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Sydney Empty Container Management: Transporters Face Significant Additional Costs / Reconsider Container Detention Policies

A reduction in empty container park capacity, larger volumes of containers being handled, and a high level of import empty container “re-directions” by shipping lines, are causing significant additional empty container handling costs in Sydney.

CTAA Director, Neil Chambers, observed that “The empty container management situation in Sydney has been getting progressively worse over a number of months now.”

“For many container transport operators it has reached the stage where they cannot fully absorb the additional costs.”

“A conservative estimate is that the additional costs being borne by transport operators in managing empty containers in Sydney are between \$90 to \$200 per container, depending on the level of delay and additional handling necessary.”

Staging of Empty Containers Via Transport Yards – Added Costs:

Gate capacity and available truck arrival slots are at a premium at some key Sydney Empty Container Parks (ECPs) given the volumes being directed to those facilities by shipping lines. This is amplified when the ECPs do not operate regularly after hours or on weekends.

So, the vast majority of empty containers must be staged through transport yards to manage the task.

This adds additional costs in:

- Container lift-on / lift off – container staging;
- Additional administration and yard planning;
- Additional truck kilometres and one-way truck travel with reduced opportunities to backload.

In many instances, transport operators are unable to book sufficient truck arrival slots at designated ECPs in a timely manner, leading to de-hire delays and significant risks that empty containers might attract container detention fees from shipping lines for late return.

Empty Container Re-directions with Little Notice:

“A significant contributor to the higher costs of empty container management in Sydney are the number and frequency of empty container “re-directions” which are ordered at the discretion of the shipping lines with little notice.” observed Neil Chambers.

Port Botany is Australia’s empty container “Re-Direction Capital”, with over 30 re-direction notices current every day, equating to hundreds of re-directions per month. By contrast, this is more than double the number of re-directions in Melbourne.

“Empty containers destined for one ECP, or for direct wharf de-hire, are suddenly re-directed to another location, causing significant planning difficulties for transport operators who must adjust their fleet and job allocations last minute.”

“These re-directions are occurring to solely suit the shipping lines who want the empty containers sent to a specific location for their next use, including to meet regional rail export empty demands or for international empty repatriation, rather than the shipping line being responsible for the costs of repositioning the empty at a later date.”

“That’s all well and good, but the lack of sufficient notice penalises others in the container logistics chain through higher import empty container handling and transport costs.”

“To make matters worse, the lack of sufficient operational notice of these re-directions means that trucks with a valid ECP arrival notification, based on the original de-hire location specified by the shipping line, are being turned away because a re-direction has been put in place last minute.”

“This results in futile truck trips, added truck kilometres travelled, more “one-way” under-utilisation of trucks, the need to constantly rearrange empty containers stacked in transport yards, and de-hire time delays.”

Neil Chambers noted that “The lack of sufficient notice of re-directions, and the practice of not honouring original legitimate truck bookings at ECPs because a re-direction has been ordered, is unacceptable to container transport operators.”

“CTAA is calling on all shipping lines and their ECP providers to give at least 24 hours’ notice of any empty container re-directions, as well as a clear end-date for the re-direction.”

The administration of these re-direction notices is made more difficult where shipping lines do not provide electronic data to their ECP providers and through the Containerchain notification system, meaning that fleet allocators must manage and monitor re-direction notices manually.

This can result in futile truck trips to the wrong ECP if emailed re-direction notices are missed.

Unrealistic Container Detention Timeframes & Claims:

Despite the increased delays in managing import empty container de-hires effectively, there is no incentive for shipping lines to extend container detention “free time” to importers.

Container detention time restrictions are more likely to be exceeded as a result of the current delays and inefficiencies in Sydney.

“Shipping lines would be making an absolute killing at present with container detention revenue, some of which will have been incurred because of the strict policies of the shipping lines themselves leading to a lack of de-hire flexibility, last minute de-hire re-directions, and little cooperation with shippers on the extension of detention “free time”.

“That is particularly perverse.” Neil Chambers noted.

“Many transport operators apply business rules with their importer / forwarder customers requiring adequate business-day notification that import containers are ready for empty de-hire.”

“In addition however, transport companies are increasingly unwilling to accept container detention claims liability passed to them by their customers when the delays in de-hire are outside of their control. This is a matter for negotiation between transport operators and their direct customers.”

“Transport operators aren’t a direct party to the Bill of Lading contract between the importer and shipping line on empty container detention terms and conditions.”

“So, it’s not up to the transport company to seek relief from container detention fees. And nor should it be up to the transport company to pay any container detention bills post the event when the delays in de-hire were beyond their control or not realistic in the timeframes imposed.”

“In the current circumstances in Sydney, made worse also by the fumigation delays caused by the widespread measures to address the Brown Marmorated Stink Bug (BMSB) biosecurity threat, it is not unrealistic for import containers to be taking more than 15 to 20 days from the date of discharge to be able to be returned empty.”

“Container detention claims prior to that are equally unrealistic.” concluded Neil Chambers.

“It is even more imperative that when delays threaten a breach of the shipping lines’ imposed container detention policies, importers and forwarders – the customers of the shipping lines - should be proactive in:

- Seeking an extension of the “free time” from the shipping line for the return of the empty container;
- and/or
- Requesting that the shipping line allow the container to be de-hired into an ECP or wharf facility with more flexible de-hire arrangements and longer opening hours.

“There are several ECPs in Sydney that open longer hours, for example, ACFS e-Depots and Tyne-ACFS in Port Botany which are open 24 hours during weekdays, or Qube/MCS Cooks River open to 9pm weekdays and on some weekends.”

“Importers, forwarders and their transport providers should be more proactive in convincing shipping lines that they will direct the empty de-hires there, instead of suffering delays in trying to de-hire to nominated facilities that are congested or have limited opening hours.”

CTAA Alliance companies are discussing the current delays and inefficiencies with the ECPs in Sydney, Shipping Lines, NSW Ports, Transport for NSW and the NSW Government.

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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.

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