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Response to the Inquiry into the Long -Term Productivity of Australia's Maritime Logistics System

10 FEBRUARY 2022

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The Port of Brisbane Pty Ltd (PBPL) welcomes the opportunity to contribute to the Inquiry into the Long-term productivity of Australia's maritime logistics system. The Government's decision to undertake an Inquiry provides an opportunity to highlight the Port of Brisbane's major long-term problem - lack of rail connectivity.

Approach

PBPL's submission supplements that provided by Ports Australia and focuses on issues of particular concern to PBPL. PBPL is fully supportive and a contributor to the ports Australia submission. Whilst we acknowledge and support other entities who will submit information about waterfront productivity and industrial issues that have been prevalent, we seek to supplement that information to cover other key aspects of the enquiry.

The issues which PBPL seeks to highlight are:

- The capacity of the port and its infrastructure to accommodate trade growth until 2040
- Future constraints on the port resulting from poor rail connections and a congested road network, both of which are the remit of Government
- The importance of the Port Rail Connection from Acacia Ridge to the Port (an extension of Inland Rail) and the implications for the Port and its stakeholders and the broader economy of this does not occur
- The productivity opportunities offered by better and more regular access to Australian Border Force (ABF) data.

Background

Port of Brisbane is Queensland's largest container and multi-cargo port and the third largest multi-cargo port in Australia. It is a vital import-export gateway for Queensland and northern New South Wales, handling approximately $50 billion in international trade annually. In 2020/21, the Port of Brisbane handled a record 1.49 million TEUs, a clear demonstration of the critical role the Port plays in supporting South East Queensland's growing population.

Port of Brisbane was privatised in 2010 by the Queensland Government. It is managed by Port of Brisbane Pty Ltd (PBPL) under a 99-year lease. PBPL is owned by the APH Consortium (formerly known as Q Port Holdings consortium), comprising four of the world's largest and most experienced infrastructure investors. The members are: Caisse de dépôt et placement du Québec; IFM Investors; QIC Private Capital Pty Ltd on behalf of its managed funds; and Tawreed Investments Ltd, a wholly-owned subsidiary of the Abu Dhabi Investment Authority.

PBPL investment since 2010

Port of Brisbane offers world-class facilities including purpose-built wharves and modern cargo-handling infrastructure as well as warehousing and storage, bulk handling, and container parks. The Port of Brisbane operates eight container wharves serviced by three semi-automated stevedores and a combination of privately-operated and common-user berths for coal, cement, agricultural products and other dry bulk commodities, as well as wet bulk, motor vehicles and general/project cargo.

Since privatisation in 2010, PBPL has invested over $1.1 billion in capital works to ensure Port of Brisbane infrastructure can support trade growth and our customers well ahead of capacity demand. Over the next five years from 2020/21, PBPL has forecast approximately $466 million for port infrastructure works.

Over the last decade, PBPL has delivered land and waterside infrastructure improvements and investment in new technology to support our customers and the supply chain.

Major infrastructure investment and other efficiency initiatives delivered by PBPL since 2010 include:

- **$177 million Brisbane International Cruise Terminal (2020)** – Construction of South East Queensland's first dedicated cruise facility able to handle mega cruise ships. These larger vessels account for a growing proportion of the global fleet – they could not access existing upstream cruise facilities in Brisbane and previously called at the Port's Grain Wharf.
  Completion of the cruise terminal will free up capacity for agricultural and bulk customers at the Port's Grain Wharf and will virtually eliminate any conflict between freight and passenger vessels.

- **Bollard upgrade program (2020)** – Replacement and installation of higher capacity bollards along all container berths (berths 4 to 12) to 150 tonne-rated galvanised bollards.

- **Koopa Swing Basin (2019)** – Constructed by PBPL, the Port of Brisbane's second swing basin opened in April 2019 and is adjacent to container berths 10-11. It has provided significant efficiency and productivity benefits for the stevedores, while the additional swing basin has freed up capacity for agricultural and bulk customers who continue use the Port's main swing basin.

- **$110 million Port Drive Upgrade (2018)** – Construction of dual carriageway access into and out of the Port together with improvements to local road networks that substantially improved access and safety for all road users.
  The major impact of this project is that, apart from improving safety, it is has reduced the one-way travel time of trucks accessing the port from the proximate industrial areas in the port precinct by about 40%. This is a significant cost benefit for carriers and their customers.

- **NCOS Online (2017)** – Developed in partnership with Seaport OPX, NCOS Online is world-leading technology that provides a seven-day detailed forecast of a vessel's under keel clearances (UKC) and environmental conditions with a web interface, allowing for dynamic vessel scheduling. It has improved access for shipping lines, reducing transit times and improving efficiency, while also providing a greater level of accuracy in vessel behaviour to the Harbour Master.

  The technology has maximised the capacity of the Port of Brisbane channel, increasing the allowable vessel draft for some vessels by an average of 50cm (under certain conditions) while deferring the need for capital dredging.

  It has also increased the vessel LOA (length overall) by 13.6% to 350 metres and vessel beam (width) by 11.1% to 50 metres that the Port is able to accommodate, which is providing greater flexibility for shipping lines as larger ships are planned for our region.

The result of continued infrastructure investment and improved asset utilisation over a number of years is that the Port of Brisbane not only has no current capacity constraints, but has the on-port wharf, road, rail and channel capacity to cater for trade growth until at least 2040.

However, this will be of limited benefit if the port's future capacity is under-utilised because of Government's inability or unwillingness to provide adequate road and rail infrastructure beyond the immediate environs of the port. ie; beyond the port gate.

Landside Efficiency

More than 98% of all import and export containers passing through the Port of Brisbane are transported by road. The efficiency and productivity of road transport is therefore a major priority of PBPL. A number of initiatives have recently been undertaken to improve landside efficiency and productivity:

- **Access for 30 metre long A Double high productivity vehicles (HPVs).** Since 2007, PBPL has facilitated access to its road network for 4 TEU (2 x 40 ft containers) A doubles. Coupled with improved access on the wider road network, this vehicle has become the 'vehicle of choice' for transporting containers to and from the Port and has brought about a reduction in costs for exporters and importers, and a reduction in the number of trucks accessing port roads.

  It is therefore regrettable that in 2021, Patrick imposed a long vehicle charge of $51.55 per truck on all 30-metre-long HPVs (40% of trucks) accessing their terminal. This was an unjustifiable impost on port productivity and efficiency.

- **Improved port access for A-Doubles (2019)** – following extensive engineering assessments and customer trials, in 2019 PBPL opened-up access to the Lucinda Drive Bridge (one of two access routes into/out of the port) in both directions, to A-Double HPVs, improving efficiency and productivity and reducing costs for operators and their customers.

- **Over size, over mass (OSOM) pre-approvals on port roads** – In June 2021, PBPL issued revised and updated pre-approvals for OSOM vehicles to access port roads. OSOM vehicles which meet pre-approval criteria are provided automatic consent from PBPL to be issued with permits to access port roads. This removes the requirement for PBPL to consent to individual loads and will allow permits to be issued more quickly. The new pre-approvals increased the width of loads from 5.5 metres to 6.5 metres for some roads on Fisherman Island, but decreased load widths on other roads, to improve safety for all road users.

- **Long truck Port Container Vehicle (PCV) trial** – Following the completion of a long truck trial in May 2021, PBPL consented to a permit allowing 42-metre, 6-TEU port container vehicles (PCVs) to operate on a defined route on Fisherman Islands. This is the longest and highest payload container vehicle operating on any container port in Australia.

Road and Rail Access and Capacity

Over the next 30 years, trade volumes through the Port of Brisbane will increase substantially, particularly containers, which are expected to grow from 1.49 million TEUs to 4.8 million TEUs. This will place significant demands on road and rail transport connections. PBPL's productivity is intrinsically linked to the efficiency and capacity of these connections, which characterise port access.

Growth in trade will result in considerable growth in truck movements to and from the port over the next 20/25 years.

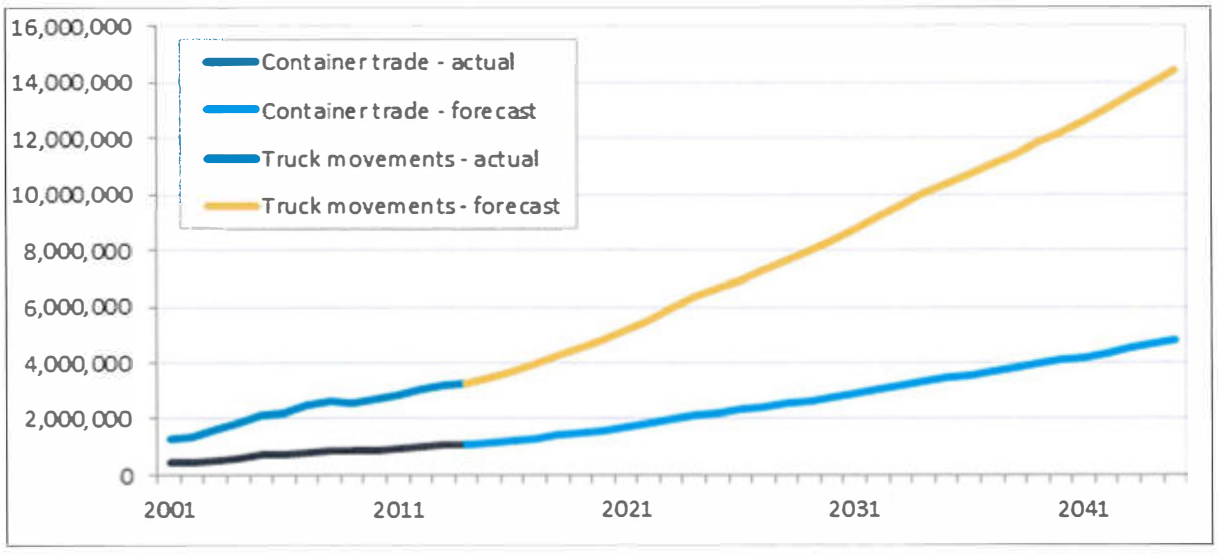

Figure 1: Projected Container Trade and Truck Movements at the Port of Brisbane

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Notwithstanding improvements to regional road networks, changes in trucking technology, and/or mode shifts to rail and coastal shipping, such growth is likely to result in heavy road congestion.

The current freight line to the port shares the same corridor as number of Brisbane's metropolitan passenger rail services. The potential to maintain and/or grow rail freight using this line is constrained by the increasing frequency of passenger services (post Covid).

Currently less than 2% of containers are transported by rail via the PBPL-owned and managed Brisbane Multi-Modal Terminal (BMT), to/from central Queensland and Townsville. This is a further decline on the previous years – approximately 2% in FY20 and approximately 2.2% in FY19 – and well below global standards of around 20-30%.

There are NO containers transported by rail from the west or south west Queensland e.g. Darling Downs.

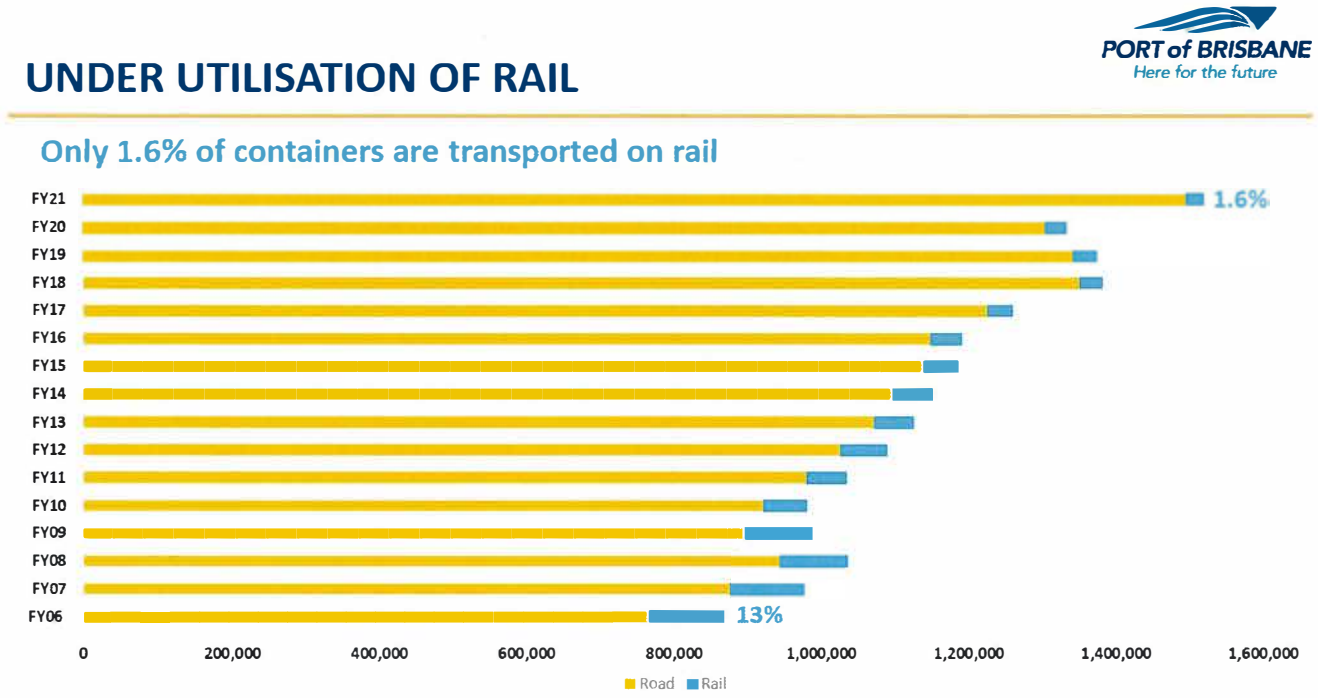

Figure 2: [Continuing Low Rail Modal Share]

Without significant improvements to the existing line and/or the development of a new dedicated freight rail corridor, road congestion and transport costs will increase, which could constrain trade growth through the Port of Brisbane.

Dedicated Freight Rail Connection

Enabling increased modal balance by facilitating improved rail access to the Port of Brisbane is a key strategic priority for PBPL. Together with industry partners and customers, PBPL has continued to advocate at all levels of government to connect the Port of Brisbane to the Inland Rail project. The Inland Rail project currently proposes terminating at Acacia Ridge, approximately 35 kilometres from the Port of Brisbane, from which containers would be transferred onto road and trucked through the City to the Port.

As container volumes continue to grow, the current road/rail modal share is unsustainable for both industry and the community.

If rail access to the Port of Brisbane remains unaddressed, in the future millions of containers will be transported by road, impacting the environment, community and Queensland's economy, and placing further pressure on the supply chain. This of course assumes that the looming driver shortage will not degrade road transport capacity.

Securing improved rail access is becoming increasingly critical as the rollout of the Inland Rail project in New South Wales continues to threaten Queensland's competitiveness in the national freight and logistics industry. Through our ongoing advocacy, PBPL has publicly supported the commitment of the State and Federal Governments to the Business Case,

however we continue to urge both levels of Government to accelerate this process immediately. Lack of construction activity in Queensland and a lack of urgency to plan for the 'last mile' into the Port of Brisbane only leads to further uncertainty for all stakeholders.

A dedicated freight rail connection between Inland Rail and the Port of Brisbane will deliver extraordinary benefits to Queenslanders and the supply chain for decades. Modelling by Deloitte Access Economics (report attached) has shown that a globally competitive rail modal share of 30% in 2035 could result in 2.4 million less truck movements on local roads and deliver $820 million annually in economic and community benefits. In the same time period, it would also deliver other important benefits for the maritime logistics sector including $210 million in increased international export value and savings of $130 per TEU (twenty-foot equivalent shipping container).

Further information about this issue was provided by Roy Cummins, PBPL CEO, who gave testimony to the Senate Rural and Regional Affairs and Transport References Committee Inquiry into Inland Rail on 30 January 2020. Details are attached.

Australian Border Force Data

Over the last 10 – 15 years, the major ports have conducted regular origin/destination (OD) studies to determine, inter alia, where import containers are being unpacked after leaving the wharf, and where export containers are being packed before being transported to the wharf. The data for these studies has usually been gathered over a two-week period only, as it is a resource intensive and costly exercise to gather data. The quality of data gathered using this methodology is variable and much time is be spent verifying and cleaning the data prior to it being usable. Conclusions that can be drawn from such a sample are constrained and seasonality insights are limited.

OD data is invaluable, for ports, their stakeholders and Governments, because it provides essential planning information. An understanding of the routes used to and from O/D locations, utilisation of land contiguous to the wharves, identification of DCs and industrial areas servicing imports and exports can inform day-to-day transport operations and medium to long-term infrastructure investment and land use planning that will enhance the total supply chain efficiency. The majority of mainland container ports have prepared OD reports which industry stakeholders and several departments of state governments have found valuable in assisting with their long-term planning for infrastructure and supply chains. It is for this reason that State Governments have usually funded or part-funded these studies.

ABF data has been used in these studies and has been valuable as it has allowed data gathered from other sources to be verified.

The National Transport Commission (NTC) has recently facilitated the placement of Australian Border Force (ABF – previously Customs) data on their portal and provided ports access to it. Whilst the provision of this data is welcome, it is of limited value to the Ports because it does not contain the locations (by postcode) of container unpacks (imports) or packs (exports). The major ports, Port of Brisbane, NSW Ports, Port of Melbourne, Flinders Port and Fremantle Ports, through Ports Australia, in August 2020 provided a submission to the ABF seeking to overcome this limitation and have this data included. This submission is attached.

The Department of Infrastructure, Transport, Regional Development, and Communications is developing the National Freight Data Hub and has indicated an intention to include port-related ABF data on it. This makes sense, but only if postcode locations of container OD locations are included. This data would be even more valuable if it could be provided on a regular basis, because it could potentially negate the need for OD studies, and save ports significant amounts of money and resources.

Notwithstanding, to date there has been no obvious progress on Ports Australia's submission to the ABF.

Yours sincerely,

Peter Keyte

Chief Operating officer

Attachments

1. *Establishing the need for the last mile. Making the case for a dedicated freight rail link from Acacia Ridge to the Port of Brisbane, December 2018, Deloitte Access Economics.*
2. *Testimony from the CEO, PBPL, to the Senate Rural and Regional Affairs and Transport References Committee, 30 January 2020.*
3. *ABF Data for the Ports, Ports Australia, 17 August 2020 - confidential*