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SAL 21-107

28 July 2021

Transport for NSW - Freight Section
PO Box K659
Haymarket NSW 1240

Attention: Kayleen Collins via email: Freight@Transport.nsw.gov.au

Dear Ms Collins

RE: Shipping Australia's submission to NSW's Proposed Freight Community System - Initial Input

1. Shipping Australia (SAL) is an industry association that represents the participants in Australia's international supply chain. We provide policy advice and information to our 29 full members, which include ocean shipping lines and shipping agents active in Australia. We have over 40 corporate associate members, which generally provide services to the maritime industry in Australia. These services include port and terminal operations, pilotage, insurance, and legal advice, among other things. Our members handle the vast majority of containerised seaborne cargo imports and exports to and from Australia. They also handle a considerable volume of our car trade and our bulk commodity trade. Our members employ more than 3,000 Australians.

2. Ocean shipping operates across borders, both nationally and internationally. Currently, regulatory and port call processes are sub-optimal, complex and locally managed, with numerous interlinked stakeholders, timelines and events. Current inefficiencies per port call can be attributed to:

- Inefficient communication;
- Silo-based optimisations;
- Lack of standardised data;
- Lack of transparency; and
- Lack of system interoperability.

3. Ocean carriers face these inconsistencies on a daily basis. At every port call they encounter different methods of communication, different and duplicative processes, and inconsistent data definitions and supporting systems. In this context, it is worthwhile to mention that delay and complexities during one port call have the potential to negatively impact timely arrivals at subsequent ports.

4. SAL attended and actively participated in one of the two recent *"Freight Community System Strategic Business Case"* webinars conducted by Transport for NSW (TfNSW). During the webinar, the external consultants (PwC) polled participants on a series of aspects of a proposed freight community system using a "Use Case" methodology. The need for **consistent data standards** across the supply chain stood out. We were advised that, *inter alia*, feedback from the two webinars would be synthesised to form part of TfNSW's Strategic Business Case currently being developed for the NSW Government's consideration.

This is the first step in the process, and we understand that this would be complete by the end of 2021.

5. It is encouraging to see that multiple efforts are being made by various governments, both State and Federal, as well internationally (reflected below) to standardise the freight supply chain. Before committing to any form of freight system, **we strongly recommend that TfNSW thoroughly examine existing freight systems and data standards (both nationally and internationally), including other efforts being made in this space and include these in the design and development of its Strategic Business Case.** This will eliminate duplication.

6. As highlighted by SAL at the webinar, ships operate internationally and are governed by a specialised agency of the United Nations, the International Maritime Organization (IMO) which is the global standard-setting authority for international shipping conventions. Standardisation and harmonisation of data and procedures for stay and departure of ships are central to IMO's Facilitation Convention (FAL), which was adopted to address the exchange of information between ships and port authorities onshore. Ports are central to this and national authorities, including governments need to work with ports to ensure the relevant infrastructure and software systems are in place.

7. IMO has also developed the IMO Compendium as a tool for those who design the systems needed to support the transmission, receipt and response via electronic exchange of information required for the arrival, stay and departure of ships, persons and cargo in or from a port. By harmonising the data elements required during a port call and by standardising electronic messages, the IMO Compendium facilitates the exchange of information from ship to shore and the interoperability of single windows, reducing the administrative burden for ships.

8. The IMO's established Expert Group on Data Harmonization has well progressed towards harmonisation of data standards in areas such as exchanging operational data to facilitate just-in-time operation of ships, and the shipping industry has established standard port call data definitions aligned with existing standards from the IMO.

9. Our members strongly consider that capitalising on technological advances by harmonising data standards to make the clearance process for ships faster, more reliable, and more efficient will be a simple and effective way to make shipping – and the whole supply chain – much more efficient for the more than 11 billion tons of goods that are traded annually by sea across the globe.

10. In Australia, we are aware that the Federal Government has established a Taskforce to drive the implementation of its **Simplified Trade System (STS)** reform agenda. The reforms are aimed at enhancing the international competitiveness of the Australian economy by creating a simpler '**tell us once'** digitised trade framework.

11. In addition to TFNSW's current effort for a digitised Freight Community System, the **Port Authority of NSW is reviewing its (ShIPS) reporting system** for shipping and port-related data exchange. Similar systems may already exist in other Australian states or be in their inception stages as part of their respective freight and port plans.

12. Shipping Australia supports a national approach based on international best practice and standards. A **digital exchange of <u>standardised data</u>** will enable all stakeholders in the freight supply chain to frequently plan, re-plan and measure the different steps in the movement of freight, resulting in more predictable and reliable planning and execution. This

will enable each participant in the freight supply chain to optimise business performance within its own context.

For example:

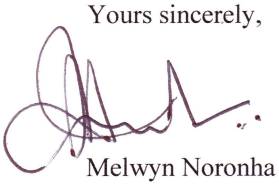
- Carriers can optimise the planning and steaming speed of their vessels within the context of their global operations;
- Ports can optimise their operations within the context of their local community; and
- Terminals can enhance their berth productivity within their local terminal context.

13. With an IMO framework for standard data exchange well underway for international shipping and ports, our members (and the shipping industry) are concerned that unilateral and disjointed efforts by Australian governments and individual actions by local port operators and authorities would create another set of sub-optimal and duplicative processes. This could lead to further inefficiencies and additional administrative burdens for shipping lines resulting in additional costs to end users. Accordingly, we recommend a cautious and coordinated national approach ensuring that a standardised **"tell us once"** framework applies.

14. We will continue to strongly advocate for standardisation and interoperability between Australia's regulatory and port-based systems in the design and development of Australia's simplified trade systems.

15. Shipping Australia would appreciate the opportunity to provide further comment and feedback on the draft Strategic Business Case (for NSW's Freight Community System) before the NSW Government's consideration.

Yours sincerely,



Melwyn Noronha
Chief Executive Officer