

Minutes of Meeting

Sydney Ports

Cargo Facilitation Committee

Meeting No. 06/2011

Held 21 June 2011

**Draft Minutes of a Meeting of the
SYDNEY PORTS CARGO FACILITATION COMMITTEE
(No. 06/2011)**

**Sydney Ports Moore's Wharf
Ground Floor Meeting Room
Tuesday 21 June 2011
(11:00-12:00Hrs)**

PRESENT:

| | |
|-------------------|---|
| Mr Hart Krtschil | Chairman |
| Mr Mario Ribarich | Australian Customs Service |
| Mr John Mousinho | Australian Customs Service |
| Mr Andrew Palmer | Australian Quarantine and Inspection Service |
| Mr Mike Moylan | Australian Trucking Association NSW |
| Mr Paul Zalai | Customs Brokers and Forwarders Council of Australia |
| Mr Brian Collie | DP World |
| Mr Andrew Karas | Shipping Australia Limited |
| Mr Steve Gunn | Sydney Ports Corporation |
| Mr David Taylor | Sydney Ports Corporation |
| Mr Mark Deacon | Sydney Ports Corporation |
| Mr Raphael Miller | Sydney Ports Corporation |

1. APOLOGIES AND MEMBERSHIP

Apologies were accepted from:

| | |
|---------------------|---|
| Mr Thomas Hansen | Australian Federation of International Forwarders |
| Mr Neil Truskett | Patrick |
| Mr Claude Varnier | Patrick Port Logistics |
| Mr Allan Flynn | Sydney Ports Corporation |
| Mr Garth Mulholland | Transport Workers Union |

2. CONFIRMATION OF PREVIOUS MINUTES

The minutes of meeting No. 05/2011, held on Tuesday, 17 May 2011, were accepted by members.

3. MATTER ARISING FROM THE MINUTES

Open Action Item (Meeting/Year-Action No.)

05/2010-02 [Ongoing]: Contingency Planning

- Mr Krtschil referred to the extensive discussion arising from the previous meeting, following which he had drafted a letter detailing the history of problems experienced, current issues and reference to Government business contingency arrangements. It requests stevedores to provide input and declare their interest in the process.
- Mr Collie agreed with the direction, although indicated that it will likely take a great deal of effort to put in place.

01/2011-03 [Ongoing]: RTA Requirements for Stevedore Weighbridges

- Mr Moylan advised that the RTA mandate for a compliance solution to manage overweight containers and axle weight breaches has been put back by three months due to the Minister's direct intervention.
- Mr Krtschil stated that he had some recent discussions with Shipping Australia and other parties on new developments on weight issues and suggest that insurance contracts on containers may be forfeited where containers were overloaded by a certain percentage. He highlighted that in the United States of America liens could be extend to cargo interests for fines or damages incurred as a result of incorrect weight declarations and this, may also be taken into consideration.
- Mr Moylan pointed out that the only solution being touted by the RTA towards compliance is weighbridges and they seemed adverse to alternatives put forward by industry. Furthermore, if every container is weighed at the stevedore premises, it does not resolve what to do with breaches and whether terminals have a legal authority to act.
- Mr Palmer added that containers could not be unpacked within terminals as another consideration.
- Mr Krtschil noted that the forthcoming meeting presents an opportunity to discuss solutions, including what is currently in place interstate such as in Fremantle.
- Mr Moylan stated that he would provide information to meeting participants in this regard.
- Mr Krtschil suggested that the operation of the former Brisbane weighbridge located outside Fishermans Island might be provided as an example.

02/2011-01 [Ongoing]: Rail Transport

- Mr Zalai advised that he had followed up with Mr Gunther from DP World regarding the duplicated error messages received when multiple parties attempted to tag containers for rail. It was discovered that the wording of the error message is confusing and Mr Zalai had sent a message to CBFCA members to inform them of the problem.
- Mr Krtschil stated that PBLIS will be taking up the issue of rail tagging over the longer term.

4. ITEMS FOR DISCUSSION

A. Port Position

- Mr Miller advised that April 2011 trade figures had come in at 162,205 TEU, up +5.6% on the previous year. This largely being the result of strong import growth of +8.9%, whilst exports were relatively flat at +1.6%. He noted that May 2011 results were showing a similar pattern and would be released on the Sydney Website shortly. Refer **Appendix 2** for details.

B. Port Developments

- i. **Port Botany Expansion**
 - Mr Miller indicated that the project had achieved practical construction completion and Sydney Ports is targeting a handover date to Hutchison by 1st August, 2011.
- ii. **Enfield**
 - Mr Miller stated that Sydney Ports is aiming to execute the major construction contract anytime now, following finalisation of rail accreditation for the constructor. He further noted that the procurement process for an operator of the site is ongoing and Sydney Ports was hopeful of making an announcement in the near future.
- iii. **Grade Separation Works**
 - Mr Miller advised that the project is ongoing, with major pilling works well under way.
- iv. **Bulk Liquids Berth No.2**
 - Mr Miller stated that the contract has been executed with the company John Holland to construct the new facility.
- v. **Port Botany Landside Improvement Strategy**
 - Mr Gunn advised that there had been recent discussions with stakeholders towards minor alterations of the mandatory regulated standards. These are planned to be gazetted before the end of July, 2011.
 - He informed members that there had been an initial drop in truck turnaround time since PBLIS introduction, followed by a slight increase, albeit this statistic would likely fluctuate with the level of trade volumes experienced. He further advised that there continues to be a large number of cancelled slots and truck no shows that are affecting supply chain efficiency and that Sydney Ports are in discussion with carriers in this regard.
- vi. **Truck Marshalling Area**
 - Mr Gunn stated that the project would be formally launched on 22nd June, 2011 and that Sydney Ports is aiming for a 4th Quarter, 2011 completion timeframe.
 - Mr Collie queried if a suitable location had been found.
 - Mr Gunn indicated that a formal announcement would be made the following day, and the location would be on Bumborah Point Road with a new roundabout to allow trucks to turn around, subject to planning approval.

C. Australian Quarantine and Inspection Service (AQIS)

- Mr Palmer stated that upgrades to the S-Cargo process would be rolled out on the 18th of July, 2011. Furthermore, an industry forum would be held on the 30th June, 2011 from 10-11am. Registration to attend close 27th June, 2011. This notice was forwarded to members following the meeting. Refer **Appendix 6** for details.
- Mr Krtschil queried which members of the group would be concerned with these developments.
- Mr Palmer responded that the changes impact any party that carries gas boxes and turnaround times will improve as a result.

D. Australian Customs and Border Protection Service (ACBPS)

- Mr Ribarich provided an update of NSW ICS import lines statistics for April and May 2011. Refer **Appendix 4** for details.

E. Industrial Issues

- Mr Krtschil, noting that Patrick were not in attendance, asked if members had received any updates on the stevedore's recent industrial issues with the Maritime Union of Australia [MUA].
- Mr Moylan suggested that recent press pointed to a likelihood that the dispute will escalate further.
- Mr Ribarich stated that his understanding was that Patrick was going back into further negotiations with the union.
- Mr Moylan added that throughout the recent industrial problems, Patrick had endeavoured to keep industry well informed and that sufficient notice had enabled industry to work with Patrick towards interim solutions.
- Mr Krtschil indicated that there is potential for AQIS and Customs to face industrial action over the following month and that there was a Customs statement made on 20th June, 2011 to this effect concerning their workplace agreement.
- Mr Ribarich informed that in order for industrial action to occur at Customs, the issues must be put forward to a members vote and this was yet to happen.
- Mr Krtschil confirmed that there had been a fair amount of discussion on the issue recently between the Public Service Union, AQIS and Customs.

F. Road Transport

- Mr Moylan noted that the only issue arising of late concerned terminal closures due to adverse weather conditions and that the ATA is seeking earlier notification to reduce the number of futile trips made to the port by carriers. He advised that the costs often compounded and were difficult to pass on to customers. Moreover, that there are environmental concerns to consider. He further stated that he had discussed with Empty Container Parks [ECPs] as to how they implement their weather service, noting that industry advice a week earlier of impending heavy winds had seen ECPs institute preparations the day prior. Whilst he did not expect terminals to operate under high winds, he emphasised that carriers will continue to perform until otherwise directed, which requires clear communications of when to stop, not based on assumptions.
- Mr Krtschil noted that closures due to weather were difficult to predict and asked if the terminals could issue an alert to carriers if and when closures were imminent.
- Mr Moylan added that the ATA was after some form of advice indicating that there may be a problem in order to improve the system.

- Mr Collie urged carriers to look to the 1-Stop system for notifications in this regard.
- Mr Moylan asked if terminals could provide more weather alerts through 1-Stop.
- leave it out please
- Mr Karas suggested that Sydney Ports is best placed to issue weather alerts and that it already performs this task seaside via the harbour master.
- Mr Krtschil questioned which communications carriers are more likely to take notice of and recommended that 1-Stop messages are more appropriate in this regard. Moreover, 1-Stop alerts highlight broader issues beyond the jurisdiction of Sydney Ports.
- Mr Collie assumed that the ATA were concerned with late slot bookings and if that was the case then carriers might hold off bookings on receiving weather updates.
- Mr Gunn confirmed that Sydney Ports jurisdiction is limited to sea channel operations and was not entertaining landside weather alerts at this stage.
- Mr Collie highlighted that vessel operations generally stop prior to impacts on the landside being experienced.
- Mr Collie advised members that there will be a forthcoming terminal outage in the next month, with no trucks being able to access the main gate over one weekend. Further industry advice will be issued as the date approaches.
- Mr Krtschil questioned if the issue concerning trucks being refused second entry into terminals raised at the previous meeting had been resolved.
- Mr Moylan replied that this had settled down now.

G. Rail Transport

- Mr Krtschil highlighted that rail tagging issues continue to be progressed in collaboration between the CBFCA, 1-Stop and DP World.
- Mr Gunn provided an update on PBLIS rail initiatives and stated that the previous meeting of the Port Botany Rail Team was encouraging and that broad Operational Performance Measures were tabled with a new strategy for rail. Moreover, that this had been embraced by all participants to proceed under a voluntary approach with regulation being a final option. This will update rail pricing and performance efficiencies, with support from other Government agencies.
- Mr Moylan questioned if Patrick have reversed their intention to raise prices for rail.
- Mr Gunn responded that all participants agreed that rail regulation would be the last option to pursue.

H. Empty Container Parks (ECP's)

- Mr Zalai informed that the ACCC were investigating the solutions proposed for Victorian ECPs and the CBFCA were putting together a submission on behalf of its members.
- Mr Krtschil stated that presentations from the Victorian Transport Association are available on the CBFCA website and that there was disagreement within industry regarding the proposals put forward.
- Mr Moylan asked if the ACCC had stated their specific interests on the issue, for instance if it concerned market concentration or an investigation into individual entities.
- Mr Zalai advised that ACCC concerns likely surround lack of choice for carriers who are restricted to use specific ECPs as dictated by the shipping lines they represent would have to pay for de-hire accordingly.
- Mr Moylan suggested that the ACCC tend to view competition problems by assessing entire markets, and once a market is identified, they could establish likely impacts of

proposed changes. He questioned how fairness of the empty return process could be achieved when carriers are legally obligated to do so.

- Mr Krtschil added that often there is only one ECP option to return containers due to the individual contracts between shipping lines and ECPs.
- Mr Moylan stated that the ATA would like to see 2-3 location options for ECP container drop off and de-hire for carriers in this regard.
- Mr Varnier, being an apology to the meeting, provided the following comments for insertion into the minutes, which were circulated to members via email shortly after the close of the meeting:
 - ECP stock holdings are still in the mid 56% range.
 - Cotton exports seem to have started, albeit later than expected.
 - Shipping lines are continuing to be proactive by repositioning empty containers. However there was a restriction of empties onto one terminal recently.
 - Extended hours support is mixed. Commentary varying from good support to PM, although throughput is well down.
- Mr Varnier further provided ECP survey statistics. Refer **Appendix 7** for details.

I Dangerous Goods (By Exception)

- Mr Taylor presented a short video of a 20' class 1 hazardous goods container holding approximately 8661kgs of black powder in a controlled explosion experiment conducted in Europe. The explosion appeared significant, with the potential to decimate an area of several square kilometres. He advised that there had been several incidents of class 1 & class 7 boxes breaching requirements at the terminals in recent weeks. He noted that around 6 x class 1 containers are handled through Port Botany per week and that stringent rules are in place to avoid the intolerable risk of a catastrophic incident occurring. This provides that ships do not unload these boxes under any circumstance until a suitable vehicle has arrived, is ready and waiting for collection of the containers. Furthermore, if Customs choose to accept these containers into CEF then it is their responsibility from that time forth and Sydney Ports will not allow breaches to the 2 hour on terminal rule currently in place, with the only option being reloading of these containers back to ship.
- Mr Moylan explained that the truck industry works under instruction from clients or brokers and that the terminal will contact carriers to remain on standby for the estimated time of discharge and this process seems to work well.
- Mr Collie noted that at times, correct information such as the carrier phone number is not always available when needed and that issues can be experienced, particularly in the early hours of the morning.
- Mr Taylor stated that the requirements stipulate 48hrs pre-notification to be received and reiterated that these containers must not be discharged from a vessel until the appropriate truck is positioned, ready for collection at the berth. He added that if a truck did not show, there is no appropriate storage facility to handle this class of goods anywhere in the Sydney Basin.
- Mr Krtschil suggested that since a handful of companies are licensed to handle these containers then there should be an easy solution.
- Mr Taylor indicated that the stevedores handle in different ways.
- Mr Krtschil suggested that the relevant parties convene a meeting to resolve any problems and to revisit the process again.
- Mr Taylor confirmed that the last time this was conducted was back in September 2007.

- Mr Karas highlighted that he had not heard of any offenders apart from the occasional incorrect phone number.
- Mr Collie advised that he was aware of class 1 & 7 incidents.
- Mr Taylor provided an example whereby Customs had recently put a hold on a class 1 hazardous container. Furthermore, they had quickly reversed their decision on notification of the consequences of risk management failure.

J. Port Plan for Peak Periods

- Mr Krtschil advised that the forthcoming annual Sydney Ports Transport Workshop is scheduled for around 16th August, 2011. However the date was still being settled and an advice would be issued shortly.

K. Contingency Issues

- Mr Krtschil advised these had been covered.

5. REPORTS BY COMMITTEE MEMBERS

- Nil provided.

6. OTHER BUSINESS

- Mr Palmer expressed concerns that changes to MSIC enforcement areas may cause public citizens to be in breach of regulations. Moreover, that Customs would be conducting an enforcement programme shortly which carries up to \$5000 penalties where MSIC cards are not displayed appropriately.
- Mr Krtschil surmised that MSIC blue zones extend to public roads which would be unenforceable and that this needs to be followed up by the Safety & Security team of Sydney Ports for clarification at the next meeting.
- Mr Moylan stated that the cost of MSIC cards was a growing concern for industry as they had effectively tripled in cost in recent years. Additionally, reminders sent to carriers 3 months prior to the expiry date lead to many drivers paying renewal fees, which are processed immediately and the time difference was not added to the following 3 year period which started from the processed date.
- Mr Zalai provided a summary of a recent Parliamentary Joint Committee on Law Enforcement for the benefit of the group. He stated that 22 recommendations had been made with many relating to aviation and passenger processing. However, others are specific to freight, including security MSIC zones extending to new cargo facilities and also to staff areas of companies that have MSIC card holders, i.e. HR department personnel. Additionally, the report highlights that CEF movements are no longer covert and this problem needs to be rectified. He recommended that there are numerous impacts on members that require the issue being put back on the Agenda for further discussion.
- Mr Krtschil suggested that a future SPCFC meeting be held out at the National ICT Australia Ltd (NICTA) building to enable the team to view the work being done there.
- Mr Deacon highlighted that NICTA are working on a 'Living Lab' experiment that showcases the process by which products move throughout the port supply chain and aims to generate discussion around the issues. Moreover, the lab provides examples of innovative solutions, many I.T focused on how to maximise supply chain efficiency.

7. NEXT MEETING

The next meeting of the Sydney Ports Cargo Facilitation Committee will be held on Tuesday, 19 July 2011 at Moore's Wharf – Ground Floor Meeting Room.

Appendix 1 – Closed Action Items

05/2010-01 [Closed]: Ports v IMT Container Clearance

- Mr Krtschil advised that a recent Victorian Government decision to develop the Port of Hastings has caused the matter to be elevated to the national level. He recommended the action be closed and for individual parties to liaise with the Australian Logistics Council who are tasked to progress the issue.

Appendix 2 – Monthly Trade Statistics

Sydney Ports Trade Statistics Update

| 2011/ Apr | Full Containers | | | |
|--------------|------------------|---------------|----------------|----------------|
| | 20'Full | 40'Full | Total Cntrs | Total TEU |
| Export | 17,453 | 9,940 | 27,393 | 37,333 |
| Import | 29,481 | 27,489 | 56,970 | 84,459 |
| Total | 46,934 | 37,429 | 84,363 | 121,792 |
| 2011/ Apr | Empty Containers | | | |
| | 20'MT | 40'MT | Total Cntrs | Total TEU |
| Export | 8,823 | 14,985 | 23,808 | 38,793 |
| Import | 660 | 449 | 1,109 | 1,558 |
| Total | 9,483 | 15,434 | 24,917 | 40,351 |
| 2011/ Apr | Total Containers | | | |
| | 20'TTL | 40'TTL | Total Cntrs | Total TEU |
| Export | 26,276 | 24,925 | 51,201 | 76,126 |
| Import | 30,141 | 27,938 | 58,079 | 86,017 |
| Total | 56,417 | 52,863 | 109,280 | 162,143 |

| 2011/ May | Full Containers | | | |
|--------------|------------------|---------------|----------------|----------------|
| | 20'Full | 40'Full | Total Cntrs | Total TEU |
| Export | 16,113 | 10,301 | 26,414 | 36,715 |
| Import | 27,190 | 26,733 | 53,923 | 80,656 |
| Total | 43,303 | 37,034 | 80,337 | 117,371 |
| 2011/ May | Empty Containers | | | |
| | 20'MT | 40'MT | Total Cntrs | Total TEU |
| Export | 12,362 | 15,060 | 27,422 | 42,482 |
| Import | 894 | 510 | 1,404 | 1,914 |
| Total | 13,256 | 15,570 | 28,826 | 44,396 |
| 2011/ May | Total Containers | | | |
| | 20'TTL | 40'TTL | Total Cntrs | Total TEU |
| Export | 28,475 | 25,361 | 53,836 | 79,197 |
| Import | 28,084 | 27,243 | 55,327 | 82,570 |
| Total | 56,559 | 52,604 | 109,163 | 161,767 |

* **Note:** The above table may show minor variance to Sydney Ports trade statistics reported on the website. Please refer to trade statistics for official results.

Appendix 3 – Weekly Empty Container Export Movements

- Awaiting both stevedores data in order to provide a combined non- descript report.

Appendix 4 – Australian Customs Service and Border Protection Service

SydneyPorts Cargo Facilitation Stats

| | NSW ICS Import Lines |
|------------|----------------------|
| April 2011 | 80349 |
| May 2011 | 79213 |

On Time Reporting figures based on 48 hours before vessel arrival at first port of call

| | April 2011 | May 2011 |
|-----------------|------------|----------|
| Nationally | 90.5 | 89.6 |
| NSW | 91.5 | 90.7 |
| Victoria | 89.4 | 88.8 |
| Queensland | 90.7 | 89.8 |
| West Australia | 92.3 | 90.6 |
| South Australia | 85.3 | 81.1 |

Appendix 5 – Rail

- Nil data presented.

Appendix 6 – AQIS Industry Notice 58/2011



Australian Government

Australian Quarantine and Inspection Service

Notice to Industry
14 June 2011

58/2011

S-Cargo project invitation to an industry information session in Sydney

Who is affected by this notice?

This notice will be of interest to shipping companies, stevedores, brokers, freight forwarders and all involved in the supply chain logistics for sea cargo.

What is S-Cargo?

S-Cargo is an application that was developed to interface with the [Australian Customs and Border Protection Service Integrated Cargo System \(ICS\)](#) to enable AQIS to electronically profile and place automatic electronic holds on high risk containers. This application is replacing the manual processes for placing holds on containers from [AQIS Country Action List](#) countries in the ICS (previously known as the GAS list).

What is happening with S-Cargo?

S-Cargo was successfully trialed in Brisbane and is being progressively rolled out to other Australian ports. S-Cargo will be rolled out to the Port of Sydney on **Monday 18 July 2011**.

How can I find out more about S-Cargo?

AQIS will hold an information session for interested parties in Sydney. This session will be held in the Angophora room, 1 Crewe Place, Rosebery, Sydney on Thursday 30 June 2011 from 10 am – 11 am.

Depending on industry interest another session may be held from 11.15 am - 12.15 pm on the same day.

It is expected that this session will run for approximately 45 minutes and AQIS staff will be on hand to answer any questions you may have.

To register your interest in this session please email the AQIS Sydney regional office on NSWSeaPorts@aqis.gov.au by **27 June 2011**.

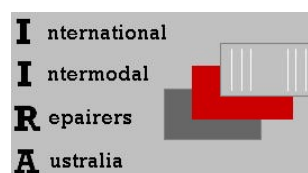
The rollout of S-Cargo to other Australian ports and details of AQIS information sessions will be advised in separate industry notices.

In the meantime if you need further information please contact the Container National Coordination Center on 07 3246 9011 or sea.cargo@aqis.gov.au.

Appendix 7 – Empty Parks Capacity Survey

SYDNEY - Empty Container Storage

IIRA OPERATIONAL CAPACITY SURVEY 20.06.2011



| PARK | CAPACITY (TEU) | Holding 20' | Holding 40' | HOLDING (TEU) | |
|--------------------------|----------------|--------------|--------------|---------------|-------|
| MCS No1 | 5000 | 342 | 468 | 1278 | 25.6% |
| MCS Rail | 12000 | 3736 | 2320 | 8376 | 69.8% |
| Patrick Port Botany | 3000 | 888 | 400 | 1688 | 56.3% |
| P&O Port Botany | 9000 | 2941 | 1159 | 5259 | 58.4% |
| TYNES | 10500 | 2135 | 2266 | 6667 | 63.5% |
| TYNE / ACFS | 4000 | 546 | 861 | 2268 | 56.7% |
| TYNE PUNCHBOWL | 2000 | 380 | 147 | 674 | 33.7% |
| WESTERN | 3200 | 312 | 81 | 474 | 14.8% |
| MT Movements (Mol Pt.) | 2400 | 210 | 659 | 1528 | 63.7% |
| Patrick Botany Link 2400 | 2000 | 83 | 892 | 1867 | 93.4% |
| POTA Link | 3000 | 0 | 579 | 1158 | 38.6% |
| TOTAL ACTUAL | | 11573 | 9832 | | |
| TOTAL TEU | 56100 | 11573 | 19664 | 31237 | |
| AVAILABLE | | | | 24863 | |
| CAPACITY | | | | 55.7% | |
| % of Total Actual | | 54.07% | 45.93% | | |
| % of Total TEU | | 37.05% | 62.95% | | |

Appendix 7 – Empty Parks Hours of Operation

- Nil change.

Appendix 8 – Action Items from annual SPCFC Transport Workshop

1. Explore the possibility of Under bond movements to IMT's –
 - a. ***Should be part of the task of looking after the Enfield issue and working with AQIS Customs etc to determine their requirements***
2. Extend reach of SPCFC to Importers and Exporters to promote awareness of 24/7 operations
 - a. ***Perhaps part of SPCFC being in touch with Chambers of Commerce etc to establish some communication / consultation relationship***
3. 24-48 hours notification to industry of stack runs to improve ECP operations
 - a. ***Part of SPCFC agenda / action list***
4. Recognition of the introduction of Regulation and the possible effects on the peak period
 - a. ***Part of SPCFC Agenda***
5. Monitor ECP hours of operation and identify by hour the industry usage
 - a. ***ECP / SPCFC / SAL / ATA etc***
6. Explore the necessity for all ECP's to extend hours during peak periods
 - a. ***Needs to be a project that should involve the ATA providing data and a process of determination***
7. VBS for ECP's is this the solution and what should the size of the window be?
 - a. ***Monitoring ATA / SPCFC/ECP***
8. Explore a possible EDI solution for Rail tagging
 - a. ***As per minutes job for the rail task force need to have timeline for solution***