

## Key point for presentation to the

### “Westgate Tunnel Project Inquiry & Advisory Committee”

Wednesday 13<sup>th</sup> September 2017 in association with the CTAA

#### Rob Alfarano for Vantrans Container Transport

) I am representing Vantrans Container Transport and have done so for almost 10 years. I am here to shed some light on this unique part of the shipping container transport industry, which is the transport companies who reposition empty containers.

) The Port of Melbourne reports that almost 500,000 TEU empty containers move through the port each year, mostly being repositioned into Asia to be filled. With Australia have a balance of trade deficit and being at net importer, this is unlikely to reduce in the foreseeable future.

Full		Empty		Total
F16/17	%	F16/17	%	F16/17
1841433	80.9%	435779	19.1%	2277212
F15/16		F15/16		F15/16
1752944	79.2%	459966	20.8%	2212910

) The empty container repositioning industry is not well understood and is incorrectly often thrown in with general heavy transport. We would like to share a couple of key pieces of information which may also help the committee better understand the likely impacts of the project on empty container carriers such as Vantrans, as we believe that the potential impact is greater than anywhere else in the heavy transport sector.

) Most repositioning is carried out on behalf of the shipping companies who own the containers. We do not control the timing of the movement with the shipping company's asking for hundreds of containers to be moved from container yards to the port, to be loaded on specific ships.

) The empty containers are the last items to be loaded on the ship and the type and weight of the balance of the load often dictates how many empty containers are used to top up the ship before it sails.

- J Usually the run needs to be completed prior to the vessel sailing at a specific time, hence 20, 30 or 40 trucks are used to move hundreds of containers, and tight time constraints are normal.
- J Most trucks are light weight semi-trailers who will operate in shuttle runs between the well-established container yards in the west of Melbourne and the port, running back and forward 5, 6 or 7 times in a shift.
- J Our operations are 24 / 7 and we have no say in when the work needs to be completed.
- J A key point to understand is that the movement of full containers are paid for by the importer of goods and the price paid for moving a full container load of good is usually three times that of transporting an empty container.
- J Key to be aware of is that repositioning empty containers isn't generating any income for the shipping companies who own them and therefore transport is pure cost that eats into the profitability of their businesses. Accordingly, there is a real pressure on those companies to minimise the cost of transport.
- J Our modelling shows that the suggested \$26 toll per return trip is approximately 50% of the variable cost of transporting an empty container and more than the margin, meaning that the work would be at a net loss unless the cost is passed onto the supply chain to be covered by the end consumer.
- J Average run time from the key container yards in the West of Melbourne to the port is approximately 15 minutes however the delays built into the supply chain and fatigue laws therefore create a limit on the number of loads that a driver can handle in any shift of a shuttle run. The return leg is always empty as our trucks are single purpose, can't carry full containers, etc.

- J Closing local roads and forcing trucks onto the Westgate tunnel will almost double the time of the trip to the port which at best comes back to the current run time with the time savings publicised by the state Government from the Westgate Tunnel.
- J The only real efficiency saving for our business would be achieved if an extra load could be handle by a truck in a shift. This will not happen according to our modelling considering the short length of the trip and the built-in limitations.
- J We have no objection to the Westgate tunnel itself and our modelling suggests a similar or slightly increased running time with local roads closed and a new route established, so no real issue for the industry.
- J Our concern is one of a new cost being introduced. The equation is quite different for an empty container carrier than a full container transporter, due to the low market price paid for the activity and the lack of control of when the work is carried out.
- J The changes to the cost of transport for Vantrans and its competitors coming out of the Westgate Tunnel's utilisation is the most significant as a percentage of total costs of doing business of all heavy transport companies using the Port of Melbourne, and needs its own solution.
- J We would suggest an exception from tolls or a compensating rebate for trucks on shuttle runs of empty containers is critical and that the state Government needs to invest in the transport industry, which is for the general benefit of the community.
- J I thank the committee for your time.