

WA PORT OPERATIONS TASK FORCE ANNUAL REPORT 2013



ADVANCING CONTAINER SUPPLY CHAIN EFFICIENCY

WESTERN AUSTRALIA PORT OPERATIONS TASK FORCE

The Task Force was originally established in 1987 to provide an ongoing forum for discussion and exchange of views on key issues confronting the international supply chain through Fremantle Port. In recent years its focus has been on the container trade and in particular seeking to deal with the congestion issues that were being experienced several years ago. There has been considerable success in this area and the last two peak Christmas seasons have functioned very smoothly despite record trade being achieved through the port.

The Task Force seeks to achieve its objectives of improving supply chain efficiency through its monthly meetings where industry and Government agencies discuss key issues and identify actions which need to be taken. The Task Force also sets up special purpose Working Groups to bring together key people within the industry to examine critical issues such as peak season preparation to avoid congestion.

As such, the Task Force is an important and effective force for the improvement of trade efficiency and growth through Fremantle. This report on 2013 activities summarises progress on key strategies and actions in which the Task Force has been involved.

Chairman's overview



The WA Port Operations Task Force, working with industry, has made further progress over the past year towards greater efficiency in the supply chain for Fremantle Ports' container trade.

Fremantle Ports handles almost all of the container trade for Western Australia and a well-integrated and efficient supply chain is critically important in enabling sustainable growth.

Collaborative effort is essential in achieving improved integration and this has been a major focus of the Task Force in 2013, with some positive results. A combination of improved facilities, system changes and better communication has reduced the risk of congestion, particularly at peak periods.

It is encouraging to see the level of cooperation within industry and increased awareness of factors that influence efficiency of landside logistics.

I take this opportunity to thank members of the WA Port Operations Task Force for the contribution they have made to achievement of objectives.

I also acknowledge our industry and business partners for their interest and cooperation as priority actions are implemented.

While there is still more to be done, there is clear evidence that the supply chain for Fremantle Ports' container trade is working better today than it was five years ago. In 2014, we look forward to making further progress with current actions, and to seeing a start on other planned initiatives.

Graeme Wilson
Chair



Supporting increased use of rail

Fremantle Ports' extension of the North Quay Rail Terminal is underway and is expected to be completed in mid 2014. The \$31.4 million project is funded by the Federal and Western Australian Governments.

Expansion of rail infrastructure servicing Fremantle Port will help get more containers on rail, reducing the growth of port-related truck traffic.

The project is designed to increase the efficiency and capacity of the rail infrastructure servicing Fremantle Ports' container trade. It involves extending the existing rail terminal from 400 metres to 690 metres.

The rail terminal extension will give improved access for transfer of containers and enable shorter turn around times for trains, making rail more competitive as a means of transporting containers to and from the port.

The rail terminal/stevedore interface has been addressed in the design for the extension and discussions between Fremantle Ports and the stevedores on this matter are continuing.

Task Force presentations

Presentations on a wide range of topics helped inform the work of the Task Force during 2013.

These included:

- High Street Fremantle Upgrade Project - Main Roads WA
- Fremantle Ports Break Bulk Trade - Fremantle Ports
- Chilean Ports Truck Appointment System - University of Valparaiso
- Container Control and VBS Improvements - I-Stop
- Urban Planning and the Consideration of Freight Supply Chain/Transportation Requirements - Planning Institute of Australia
- Customs Facility Tour and Cargo Reporting Compliance Activity - Customs
- Chain of Responsibility (CoR) - Main Roads WA
- Rous Head Development - Fremantle Ports
- Freight Forwarder's Perspective (Operational Issues) - EES Shipping
- Annual Truck Survey Results 2013 - Fiona Callendar
- Port Community System initiative

Towards achieving objectives

The following is a summary of progress in relation to priority objectives set by the WA Port Operations Task Force to provide for container trade growth in Fremantle Ports' Inner Harbour.

Provision of adequate port-precinct container storage capacity

Container storage is one of the uses of the new land being developed at Fremantle Ports' Rous Head Industrial Park. Construction of roads and installation of services for the 27 hectares of land reclaimed through dredging were nearing completion at the end of 2013 and development of leased areas is in progress.

Fremantle Ports' new Truck Facility, incorporating a truck marshalling area (TMA), is assisting traffic flow within the area and with the adjacent Rous Head Café/Caltex fuel stop is a vast improvement for drivers. The TMA has one of the most advanced automated number plate recognition systems in Australia and an automated call up system for trucks waiting to enter the container terminals. This reduces congestion caused by queuing, particularly at peak periods.

Identification and use of temporary sites at Rous Head for container storage in peak season has been important, as demonstrated in the 2012/13 season. The need for overflow facilities in the 2013/14 peak season was monitored by Fremantle Ports, with potential sites such as the "sand patch" identified. Further alternatives are being developed.

Increases in container stacking height, made possible as a result of new handling equipment at key container parks, were a key contributor to increasing empty container park (ECP) storage and proved crucial in maintaining smooth flows through parks in the summer of 2012/13 and 2013 Christmas peak.

The Task Force has regularly considered and made comment on these developments to ensure industry views were taken into account.

Increased efficiency in receipt and delivery activities

Container terminal operations

The Task Force has over a number of years established a sound relationship with both Terminals to ensure industry views are known. This has contributed to the significant improvement in performance at both Terminals – amongst the best in Australia.

Minimising daytime bulk runs has been identified as an important step in reducing congestion. Although daytime bulk runs are still occurring, evening bulk runs have been the subject of negotiations between shipping lines, container parks and container terminals. The Task Force will be reconvening further three-way discussions on this topic. Minimising daytime bulk runs is a provision in new ECP leases at Rous Head.

Extended hours for Saturday mornings have been introduced and although unexpected issues have reduced take-up, QUBE has agreed to keep its facility open. New ECPs, as part of the Rous Head development, will have extended hours when they open from late 2014. Provisions within their leases will promote after hours R&D activities.

Extended working hours is included in operational requirements for all new leases at Rous Head and for lease renewals where these leases are for businesses involved in container handling operations.

Protection of Port Corridors and Greater Use of Inland Facilities

The Task Force is also represented on the WA Freight and Logistics Council Land Use Planning Working Group which has a program to inform and educate the planning industry about planning for freight

ECP booking system

ContainerChain, a web-based information and visibility portal for the container logistics community, has been independently implemented. Its aim is to provide a single window for all participants involved in the industry to view and transact empty container movements, and thereby improve the overall efficiency of these movements and ultimately reduce costs for all port users.

The Task Force has been actively supporting efforts to increase the automated operation of the system by monitoring shipping line electronic data compliance.

Another key goal of the Task Force is to assist in finding the balance between the flexibility provided by a notification system, required in the dynamic landside supply chain, and the discipline necessary to minimise truck turnarounds.

Machinery reliability

Ensuring that container parks have reliable machinery is an important element in achieving increased efficiency. There is an ongoing obligation to ensure that machinery is reliable and this is included in new lease contracts for container parks.

in industrial estate design and protection of corridors. This aligns with the Task Force's objectives of protecting port freight corridors and achieving greater use of inland facilities.



Container traffic management and forward planning

The Truck Productivity Study is an initiative of Fremantle Ports with support from the Freight and Logistics Council of WA to investigate the key barriers to productivity and efficiency experienced by container transport operators and handling facilities. The study seeks to identify possible industry initiatives to facilitate improved efficiency outcomes.

WA Port Operations Task Force members are providing information and data as well as taking part in the study as stakeholders. Substantial progress has been made through surveys and industry workshops and it is expected that the reporting of study outcomes, including action plans for priority initiatives, will be completed in the first quarter of 2014.

Some initiatives have longer term planning horizons and will be progressed with relevant stakeholders through the Task Force.

Communication, engagement and education

There has been significant work over the past 12 months on the Task Force objective of engaging and educating container importers on processes, responsibilities, roles and operations along the entire supply chain. One of the activities has been the ongoing campaign to encourage early ordering ahead of the Christmas peak.

Container throughput at Fremantle Port was at record levels for October and November in 2013, compared with previous years. Although there were a number of contributing factors, it seems likely that the "order early for Christmas" campaign has played a significant part.

The message to importers seems to be getting through and the Task Force's Peak Season Working Group will continue this campaign in 2014. Bringing in Christmas stocks as early as possible reduces the risk of congestion at the container terminals and subsequent delays in getting goods delivered to the shelves in a timely way.

As well as encouraging importers to order early where possible, the Task Force has been emphasising via media and business channels that importers need to have adequate arrangements in place for receipt and delivery of goods if they are to avoid penalty costs for late return of empty containers to the depots. This means establishing good communication channels between importers and their Customs brokers, freight forwarders, transport companies and shipping lines.

Each year a large number of importers face detention costs because they have not returned containers on time. As importers control the timing of container unpacking,



they are responsible for any resulting detention costs that may occur; however early advice of issues arising can help minimise delays and avoid financial penalties. The WA Port Operations Task Force has prepared a guide for detention relief. This is available at the following link: <http://www.fremantleports.com.au/Planning/WAPOTF/Pages/Presentations.aspx>

An Importer Working Group was established in July 2013 to develop further initiatives and programs to educate and engage container importers. Varying importer warehouse opening hours to create a better match with the port terminals is one of the aims.

A quarterly Importer Newsletter was introduced in December 2013 and education materials are being developed. During 2014 the Importer Working Group will present to major freight forwarders and their import clients to directly engage with and educate importers on current Port initiatives, the supply chain and

opportunities to improve the efficiency of their import processes.

Additionally, Fremantle Ports has recently implemented an Importer Relationship Management Plan. This includes undertaking a pilot liaison program with importers and freight forwarders. So far, the program has been very successful with importers keen to establish closer working relationships with Fremantle Ports. Fremantle Ports hopes to extend this program to include exporters in the near future.

As part of its activities to complement Main Roads WA's Chain of Responsibility education process, the CoR Working Group of the Task Force is focusing on an element of the new legislation of particular importance to the landside supply chain; namely Container Weight Declarations (CWD). The group worked on a CWD guide, which is now ready for distribution early in 2014. It also completed a handy reference card for drivers with overloaded containers.

The Task Force has keenly observed developments in the implementation of CoR and continues to assist Main Roads WA in understanding the particular issues for terminals and drivers in the port environment.



1 Cliff St Fremantle,
Western Australia, 6160

T: +61 8 9430 3555

F: +61 8 9336 1391

E: mail@fremantleports.com.au

www.fremantleports.com.au