

14 October 2020

Dear Customer,

Update on the new VBS at KiwiRail's Southdown Container Terminal site

In November, KiwiRail will introduce a new Vehicle Booking System (VBS) at our Southdown Container Transfer (the Terminal) operational site.

We would like to provide you with an update to this project, and some Q & A to help answer some of the initial questions that some of you may have.

Background

As previously outlined, with up to 1,200 trucks visiting the Terminal each day to deliver and/or uplift containers, congestion can become a real issue at certain times of the day as trucks queue to enter the site.

A Vehicle Booking System (VBS) will allow the Terminal to operate more smoothly and we know that most transport operators are already familiar with such VBS operations given that both the Ports of Auckland and the Port of Tauranga's Metroport use them already.

As we outlined in our July newsletter, the VBS will be an online tool, using the same Containerchain product used by Metroport's operation which is co-located at the Terminal.

Having the same VBS product for the whole of the Terminal, will provide transport operators with a high degree of synergy and although we will be arranging to provide free training in the use of the VBS, given most transport operators are likely already familiar with it, we would not expect training to take long. It may not even be necessary.

Please ensure that this newsletter is forwarded to all the transport operators you may use to transport containers into or out of the Terminal, so we can discuss any training needs they may have. Please do so by contacting your Key Account Executive.

Carrier Access Agreements

All transport operators who will require access into the Terminal, will need a valid and current account with Containerchain. To do so, each operator will be required to enter into an arrangement with them called a Carrier Access Agreement.

Obtaining a Carrier Access Agreement is relatively simple and many transport operators in the Auckland area will already be users of the Metroport facility at Southdown which runs the same VBS product that we are introducing. As such, they will already have an account with Containerchain.

Transport operators who already have a Containerchain account will need only to log-in to the Containerchain website (www.containerchain.co.nz) and go to the list of operational sites within New Zealand who use their VBS product, then click on "KiwiRail Southdown Terminal". Follow the prompts to accept the relevant Carrier Access Agreement and you're good to go.

If you do already hold a Containerchain account, you will more than likely receive a broadcast message from Containerchain advising when KiwiRail's Southdown Terminal Carrier Access Agreement document is available to access.

For transport operators who don't yet hold a current Containerchain account, please go to the Containerchain website noted and seek to register as a new user. Once registered, follow the same prompts as above.

All transport operators will be required to accept Containerchain's terms and conditions of use of the VBS when logging in to use it and in order to gain and then maintain access to the Terminal. Transport operators who do not hold a valid, current Containerchain account, will be refused access. There will be no exceptions.

Transport operators will access the Containerchain website to make their individual VBS bookings and also make any adjustments (changes, cancellations etc) as may be required.

Training requirements

In order to ensure that we have all necessary training completed in time for 'go-live', please advise us which transport operators you currently use, or are likely to use, to move containers in or out of the Terminal, together with their contacts details and the name of the person/s we should be dealing with. We will then reach out to them to discuss the VBS implementation, and any training requirements.

If you could please provide this detail back to your Key Account Executive no later than Friday, 23 October, it would be much appreciated.

We will also be asking all our Key Account Executives to discuss this with you, in order that we stay on track for our November 'go-live' date.

KiwiRail's Vehicle Booking System Fee structure

The table below illustrates the fee structure that will be in place when KiwiRail implements its new Vehicle Booking System (VBS) at the Terminal.

While the final 'go-live' date is still subject to confirmation, it is likely to be sometime between early to mid-November 2020.

The fee structure below will apply as soon as this occurs (subject to Note 5, below).

Fee Type	Fee	Fee Description
Booking Fee	\$7.00	Applies for each booked VBS time slot (Booking) made by a Transport Operator to either deliver and/or uplift a container and it applies on a per container basis.
Early Fee	\$7.00	Applies when the Transport Operator arrives more than 30 minutes before the commencement of the Booking's time slot. This is additional to the Booking Fee.

Late Fee	\$7.00	Applies when the Transport Operator arrives more than 30 minutes after the end of the Booking's time slot, but <u>only</u> when delivering containers into the Terminal. This is additional to the Booking Fee.
Unutilised Fee	\$21.00	Applies when the Transport Operator fails to turn up for a Booking. This is additional to the Booking Fee.
Cancellation Fee	\$14.00	Applies when the Transport Operator cancels a Booking within 4 hours of the commencement of the booked time slot. This is additional to the Booking Fee.

Notes to Fees:

1. All of the above Fees exclude GST;
2. All transport operators seeking to enter the Terminal will be required enter into a Carrier Access Agreement and hold a valid account with Containerchain;
3. A VBS booking is required for each and every container being either delivered into the Terminal, or uplifted from it, regardless of whether the same vehicle is being used;
4. Booking Fees will apply to all VBS bookings from the date of 'go-live';
5. None of the other additional Fees (e.g. early, late unutilised and cancellation fees) will be charged for an initial period post 'go-live' in order to allow all transport operators time to familiarise themselves with the new VBS processes. Charging of these other Fees will commence as from the 1st of February 2021; and

Additional detail:

1. Any Truck Operator arriving at the Terminal without having first made a VBS Booking will be refused entry. No exceptions will be made.
2. Each VBS Booking will cover an allocated time period of 30 minutes i.e. 1000 to 1030, 1430 to 1500 etc. and all transport operators will be expected to arrive at the Terminal within this time slot.
3. Transport operators arriving early, but within 30 minutes of the commencement of their VBS Booking time slot, will be given permission to enter the Terminal with no penalty e.g. VBS Booking time slot was 1230 to 1300, then permission to enter the Terminal will be granted as long as the truck arrives no earlier than 1200.
4. Entry into the Terminal for transport operators who arrive more than 30 minutes earlier than the commencement of their VBS Booking time slot, will only be allowed on a case by case basis. If permission is granted to enter, an Early Fee will apply. This will be charged in addition to the Booking Fee.
5. Transport operators arriving late, but within 30 minutes of the end of their VBS Booking time slot, will be given permission to enter the Terminal with no penalty e.g. VBS Booking time slot

was 1600 to 1630, then permission to enter will be granted as long as the truck arrives no later than 1700. Note that late-arriving trucks may risk the container missing its freight cut-off time resulting in non-carriage of the freight.

6. Transport operators arriving at the Terminal more than 30 minutes after the end of their VBS Booking time slot, will only be granted permission to enter at KiwiRail's sole discretion e.g. VBS Booking time slot was 1700 to 1730 and the truck arrived at 1830. If permission is granted, the Transport Operator will be charged the Late Fee in addition to the initial Booking Fee. If the transport operator is refused entry into the Terminal, no Late Fee will apply, but the Transport operator will need to make another VBS Booking for another time / day and no refund of the initial Booking Fee will be granted. Note that late arriving trucks may result in the container missing its freight cut-off time resulting in non-carriage of the freight.
7. Transport operators who fail to turn up at the Terminal for their VBS Booking will be charged the Unutilised Fee in addition to the initial Booking Fee.
8. Transport operators may change a VBS Booking (time slots permitting) at any time at no cost, as long as that change is made prior to the commencement of the VBS booking time slot. Changes cannot be made after the commencement of the VBS Booking time slot.
9. Transport operators who cancel a VBS Booking time slot more than 4-hours in advance of its commencement, will not be charged.
10. Transport operators who cancel a VBS Booking time slot within 4-hours of the commencement of the slot, will be charged the Cancellation Fee e.g. VBS Booking time slot was 1300 to 1330 and the VBS Booking was cancelled at 1030. This will be charged in addition to the initial Booking Fee.

To help you, a Question and Answer section is provided at the end of this newsletter. If you have further queries, please get in touch with your Key Account Manager, or contact our Customer Service Centre on (0800) 351-351. The team will be happy to help you.

I realise there is a lot of detail in this newsletter for you to review and consider, but if you also could assist us by making sure that other relevant people within your organisation are made aware of this, most especially those who will be actively involved in using the new VBS, it would be very much appreciated.

Kind regards

A handwritten signature in blue ink, appearing to read "Alan Piper".

Alan Piper
Executive General Manager - Sales and Commercial

Questions and Answers

Question	Answer
Why are you introducing a VBS as all it will do is increase our costs?	We have decided to do so in order to improve our efficiency and reduce truck turn times, as this is something that our customers have told us is a cause of significant frustration . We believe this system will help transport operators to reduce costs as they will be able to schedule their trucks more efficiently.
Can I make a VBS booking if I don't have a valid Containerchain account?	No, you must have a valid Containerchain account in order to make VBS bookings.
Who is responsible for the setting and subsequent reviewing of the various VBS fees?	KiwiRail is responsible for the setting and reviewing of all VBS fees.
Why do I have to pay Containerchain when it's your Terminal I want to enter?	Containerchain issues invoices for the VBS on KiwiRail's behalf, based on the fee structure that KiwiRail has in place. Monies received by Containerchain, are then paid to KiwiRail.
I have received an incorrect invoice from Containerchain. How do I query this?	If you receive any charges from Containerchain that you believe to be incorrect, please e-mail KiwiRail on (vbsqueries@kiwirail.co.nz) providing the necessary detail and stating your query . We will investigate and arrange to have it corrected where necessary.
What happens if I am late paying my Containerchain account?	KiwiRail has the right to cancel any transport operator's account if payments for VBS charges are not paid on time. If your account is closed, you won't be able to enter the Terminal and all VBS bookings held by the transport operator at that time will be cancelled.
Can I make just one VBS booking if I have two containers to drop off?	No. Bookings need to be made on a per container and not a per truck basis. If you have 2 containers to drop off, you will need to make two VBS bookings. However, if you are delivering more than one container at a time, the system will allow you to make multiple VBS bookings for the same time slot.

<p>What bookings do I need if I am delivering a container and also wanting to pick one up?</p>	<p>A VBS booking is simply a reservation of a time slot. The booking itself doesn't care whether a transport operator is delivering a container or uplifting one. If you hold a valid VBS booking, you can do either within the same booking, but as the 'one container per VBS booking' rule applies, if you are intending to deliver one container and then pick one up, you will need to make two VBS bookings, one for the delivery and one for the pick-up.</p>
<p>I want to deliver multiple containers on one truck and also pick up multiple containers on the same truck. How can I do this?</p>	<p>If a transport operator wishes to deliver multiple containers and uplift multiple containers with the same truck and at the same time, then they simply need to make the equivalent number of VBS bookings as the number of containers they are seeking to move in total.</p> <p>As an example, if a transport operator wanted to deliver 2 containers and uplift 2 containers, they'd need to make a total of 4 VBS bookings for the same time slot.</p> <p>If the transport operator can't find an available time slot where it is possible to make 4 VBS bookings, then they would need to either arrange to carry fewer containers, or keep looking at the system to find a time slot that had 4 VBS bookings available.</p>
<p>How will I know if there will be enough VBS bookings available in order to meet what are sometimes quite tight train cut-off times?</p>	<p>KiwiRail will review all the freight bookings that have been made on a select number of our premier train services and we will ensure that enough booking slots have been reserved for each customer who has freight booked on those services. These time slots will be advised to the customers in advance.</p>
<p>Customers often change their minds or situations occur when container movements are delayed for reasons beyond the control of the transport operator. Will we be charged if VBS bookings need to change?</p>	<p>If you need to make changes to a previous Booking, as long as these are made prior to the commencement of the VBS booking time slot, there will be no additional charges. Changes can be made via the Containerchain website.</p>

<p>I arrived on-time for my Booking, but wasn't able to access the Terminal until 60 minutes after the end of the 30-minute time slot i.e. Booking was for 1430 to 1500 but access into the Terminal didn't occur until 1600. Will I be charged a Late Fee?</p>	<p>No. As you arrived within your original booking time slot, no Late Fee will apply.</p>
<p>There was an accident on the motorway while driving to the Terminal and it made me late for my Booking by 60 minutes. Will I be charged a Late Fee?</p>	<p>While we understand that Auckland traffic can be bad, and things beyond the control of the transport operator can cause delays, the Late Fee will still apply.</p>
<p>My circumstances changed resulting in my truck no longer needing to go into the Terminal, but my driver forgot to advise us so we could cancel the Booking. Will you waive the charge?</p>	<p>No. While changes can and do occur, it is important that you update the VBS so we are able to free up Bookings up for other customers. KiwiRail incurs a charge from Containerchain for every Booking that has been made and we are not excused if trucks fail to show up, so we are unable to waive such charges. In this case, the Unutilised Fee would apply on top of the Booking Fee.</p>
<p>My customer has advised of a change to their trucking requirements and as a result I need to cancel my Booking. Can I do so without any Fees applying?</p>	<p>Yes, as long as you cancel it providing more than 4 hours' notice.</p>
<p>I have a Booking to pick up a container from an inbound train service that is running 60 minutes late. Will I be charged as I need to make another Booking?</p>	<p>No. We intend to send notifications out via the Containerchain website advising when inbound trains are running significantly late, in order to try to let the relevant transport operators know so they can delay trucks arriving at the Terminal. If a truck should arrive within its booked time slot it will not be charge an Early Fee.</p>
<p>Will you be rolling out a VBS at any other KiwiRail Container Transfer sites?</p>	<p>At this stage, we see this applying only to Southdown, although we may consider rolling it out to other sites on a case by case basis should we feel it will improve a site's overall efficiency and speed up the transition of containers for our customers.</p>