

CURRENT

An Update from Sydney Ports Corporation

July 2004

Managing and developing port facilities

Proposed Port Botany expansion

Following the completion by Sydney Ports Corporation of an Environmental Impact Statement to expand facilities in Port Botany, a Commission of Inquiry (COI) was announced by Craig Knowles, Minister for Planning, Infrastructure and Natural Resources in December 2003. The Minister established 11 terms of reference for the Inquiry which address the economic, social and environmental interests associated with the proposed development. Having completed detailed submissions for the COI, Sydney Ports was prepared for the commencement of Public Hearings on May 31, 2004.

At the first session, the COI was adjourned by Commissioner Clelland as a result of the Minister amending the terms of reference. An additional term included by Minister Knowles requires further analysis of feasible layout alternatives within Port Botany. As a result, Sydney Ports is now undertaking relevant studies to further investigate alternative expansion layouts, including the option presented by P&O Ports. PriceWaterhouse Coopers, GHD and environmental consultants are conducting the study. The COI is expected to recommence during the third quarter of 2004.

Port security

Sydney Ports' security plans have been approved and were enacted on July 1, 2004 as part of the Commonwealth Maritime Transport Safety Act and the International Maritime Organisation's International Ships and Port Security Code. Sydney Ports prepared security plans for common port areas in Sydney Harbour and Botany Bay, which introduce improved measures to reduce the potential risk of a terrorist attack or unlawful activity. Under the new legislation, ships and port facility operators are also required to have security plans.

Because port waterside security is also the responsibility of the port operator, Sydney Ports has introduced security zones around the two passenger terminals, the Spirit of Tasmania III berth and Shell Gore Cove terminal in Sydney Harbour. Security requirements in Port Botany that restrict access to within 100 metres of the Bulk Liquids Berth and Caltex Kurnell facility remain in place.

New port precinct measures include signage, increased electronic surveillance, waterside surveillance, upgraded fencing and improved access control. Additionally Sydney Ports facilitates a Port Security Committee with representation from key stakeholders within the port. Recognising that each port facility and port service provider has its own security measures, it is important that all parties continue to work together to achieve our common objective.

Sydney Ports has incurred additional capital costs in the introduction of enhanced security measures in our two ports and there will be additional capital expenditure in the future as well as ongoing operational costs. These expenses must be recovered and industry will be advised of amended port charges as soon as possible, with appropriate notice before implementation.

Facilitating trade

Trade Record

Sydney Ports has achieved another container trade record by handling 1.27 million TEUs over the past financial year. Preliminary figures indicate there were 110,000 more containers moved through Sydney than the 2002/03 financial year. This equates to an increase of 9.5 per cent. When coupled with last year's growth it represents a 25 per cent increase in container trade for the two years.

Container trade growth has been driven by imports, which demonstrates the increasing demand for consumer goods. Overall container imports have grown by 9 per cent with North East Asia leading the way. Container exports have improved by 9.8 per cent over the past year with full container exports increasing by 3.3 per cent.

Total trade for the ports of Sydney reached 25.1 million mass tonnes, an increase of 6.3 per cent. Non-containerised trade grew by 6.2 per cent with significant increases in oil, bulk chemicals and gases, motor vehicles, cement and aggregates trades. More comprehensive trade information can be found on Sydney Ports' website (www.sydneyports.com.au) in the trade and logistics section.

New Shipping Services

Five new services between Sydney and North Asia are progressively being introduced through June and July. These services will accommodate the continuing growth in trade between the two regions by adding 35 per cent container vessel capacity. As demonstrated by the latest trade figures, container imports from North Asia have grown considerably and now accounts for 40 per cent of Sydney's total container trade.

Each of the five new groupings operate on a fixed day weekly schedule, which now provides importers and exporters with a choice of more than 20 individual container lines, and about 10 weekly sailings between Sydney and ports Hong Kong, Japan, Korea, Taiwan and specifically China where trade is booming.

Empty containers

Sydney's empty container depots have continued to operate at optimal capacity levels (70-80% occupancy) over the past six months. When empty container depots are forced to operate above these levels for long periods of time there can be an impact on operational efficiency. This can have knock-on effects to trucking, rail, and port operations.

Since April, a number of shipping lines have deployed vessels specifically to load large volumes of empty container for repositioning to Asia. Over 12, 000 empty TEUs were cleared by five vessels over the past three months. These deployments are a result of high demand for empty containers overseas and insufficient capacity on existing northbound services. Shipping lines continue to address the empty container issue by promoting the repositioning of empty containers from Sydney on a regular basis. The commencement of new services between Sydney and North Asia will assist in addressing northbound capacity over the next few months.

Even though trade has increased by more than 25 per cent over the past two years, container depot capacity has remained static. Despite this, internal efficiencies in managing empty container depot operations have reduced dwell times at the depots. With the peak season approaching stakeholders in the transport chain have begun planning for the busy trade period, it is essential that this work continues to ensure cargo continues to be handled efficiently.

Transport Workshop

Sydney Ports facilitated a transport workshop at the beginning of July to address issues associated with the efficient transport of cargo. This provided opportunities to continue some of the work identified in last year's transport forum. It also targeted representatives at an operational level from rail, road, port, shipping, empty depot operations, and various organisations associated with port transport.

Significantly the workshop provided a platform for industry members to discuss issues and agree on actions needed to achieve common objectives along the transport chain. Several actions were developed addressing rail operations, communications between industry segments, peak season planning and empty container capacity and repositioning. Sydney Ports will continue to work with the industry and the Sydney Ports Cargo Facilitation Committee to address some of these issues, we will also provide updates as required to the broader port community.

Facilitating cargo on rail

The recent lease agreement between the Australian Rail Track Corporation and the NSW Government will ensure funds are allocated for rail infrastructure improvements in NSW. Separate to this, the Auslink White Paper, released by the Commonwealth Department of Transport and Regional Services, outlines plans to improve road and rail links across Australia. Sydney Ports welcomes rail infrastructure improvements in NSW.

The 60 year lease of NSW's interstate track to ARTC allows for significant improvements to the current rail network, including the completion of the Southern Sydney Freight Rail Line. Once finished, this freight priority line will increase rail capacity between Macarthur and Sydney's metropolitan area as freight services will no longer share the line with passenger traffic.

Sydney Ports is awaiting the release of the NSW Government's Metropolitan Freight Strategy which will provide a framework for the future of rail including the identification and establishment of intermodal hubs across Sydney. The Corporation expects the strategy to support the development of the Enfield as an integral part of the network solution.

Whilst infrastructure improvements are a significant step towards improving the current freight rail system, operational changes will also assist in the achievement of 40 per cent rail mode share for Sydney. Sydney Ports is progressing a Rail Simulation Study to identify what these operational changes could be and how infrastructure improvements will affect rail efficiencies. The study is similar to that used in the Hunter Valley Coal Chain.