

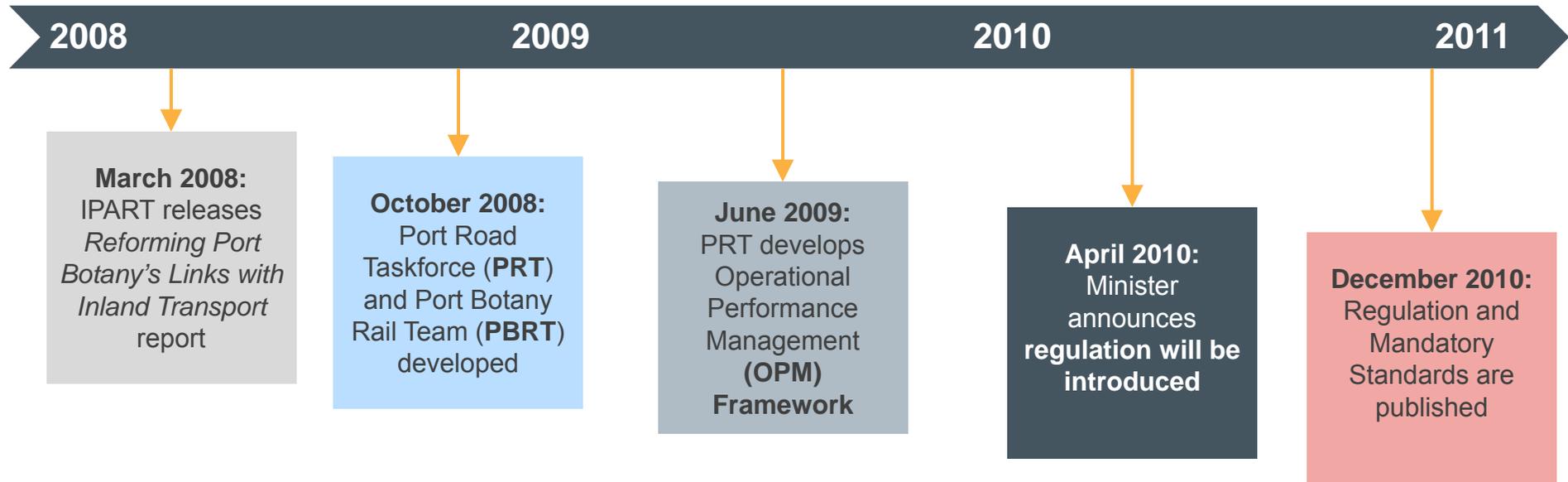
Monday 31 January 2011

Port Botany Landside Improvement Strategy Road & Rail Update

PRESENTATION BY

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PBLIS Background



PBLIS objectives

To make the landside supply chain at Port Botany more *efficient*, *consistent*, *transparent*, and move towards *24/7 operations*

PBLIS Reform is a major industry change that will be introduced across a number of stages

Stage 1: 2011

- ▶ Regulation and implementation of the OPM framework for **road only**
- ▶ Regulation of **rail servicing pricing at port**
- ▶ Monitoring the impact of OPM over the initial 6 – 12 months to determine if the desired change in industry performance has been achieved

Stage 2: 2012

To be implemented if the desired performance has not been achieved through stage 1:

- ▶ **Demand Management System**
- ▶ Review of **Empty Container Parks** performance
- ▶ Introduction of **rail performance standards**



Recent progress in Rail

Objectives of the Rail program

Improve *efficiency, consistency and transparency* to support –

- ▶ Fairness
- ▶ Equality
- ▶ Certainty
- ▶ Supporting NSW

Government target for 40% rail modal share

2nd Industry Trial

- ▶ Completion of a 2nd industry trial to measure rail performance in November 2010

Regulation of Rail Servicing Pricing at Port

- ▶ Following the introduction by Patrick of 67% increases to rail lift charges, the Minister for Ports and Waterways announced that rail servicing pricing will be regulated and reset to the level charged on 1 July 2010 for the interim
- ▶ Sydney Ports are in the process of conducting a cost-benefit analysis to determine rail servicing pricing moving forward

Rail OPM

- ▶ A working group has been established to focus and progress the rail performance standards

Next Steps

- ▶ Completion of cost-benefit analysis which will provide guidance on rail servicing pricing (by March 2011)
- ▶ Continue to work with industry to set rail performance standards

Stage 1 of the PBLIS Reform for Road will be introduced over the coming months

DATE	ACTIVITY
1 – 27 February	Final industry trial <ul style="list-style-type: none"> ▶ Industry reporting of OPM standards using stevedore data ▶ Opportunity for industry to understand the impact of OPM standards and the performance and behavioural change required ▶ Financial penalties will be reported on but will not apply
28 February	Intended commencement of financial penalties <ul style="list-style-type: none"> ▶ Financial penalties will only commence if the industry trial confirms that the data is valid for this purpose ▶ Financial penalties will then start to flow between truck carriers and stevedores for poor performance against the OPM standards
February – March 2011	Register and install truck tags
May 2011	Commencement of truck tracking solution
Late 2011	Opening of Truck Marshalling Area and introduction of Early Arrival penalties

Final Industry Trial

1 – 27 February 2011

Purpose

- ▶ Develop industry understanding of the commercial implications of the OPM standards
- ▶ Ensure data integrity prior to commencement of financial penalties
- ▶ Develop and refine the industry communication and reporting format
- ▶ Drive industry change and behaviour

What is in the trial?

Final Industry Trial will include measurement of the following:

- ✓ Early arrivals
- ✓ Late arrivals
- ✓ No Shows
- ✓ Minimum slots offered per hour
- ✓ Truck Turnaround Time (In Gate to Job Complete only)
- ✓ Truck Non Service
- ✓ Time Zone Cancellations

Reporting

The following reports will be available on the Sydney Ports website:

- ▶ Stevedore performance report (for each stevedore)
- ▶ Carrier aggregated performance report (across all carriers)
- ▶ Slot availability versus slot utilised report

Final Industry Trial

Sample reporting



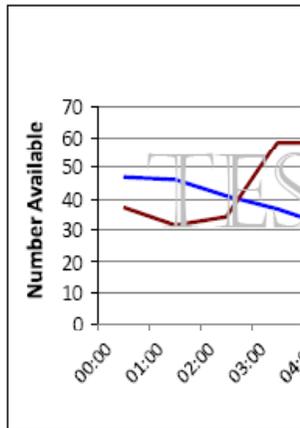
Summary Report



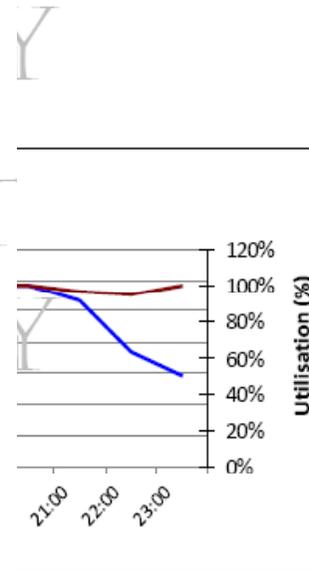
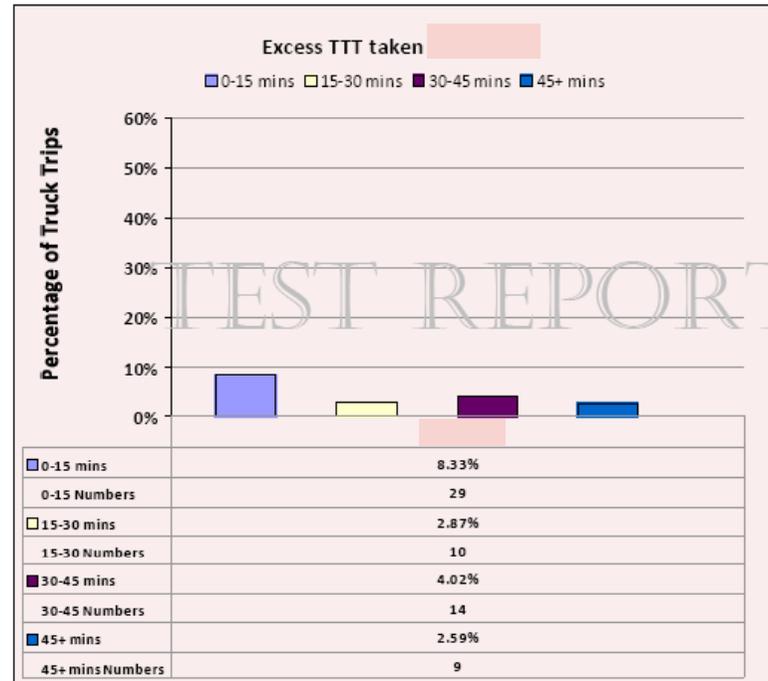
OPM Penalties by Stevedore

Stevedore	Carrier Arrival Penalties
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Slot Calculations



Excess Truck Turnaround Time - above the allowable



Final Industry Trial

What does it mean for me?

What does it mean for TRUCK CARRIERS?

- ▶ The performance of your trucks will be measured on:
 - Early / Late arrivals
 - No Shows
- ▶ You will have visibility of individual stevedore performance
- ▶ If you are registered with Sydney Ports, you will receive notification of your performance

What does it mean for STEVEDORES?

- ▶ The performance of your terminal will be measured on:
 - Minimum slots offered
 - Truck Turnaround Time
 - Truck Non Service
 - Time Zone Cancellations
- ▶ You will receive notification of your performance

What does it mean for INDUSTRY?

- ▶ Opportunity for industry to understand the commercial implications of the OPM standards and financial penalties prior to the penalties being enforced
- ▶ A chance to make the necessary changes to behaviour and business operations prior to financial penalties being enforced

Intended Commencement of Financial Penalties

28 February 2011

Penalties are intended to commence on **Monday 28th February** against the following OPM standards:

Carriers	Stevedores
✓ Late arrivals	✓ Minimum slots offered per hour (subject to infringement)
✓ No Shows	✓ Truck Turnaround Time (In Gate to Job Complete)
	✓ Truck Non Service
	✓ Time Zone Cancellations

Sydney Ports has the authority to **issue infringements** to any party who does not comply with the Regulation and Mandatory Standards

HOW WILL PENALTIES BE ISSUED?

- ▶ Stevedores will be responsible for invoicing processes between themselves and truck carriers
- ▶ These invoicing processes will be monitored and audited by Sydney Ports

Intended Commencement of Financial Penalties

Example Scenarios

STEVEDORE SCENARIOS

SCENARIO 1 (TTT)

- ▶ A truck takes **58 minutes** to go from the In Gate to Job Complete
PENALTY = \$25 (paid to truck carrier)
- ▶ A truck takes **2 hours and 15 minutes** to go from the In Gate to Job Complete
PENALTY = \$150 (paid to truck carrier)

SCENARIO 2 (Non service)

A truck arrives in correct time zone. Stevedore is **unable to locate their container**. Truck has been waiting for **75 minutes**.

PENALTY = \$100 + \$50 TTT applies + refund of booking fees (paid to truck carrier) + obligation to make alternate slot available for a time within 24 hours

SCENARIO 3 (Time zone cancellation)

Stevedore notifies truck carriers at **7.30am** that the **10am timeslot** for that day has been **cancelled**.

PENALTY = \$50 + refund of booking fees (paid to each truck carrier for each slot booked in that time zone) + obligation to make alternate slot available for a time within 36 hours

Intended Commencement of Financial Penalties

Example Scenarios

TRUCK CARRIER SCENARIOS

SCENARIO 1 (Late arrival)

A carrier has a booking for a **2pm timeslot** and the truck does not arrive at the In Gate until **3.10pm**

PENALTY:

- ▶ If stevedore permits entry = \$50 (paid to stevedore) + TTT applies
- ▶ If stevedore denies entry = \$100 (paid to stevedore)

SCENARIO 2 (No show – extended late arrival)

A carrier has a booking for a **2pm timeslot** and the truck does not arrive at the In Gate until **4.30pm**

PENALTY = \$100 (paid to stevedore)

SCENARIO 3 (No show)

Truck **does not turn up for carrier booking**

PENALTY = \$100 (paid to stevedore)

Intended Commencement of Financial Penalties

What if I have incorrectly received a penalty or do not receive payment?

Disputes regarding financial penalties (either non-payment or incorrect penalties) should be resolved directly with the other party

- ▶ If you are not able to resolve your dispute in this way, you may lodge a dispute via the Sydney Ports website
- ▶ In order to lodge a dispute, you **must meet the following criteria**:
 - ✓ Be more than **28 days** since the incident occurred
 - ✓ Able to demonstrate that you have **attempted to resolve the dispute directly**
 - ✓ Be registered with Sydney Ports

Example: a truck is serviced with a TTT = 100 minutes

- They are owed a financial penalty of \$100 from the stevedore and on the next statement of penalties, this incident is not listed
- 1st step is to contact the stevedore directly, and ask that this penalty appear on the next invoice
- If the stevedore does not comply with this request, the carrier may lodge a dispute after 28 days

Register and Install Truck Tags

February – March 2011

To comply with the mandatory standards and ensure queue time is captured, all truck carriers need to have a Truck Tracking Tag correctly installed on all trucks they make bookings for

STEPS TO RECEIVE A TAG:

1. Truck carriers to register on the Sydney Ports website (**Closes 14 March 2011**)
2. Truck carriers will receive requested tags in the mail with installation instructions (**March 2011**)
3. Truck carriers will be responsible for the installation of tags (**March 2011**)

Next Steps

Event		Dates
Final industry trial	<ul style="list-style-type: none"> ▶ Industry reporting of OPM standards ▶ Opportunity for industry to understand the impact of OPM standards and the performance and behavioural change required 	1 – 27 February
Re-gazetting of mandatory standards	Mandatory standards will be re-gazetted with any minor changes following industry feedback	25 February
Intended Commencement of Financial Penalties	Financial penalties will start to flow between truck carriers and stevedores for poor performance against the OPM standards	28 February
Enforcement of Regulation & Mandatory Standards	Regulation and Mandatory Standards will be enforced from 28 February including issue of infringements	28 February
Register and Install Truck Tags – Company registration	Visit Sydney Ports website and complete the company registration form including the number of tags you require, and the truck registration details for these tags	Registration closes 14 March

Question & Answer Session

A copy of this presentation will be sent to you via email.
For more information visit www.sydneyports.com.au and click on
'Landside Improvement'

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