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Media Release

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Direct Empty Container De-hire To Terminals – Costs Persist

The policies of Shipping Lines directing empty containers to be de-hired to wharf terminals and at-wharf receival facilities continues to increase. These policies will deliver significant cost savings to all shipping lines utilising these practices, however their application has resulted in additional costs for container transport operators which should be recovered in the commercial marketplace.

Major foreign container Shipping Lines are now regularly dictating direct empty return to terminals across Australia include OOCL, ANL (CMA-CGM), Hamburg Süd and COSCO. Practices of the Shipping Lines and their container terminal stevedores differs in each Australian capital city port, but nonetheless create additional business costs for container transporters.

"While the cost drivers may vary slightly from shipping line to shipping, port to port, and even stevedore to stevedore, the impact to container transporters is the same – a hit to an expense line in their P/L. That is not sustainable for any business." observed CTAA Director, Neil Chambers.

Chambers says, "CTAA Alliance companies have identified a number of situations where the significant additional operational costs are incurred, including:

- **Empty Container Staging Via Yard** – de-hire directions to wharf facilities invariably require transport operators to "stage" empty containers via their transport yard so that they can line up available time slots with their vehicles undertaking wharf work.

  The container lifts and administration involved in this staging activity is a significant cost burden for transporters as is the additional cartage leg required;

- **Inability to Backload** – In some Ports, stevedores work closely with transport operators to align import delivery slots with empty container de-hires direct to wharf. However, in other Ports and at some at-wharf return facilities which are separated from the container terminals, there is no ability to align the return of empty containers with import delivery slots.

  This results in an inefficient cost structure for transporters where backloads cannot be peformed and therefore must run trucks empty one-way.

- **Lack of Flexibility in De-Hire Location** – In many instances when an alternative de-hire location is requested for operational reasons, this is not forthcoming from Shipping Lines despite recent public announcements to the contrary.

  Many Empty Container Parks (ECPs) which handle containers for nominated Shipping Lines are instructed not to receive containers that have been directed for wharf de-hire.

  This lack of flexibility in de-hire location adds to truck kilometres travelled and restricts the ability to achieve truck utilisation efficiencies.

- **Empty Container Redirections with Little Notice** – at the discretion of Shipping Lines and/or container stevedore terminal operators, empty containers destined for wharf de-hire are redirected to other return locations.

  These sudden operational changes cause planning difficulties for transport operators who must readjust their fleet and job allocations at short notice, resulting in additional administrative costs, additional truck kilometres travelled, and potential de-hire delays.

- **Financial Penalties Imposed by Stevedores** – empty containers dehired directly to the terminals are not booked using Containerchain but rather are booked through 1-Stop. As such the current Stevedore charging regimes mean that transporters run the risk of being penalised for no-show or wrong time zone penalties imposed by stevedores, even related to the direct de-hire of empty containers.

  These penalty regimes do not exist to the same extent at traditional ECPs.

- **Container Detention Delays** – the added timing delays that can be caused by the need to de-hire empty containers to wharf may mean that the Container Detention time restrictions imposed by Shipping Lines may be breached."

A new Shipping Line initiative to designed reduce their costs is, what the industry have dubbed, 'empty return to ship'.

Chambers explains, "As an example, Maersk is requiring some empty containers to be treated as export containers that must be delivered to terminals for designated ships and discharge ports. This involves the corresponding need for the transport operator to compete with full exports to book an export slot, and for transporters or their import / forwarder clients to complete an export Pre-Receival Advice (PRA) through 1-Stop Connections."

Chambers summarises, "CTAA believes that the additional costs associated with this Shipping Line direction, including the costs of the completion and lodgement of the PRA, should be recovered by transporters in the commercial marketplace."

CTAA has advised container transport operators to continue to ensure their true additional costs are clearly articulated to shippers (importers / freight forwarders).

CTAA believes it is up to shippers to seek corresponding reductions in the Terminal Handling Charges (THCs) levied by Shipping Lines to balance any cost shifting from the Lines to the landside operators.

For further information regarding this media release, please contact CTAA
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About CTAA:

Container Transport Alliance Australia (CTAA) is strong national Alliance of leading businesses engaged in the container transport logistics industry. CTAA Alliance companies account for the majority of containerised freight handled in capital city ports in Australia.