

NSW Ports Cargo Facilitation Committee



NSW Ports

**Minutes of a Meeting of the
NSW PORTS CARGO FACILITATION COMMITTEE
(No. 1/201)**

**Maroubra Surf Life Saving Club
Wednesday, 30th January, 2019
(12:00pm-1.00pm)**

PRESENT:

Mr Jonathan Lafforgue	NSW Ports
Ms Megan Bedingfield	NSW Ports
Ms Lana Howell	NSW Ports
Mr Paul Downey	Road Freight NSW
Mr Simon O'Hara	Road Freight NSW
Mr Stuart McFarlane	Australian Federation of International Forwarders (AFIF) Ltd
Mr Scott Carson	CBFCA
Mr Scott Walker	Visa Global Logistics
Mr John Donnell	Transport for NSW
Mr Vic Regina	Transport for NSW
Mr Andrew Karas	Shipping Australia Limited
Mr Mark Owens	Manildra Group
Mrs Sandra Spate	Minute taker

APOLOGIES AND MEMBERSHIP

Apologies were received from:

Mr Paul Zalai	Freight & Trade Alliances
Mr Neil Chamber	CTAA
Mr Michael Volonakis	Swift Transport
Mr Bill Hanley	DP World
Mr Daniel Laroche	Patrick
Mr Greg Langes	CTAA
Mr William Lovatt	Lovatts Transport
Mr David Scott	Commercial Customs
Mr Carsten Varming	NSW Ports.com.au
Mr Andrew Morgan	1-stop

Jonathan L noted Jason McGregor is no longer with NSW Ports and welcomed Lana Howell who has joined NSW Ports to the meeting.

2. CONFIRMATION OF PREVIOUS MINUTES

The minutes from the December 2018 meeting were confirmed.

3. MATTERS ARISING FROM THE MINUTES

There were no actions from the previous meeting. Jonathan L noted most discussion was around the BMSB. There has since been meetings with industry associations around proposed changes to container handling.

4. ITEMS FOR DISCUSSION

a. NSW Port Update

Jonathan L reported November volumes were down on forecasts and down on the same period last year partly due to weather in November. There was an uplift in December.

There has been a 6% increase in full imports and a return of regional rail export freight to Port Botany. January has been strong with overall total growth but not as high as in the previous year.

Mark O asked if lower growth is due to exports.

Jonathan L replied volumes are still above with imports. Exports have been hit by drought but there is anecdotal evidence that grain is being imported to Port Kembla and railed out.

Scott C suggested pressure on containers season to season.

b. CMCCs/ TfNSW Update

John D reported a deterioration in service levels at port. Stevedores are turning around less carriers and carriers are less often on time. There is anecdotal evidence about issues at container parks. TfNSW is going out to tender for an expert to pull the pieces together regarding handling of empty containers. It appears redirections increased significantly in December and service carrier levels were down.

TTT at 28 minutes is historically high and TfNSW is looking at what is impacting the industry and what changes can be made.

Rail modal share was 16.7% in December which is a drop but this is in the context of the rural downturn. There are good stories regarding IMT Enfield and other places in NSW.

c. Department of Agriculture

No one present.

d. Australian Border Force

No one present.

e. Road Transport

Paul D reported ECPs remain the major concern to carriers not only around redirections. The first issue: carriers outside the port precinct arriving at a park, the park has put out a redirection and carriers are then delayed getting to port to collect containers. Redirections are impacting on operations.

Secondly, DP World slot releases are a maximum of 25 slots per 30 minutes. Paul D doesn't know the volumes but would like to know the number of empties they are receiving. There is an impact on carriers going to other terminals.

Another issue is the amount of slots released by port operators and the inability of carriers to do two way runs with exports in and imports out.

Carriers have had a win through meetings with RMS over the 19 metre rule to allow a bit more flexibility for over height and over width where appropriate equipment exists.

5. REPORTS BY COMMITTEE MEMBERS

Paul D suggested a need for a discussion of costs to industry from stink bugs with shipping lines implying detention and containers waiting up to two weeks for fumigation. Importers are waiting two weeks to get boxes with two weeks potential detention. There needs to be discussion around raising 7 seven days to 14 days during stink bug season. A lot of containers are sitting in parks for long time. He asked what has been achieved with overseas fumigators not meeting DAWR requirements. There were also OH&S issues with staff opening doors. Government needs to step up now and look at impacts on industry. Till customers made changes there were only three sites taking bulk containers. Changes allowed DP Logistics to take boxes so there is some reduction in delays but applications need to be made.

Jonathan L noted with BMSB heading to the southern hemisphere it is likely to become a year round issue rather than seasonal. He asked whether the application process takes a long time.

Paul D said instead of waiting two weeks for a container some are taking them to Hong Kong to repack or railing them to Melbourne or Brisbane which turn round in 48 hours then railing back to Sydney. The client then has the container in 4 days instead of two weeks.

Andrew K noted CBFCA and FTA have been doing a lot of work in this area.

Scott C said a review of processes had to wait out the season but CBFCA feels there needs to be a rapid response team for issues when flagged. Regarding overseas certifiers two or three in Italy were discredited. DAWR needs individuals assigned to grab issues quickly, almost the same level of response as if there were a chemical explosion. At the moment it the general enquiries level. We're heading to the end of the peak but a seasonal reduction doesn't resolve the issue.

Paul D says DAWR doesn't have processes to act quickly. There have been discussions with depot operators to change authority regarding low level risk. There is an opportunity for accredited depots to self-manage low risk such as tail gates. This will allow resources to be spent on higher risk cases.

Stuart M said the Department recognises the lack of resources funding. The incoming levy was initially to fund R&D but there is a growing need for current and future operations to deal with outbreaks. The three Italian providers couldn't heat to required levels outdoors during European winter. The head of the fumigators association was one of the operators suspended so there were no fumigations being provided. DAWR sent a team to Italy and those that could prove they could meet requirements were reinstated. So the problem arrived here. Time from beginning of lodgement to inspection affects container detention.

Andrew K reported SAL has been meeting with depots and transport providers regarding redirections. They are logging lines restrictions and will hold further follow up discussions.

John D asked whether ships are not taking as many evacuations as desired.

Andrew K replied there is a high ratio imports vs exports. DP World is at 98% capacity.

Simon O added to Paul D's comments that Road Freight NSW has engaged well with RMS with members' driven meetings. They are part of the HBR reference group and at the end of last year saw positive collaboration with RMS and HBR by Road Freight NSW members as well as association representatives. This will continue in February.

NHVR engagement is continuing.

The association has a firm view in opposition to infrastructure charge increases from January 1 with further increases expected in four months.

A meeting with Sue Tomic and Greg Winstanley regarding returns redirections was positive and further meetings will be held to take this forward.

Mark O asked whether the crux of the additional charges is the 16% early arrivals. He suggested DP World was duplicating PBLIS work.

Simon O said there were 16% early and 3% late so it is effectively a charge because of 19%.

Paul D asked DP World whether carriers arriving outside the hour will still be serviced. They will. So some carriers have already passed this on to customers. The end party will be the consumer. As with slot hoarding all parties have to get off their chairs and act.

John D suggests it isn't solving problems. A carrier returning an empty on the last day is faced with a choice between a \$25 fee or a \$100 detention fee.

Mark O noted not everything can be passed back to the consumer. We need to find out why trucks aren't getting in.

Scott W said ECPs and redirections need to be fixed. If the container chain has the data why do trucks have to go and get a bit of paper? Bigger shipping lines don't provide it.

Andrew K was surprised by the stats. Every time they get import data they press a button and it goes straight to the depot.

Scott W asked how can stevedores be provided information but information can't go to another platform? From a carrier's perspective redirections would be easier. 50% of the time a slot is booked, the carrier turns up and is told to go round the corner. Containerchain is provided with every hand over nationally. Scott has been unable to get answers from Containerchain.

Paul D and Simon O have also tried unsuccessfully raise issues with Containerchain.

Andrew K understands there are different systems. SAL will continue to have is agenda item. The incentive is to operate smoothly.

Mark O reported drought impacts on export and domestic movements. A ton of grain used to cost \$180 ton but is now \$500 with a lot coming to Port Kembla from WA and SA. With 16,500 tons a week there has been growth to 350 to 400 export containers. Next month it will be 500 to 600. The main issue is capacity. They have lodged a submission to government to upgrade the south coast line to Bombaderry. Port windows for trains are a real problem. Monday to Friday there aren't any. Boxes are railed to Sydney then driven to Port Botany. There are costs to transfer boxes. 36 lifts an hour is slow. They have been lobbying ministers for port reform e.g. the 36 lift window. Costs for lifts have gone from \$540 to \$2,000 since April last year with no efficiencies. Costs are getting passed through but sales and export can't due to overseas competition. A lot of third parties are now imposing infrastructure levies, all are getting in on it and no one is curbing this.

Jonathan L said there aren't real issues with capacity. 55% to 60% of lifts are being used so 45% are sitting there. Additional sidings and equipment aren't needed, but windows are. We can't keep

putting trains somewhere else and trucking in. With three yards there shouldn't be a need to. There are planning issues.

Vic R reported the regulator has agreed to raise from 36 lifts per hour to 45 per hour and 50 an hour but only one stevedore is meeting 50 an hour. They say trains coming in don't have the containers to meet 50 an hour. There is capacity with only 60% utilised. There are resource management and throughput issues. Some operators are booking at three yards at the same time or splitting the train and sending it to three. At PBROG operators wanted a self-regulating model but no-one could agree. There is another PBROG meeting next week. At some point government will start to regulate if people don't start self-regulating. When initially asked who owns windows stevedores, rail operators and others all said "we do", now they say "they do". Everyone needs to get serious about rail if we are to move from road to rail. And there are no guaranteed costs. They differ week by week.

Scott C reported from CBFCA a strong push back on levies. There is no logic behind the charges and no basis for calculation. DP World increases in January and February are viewed as a forced revenue earner not cost recovery. As an import community we are significantly affected. They are dictated by stevedores who can currently charge anything for infrastructure. The ACCC can't legislate changes. And charges are fragmented nationally. A port access review is to be included under the Freight Victoria mantle. We need operators' associations to be vocal.

There is a chain of responsibility forum next week. The big issue is expanded responsibility regarding regulators, operators, consigners and consignees. We need more education of members and feedback. Shipping lines are welcome to attend. While there is some recognition from the sector there is still unclarity around where responsibility starts and finishes. We need clarity around responsibility and also need to educate the regulator around what we do.

Paul D noted a court case in which the judge said the carrier should have identified what the depot packed in the container. China packs thousands of boxes a day. In a case of an overheight carrier on the M5 recently all parties involved were asked what they did to stop the driver going through tunnel. Where is the cut off at which parties are not liable?

Simon O reported on two similar chases with different Fair Work outcomes: one in which an employee was terminated for not following obligations and Fair Work found the termination justifiable and another in which an employer was found to have acted unfairly. He suspects the first chain of responsibility case will be big case.

Scott C encourages the community to continue to talk through chain of responsibility issues.

Scott C reported there are out of date contacts listed on the ABF customer website and some data from Customs hasn't come across to the new website. CBFCA is working with Customs to try and get this data reinstated.

Stuart M noted anecdotal evidence of increased border holds related to the push on illegal tobacco imports. They become an issue if there is increased activity around nothing specific and it affects ports operations. The customers' compliance group has been talking about disclosures on border holds. They will be releasing a statement on notice of certain things the department checks.

Paul D asked what happens with the stink bug issue if Customs is allowed to open boxes that can't be opened till fumigated?

Stuart M replied there are bio security trials looking at ways systems can take out bio security risks. Trial protocols have been suggested. There is technology at central office to allow a lot to be done with cameras but legislative changes are required.

6. PORTS, TRANSPORT & LOGISTICS TASKFORCE

Jonathan L proposed the amalgamation of the TfNSW Port Road Task Force and the CFC (see attached handout distributed to the meeting). He noted overlap of attendees and points of discussion. There are holistic issues particularly regarding landside operations and links with intermodals and the supply change. There would be advantages in the merged group instead of two groups. This would be co-chaired by TfNSW and NSW Ports.

The Terms of Reference will be sent to members from NSW Ports and the CMCC.

Vic R and Paul D expressed support for merging the committees.

8. COMMITTEE MEMBERS – Required Actions by next meeting

The Terms of Reference will be sent to members from NSW Ports and the CMCC.

8. NEXT MEETING

Merged meeting TBC