Truck Productivity Study Industry Forum - Summary

Background

An Industry Forum was held on the 17th July 2014 at The Esplanade Hotel in Fremantle, where over 60 industry members, representing Container Terminals, Empty Container Parks, system providers, transport operators, importers, exporters, and industry associations, participated in a discussion about key issues in the industry and actions to address these in the future.

Presentations were given by 1-Stop, ContainerChain, DP World, Patrick Terminal, QUBE, Tyne ACFS, CBFCA, WARTA, and Cristal Pigment (exporter) on the challenges they face and upcoming developments to improve efficiency. Fremantle Ports presented the outcomes from the Truck Productivity Study, including the Strategy and Action Program to be implemented.

Positive response to Industry Forum

Feedback on the Truck Productivity Study Industry Forum was positive, and many participants noted that the session was beneficial with good participation from industry, lively discussion on the various topics and issues raised, with an optimistic outlook for future consultation and progression of issues. Based on feedback received, three quarters of participants found the session to be very beneficial, and would come to similar events in the future. Further industry forums are being considered as part of the Truck Productivity Study Strategy.

"Positive to see many critical facilities, such as the two terminals, system providers, and ECPs involved - exchange of information between various parties in the chain is positive."

The following summarises the key discussion points raised during the Forum.

Jennifer Hall | Senior Logistics Analyst
P: 08 9432 3662 | jennifer.hall@fremantleports.com.au

Doug Brindal | Manager Logistics
P: 08 9430 3515 | doug.brindal@fremantleports.com.au

Session 1: Container Terminals & Vehicle Booking System

Overview

There are a number of structural issues that exist in the WA container supply chain, including the large number of carriers accessing the terminals, the imbalance in import and export volume required to achieve two-way loading at the terminals, the continued focus on daylight operations Monday to Friday, and the perceived imbalance in the commercial relationship between the terminals and transport operators. These have been observed to be impacting on trucking efficiency and productivity.

Key issues include:

- Alignment and coordination of slot systems for trucking efficiency.
  - Difficulty coordinating slots between two independent slot systems at the Container Terminals and Empty Container Parks
  - Quantity of slots or time available
  - Variability in service times makes it difficult to coordinate round trips
- Slot drop process.
  - Intense competition with the large number of carriers
  - Functionality limitations identified

Priority improvement areas:

- Mechanisms to reward efficient carriers.
- Development of improved stack-run functionality and extend the use by industry.
- Monitor development of Advanced Bookings at DPW in Eastern States.
- Extend use of off-peak operations and bulk runs.
- On-port logistics operations – RHCS operational, Toll to commence development shortly.
- Investigation into third-party staging arrangements underway.
- Consult with industry on acceptable commercial relationships.

1-Stop Update

- Upcoming developments include the redesign of Stack Run functionality - to be deployed around December 2014 - and booking and manifest features in the Mobile App
- Future enhancements being considered include improvements to the booking experience, investigating the concept of booking across the supply chain, and integration of VBS with rail operations.
- The Dual Run functionality, whereby an import and export slot is provided in one transaction, may not be currently used to full potential - improvements to this functionality will be considered based on industry feedback (e.g. to provide multiple slots in dual runs)

Q&A Session

The interactive panel session gave rise to extensive discussion, particularly around dual runs, carrier behaviour and terminal mode. Some of the key points included:

- Concern that larger carriers move to night operations could benefit smaller carriers through ease of access to daytime slots.

- The Port is encouraging extended use of night operations through KPIs related to off-peak movements in new Logistics leases.

- Incentives could be used to encourage use of extended hours e.g. peak period pricing.

- Better forward planning out of terminals. Tagged/stack run facility will assist both carriers and terminals. This will result in increased capacity in the system.

- The rail target of 30% total trade is supported by the terminals, and shared boundaries with NQRT will provide more opportunity.

- There are a lot of bookings not being used by the carrier that first booked them - further work is required to clarify the impact of this.

- Only 700 dual slots were booked in June 2014. The optimal level of Dual Slots should be considered and adjustments to this functionality may be required.

- Automation in terminals is not anticipated to be introduced in the near future.

Overview

In the past, ECP operations have been fairly basic and parks have had less revenue as a result of repairs moving overseas. There has been no increase in the daily storage rate in a decade, resulting in less real incentive to invest in equipment and systems. In recent years, there has been limited competition in the market and a concentration of ECP activity within the Port precinct.

Key issues include:

- Historically long queues.
- Variable truck-turn times.
- Peaks and troughs in truck arrival patterns.
- Conflict between bulk runs and R&D.
- Some shipping lines not using EDI.

- Inability to edit notifications.
- Excessively early or late arriving vehicles.
- Limited take-up of extended hours.
- No information to transport operators when containers are unavailable.

A system of two rigid slot systems at either end of the landside chain will encourage other inefficiencies, so a balance encouraging slot adherence is important.

Recent changes have improved ECP operations, including a greater level of off-port ECP capacity (ICS Forrestfield and ICL Bibra Lake), introduction of ContainerChain providing an insight into truck arrivals and capacity and the development of new land areas.

Priority improvement areas include:

- Extend operating hours to match Container Terminals.
- Improve service time reliability through promoting greater adherence to ECP slots, while maintaining flexibility to cope with issues in the wider supply chain, introducing KPIs through leases, and moving bulk run activities to off-peak periods.
- Promoting further use of existing off-port ECPs and development of further off-port capacity.
- Modify ContainerChain to reduce futile trips, e.g. ability to edit Container ID, advise low stocks, etc.

ContainerChain Update

- Move towards bulk runs being managed through ContainerChain system.
- Room for improved on-time performance in Fremantle parks.
- Recent changes include reduction in the time notifications for import dehires can be made.
- Upcoming developments include ability to edit Container ID in notifications, ability for bulk runs to be visible, mobile device functionality, auto-gates, entry of container details by carriers where an EDI does not exist and changes to provide low stock alerts to carriers to avoid futile trips.

New Site Developments

- Development for the new ECP facilities (QUBE and Tyne ACFS) in the Rous Head Industrial Park will commence shortly. A direct interface with the North Quay Rail Terminal (NQRT) will be incorporated.
- Technology developments will improve the speed of servicing and general efficiency at new parks, with the aim being paperless transactions. Full lighting will allow operations to continue at night.
- Obligations will require reliable equipment, extended hours, and efficient servicing of vehicles.

Q&A Session

The interactive panel session focused on the use of ContainerChain and comparisons with parks in the Eastern States, experience and development plans of the new ECP sites and how carrier booking and arrival behaviour could be improved. Some of the key points included:

- ContainerChain reported that Fremantle has the highest percentage of transactions handled through EDI at 89%, well above the Eastern States average of 60%.

- Capability exists now in ContainerChain to enter bulk runs into the system, with several parks in Eastern states using this functionality. This increases the accurate representation of the parks' capacity.

- Focus for ContainerChain is looking at the whole supply chain and the provision of data to all parties.

- New Port leases for ECPs will incorporate requirements to turn trucks around quickly. There are also provisions to ensure that parks operate in such a way that prevents queuing on the road network.

- Visibility of stock levels at parks for transport operators is important to ensure that futile trips are minimised. Shipping Lines undertake stock planning to ensure the right box is available at the right time for customers. Stock levels may not be required to be transparent to drivers. ContainerChain are working on notifications of low stock to carriers to minimise futile trips.

- Uptake of extended hours is important to ensure ongoing availability of this capacity. Tyne ACFS noted that the success of extended hours comes down to the larger carriers. If they lead, others will follow.

- Early and late arrivals (based on notification time slots) make up approximately 70% of arrivals. The disciplines in place for parks to manage trucks in the Eastern States have resulted in more on time arrivals. Further investigation of these disciplines would be useful.

- QUBE noted that with the implementation of performance requirements, it is likely that some tightening up of disciplines will be required. Increasing consistency will improve the ability to align slots with parks and terminals.

- A concern of industry is that two rigid booking systems will result in transport operators having idle trucks between bookings, or not achieving as many cycles per day. There are different ways of managing discipline such as turning trucks away that arrive early or late. A possible option is a carrier classification system based on on-time arrivals, where benefits are given to those that arrive on time.

- Carriers need to ensure that only bone fide bookings are being made and ECPs need to start identifying those carriers where this is not the case.

- An alternate view was raised whereby increasing some disciplines around on-time arrivals and booking behaviours may allow flexibility to be more readily available when it is required.

- There is an opportunity for importers to communicate with transport operators better to improve on-time arrivals at parks. Further work in this area by the Importer Working Group would be beneficial.

- Increased capacity will exist with new developments, which may free up the day period.

Session 3: Supply Chain Coordination & Transport Operations

Overview

Supply chain coordination and efficient transport operations are important to delivering seamless services through the whole chain. However, some issues may be preventing optimal efficiency, including the mismatch of operating hours along the chain making it difficult to coordinate two-way movements, alignment and coordination of booking systems with trucking efficiency requirements, and undesirable booking behaviours at critical container handling facilities.

Priority improvement areas include:

- Improve alignment of importer operations with other supply chain participants.
- Coordinate bookings across Container Terminals and ECPs.
- Promote cooperative staging arrangements.
- Expand training to improve understanding of VBS and CC functionality.
- Consider role of high productivity vehicles for future chain development.
- Examine vehicle standards to allow more night operations which managing community impacts.

CBFCA and WARTA Updates

- Effective communication with industry is critical for ongoing improvements and success.
- Work undertaken by the Peak Season Working Group and Importer Working Group has achieved positive feedback from industry and supports improved efficiency.
- Communication with importers remains a critical strategy to increase their understanding and engagement with the rest of the supply chain.
- Third party staging is a real opportunity for some operators to overcome limitations, particularly during peak season.
- Changing operating patterns may be necessary for some to cope with future volumes.

Q&A Session

The interactive panel session raised a number of key issues, including:

- Fremantle has a much higher number of operators than other States, with varied operating efficiencies. Gauging whether transport operators are able to conduct port operations effectively may suggest a mechanism such as an accreditation system is required. Benefits or incentives for those that do the right thing will be important.

- The average fleet age in WA is nearing 13 years old, compared to 3 to 4 years in Europe. Incentives to encourage new fleet investment may be beneficial. Further investigation into how some operators are able to turn fleets over quickly and remain competitive would be worthwhile.

- The rail operator confirmed that with recent infrastructure upgrades, such as the extension of North Quay Rail Terminal, and the work being done at the Forrestfield terminal, capacity to meet 300,000 TEU annually is possible.