

Commissioners Judith Abramson and Stephen King  
Productivity Commission

12/10/2022

Via email: [maritime@pc.gov.au](mailto:maritime@pc.gov.au)

Dear Commissioners Abramson and King,

Secon Freight Logistics (Secon) is a third-generation Family Business started in 1969 by my father Maurie Considine.

Over time, Maurie's five sons joined the business, and all have over 40 years' experience in building a successful Melbourne Container Wharf Carrier operation.

The business has grown and now includes third generation family members running the Business, which employs over 150 people.

Throughout the history of Secon, the timely return of empty containers to the allocated Empty Container Park (ECP) has been an issue.

The contractual relationship that the Shipping lines have with importers (our customers) has been very unfair in terms of the penalties that are imposed for late returns of empty containers.

Considering the supply chain issues such as shortages of labour, shortages of drivers, and other disruptions such as ship bunching (vessel arrivals off-window and many at the same time) and congested terminals and ECPs, we are seeing a huge escalation of container detention charges coming through to our customers which they are expecting us to pay.

It is of great concern that shipping companies can impose huge penalties on our customers for the late return of empty containers when the circumstances above are prevalent, as the shipping lines know that their "unreasonable" demands of empty return within five, or seven or even 10 days from date of import discharge cannot be met in practice.

The policies imposed are also "unreasonable" when the facility with whom the shipping line has a contractual relationship to receive, handle, store and dispatch their empty container equipment contribute to the delays due to ECP congestion, limited hours of operation, or lack of available return vehicle booking slots. In these circumstances, the shipping line has no incentive to improve the productivity levels of their contracted or owned ECPs, as they profit from the inefficiencies caused by the congestion and lack of vehicle booking "gate in" capacity through the container detention invoices raised. We are frequently asking our customers to seek extensions from the shipping lines, citing extenuating circumstances (lack of slots at ECP, vessel bunching, transshipment containers being sent all at once instead of staggered, or a global pandemic restricting resources), however on most occasions, these requests are not granted. It is often such a futile exercise; I suspect our customers do not even ask the question any longer. It is easier for them to deal with us as a supplier and withhold payment of our service in lieu of us paying the detention invoice from the shipping line. This is a reality us Transport Operators face, and then a commercial decision ensues whereby we need to decide whether to pay the invoice or challenge our customer and push back. If we challenge, we are fighting the commercial terms signed without our knowledge or consent

between importer and shipping line. We will likely win that battle, but also likely lose our customer consequently. If we pay them all, there is not much point in turning the engine key each day.

For our Industry to remain viable and for the continuity of the supply chain, the “unreasonable” container detention policies and practices of the foreign shipping lines need to be addressed.

Shipping Lines must alter their unreasonable container detention policies, including the quantum of the penalties imposed, to align with a more appropriate deterrent to ensure that empty container returns are managed with an empathy befitting the current situation.

The Key to a good business relationship is one that aligns with our R.I.G.H.T. way values – that is, with Respect, Integrity, Governance, Honesty and Trust. Whilst we have no contractual agreement with the shipping line and they have it with our customer, we often find ourselves at odds trying to promote our R.I.G.H.T way values.

In a nutshell, if shipping Lines keep behaving the way they are, transport companies such as ours could go to the wall. There has never been a more important time as now to do something about this insidious situation that has developed over time.

I am available for any clarification at any time.

Yours sincerely,

Brendon Considine  
Managing Director

Example:

December 2021 / January 2022 – We have been advised by our customer that due to transshipment vessels, our customers containers were unloaded and staged in Singapore, then sent all at once. We had nearly 100 x 20ft containers filled with 25kg bags over a 3-day period over Christmas / New Year (usually we receive 30x containers per month), all requiring hand unpacking onto pallets. The decision to tranship was the shipping lines, enabling them to maximise space and improve productivity/capacity utilisation.

Due to covid-19 mandates at that time, we had limited labour, and due to a global timber shortage, we had limited timber pallets to put the freight on. It took us approximately 30 days to unpack and dehire all containers, and now we face a \$180,000 demurrage claim for those containers being late for dehire. No extensions or leniency have been provided to date by the shipping line, and we are still in discussions with this customer on how to work through this enormous cost.