



11th February 2019

Notice to Industry

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.

The additional costs cannot be absorbed fully by transport operators, nor can unrealistic container detention claims due to the level of delays in empty import container de-hire in Sydney.

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.

It is a conservative estimate that the additional costs borne by transport operators are between \$90 to \$200 per container depending on the level of delay and additional handling.

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 Redirections 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

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.

These sudden operational changes cause significant planning difficulties for transport operators who must adjust their fleet and job allocations.

The lack of notice means that trucks with valid ECP arrival notifications, 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.

This results in additional transport handling and administrative costs incurred through:

- Futile truck trips, added truck kilometres travelled and more “one-way” truck utilisation;
- Rearrangement of empty containers stacked in transport yards; and
- Potential de-hire time delays

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 or 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 may be missed.

Unrealistic Container Detention Timeframes & Claims:

Despite the increased delays in being able to manage 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 outlined above.

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.

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.

As a result, 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.

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

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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.

Meanwhile, individual transport companies are discussing the commercial ramifications directly with their customers.

Container Transport Alliance Australia (CTAA)

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.