

Customer Newsletter - November 2019

In our September Newsletter, we advised of some changes we were making with regard to several matters including not only container dwell at our Container Transfer sites across New Zealand, but also early container check-in, wagon lift-offs, wagon and/or container damage recovery and overloaded containers/wagons and/or imbalanced or out of gauge loads.

As a result of customer feedback we've received, we have decided to make some changes to the process related to how we will be managing the container dwell, or demurrage, going forward.

The other matters the September Newsletter advised, will all remaining unchanged.

Container demurrage surcharge changes

As we stated last time, supply chains operate best when there is a steady flow of goods moving on regular, planned services and containers circulate in a timely manner and do not dwell in-transit for unnecessarily long periods.

When customers don't uplift in-transit containers quickly upon their arrival at any of our Container Transfer sites, whether intentional or not, it impacts us in several ways and impedes our ability to provide a strong service to all our customers.

The September Newsletter stated our current standard policy with regard to the maximum free time permitted at any of our Container Transfer sites. As noted above, after taking on board customer feedback we've since received, we will be implementing some changes to the business rules we previously advised.

The changes we've agreed to adopt are as follows :-

1. If a Container Transfer site is open on a Saturday, that day will count as 24-hours, regardless of how long the site is actually open.
2. Sunday will be deemed to be a 'free day' at all Container Transfer sites, with the exception of Auckland, which, because it's our busiest site and it's open 24/7, we're simply unable to offer Sunday as a free day at this site.
3. All Public or Regionally recognised holidays will be deemed to be free days, including Auckland.

The process for the e-mail notification system will largely remain as previously advised which is :-

1. A first e-mail notification will be sent to the freight payer within 4-hours of a container arriving at its booked destination KiwiRail Container Transfer site. This advice will include the container number, the relevant KiwiRail booking number and any

customer reference number/s that were advised at the time the booking was confirmed.

2. If the container isn't uplifted within 24-hours of its arrival, a reminder e-mail containing the same detail, will be sent the same e-mail address to prompt you to action this. This e-mail will advise the potential surcharge costs that will be incurred if the container isn't uplifted within the maximum 48-hour free timeframe.
3. A further e-mail, also with the same container detail, will then be sent once the 48-hour free time has been exceeded, together with the surcharge total that we will be debiting, at that current point in time.
4. We will then e-mail each subsequent 24-hour period, reminding you of the dwell status of the container and updating the demurrage surcharges that are accruing.
5. It is important to note that containers that have incurred any demurrage charges, may be held until we have received formal e-mail acceptance of the associated costs owed to KiwiRail for the demurrage.

In order to allow you all to become familiar with the changes we've agreed to make, we will also be deferring the start date for charging from the previously advised date of the 1st of November 2019, to now be the 1st of December 2019.

Some customers have advised of their confusion regards the charges that have been noted on the e-mails they are currently receiving. The reason these have monetary figures on them, is to simply make you aware of what level of charges would apply, once we go-live with them.

They are not an indication as to any charges we will be levying at the moment. To be very clear, no actual charging for demurrage will occur until the 1st of December 2019.

The standard charges that we will be applying for any container that has exceeded the maximum 48-hour free time, are outlined below (note that they all exclude GST) :-

Container Demurrage	Surcharge Fee	Application
20ft Container	\$55.00	Applies per day (or part day thereof) / per container
25ft and 40ft Containers	\$80.00	Applies per day (or part day thereof) / per container

As we've previously advised, our Container Transfer sites do have some variation in their opening hours which you need to be aware of.

A list of each Container Transfer site's opening hours is noted on our KiwiRail Freight website (refer : <http://www.kiwirailfreight.co.nz/our-locations.aspx>).

Through the use of these timely reminders and your own diligence and focus on keeping your and your customer's freight moving, there should hopefully be very little need for any demurrage charges to apply, as our hope is that all containers will be able to be uplifted prior to the expiry of the allowable 48-hour maximum free time.

Please note that at all times it is the responsibility of the freight payer of the container movement, to ensure it has been uplifted, as KiwiRail accepts no liability in this regard, nor will we be invoicing any other third parties for these demurrage costs. As such it is important that you ensure any third-party carrier you may be using to uplift containers, is aware of this maximum 48-hour requirement.

If you feel you would benefit from any more detailed discussions regards any of the above, please feel free to contact your Key Account Executive.