

## Media Release

### **REGULATIONS WILL BE RECOMMENDED TO STOP EXTRAORDINARY RAIL PRICE INCREASES**

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**Monday 09 August 2010**

Sydney Ports Corporation's Port Botany Landside Improvement Strategy is a project which is focused on fairness, equity and certainty for all users of the port.

Sydney Ports will this week recommend regulations be imposed on stevedore rail operations at Port Botany following a second attempt by Patrick to increase rail window charges, from September 1, 2010.

Sydney Ports will be immediately seeking the Minister's support to add rail window pricing and rail data to the regulatory documentation currently being finalised for industry consultation through the industry supported Port Botany Landside Improvement Strategy (PBLIS).

Patrick's proposals to raise rail prices and unilaterally introduce new rail rules followed the NSW Government's announcement in April 2010 of a system that ensures fairness, equity and certainty in performance for road operations. Both stevedores and truck carriers face penalties if they do not meet operating benchmarks.

Chief Executive Officer of Sydney Ports Corporation, Grant Gilfillan, warned that the proposed increases in rail operating fees had the potential to undermine the NSW Government's long-term target of moving 40% of freight to and from Port Botany by rail and would put more trucks on the road.

Mr Gilfillan said Sydney Ports had met with Patrick senior management last month and provided the company with the opportunity to withdraw their initial proposed rail windows rules and price increases that they had intended to introduce from August 1, 2010.

"We acknowledge the positive steps taken by Patrick to withdraw their initial proposed rules and price increases in late July and to commit to discussing any future rules through an ACCC authorised process in the Port Botany Rail Team. This was a welcome step," Mr Gilfillan said.

"However the company has continued to indicate to industry that it believed the original framework for increasing charges still applies, and would not rule out similar changes to rail operations in the future.

"At the same time, Patrick has continually acted outside the spirit and intent of PBLIS by failing to fully consult all industry stakeholders in a timely fashion and have tried to introduce changes without warning.

“Without notice, last Friday Patrick issued its second pricing proposal which imposes price increases upon industry, with windows charges going up by 67 percent.

Sydney Ports will now be finalising a submission to the Minister for Ports and Waterways to **regulate key components of the PBLIS rail program at Port Botany**,” he explained.

“Matters under consideration for such a regulation include **specific mode share targets for the stevedores, setting a maximum cap on rail pricing at the port interface and ensuring there is price equity between rail and road transport.**”

The impacts of the proposed pricing increase - more trucks in the port precinct and on the M5 - are the very reason that the NSW Government has set a rail mode share target.

Under its original proposal, from August 1, 2010 Patrick was to raise the rail window fee from \$15 per container to \$42, a near threefold increase.

Under its latest notification to industry, Patrick will increase its rail window fee from \$15 per container to \$25, commencing on 1 September 2010.

However, Mr Gilfillan said Patrick were fully aware that terminal charges for lifts on to both road and rail are currently and traditionally incorporated into existing contracts between the respective port stevedores and shipping lines.

“For Patrick to now propose to charge a fee of this magnitude for a service which is already paid for by shipping lines, and ultimately the cargo owner, is quite extraordinary,” he said.

“As we begin to implement the PBLIS reforms at Port Botany, Sydney Ports will not stand back and allow Patrick to unilaterally set its own rules and charges at the road and rail interface.

Sydney Ports emphatically supports the introduction of mutual service obligations in rail through establishing key performance benchmarks to drive supply chain efficiencies between rail operators and stevedores and welcomes the opportunity to discuss this with industry within an authorised process through the Port Botany Rail Team.

Mr Gilfillan said the Port Botany Rail Team continues to work effectively in a voluntary approach to deliver better rail supply operations and a stronger rail mode share as part of its ongoing work with the PBLIS reforms aimed at increasing efficiency and productivity at the port.

“That’s why we cannot support Patrick to impose these price increases upon rail operators outside the spirit of the PBLIS,” he said.

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