# Qube Holdings Limited

## Sydney's Freight

## Challenges & Efficiencies

## Presentation to AmCham

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Maurice James – Managing Director

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QUBE

ABN 141 497 230 53

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# Qube’s Vision and Strategy

‘To be Australia’s leading provider of

**Integrated Logistics Solutions**

focussed on

**Import and Export Supply Chains**’

# Vision and Strategy

## Qube's Strategy

### Market Characteristics

- Attractive long term growth outlooks (ideally GDP +)
- Fragmentation and / or inefficiencies in the logistics supply chains
- Impacted by structural change / decline in local manufacturing
- Geographical advantages (ie proximity to China / Asia)
- Balanced mix between imports and exports

### Target Markets

- Motor vehicles
- Bulk resources
- Oil and gas
- Containers
- Rural commodities

# Organisational Structure

## Qube Overview

Activities predominantly Australian and New Zealand based;
Market capitalisation of over A$3 billion;
Group employs around 3,700 people

## Logistics Division

Movement of containers and bulk commodities (grain) to and from ports by road and rail (and related services)

## Ports & Bulk Division

Stevedoring, processing, storage and logistics services for vehicles, bulk products, oil and gas projects and general cargo

## Strategic Assets Division

Strategically located properties for future development into inland terminals and related logistics activities;
Investment in Quattro Grain storage and handling terminal

## Corporate

Small corporate team to support the operating divisions

# Qube Logistics

**Services Performed**

- Supply Chain Logistics
- Road Transport
- Container Parks
- Container Hire and Sales
- Container Freight Stations (Port Cross-Dock)
- Rail Transport
- Rail Terminal Operator
- Global Freight Forwarder
- Warehousing and Distribution
- Bonded Customs and Quarantine Services
- Special Projects


# Qube Logistics

- Australia’s largest provider of import / export logistics services
- National presence in all capital cities and regional areas
- Operates in excess of 210ha over 48 sites (including Freight Depots, FCL, Empty Container Parks and Warehousing)
- Operates 8 multi-user Rail Terminals:

    in Queensland (1), New South Wales (4), Victoria (2) and South Australia (1)

- Rail fleet size of around 65 locos and 750 wagons
- 320,000 TEU p.a. on rail through Port Botany
- Future rail terminal and warehousing developments at Moorebank and Minto in Sydney

# The Botany Challenges

- Doubling of freight volumes in 10+ years
- Larger container vessels
- Estimates of 5m+ TEU through Botany in 2030 and beyond
- Ultimate capacity of Botany 8 to 10million TEU
- Impact of urban encroachment on ports
- Impact of port traffic on port precinct and major arterials
- Impact of Empty Container Parks in port precincts

# The Port Reponses

- SPC spent $1bn on new T3 terminal and associated works
- HPH now operating third terminal
- SPC/NSW Ports has invested in and leased Enfield
- NSW Government supports development of intermodal terminals through its Freight Strategy
- NSW Ports focused on rail solutions at Botany and stevedore performance on rail
- Port infrastructure to service shipping demand is or will be well provided

# Logistics Challenges

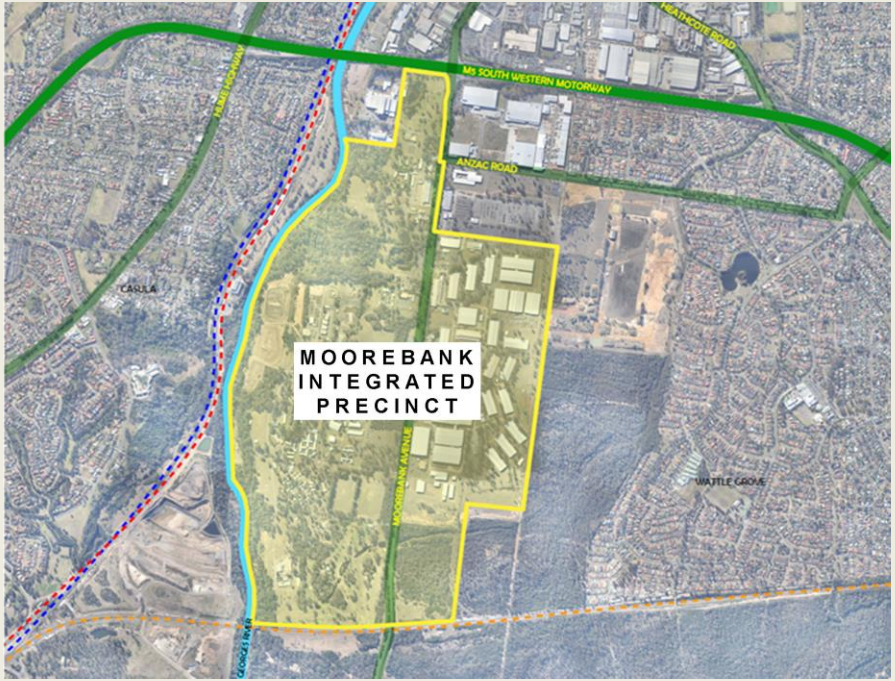
- Current road and rail infrastructure inadequate to cope with the future demand
- How do we use existing road and rail infrastructure more efficiently?
- Can we afford to assume that stevedores can double the road volume through their gates?
- What role should rail play in and out of our ports?
- How much can rail contribute?  30% of say 5mill TEU = 1.5mill TEU
- How do we plan now for Regional Rail and Metropolitan Rail Shuttles?

# Rail Challenges

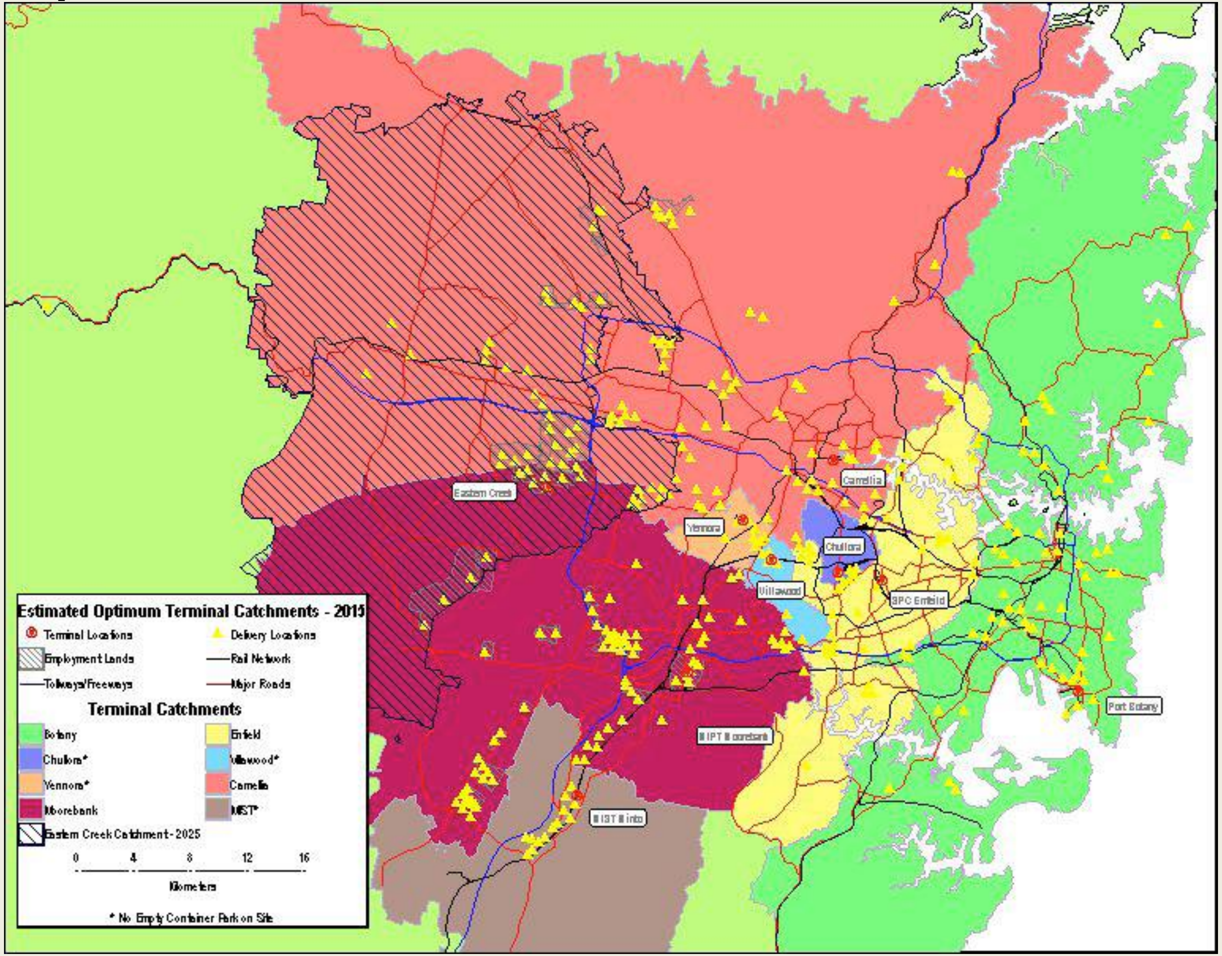
- Rail investment not compared equitably with road
- Rail network issues and conflicts with passenger rail
- Access charges don’t recover costs as volumes are low
- Regional rail is seasonal and volumes are weather-dependent
- Container rail requires multi-user facilities with no certainty of daily volumes
- Regional rail requires longer trains travelling longer distances
- Metro rail can deliver a large modal shift in volumes and economics

# Moorebank

# Moorebank – Ideal Location

# Optimum Terminal Catchment Areas - 2015



# Why Moorebank?

- Largest Integrated intermodal logistics facility with IMEX and Interstate rail terminals
- Complementary warehousing and distribution facilities
- Enhanced logistics outcomes for customers through efficient movement of freight on rail
- Reduced handling / movement of goods lowers logistics costs
- Superior location alongside M5 and M7 motorways and dedicated Southern Sydney Freight Line
- Heart of south western Sydney growth corridor
- Alleviate the freight demand on the existing road network between Port Botany and the airport precincts and western Sydney
- Critical infrastructure that will facilitate increased rail modal share of freight movements
- Address increasing demand for freight logistics within the Sydney Metropolitan area

**Creating an enhanced freight industry cluster in western Sydney**

# Drivers for Efficiency and Effectiveness

- Distance from the port, to be competitive with road
- Rail network eg SSFL
- Terminal Capacity, this is all about scale
- Value added services, the ‘one stop shop’
- On-site warehousing for maximum supply chain savings
- Road network for the last mile or ‘Shop Shelf’ delivery

| Distance for Port | Dedicated Freight Line | Terminal Capacity | On-site Warehousing | Road Network Accessibility |
|---|---|---|---|---|
| Qube - Moorebank 32km from Port Botany Road Distance | Yes | 1.5m TEU including Interstate (2 terminals) | > 600,000 Square Meters | M5<br>M7<br>Direct Access |
| Qube – Yennora 37kms from Port Botany Road distance | No | 200k TEU | Yes – owned by Stockland | Poor |
| Qube – Minto 52kms from Port Botany Road Distance | Yes | 200k TEU | Adjoining – owned by Goodman | M5<br>M7<br>Close by |
| Asciano – Chullora 41kms from Port Botany Road Distance | Yes | 600k TEU including Interstate (1 terminal) | NO | Hume Highway |
| HPH – Enfield 22kms from Port Botany Road Distance | Yes | 300k TEU | Approx 100,000 Square Meters | Poor |

# Benefits of Moorebank to NSW

- Radically changes import/export supply chains significantly increasing freight productivity
- Will establish Sydney as Australia’s premier freight hub and Botany as Australia’s No.1 container port
- Will assist export-related activities – the “Food bowl to Asia”  opportunities
- Will make New South Wales exporters more competitive internationally
- Enhances the ability to maximize volumes through Botany infrastructure – 8 to 10mill TEU
- Enhances the ability to maximize volumes through existing rail infrastructure

Sydney will need a network of Intermodal Terminals for supply chain efficiency and optimisation

- With Moorebank, New South Wales will have 5

# Questions