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15th July 2011

Australian Competition & Consumer Commission

Ref: Empty Container Parks Exclusive Dealing Notifications N95450-N95456

I refer to your letter dated 12th July 2011 and your request for more information about the above.

1. What is the anticipated impact of the Containerchain system on ECPs' capacity?
 - a. Will there be any change in the number of container drop off/collections from the current system?

We don't believe there will be any changes in drop offs/collections as all containers must still come into the yard, however they will be spread over the whole period we are open, rather than have times with only 2 trucks in the yard and the next day 40.

- b. What impact is anticipated across the industry more broadly, including the number of trucks on the road, queues, congestion?

The impact should be there will be no trucking queuing on the road as the spread of trucks will be at a rate that we can physically handle every 30 minutes. The queues in the yard will always be there but the turnaround of these trucks will be within the 30 minutes we have as responsible load managers regulations. We do not predict any congestion as there will be smaller queues which are moved quicker.

- c. Is it likely that transport operators will be required to double handle containers and store containers at their own depots due to a loss of flexibility in their dealings with ECP's? If not, why not?

I don't believe transport operators will have to double handle containers anymore than they currently do. The transport operator has to manage his business more efficiently to co-ordinate his movements in and out of the depot. Just like he currently does to move containers in and out of the wharf and in and out of the packers yards. We are trying to be more efficient, they also have to do so.

2. Several interested parties suggest that extending ECP operating hours would be a more cost effective solution for dealing with queues and congestion issues than the proposed implementation of the Containerchain system.
 - a. What is your view on this?

Over the years most depots have already tried the extended hours and noticed that this time is mostly not utilized. Most depots have already extended their hours in the current period but it does nothing to alleviate queues. Truck drivers will still come whenever they want. It has been proved previously

even noting on the current website notification system, when we put up a message stating we are suffering from large delays for whatever reason, truck drivers still come in, even though they know there is a 1 or 1.5 hour delay. As load manager our responsibility will not allow us to continue this way. This option was already put on the discussion table when we first discussed options and then it was taken off due to its ineffectiveness to control the whole issue.

- b. What other mechanisms or solutions (if any) have been considered/trialled? For example, web cams, email alerts etc.

As stated in question 2, we have already have an alert system in place, and has been in place for over 12 months I believe, which has done nothing to reduce queues. In regards to web cams, what is the difference, when we notify them and they still come and sit in the queue. We have also tried a visibility system where trucking companies could put an estimate time of arrival on the system so we could see what was due to come in, however hardly anyone used this system and unless everyone uses it, it's useless. Again, however, they will still come whenever they want.

- c. If relevant, what has been your experience in trialling other mechanisms/solutions.

As above, we have already tried other solutions, we have already sat in a controlled group meeting with all concerned and gone through all options before we made our decision to work with container chain and it's system. Everyone had the opportunity to be involved and put their thoughts across. I believe we are going over old ground here. We cannot manage what we cannot control, which is why control is needed.

- 3. The Form G notification states that transport operators will be required to pre-book space via the Containerchain website while Attachment A to the notification/s refer to the implementation of a "time slotting service".
 - a. Have you considered introducing a simple notification system?

As previously stated, this doesn't work and yes we have tried that. Also as previously stated, they will still come to the depot whenever they want, which suits them.

- b. What would be the differences in cost and effectiveness between a notification system and a time-slot system in addressing current issues experienced by ECPs at the Port of Melbourne?

There will not be ANY effectiveness with a notification system, it will simply not work.

- 4. A number of submissions have suggested that transport operators do not currently have a commercial relationship with ECPs and that it would be more appropriate for Containerchain fees to be negotiated between ECP's and Shipping Lines.
 - a. Would such a structure be feasible?

I believe Shipping Lines will not accept this cost as it has nothing to do with them. The transport operators currently don't have a commercial relationship with ECPs, but I believe they didn't before the VBS come in at the Wharf and it had to be setup. I don't see the issue here and all transport operators will pass any costs onto their client, just like all depots and all companies have to

do when there is a increase in costs or OH&S regulations put extra responsibilities on companies.

- b. Why have the arrangements been setup for transport operators to pay the containerchain fee when generally it is shipping lines that determine which ECP the transport operator will attend?

As stated above, I believe it has nothing to do with the shipping lines. Shipping lines purely state that they can pickup a box from here and drop it off here. It is the transport company working for their client, eg freight forwarders and the service of transport which is relates to.

5. A number of submissions refer to a potential memorandum of Understand (MOU) between the VTA, VCPA and Containerchain P/L. What is the status of any such MOU and does/will it have any impact on the conduct notified?

I believe that we have practically agreed on a MOU and are in the process of finalizing this and signing it of. We feel this will put some people at ease at understanding the process. The container depots have been involved in all negotiations and made every effort to come up with the best solution to fix the issue. What all people are forgetting, is the Victorian Police came to us and reminded us of our obligations as load managers and that we had to turn trucks around in ½ hour or they can issues fines of over 200,000 per incident. As responsible load managers we had to come up with a solution. All I currently hear is what everyone else requires for there business, which we have taken into consideration, however this is an issue that the container depots face and this is the only solution so we can comply with LAW. I believe it is similar to someone saying “forget about OH&S, do what I want and don` t worry about it” It is law that we control our queues and again, we cannot manage what we can` t control, and I believe this system gives us control, which is what we need so we can comply with regulations.

6. How much will the implementation of the Containerchain system cost for an ECP?
 - a. What additional obligations (if any) are placed on ECPs?

Our obligation is to manage our queues. To turn trucks around within a half an hour timeframe. Our obligations are to increase efficiencies with stock requirements. It is in our own interest to make this system and the way we use it efficiently.

- b. What effect will the Containerchain system have on ECP`s costs?

The ECP`s have to cover costs of our internal system, which communicates with Containerchain. This includes extra hand helds, training and forklift systems and the maintenance of these systems. Management of stock and bookings will be a job we have not had to do before, but we believe this will make the throughput work more efficiently.

- c. How much additional revenue will the ECP receive as a result of implementing the Containerchain system?

All revenue from the Containerchain system will be used to create more efficiencies in our container depot and manage the system and its equipment.

If you require any further information please do not hesitate to contact me.

Regards

C. Valneris
Director