

15 March 2021

Dear Customer,

Port congestion and some implications for rail

Those of us in the supply chain have all seen the significant disruption that Covid and other matters have caused. The impacts of late ship arrivals into / ex New Zealand ports as a result of things such as industrial action in Australian ports, changes to schedules, port omissions etc..

More recently, we are seeing this directly impact our operations with some ports refusing to unload export containers arriving on rail due to space constraints on-port. This is a particular concern at the two larger South Island ports Lyttelton and Port Chalmers, as both have been refusing to unload rail cargo recently.

This results in KiwiRail having to find a home for these containers at very short notice, it ties up equipment that we had booked for other cargo, it creates issues for us with reefer care and MPI compliance and it results in increased costs for us, which we will be forced to recover.

KiwiRail wishes to reinforce the absolute need for all rail users to check port acceptance details and ensure that export packing :-

1. Is timed to be done such that arrival on port by rail, will always be within the port acceptance dates necessary; and
2. If the above cannot be done, that discussions with KiwiRail have taken place well **beforehand** and we have agreed that we are able to hold your containers at one of our CT sites while they wait for port acceptance and that the freight payer has accepted all associated costs.

It is very important that the above requirements are followed, as it the freight payer's responsibility to ensure that booked containers can be discharged upon arrival at all port destinations. It is not KiwiRail's responsibility to do this for you.

We will be recovering all additional costs where containers have been refused entry into any port. This will include the following :-

- The extra rail legs to move the container from the port of refusal to the nearest KiwiRail container transfer facility (and back again when required);
- All lifts associated with handling the containers;
- All storage costs for the period the containers are at the CT site;
- All associated reefer management and compliance checks, including on-power recovery;
- Any third party reefer costs to conduct temperature checks after hours where a CT site isn't open 24/7

We are keeping records of affected containers and our Customer Service Centre team members will be contacting those affected by any refusal and will discuss the requirement to recover the above costs.



Any customer unwilling to do so, is welcome to find alternative storage, although the extra transport and lifts incurred will still need to be paid for.

Regardless, it is also important to note that we do not have an unlimited capacity to hold containers so it is important that any requirement for us to do so, is discussed with us as soon as you know that port acceptance won't be permitted.

I would ask that you please ensure that the above matter is well understood by all staff who need to be made aware of it, so we can limit any uncertainty over what is required.

If you have any queries, please do get in touch with your Key Account Executive, or contact our Customer Service Centre on (0800) 351-351 and they will be happy to help you.

Kind regards

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

Alan Piper
Executive General Manager - Sales and Commercial

