

**Submission to Infrastructure Australia and National
Transport Commission**

Response to “The Proposed National Ports Strategy”

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Executive Summary

Tradegate is an independent, not-for-profit industry organisation that is owned by members of the international trade and transport community. This includes shipping lines, stevedores, consolidators, airlines, customs brokers, freight forwarders, depots, container parks, transport companies, importers and exporters. Additionally, a number of leading associations in the international trade and transport community are members of Tradegate including The Australian Institute of Export (AIEX), Shipping Australia Limited (SAL), Customs Brokers and Forwarders Council of Australia (CBFCA), and Australian Federation of International Forwarders (AFIF).

Since its inception in 1989 Tradegate has developed specific expertise in the use of electronic commerce technologies to streamline supply chain processes in the international trade and transport logistics industry through the provision of information.

Tradegate welcomes the opportunity to respond to the draft National Ports Strategy. Tradegate supports the proposed recommendations to the Council of Australian Government as outlined on pages 6-7 of the draft Strategy. In particular Tradegate strongly supports the importance of ports and related freight supply chains to the trade task and thus to Australia's future.

As Tradegate's expertise and experience has focused on the provision of information, our comments are limited in the main to Priority Area 3 – Improving landside efficiency and reliability and Section 7.3.3 – Information solutions.

Tradegate supports recommendations 3.1, 3.5, 3.6, 3.7, 3.9, 3.10 and 3.11. Tradegate strongly supports a national port community system and notes with interest the draft Strategy's discussion on some governance issues under Section 7.3.3. In this regard, Tradegate recommends that the National Transport Commission be empowered to facilitate an entity to own, manage and deploy the national port community system.

Tradegate makes no comment on recommendations 3.3, 3.4 and 3.8 as these recommendations deal with issues outside Tradegate's expertise.

Tradegate notes recommendation 3.2 – the appointment of a "freight coordinator" in each metropolitan area and notes that to ensure efficiency of port management in the medium to longer term, government intervention may be warranted.

Introduction

Tradegate welcomes the opportunity to respond to the Draft document “The Proposed National Ports Strategy” May 2010 released by Infrastructure Australia and the National Transport Commission. Tradegate considers the Draft addresses a number of key issues of direct relevant to Tradegate’s members.

Our submission will address only those issues of direct relevance to Tradegate and focus on issues raised in relation to Priority area 3: Improving landside efficiency and reliability. Specifically Tradegate will address issues pertaining to the provision of information technology and port community information systems.

1. About Tradegate

1.1. History

Tradegate was formed in 1989 as a result of a federal government inquiry into shore based shipping costs. The National Communications Working Party (NCWP), a sub-committee of the Webber Task Force, and the then Inter-State Commission, recommended that a national communications network allowing electronic interchange of documents and other information be established.

The NCWP envisaged a two part network, a backbone network providing a common communications infrastructure and a series of value added services tailored for specific applications including cargo booking and tracking, electronic funds transfer, customs and quarantine functions, carrier information and vehicle booking services at container terminals and depots.

The NCWP further recommended that the control and administration of the network should be in the hands of the industry and that a community company be established for that purpose. The community company established as a not-for-profit organization was Tradegate Australia Limited. It was incorporated as a limited by guarantee company under the Corporations Law.

Tradegate was formed and funded by a number of organizations providing “loan funds” to Tradegate. These funds were to be repaid once Tradegate became self-funding. This occurred by 1997. The original organizations were:

- Association of Australian Port and Marine Authorities (now Ports Australia)
- Qantas (representing IATA)
- Customs Agents Federation of Australia Limited, (now the Customs Brokers and Forwarders Council of Australia Inc), CBFCA;
- Australian Federation of Air Freight Forwarders Ltd (now Australian Federation of Freight Forwarders Limited , AFIF)
- Australian National Maritime Association (now Australian Shipowners Association, ASA)
- Australian Chamber of Shipping (now Shipping Australia Limited)
- Australian Road Transport Federation (now Australian Trucking Association)
- Austrade
- Railways of Australia

Tradegate has over 350 members representing customs brokers, freight forwarders, consolidators, shipping lines, express couriers, stevedores, importers, exporters, port authorities, airlines, depots, empty container parks, importers, exporters, and software companies involved in the industry. Over 1000 companies use Tradegate's on-line services.

1.2. Tradegate's Experience and Expertise

Since its inception, Tradegate has focused on the provision of e-commerce services to the international trade and transport industry's service providers. However, a number of importers and exporters also use Tradegate's services. Tradegate's services have centred around the provision of:

- Communications networks for electronic data exchange;
- Web-based software for reporting of regulatory information to Customs;
- Web-based software for transmission of commercial information for cargo release and cargo acceptance;
- On-line payment systems for electronic funds transfer to commercial enterprises;
- On-line code repositories for the storage, accumulation and presentation of commercially required information; and
- Highly secure storage of digital certificates and private keys to enable customs brokers and cargo reporters to meet their regulatory requirements for declaration of cargoes for Australian Customs' purposes.
- Development of international standards for the electronic submission of international trade related documents.

In 1990 Tradegate signed a contract with the Australian Customs Service (Customs) for the exclusive marketing of all Customs' electronic commerce services. This contract remained in force until 2006 when it ceased as a result of the introduction of Customs' Cargo Management Re-engineering (CMR) initiatives.

During the period of the contract well over 99 per cent of imports and exports were electronically reported via the Tradegate network.

As a result of its activities Tradegate has experience and expertise in:

- Trade facilitation activities especially the development of electronic commerce standards for paperless trade and e-business;
- High volume transaction processing. Today Tradegate processes over 60,000 electronic messages per day;
- Secure storage and transmission of highly sensitive confidential and private information;
- Cash collection via electronic payment systems and the regular handling of payments by customers;
- Provision of easy-to-use web-based software for small and medium sized enterprises;
- Management of monies held in trust for specific purposes. Tradegate manages as Trustee the Tradegate Development Fund which was established by the international trade and transport industry for the purposes of funding various projects to assist the development and continued efficiency of the industry.

1.3. MOU with Customs

In 2007, Tradegate signed a Memorandum of Understanding (MOU) with the Australian Customs Service. This MOU allows Tradegate to host Type3H digital certificates on behalf of customs brokers in accordance with the Federal Government's Gatekeeper PKI environment.

Tradegate is the only organisation that currently has such a MOU with the Australian Customs Service.

Under the terms of the MOU Tradegate must comply with a security regime for its transaction services that complies with the Federal Government's IT security policies and processes. Tradegate is audited annually to ensure adherence to these policies and processes.

1.4. New Information sharing initiatives

In 2009 and 2010 Tradegate introduced a new series of information services:

- for the reporting of dangerous goods by exporters and shipping lines to port authorities, AMSA and stevedores.
- For the provision of empty return information from container parks and vessel arrival and departure information from port authorities;
- For the advanced information for pick up of empty containers and return of empty containers to container parks in Melbourne.

These initiatives formed the first elements of Tradegate's port community system called PortBIS.

2. The Draft Report

2.1. Overview

Tradegate notes that the draft Strategy includes recommendations to the Council of Australian Governments that COAG:

- Recognise the critical importance of trade to Australia's ability to develop a more productive and fairer society more able to meet the challenges of the future;
- Recognise the central role of ports and related freight supply chains to the trade task and thus to Australia's future
- Agree that Australia adopt a National Ports Strategy as part of a nationally coordinated approach to the future development and planning of Australia's economic and port and freight infrastructure;
- That the Strategy be set out in a public document including a vision "The overarching purpose of the draft Strategy is to drive the development of efficient sustainable ports and related freight logistics that together balance the need of a growing Australian community and economy with the quality of life aspirations of the Australia people"
- Adopt the Strategy's objectives: "To improve the efficiency of port related freight movements across infrastructure networks, minimize externalities associated with such freight movements and influence policy making in areas relevant to freight.

Tradegate supports the above recommendations.

The draft Strategy also recommends that a four (4) member independent panel be established to oversee implementation of the Strategy. This implementation oversight is to be conducted in conjunction with the National Transport Commission. (Section 2.3.4, p 23).

Tradegate notes the draft Strategy's discussion on the composition of an independent panel and endorses the recommendation accordingly.

Tradegate notes that the draft Strategy further recommends that reporting on progress be conducted by the COAG Reform Council assisted by the independent panel and the National Transport Commission.

Tradegate supports this recommendation.

2.2. Review

The draft Strategy recommends that COAG agree to review the National Ports Strategy with a view to making any necessary changes within three years.

Tradegate supports this recommendation.

2.3. Priority Area 3: Improving landside efficiency and reliability

Tradegate's experience and expertise is focused on the provision of information services to the international trade and transport industry, especially that involving the containerized maritime industry. In this regard, Tradegate notes Section 3.4 of the Draft Report, namely, Priority area 3: Improving landside efficiency and reliability and Chapter 7: Efficient operation of the landside access to the port, specifically Section 7.7.3 Information solutions.

Section 3.3.4 of the draft Strategy details 11 recommendations as follows.

| | Recommendation | Responsibility | Timing |
|-----------|--|----------------------------|---------------|
| 3. | Improving landside efficiency and reliability | | |
| 3.1 | The Bureau of Infrastructure Transport and Regional Economics Transport should conduct and regularly publish research into best practice arrangements for the landside efficiency of ports. | Commonwealth. | From end 2010 |
| 3.2 | For each metropolitan area a person should be nominated with responsibility to examine, advise on and improve the efficiency and reliability of port related container and other freight, consistent with the meeting of pre-existing commercial arrangements, with a focus on identified Freight Corridors. | Jurisdictions. | From end 2010 |
| 3.3 | Policies and incentives should be introduced to encourage the greater spreading of urban National Port related freight traffic into off-peak and weekend periods, induce higher levels of truck (and train) loading, and secure the shift in modal shares that is advocated in government announcements. | Jurisdictions. | From end 2010 |
| 3.4 | Relevant ports should consider including in any new leases incentives that would improve performance of relevant land transport system, including for cargo movement and for information sharing and provision. | Relevant port authorities. | Immediate |
| 3.5 | The Bureau of Infrastructure Transport and Regional Economics Transport should revise the Waterline Port | Commonwealth. | From end 2010 |

| | | | |
|------|--|---|---------------------|
| | <p>Interface Cost indicator for (container) ports servicing metropolitan areas to:</p> <ul style="list-style-type: none"> • provide segmentation of road transport costs • introduce rail transport costs • introduce indicators of physical performance of the road transport and rail transport systems including matters such as transit times, delays and queue lengths. | | |
| 3.6 | The Bureau of Infrastructure Transport and Regional Economics Transport should develop and publish performance indicators relating to the efficiency and reliability of the flow of goods across relevant container ports. | Commonwealth. | From end 2010 |
| 3.7 | The Bureau of Infrastructure Transport and Regional Economics Transport should assess the conditions under which the introduction of dedicated freight land transport infrastructure segments related to relevant container ports would be justified. | Commonwealth. | Report mid 2011 |
| 3.8 | <p>The Council of Australian Governments Road Reform Program should:</p> <ul style="list-style-type: none"> • include a focus on implementation of a market based system for roads involving port freight priority in exchange for freight access pricing for port Freight Corridors • identify and agree with jurisdictions which of the port Freight Corridors should be used as a trial for this market based system. | Road Reform Project, Jurisdictions. | Immediate |
| 3.9 | <p>The National Transport Commission should advise the Australian Transport Council, and the Council should decide on, the adoption of technological opportunities to improve real time information systems for container ports and associated land transport. These are to:</p> <ul style="list-style-type: none"> • allow more reliable movement of freight within ports, among ports and on land transport systems • include port community systems that increase the scope of information exchange across a wider variety of transactions • allow compatibility with international trading partners • incorporate empty-container parks and intermodal terminals into the systems • achieve inter-operability across Australian container ports • conform with relevant regulatory provisions. | National Transport Commission / Australian Transport Council. | Report end 2010 |
| 3.10 | Commonwealth regulatory agencies should provide priority / incentives to the regulatory processing of cargo and shipping that is "on-time" and for which accurate relevant information has been provided in advance. | Commonwealth. | Commencing end 2010 |
| 3.11 | More information should be provided to the port and related logistics community on information sharing and logistics cooperation practices relevant to relevant ports and port Freight Corridors in ways that seek to avoid competition issues. In some cases where industry based arrangements cannot be structured in a way that alleviates trade practices concerns, public benefits associated with the arrangement may outweigh competition concerns, and | Commonwealth. | End 2010 |
| | seeking authorisation under the Trade Practices Act may be appropriate. | | |

2.3.1. Discussion

In relation to recommendations 3.1, 3.5, 3.6, and 3.7 Tradegate believes that the Bureau of Infrastructure, Transport and Regional Economics (BITRE) should conduct yearly consultation with representative bodies to ensure that the information being collected and published continues to be relevant.

Tradegate supports these recommendations.

2.3.1.1. Recommendation 3.2 – Appoint “Freight Co-ordinator”

Tradegate notes Recommendation 3.2 for the appointment of a “freight co-ordinator” in by each jurisdiction. To the extent that government intervention is required to ensure efficient port management for the medium to long term, Tradegate acknowledges that such intervention may be warranted.

2.3.1.2. Recommendations 3.3,3.4 and 3.8

As these recommendations involve issues outside Tradegate’s expertise, Tradegate makes no comment on their acceptability to the community.

2.3.1.3. Recommendation 3.9 – Information Systems

Tradegate supports this recommendation and notes that the current lack of inter-operability across Australian container ports, and the disparate nature of information sharing, negatively impacts on the competitiveness of the international trade and transport industry leading to a loss of national economic welfare.

Tradegate supports a national port community system and believes that it is consistent with the Prime Minister’s desire for improved productivity, and the Federal Government’s policy on reduced red tape and deregulation.

The then Australian Customs Service published data on the standard business reporting project as it related to international trade. Customs tabled the following data:

- 41 agencies of government – Federal and State – require data from elements of the international trade and transport community;
- These agencies collect 7693 pieces of information from 275 paper forms and an indeterminate number of web forms;
- Once harmonized across all agencies, the number of data items required is 693.¹

That means, that there is only a 90 per cent duplication of effort across the various Federal and State Government agencies.

A national port community system would act as a single window and substantially reduce the amount of effort required to provide and collect this data.

Tradegate, in conjunction with Shipping Australia, conducted an analysis of the arrival information required from shipping lines/agents by the five mainland container ports. That analysis, indicated that of the 241 different data items collected, only 1 item was common to all five ports. No attempt was made to harmonise the data.

What is of interest, is that much of this same data could be used to complete the Australian Customs and Border Protection’s impending arrival report which must be submitted no less than 96 hours prior to vessel arrival first port.

All of this data could be held within a national port community system and substantially reduce the re-keying of information and data errors leading to more optimal information outcomes.

Tradegate draws the attention of Infrastructure Australia and the National Transport Commission to the reports of the then House of Representatives Standing Committee on Transport, Communications and

¹ See Catherine Ashbridge, “International Trade Single Window”, Customs presentation to CBFA NSW Convention, Newcastle, 5 April 2008.

Infrastructure titled “Warehouse to Wharf” of April 1992 and November 1995. Both reports lamented “the lack of effective coordination along the transport chain and the absence of real interaction between industry participants.”²

Tradegate contends that improved information would allow for improved business decisions to be made to optimize existing infrastructure and hence productivity.

Table 1: Information Required by Importer/Agent

| Information | Supplier | Document |
|--|----------------|-------------------------------|
| What ship is my container on? | Shipping line | Bill of Lading/Arrival Notice |
| When is the ship scheduled to arrive? | Shipping line | Schedule |
| Has the ship arrived | Port Authority | Arrivals |
| Has the delivery order been sent? | Shipping line | Delivery Order |
| Has the container been discharged | Stevedore | Discharge Report/Availability |
| Are the goods cleared? | Customs | Status Report/ATD |
| Have the goods been picked up? | Stevedore | Gate Out Report |
| Has the container been returned? | Container Park | Gate in Report |

As table 1 illustrates, an importer/agent requires information from a minimum of five different parties to track his/her goods to conclusion of the import process. As much of the information is common e.g. Bill of Lading Number, vessel voyage, container number, a port community system would ease the complexity of information exchange by providing access to data in an automated manner.

Australia’s maritime import process is dominated by the forwarder/broker with over 90 per cent of imports using these intermediaries. Forwarders and brokers may have to deal with 10 or more shipping lines to access information making automation relatively expensive.

A port community system would reduce these costs, improve the accuracy and robustness of information, and lead to more optimum use of resources.

Tradegate has over 20 years experience in information technology and is prepared to assist the National Transport Commission and the Australian Transport Council prepare relevant reports as per the recommendation.

Tradegate supports Recommendation 3.9.

2.3.1.4. Recommendation 3.10 – Regulatory Agencies

Tradegate endorses the comments in the draft Strategy.

2.3.1.5. Recommendation 3.11 – Trade Practices Issues

Tradegate is mindful of the potential for certain information exchange practices to have Trade Practices Act implications. While Tradegate does not believe a port community system, nor improved information exchange of non-commercial information would in fact have Trade Practices Act implications, Tradegate is prepared to work with the ACCC to ensure that any information exchanges across different entities within the maritime supply chain conform to the requirements of the Trade Practices Act.

Accordingly, Tradegate supports the recommendation.

² Warehouse to Wharf, Efficiency of the Interface between Seaports and Land Transport, Report from the House of Representatives standing Committee on Transport, Communications and Infrastructure, AGPS, Canberra, November 1995, p 3.

2.4. Information Solutions – Section 7.7.3

This section of the draft Strategy discusses some of the issues in relation to information exchange noting that both Ports Australia and the Victorian Government supported the concept of a national port community system.

The draft Strategy raises two primary challenges in advancing the ports information community concept. First, is the number of entities that would opt-out of providing information thereby making the value of the data exchange less than optimal.

Second, is the control and management of the system with the draft Strategy noting that “at present there is no agreed best owner or manager”.³ The draft Strategy suggests that ownership outside the port community, for example by a government, may not result in the best solution.

Tradegate recognizes that there are a number of vested interests within the maritime port community many of whom believe that they should be the major controller of the supply chain and the information provider. Unfortunately, while no one entity controls the supply chain one entity could disrupt it and cause it to fail.

While Tradegate accepts that it is one of those vested interests, Tradegate accepts that it needs to work with other vested interests in order to achieve a more efficient information outcome for importers, exporters and their service providers. Tradegate’s founding fathers believed that an independent body, not controlled by any sector of the community, provided the best possible means of providing needed information at the lowest possible cost. This is still the modus operandi of Tradegate.

Tradegate believes that some sort of joint venture between the vested interests perhaps facilitated by government will produce the most desired outcome for all maritime port community interests.

Recommendation: That the NTC facilitate the establishment of an organization to own, manage and deploy the national port community system.

³ Draft National Ports Strategy, p 74.