



**Container Transport
Alliance Australia**

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2 February 2021

Mr. Michael Jovicic
Chief Executive Officer
Patrick Terminals
Gate B105A, Penrhyn Road,
Port Botany, NSW, 2036

Via email: m.jovicic@patrick.com.au

Dear Michael,

Re: Patrick Terminals' – Landside & Ancillary Charges Notice from 1 March 2021

We refer to your Notice to Customers of 29 January 2021, and associated Rate Schedule Notices for each Patrick container terminal regarding VBS Charges and associated ancillary terminal fees to be imposed on container transport operators from 1 March 2021.

Again, Patrick Terminals is seeking to impose numerous cost increases and new fees on container transport operators without any consultation or commercial justification for doing so. This is despite your rhetoric that container transport operators are "customers" of Patrick Terminals.

CTAA Alliance companies are responsible for most container movements by road to/from Patrick container terminals in Australia. As landside "customers" of Patrick Terminals, CTAA Alliance companies seek a direct dialogue with you and your senior management about key aspects of your latest announcements.

Long Vehicle Charge – Sydney and Brisbane Terminals:

You propose to implement a \$50 (+GST) charge for terminal entry for vehicles longer than 26 metres in length (Long Vehicle Charge) at your Sydney and Brisbane Terminals.

While not articulated in your Customer Notice of 29 January, we understand that you are seeking to impose this new fee because in some way you feel that Higher Productivity Freight Vehicles (HPFVs, including Super B-double, and A-double combinations) impact on Terminal productivity and efficiency?

Where is the evidence? With all respect, transport operators in Sydney and Brisbane demand to be shown the evidence for this new fee.

You seem to believe that HPFV drivers take longer to back into the road grids (cages) in your autostrad terminals, impacting on truck turnaround times, and thereby your ability to service the maximum number of trucks per time zone. Transport operators reject that notion for the following reasons.

If an HPFV arrives to take 4 TEU of import containers from the terminal, then even if the driver of the HPFV takes slightly longer to back the combination into the grid (which is not always the case), once the vehicle is in position, the straddles can be tasked to deliver 4 TEU to the one combination.

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The alternative is that instead of a HPFV, two semi-trailers are sent to the terminal to pick up 4 import TEU.

In that case, the first semi-trailer needs to back onto the grid, to be serviced with two TEU. Once completed, the first semi must clear the grid before the next semi is called forward to occupy the grid, involving many minutes of manoeuvring by both vehicles.

In the case of your Brisbane Terminal, this can often involve calling forward the next semi from the Truck Marshalling Area (TMA), involving many minutes of delay as the second vehicle departs the TMA, enters the Terminal and backs into the grid.

An equally valid measure of terminal productivity is Container Turn Times (CTT), and we would submit that CTT is improved with the servicing of one HPFV as opposed to servicing two semi-trailers for the same container volume task.

Your transport operator "customers" view this new fee as nothing more than a tax on road transport productivity and are seeking for the Long Vehicle Fee to be withdrawn by Patrick.

As an alternative, transport operators are willing to enter into meaningful dialogue with you and your terminal managers in Sydney and Brisbane to implement voluntary measures to help to improve the road transport / terminal interface, rather than you impose a unilateral penalty on one set of vehicle combinations and not on others.

The alternative of not utilising HPFVs to/from Patrick Terminals will mean a doubling of the number of vehicles required for the container volume task. This is neither practical nor economically sustainable. Also, it does not suit Government policy objectives to reduce trucks on our roads and would impact negatively on environmental outcomes in container transport logistics.

Side Loader Fee:

Again, no justification has been provided to transport operators for the imposition of a Side Loader Fee in all Patrick terminals.

Where is the evidence that there is any more risk of damage to a Side Loader trailer compared with a skel trailer from unloading / unloading, or that Side Loader trailers in some other way detract from your terminals' efficiency and productivity?

The flow-on impact to the landside sector of this penalty is a further deterrent for direct delivery to/from the wharf (import or export) to/from customer sites where Side Loader operations are preferred or necessary. This will increase the need to "stage" containers through transport yards and re-handle containers at added expense to shippers (importers and exporters).

VBS Fee Increases:

Where is the justification for a 47.5% increase in the VBS Booking Fee and No-Show Fee at all Patrick Terminals?

Are the number of container slots available to transport operators going to increase by 50% as a result?

What added benefits will transport operators enjoy through the 1-Stop platform interface because of the massive increase in revenue you will collect from these fee increases?

Suddenly, is the provision of the 1-Stop technology platform costing you almost 50% more to maintain and provide?

Also, the penalty of \$215 (+GST) for a truck No-Show for a container slot has now surpassed what might be considered an adequate disincentive for transport operators not to miss the time-slots they have booked. It is now considered extremely punitive.

The imposition of a No-Show fee of \$215 (+GST) at CargoLink facilities is even more punitive. CargoLink should operate more along the lines of an empty depot operation rather than through the imposition of terminal disciplines and associated fees.

A \$215 penalty for missing a time slot to de-hire an empty container is so far out of proportion with the task at hand that it drives behaviour to seek alternative de-hire options from shipping lines to avoid the No-Show penalty risk, rather than be required to schedule the de-hire into CargoLink.

We would also query whether the quantum of VBS fee increases associated with CargoLink will be expended by Patrick to increase the operating hours and capacity of CargoLink facilities to improve their productivity and performance?

Urgent Consultations:

CTAA Alliance companies seek urgent consultations with you and your senior terminal managers on the matters raised above prior to any imposition of the tariff fee increases you have proposed from 1 March 2021.

In the first instance, transport operators would appreciate receiving evidence from Patrick Terminals that justifies the implementation of the Long Vehicle Fee, the Side Loader Fee, and the massive percentage increase in VBS-related fees.

We also reiterate that in relation to the performance of the road / terminal interface, transport operators stand ready to have meaningful mutual dialogue with Patrick Terminals in each jurisdiction aimed at improving the efficiency and productivity of the interface, without the need for Patrick to impose draconian fee increases unilaterally.

Yours sincerely,



Neil Chambers
Director

c.c. Ports / Transport Ministers in NSW, Queensland, Victoria and Western Australia
Departments of Transport in NSW, QLD, VIC & WA
ACCC