

17 July 2018

Sydney Empty Container Management – Significant Additional Costs

The commercial practices of shipping lines and the performance of some empty container parks (ECPs) in Sydney are causing significant cost increases in empty container management according to transport advocacy group Container Transport Alliance Australia (CTAA).

CTAA Director, Neil Chambers, warned that “these additional costs are causing major difficulties for container transport operators in Sydney, and need to be remedied soon.”

Empty Container Park (ECP) Capacity:

A focus of immediate attention are delays and a lack of operational capacity at DP World Logistics Australia Parks 1 & 2 in Botany Road, Port Botany. Large volumes of empty container de-hires are being directed to this facility by shipping lines, including to meet rail demand for empty export containers.

“We are aware that DPW Logistics is recruiting, inducting and training more forklift and operational staff, but this will take several weeks to occur.”

“A facility of its size should be achieving at least 30 container moves per half-hour truck arrival window. However, their current operational capacity constraints mean that they are only achieving around 10 to 15 moves regularly.”

Transport operators are having to stage more and more empty containers via their yards prior to being able to gain suitable slots for de-hire. This adds significant costs to the transport task through:

- Added truck travel to / from yards, then separate later trips to / from the ECP
- Container lift off / on costs
- Added administration in managing time delays, fleet allocation, de-hire notification processing, and container detention avoidance management

Neil Chambers observed that “transport operators have become “satellite” container logistics staging facilities, even for empties. Without this, the container logistics chain in Sydney would be dysfunctional. But, this comes at a cost with commercial consequences.”

Empty Re-Directions & Limited Alternatives:

Building on the pressures applied by intense competition for available truck arrival slots are the number of empty container “redirections” made by shipping lines and a lack of alternative de-hire options.

Sydney is the “redirection Capital” of Australia, with an average of 85 redirection notices per month – double the number in Melbourne.

“This occurs because shipping lines want empties returned to specific places, including to railhead facilities for export use and direct de-hire to the wharf. This saves the shipping lines their own costs of handling empties through traditional empty container parks and being responsible for the cost of repositioning the boxes themselves.” said Neil Chambers.

“The difficulties for transport operators arise because little notice of these redirections occurs, meaning that transport operational planning has become a lot harder, and futile truck trips can occur when containers are rejected from their original de-hire location if the redirection notice is missed or is sent at the last minute.”

Some shipping lines also don't allow any alternative de-hire options, which can restrict truck utilisation efficiencies, add to truck kilometres travelled, and contribute to facility congestion & truck queuing.

Lack of EDI Flow of Data:

An increase in the flow of electronic data between shipping lines, their ECP service providers and the technology platforms such as Containerchain would greatly assist with information visibility in the container logistics chain, and would help to reduce landside costs.

Unfortunately, only 61% of the empty container movements in Sydney have corresponding EDI data loaded into the technology platforms. This compares with over 90% in Fremantle and 80% in Melbourne for example.

When EDI data is lacking, allocators must process container de-hire electronic information manually, truck drivers must be supplied with paper or electronic versions of the Delivery Order (DO), and ECP gate staff must process trucks and drivers manually. All of these issues lead to delays and added costs.

“There are two major shipping lines that simply don't provide any electronic information about empty containers - OOCL and Evergreen. Several others provide the information less than 40% of the time - COSCO (Five Star Shipping), Ocean Network Express (ONE) and Hyundai Merchant Marine.”

“We'd like to see a commitment from these shipping lines, and the others, to try to increase the EDI exchange of data on empty container de-hire instructions in Sydney towards 100%.”

Container Detention Liability:

The current delays and inefficiencies in Sydney mean that there is more risk of the import container detention policies of the shipping lines being breached.

“Transport operators need to reinforce their business rules with customers about adequate notice of containers being ready for empty return (normally two working days), and should not accept any container detention claims caused by delays outside of their direct control.”

“Also, importers and forwarders should be proactive in seeking an extension of time from shipping lines for the return of empty containers when delays threaten a breach.”

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“CTAA Alliance companies are seeking meetings with DPW Logistics, other ECPs and with shipping lines through Shipping Australia Limited (SAL) to try to find sustainable solutions.”

“We also continue to liaise with NSW Ports and with the NSW Government about the current difficult situation.” Neil Chambers concluded.

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About CTAA:

Container Transport Alliance Australia (CTAA) is strong 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.