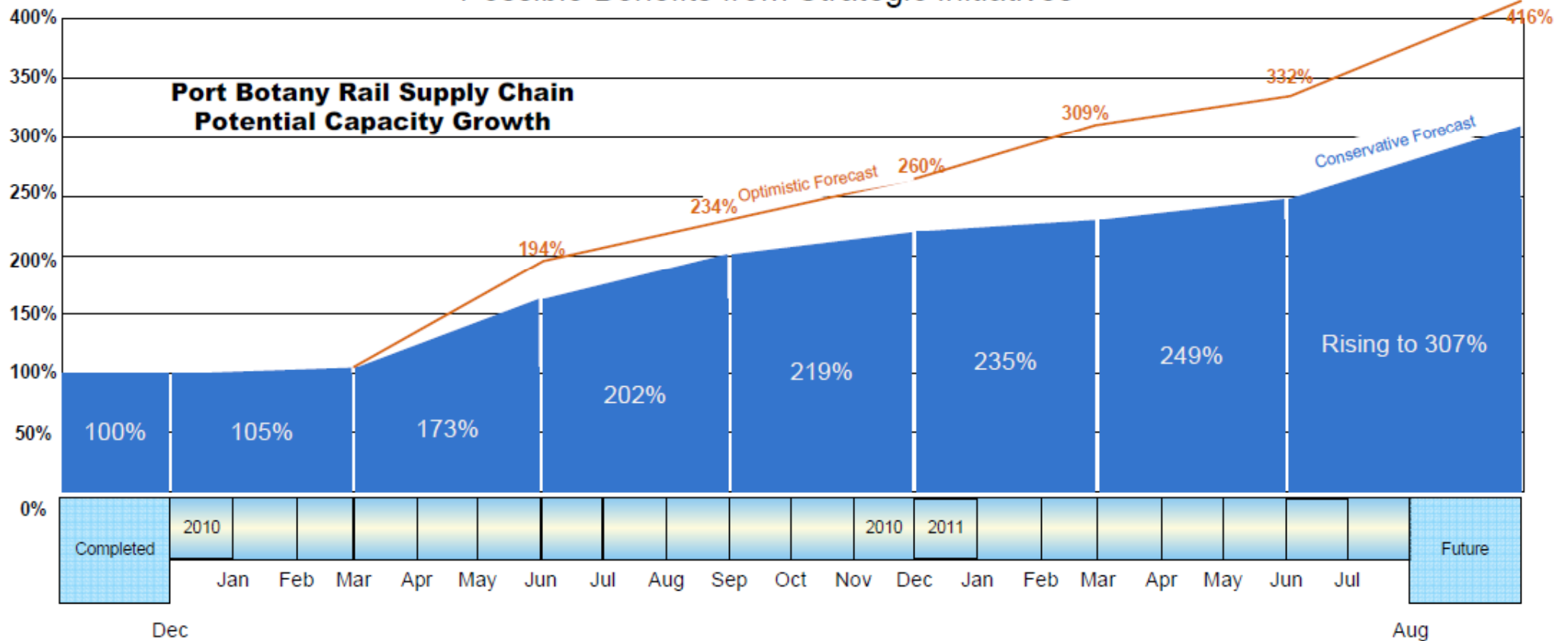
- 64 potential initiatives to improve system capacity
- Specific areas of focus for Sydney Ports

Train On-Time-Running

- Reporting transparency (public)
- Train performance review

S2 - Supply Chain Improvement Strategy (Cont.)

Port Botany Precinct – Future Strategy Road Map
Possible Benefits from Strategic Initiatives



S3 – Botany-Enfield Corridor Strategy

- Enfield Intermodal Logistics Centre (Sydney Ports)
- Enfield Marshalling Yard (RailCorp)
- Enfield Staging Roads (ARTC)
- Cooks River
- Ancillary Train Requirements (e.g., provisioning, fuelling, repairs)



S4 - Rail Paths & Windows Alignment

Governance Strategy

- Operating Protocol

Strategic Plan

- **Stage 1** - Short term
 - Realign the current rail system paths and port terminal windows
- **Stage 2** - Long term
 - System-wide optimisation
 - Progress towards window allocation by Intermodal terminals

S5 - Quantitative Supply Chain Modelling

600m Strategy

- Optimum infrastructure / trailing length
- Supported by Freight Industry Advisory Board (FIAB)

Dedicated Port Shuttles

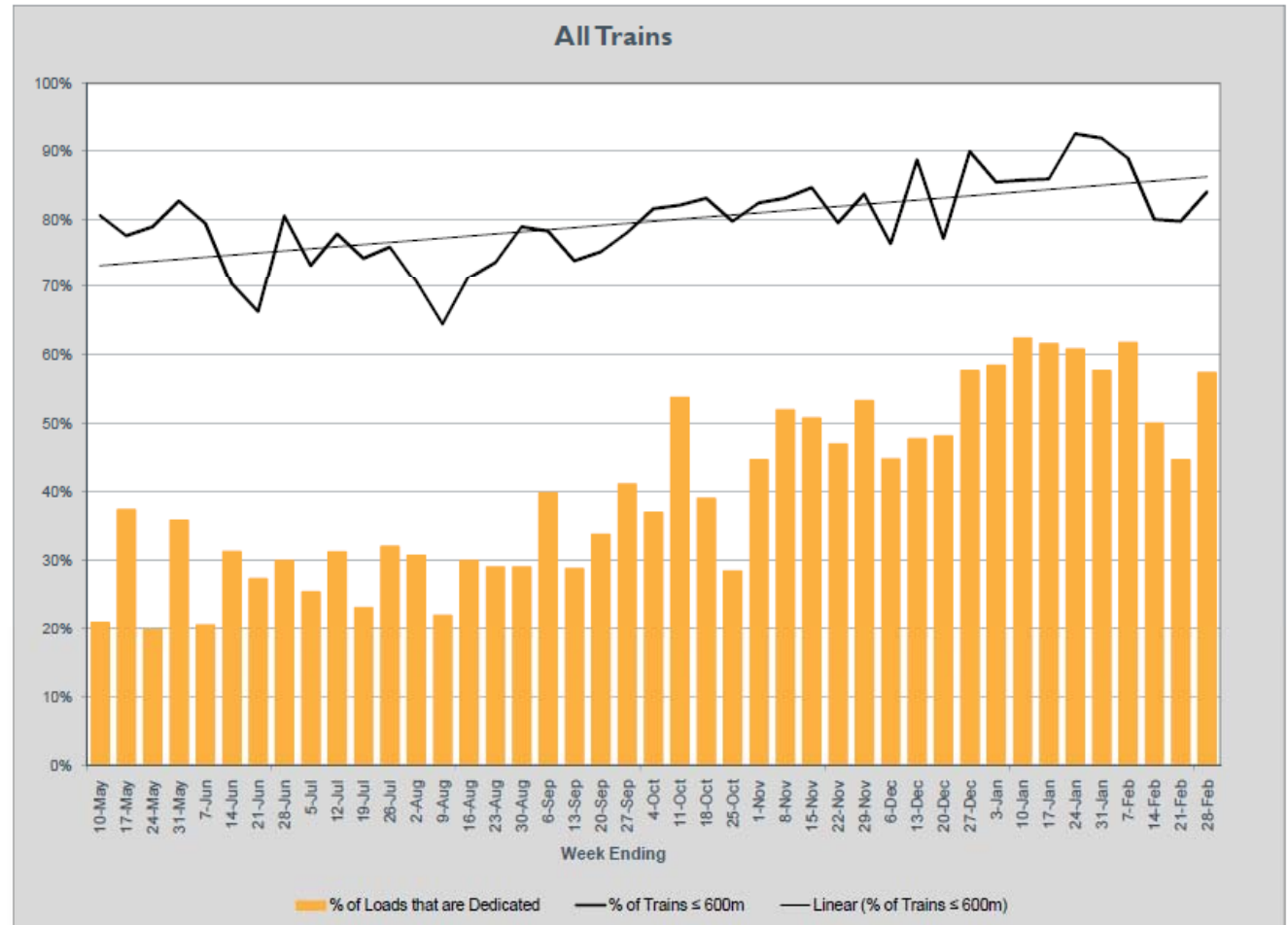
- Reduces splitting, shunting, reforming and brake testing of trains thereby reducing time frames

Sydney Ports 30 year vision

- Intermodal Terminal demand profiling
- Forecasts rail supply chain capacity requirements

600m Progress

- (Up to) 600m long trains represent 90% of all rail services entering the port
- Dedicated port shuttles account for approximately 60% of all trains to Botany



Supply Chain Improvements

Stevedore Terminals	ETA
DP World sidings solution to accommodate 600m trains	Mar 2012
Hutchison Port Holdings (HPH) - Terminal 3 operational	Jun 2012
P & O Trans Australia (POTA) siding solution to accommodate 600m trains	TBA

Intermodal Terminal (IMT) Development	ETA
MIST upgrade - 600m sidings	Jul 2010
Sydney Ports – Intermodal Logistics Centre at Enfield	Mar 2012
Additional (proposed) IMT capacity, i.e. Eastern Creek, Moorebank, Western Sydney	TBA by proponents

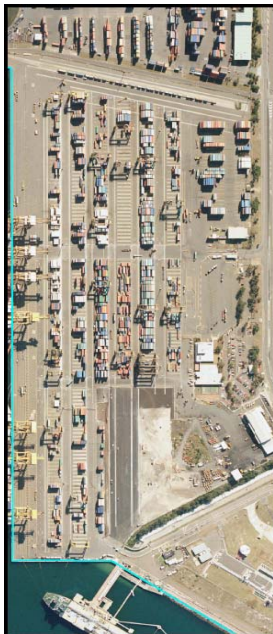
ARTC Projects	ETA
Botany Yard works	Jun 2010
Metropolitan Freight Network (MFN) take-up	Late 2010
MFN signalling to Junee	Late 2011
Enfield Staging Roads	Apr 2011
Southern Sydney Freight Line	TBA 2011

Other	ETA
Technology and Data Integration between supply chain participants	TBA 2011
Northern Sydney Freight Line	TBA

Rail OPM (Baseline) Trial 1

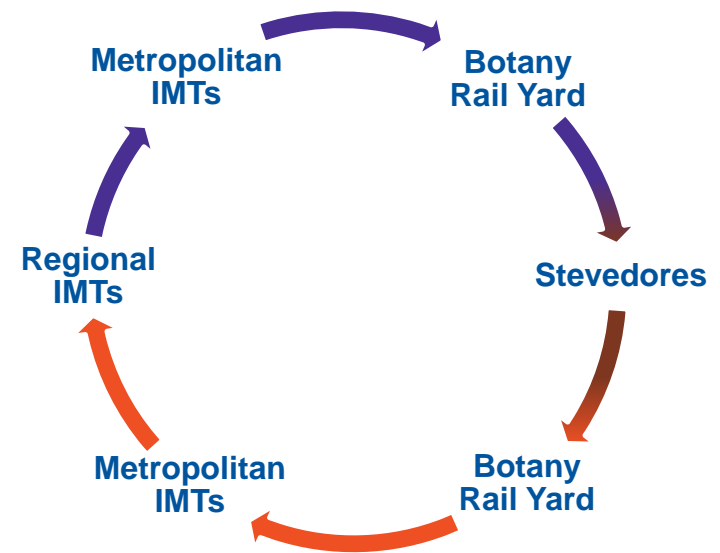
Stevedores

- Performance
- Asset utilisation



Rail Operators

- On-Time-Running
- Train utilisation



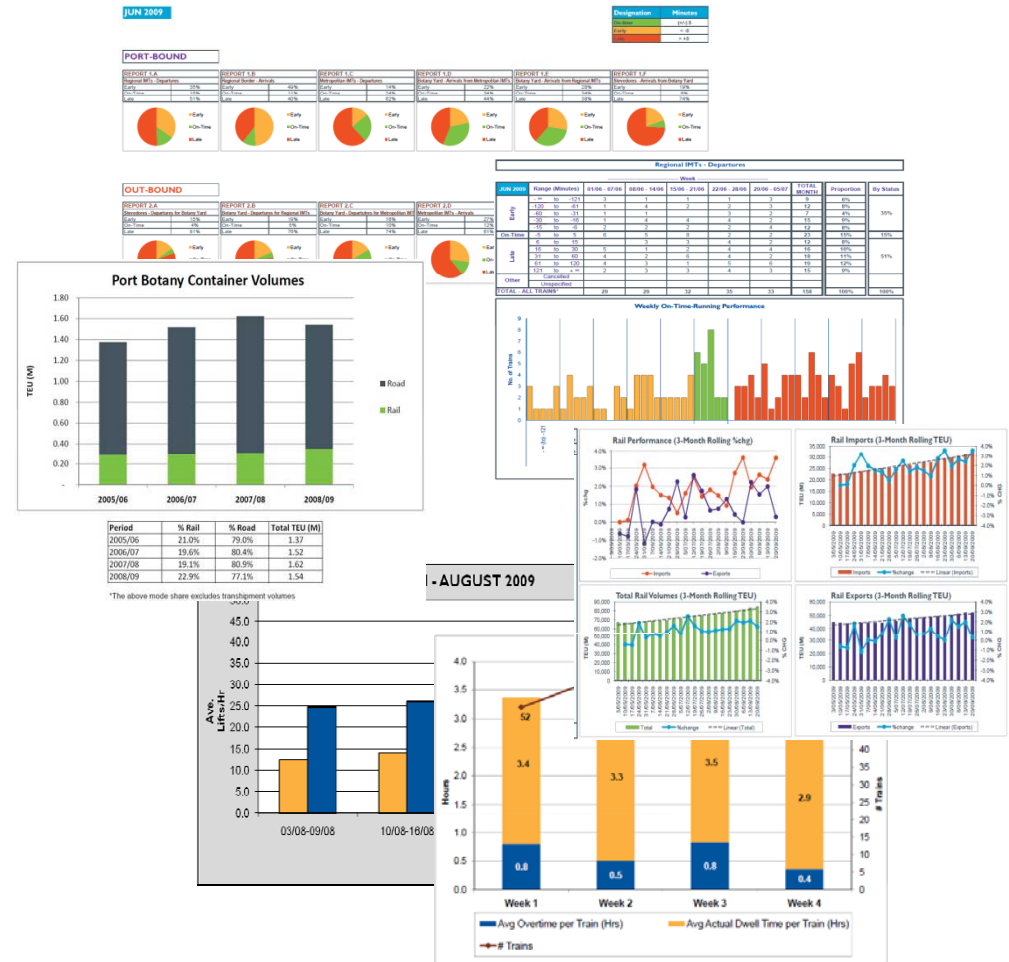
The Port Botany Rail Supply Chain Cycle

Reporting Transparency

Sydney Ports provide reports a range of statistics on rail, available through the website, including;

- Train On-Time-Running
- Landside throughput volumes
- Rail Mode Share
- Stevedore productivity
- And more...

www.sydneyports.com.au



Next Steps

Implement governance framework (MoU) – subject to ACCC approval

Improve Rail Performance

- Establish Operational Performance Measures
- Align terminal windows with the rail paths through the City Rail network

Enhance Infrastructure and Capacity

- Finalise the quantitative modelling exercise
- Implement strategic plans for the Botany-Enfield corridor and Cooks River
- Sydney Ports to engage with stakeholders to facilitate improved access to the port for rail cargo

Summary

- Transparent Reporting
- Strategic Initiatives
- 600m / Dedicated Trains
- Supply Chain Improvements
- Rail OPM (Baseline) Trial 1



Questions

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