

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE**

**2014/15 ANNUAL REPORT HEARINGS  
ANSWERS TO QUESTIONS TAKEN ON NOTICE**

**Fremantle Port Authority**

**Hon Ken Travers MLC asked:**

E1) Please provide advice to the committee on how providing answers to questions 1-6 asked prior to this Hearing will impact on the future decisions of the Government in any future divestment of the Fremantle Port.

Answer: The information is not publicly available and will be released to bidders as part of a planned sales process to ensure that all bidders have access to consistent data.

E2) Of the \$24m increase in port revenue from Charges on Cargo between 2014 and 2015, how much was attributable to an increase in charges on cargo; to a growth in trade volume; and to other factors (e.g. Griffin Coal settlement)?

Answer: Of the \$24m increase in port revenue, there was an \$18m increase in Charges on Cargo between 2014 and 2015 (P83 note 2.1). A general price increase of 5% came into effect 1 July 2014. The 2015 Charges on Cargo included an amount of \$6.8m relating to the Griffin Coal contract termination. Other factors contributing to the \$18m increase were Inner Harbour Trade (\$5.7m mainly from container trade), and bulk trades at Kwinana Bulk Jetty and Kwinana Bulk Terminal (\$5.6m excluding Griffin Coal) mainly attributable to higher than budgeted iron ore exports.

E3) Between 2014 and 2015, what were the big variations in volumes of trade commodities shipped through the Port?

Answer: Total port trade in 2015 was up 6.7% compared to 2014. The variations in volumes of major trade commodities include grain exports up 9.3%, iron ore exports up 7.8% and container trade up 5.7%. These increases were offset by decreases in Inner Harbour exports, down 17.6% mainly due to metal scrap, Inner Harbour imports down 1.9% (of which new motor vehicles imports were down 7.5%).



**Hon Alanna Clohesy MLC asked**

E4) What was the source of the elevated contamination in the sediment at the Kwinana Bulk Terminal that was the isolated occurrence reported on page 49 of the annual report?

Answer: It is not possible to determine a precise source as the contaminant is a substance historically used as an ingredient of anti-fouling coatings on marine craft and structures. Such occurrences are often associated with a sample that includes a small spec or flake of coating and therefore is not truly representative of the sediment in that location. The normal response to such a result is to undertake more intensive testing at that location in the following year, which in this case supported the conclusion that it was an isolated occurrence.

**Rick Mazza MLC asked:**

E5) Please provide a list of the names and job titles of the industry representatives in the working groups referred to on page 30 under 'Road Transport' in the Annual Report.

Answer: There are three working groups established under the Truck Productivity Strategy implementation plan, including the Importer Working Group, Empty Container Park Working Group, and the Container Terminal Working Group. Names and job titles of core participants are listed below. From time to time additional industry representatives are invited or participate as guests.

**Importer Working Group**

Full Name	Job Title	Company
Adam Williams	Owner and Director	Superscoop Transport
Geoff Hack	Managing Director	EES Shipping Pty Ltd
Haydn Hampel	Manager - Freight Operations	Western Australia Road Transport Association
Jackie Oliver	Shipping Administrator	Ikea
Jennifer Hall	Senior Logistics Analyst	Fremantle Ports
John Park	Regional Manager	Customs Brokers & Forwarders Council of Australia Inc. - CBFCA
John Ward	General Manager - SA & WA	AWH Pty Ltd
Laurie Cush	Customs Manager	CEVA Freight (Australia) Pty Ltd
Philippe Pierson	Senior International Trade Development Officer	Chamber of Commerce & Industry of WA
Sophie Gillespie	Logistics Analyst	Fremantle Ports
Stephen Murdoch	Supply Chain Manager	Caps Australia Pty Ltd.

**Empty Container Park Working Group**

Full Name	Job Title	Company
Adam Lebihan	Operations Manager	Intermodal Link Services Pty Ltd
Arthur Tzaneros	Managing Director & CEO	ACFS Port Logistics
Brett Irvine	State Manager Container Parks	Qube Logistics (WA) Pty Ltd
Darren Byrne	General Manager WA	Qube Logistics (WA) Pty Ltd
Gavin Grimm	State Manager - WA	Pacific Asia Express
Gerhard Liebenberg	Managing Director	Fremantle Freight and Storage

Full Name	Job Title	Company
Glenn Baxter	Operations	GLW Freight Management Pty Ltd
Gordon Stennings	Bulk & Container Haulage Business Development	Road Distribution Services
Graeme Wilson	Director	Indian Ocean Shipping Agencies (IOSA)
Hale Preston-Samson	WA Logistics Manager	Sadleirs Logistics
Haydn Hampel	Manager - Freight Operations	Western Australia Road Transport Association
John Park	Regional Manager	Customs Brokers & Forwarders Council of Australia Inc. - CBFCA
Lisa Adams		Fremantle Freight and Storage
Mark Valsecchi	Owner/Manager	Lou Valsecchi & Associates
Matt Bronickis	WA Branch Manager	VISA Global Logistics Pty Ltd
Matt Harmon	Operations Manager	Toll Transport Pty Ltd
Michael Pal	Principal Logistics Analyst	Fremantle Ports
Noel Watt	Terminal Manager - ICS	Intermodal Link Services Pty Ltd
Phil Cabassi	Fleet Controller	Owens Transport
Ray U'Chong	Manager Fremantle	Jayde Transport
Raymond May	Operations Manager	Integrated Container Logistics
Robert Boyce	State Manager for WA/NT	Mediterranean Shipping Company (Aust) Pty Ltd
Rory Chandler	Manager - WA	K Line (Australia) Pty Limited
Shane Hughes	General Manager	Integrated Container Logistics
Sophie Gillespie	Logistics Analyst	Fremantle Ports
Stephen Neates	State Manager WA	ANL Container Line Pty Ltd
Steve McDonough	National Operations Manager	Hanjin Shipping
Wayne Parkinson	Accounts Manager, Fremantle	Hamburg Sud Australia Pty Ltd.

#### Container Terminal Working Group

Full Name	Job Title	Company
Adam Williams	Owner and Director	Superscoop Transport
Anthony Tuxford	Transport & Yard Co-ordinator	DP World Australia Ltd
Bob Hancock	Director	Container Cargo Specialists Pty Ltd
Craig Rourke	General Manager	Freight Mart International
Daniel Lanza	Business Development Manager - WA	Toll Intermodal
Darren Byrne	General Manager WA	Qube Logistics (WA) Pty Ltd
Darrin Smith	General Manager	Intermodal Link Services Pty Ltd
Doug Brindal	Manager Logistics	Fremantle Ports
Geoff Hack	Managing Director	EES Shipping Pty Ltd
Glenn Baxter	Operations	GLW Freight Management Pty Ltd
Graeme Wilson	Chairman	WA Port Operations Task Force

Full Name	Job Title	Company
Greg Winstanley	National Landside Manager	DP World Australia Ltd
Haydn Hampel	Manager - Freight Operations	Western Australia Road Transport Association
Jim Stevenson	Managing Director	Intermodal Link Services Pty Ltd
John Park	Regional Manager	Customs Brokers & Forwarders Council of Australia Inc. - CBFCA
John Ward	General Manager WA	DP World (Fremantle) Limited
Lisa Adams		Fremantle Freight and Storage
Mark Valsecchi	Owner/Manager	Lou Valsecchi & Associates
Matt Bronickis	WA Branch Manager	VISA Global Logistics Pty Ltd
Matthew Coghlan	Logistics Transport Manager	Patrick Port Logistics
Peter Chesi	Operations Manager	Patrick Terminals
Ray U'Chong	Manager Fremantle	Jayde Transport
Raymond May	Operations Manager	Integrated Container Logistics
Sean Baker	Operations Manager - Logistics	Patrick Port Logistics
Sean Jeffries	General Manager WA & NT	Patrick Terminals
Shane Hughes	General Manager	Integrated Container Logistics
Sophie Gillespie	Logistics Analyst	Fremantle Ports

**Hon Ken Travers MLC asked:**

E6) At 30 June 2015, what was the expected maximum capacity of the inner harbour?

Answer: This is a policy matter currently being considered by Government.

E7) Refer to page 90 of the annual report. Please provide an explanation and breakdown of the \$24 million owed to FPA and advise the term length given to creditors.

Answer: The Trade Debtors balance of \$24.775m at 30 June 2015 is made up of invoices raised in June 2015 and not yet paid (72%) and debtors not more than 3 months due (28%) of which the majority represents debtors within current terms. FPA generally provides credit terms of 30 days net (30 days from the end of month of the invoice)

E8) What percentage of FPA's revenue is from cruise ships?

Answer: Cruise ships revenue represents 0.6% of total revenue (before interest revenue) in 2015.

**Hon Alanna Clohesy MLC asked:**

E9) What is the sum total amount of community sponsorship for 2014-15 and what was the breakdown for health and safety; education and youth; event support; and environmental research?

Answer: The sum total amount of community sponsorship for 2014-15 was \$350,000. The breakdown for the requested categories was:

Health and safety: \$30,000

Education and youth: \$38,000

Event support: \$49,000

Environmental research: \$5,000

**Hon Ken Travers MLC asked:**

E10) What actions did FPA undertake to identify the reasons for the declining truck productivity coming into and going from the port; and what were these reasons?

Answer: As reported in the Fremantle Ports Truck Productivity Survey 2014:


Results of the annual Inner Harbour Truck Survey in 2012 indicated that trucking productivity had stagnated since 2006, with the 2012 results showing that trucking productivity had declined, and 2013 results only marginally improved.

The key issues impacting on trucking productivity and efficiency identified in the study included:

- 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.
- simultaneous release of all available slots and the large number of carriers competing for those limited slots.
- limited access to slots in the respective booking systems due to bulk runs, hoarding and not enough slots released by Container Terminals and/or Empty Container Parks.
- variability in service times at Empty Container Parks and Container Terminals making it difficult to coordinate round trips to drop off and pick up boxes.
- issues at importer premises (access to site, site constraints and timely dehirring of empty containers by importers).
- poor communication from container parks resulting in futile trips for operators when containers are not available for a booked slot.

The 2014-15 annual report indicated a slightly higher level of truck productivity. See extract below:

“The annual truck survey carried out in September [2014] indicated a slightly higher level of truck productivity (measured as containers per truck movement) than in 2013 but it was still consistent with the relatively static loading picture over recent years.”



In response to these findings, Fremantle Ports, with support from the Freight and Logistics Council of WA, embarked on a study of trucking productivity in Fremantle in 2013 to gain a better understanding of the current industry structure, issues impacting on efficiency and productivity, and possible changes and strategies that could be pursued to ensure improved outcomes for industry into the future.

The Truck Productivity Improvement Strategy sets out action plans in the key areas of container terminals, empty container parks, supply chain coordination and transport operations. Fremantle Ports has set up a number of working groups involving industry representatives to carry these actions forward.

P30 'Road Transport'

E11) What is the annual total number of containers that can be carried on the rail line into and out of North Quay as it currently exists with no additional investment; with minor works investment; and with major works investment?

Answer: The Government has an aspirational target of achieving 30% of containers by rail, similar to other jurisdictions. The following table sets out each jurisdictions' achievements for the most recent financial year that all data is available:

FY 2013/14	Total	Metro	Regional
Brisbane	5.0%	0.0%	5.0%
Sydney	13.7%	5.5%	8.2%
Melbourne	13.9%	0.0%	13.9%
Fremantle	14.2%	12.2%	2.0%

There has been significant investment in rail infrastructure by the State and Commonwealth Governments to encourage rail use, the most recent of which were the following:

- To enhance rail efficiency, the Government in 2014 extended the length of the North Quay Rail Terminal sidings from 400 metres to 690 metres at a cost of \$31.4 million (\$12.8 million State and \$18.6 million Commonwealth funding);
- To enable freight trains to pass each other on a long single stretch of railway and thereby increase rail capacity, a new passing loop has been constructed at Spearwood (\$5.9 million State plus an additional \$65,000 Commonwealth funding).

Trade growth in the areas served by rail would be required to enable rail services to utilise the expanded capacities and, most likely, 24-hour operations. Previous assessments indicate that rail's maximum contestable market share of TEUs is around 30%. On this basis the full utilisation of capacity post major investment (600,000 TEU pa) would require total trade of 2m TEU pa.