



From the bridge

MSC Elma making a perfect picture in Port Botany
Image: MSC



From COVID success to waterfront turmoil - a reminder of Australia's secret war¹

By ROD NAIRN AM, CEO, Shipping Australia Limited

One of the notable successes of the Covid-19 crisis has been the resilience shown by Australia's freight and logistics network. Throughout the crisis, despite international and State border closures and restrictions on international flight arrivals, Australian international shipping and the entire freight logistics chain have fared reasonably well. We have been getting our imports in and our exports out, thanks to a nationally coordinated effort to prioritise freight and recognise that to keep the country functioning all freight is essential.

More Australian services are regularly seeing big container ships running through Australian ports, and the ships continue to get bigger. This is due to more and more megamax ships phasing into the world's first-tier east-west loops, causing additional cascading of 9,000+ TEU tonnage into the Australia and New Zealand services. This will be ongoing, and ports across the country have prepared with upgrades to cranes and equipment. After a big drop in container volumes through April and May, trade volumes have exceeded all expectations since June, though falls in terminal efficiency at the major capital cities has had a negative impact.

Unfortunately, **the successful continuation of efficient sea freight has come at the expense of seafarer welfare.** Because of restrictive health

policies in most States, ships' crews have been denied shore leave, forced to remain onboard well past their employment contracts and in many cases refused access to medical and dental services. But it seems that some State Premier's don't care as long as they get their cargo! See our detailed commentary on seafarers' welfare on page 32.

Now a bit further down the track, Australia is in the grip of its worst economic crisis for generations. The Government is handing out generous job-keeper and job-seeker payments to prevent an unemployment avalanche, but **the maritime union has chosen to paralyse our waterfront container terminals** with selfish industrial action.

Just like in WWII, the maritime union has shown that they are willing and able

¹ Australia's secret war: how trade unions sabotaged Australian military forces in WWII by Hal Colebatch, Quadrant Books 2013



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to do what the enemy/pandemic could not. That is to cripple the waterfront and strangle the flow of goods upon which all Australians rely. At a time when global and national economies are reeling, at a time when Australians are being forced out of work, at a time when many people are struggling to find the money to keep a roof over their head and food on their plate, their actions are out of step with the reality of today.

It is no accident that the enterprise agreements at all the major container stevedores have expired at the same time, I suggest that this has been **the orchestrated plan of the union bosses** for years. Negotiations have been ongoing at DP World for around two years and twice, when on the cusp of signing an agreement, the union has reneged. At SICTL the maritime union keeps pressing for greater benefits, while the Hutchison overseas parent is still generously footing the bill for the local loss-making business. The workers should be thankful that the company continues to operate and do what they can to keep it going, not keep on trying to strangle the golden goose. Most recently in June, the EA at Patrick expired and this allowed the CFMMEU to up the pressure and take protected industrial action at all three terminals in Sydney and Brisbane, at the same time – effective but unconscionable if you take the parlous state of the Australian economy into account – IF.

Shipping Australia provided formal support to DP World's application to the Fair Work Commission to have the union industrial action at their Botany site terminated on the grounds of damage to Australia's economy. However, at the eleventh hour the union offered to withdraw all action at the terminal and provide an undertaking of no further action before November. As a result, the hearing did not proceed. Since then there has been progress with negotiations and some optimism that an agreement will soon be signed.

Fast forward two weeks and **Shipping Australia has now provided support to Patrick in their application for suspension or termination of industrial action** at their terminals nationally, again on the grounds of damage to the Australian economy. This damage is very real, union bans effectively reducing productivity by 30 or 40 per cent, and

ships being delayed by as much as 18 days and then being limited in the number of container moves they can make. The result has been a log jam of empty containers, exports being delayed, and imports being delayed or unloaded at other ports, with even greater delays. Shipping lines have taken action to reduce their losses by by-passing Port Botany, introducing congestion surcharges, cancelling ship calls and even ceasing to take orders for imports bound for Australia. Clearly this is a crisis for Australia's economy which relies 99 per cent on sea freight. It really is time to recognise the essential nature of container trade and regulate to classify it as an essential service. Again, there has been a last-minute rush for a temporary peace deal, but the outcome remains uncertain as we go to print.

With all the public focus on the container terminals, there is **another disgraceful action by MUA henchmen** that has gone virtually unnoticed. Union bullies and thugs have been serially intimidating the non-unionised workers of mooring services company Port and Harbour Services, who are trying to earn a living and provide a competitive service in Port Botany. Since the company commenced operations on 21 September, union members have employed blatant standover tactics of verbal abuse, physical intimidation and online vilification, which are clearly illegal and so threatening that they have drawn the New South Wales Police in to protect the P&HS workers. As a result, the company has had to suspend operations due to fears over the safety of their workers.

I reserve my strongest condemnation for the MUA's ruthless intimidation tactics and their mindless followers who seem to be frightened of the consequence of honest workers doing a proper job for an honest wage, and will go to any lengths to stop them.

Meanwhile, **international trade relations have also taken a hit** – they say that bad things always happen in threes but this time it might be fours. After China's tariff increase on barley and restrictions on some Australian meat producers, we are seeing delays of up to three months unloading Australian coal at northern China coal ports and now the Chinese attention has turned to wine.

Australia's wine sector is in the early stages of its response to China's investigations into anti-dumping and countervailing duties (subsidies). The anti-dumping investigation was launched on 18 August and the countervailing duties investigation on 31 August. Australia's national association of grape growers and winemakers, Australian Grape & Wine, is coordinating responses to these investigations and will assist those companies that are participating, as well as providing their own submissions.

Australian Grape & Wine has advised that, "one of the misconceptions is that these investigations are solely targeted at the ten companies named in the complaint. This is incorrect - the complaint is made across the entire Australian wine sector, including all producers and exporters. The complaint was made by the Chinese Alcoholic Drinks Association (CADA) who



Australia's wine producers under review

Image: Safe Quadrant



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Agri-exports are important to Australia's economy

Image: Safe Quadrant

seek a 200 per cent tariff + import duties. The details of these investigations, including FAQs and key messages are available on Australian Grape & Wine's website www.agw.org.au “.

Our feature on agricultural exports commences on page 14, and despite new tariff barriers, our agri-products are looking strong. Delays at the waterfront are the major concern, particularly as we expect a strong grain harvest ahead. This will lead to a serious bottleneck in this export sector, as current backlogs are unlikely to be cleared before Christmas.

With all the focus on pandemics and industrial action, it would be easy to overlook the fact that there is still plenty going on across Australia in the transport and infrastructure spectrum. The Department of Infrastructure and Transport has released another **coastal shipping discussion paper** with the aim of reducing the red tape associated with the licencing regime. It includes Shipping Australia's recommendation to allow general licence holders to nominate which shipping routes they wish to operate on, and what cargos and volumes they could carry. This protects Australian vessels who intend to operate but allows temporary licence holders to operate where there are no general licence holders. It also removed the requirement for a five-voyage minimum for temporary licences. Legal and operational implications of these proposals are still to be considered. The recent closure of State borders has given a boost to the importance of coastal shipping, particularly for domestic container cargo movements.

The Western Australian Government has also endorsed the independent Westport Taskforce's recommended location and design for a **future container port at Kwinana**. The new port is intended to meet Western Australia's long-term freight needs and remove container trucks from Perth's suburbs. There

are still studies to be concluded but Government has indicated that the transition will occur either in one step by 2032, or over a phased period that will see both ports share the freight task for around a further 15 years.

All users of Melbourne's three container terminals are now paying for **on-dock rail upgrades for Swanston terminals in Melbourne** with the \$9.75 per TEU charge coming into force on 1 June. I am sure port users are all looking forward to the benefits that the project will bring to getting freight onto rail more efficiently at Patrick and DP World terminals. But there is no plan yet to extend that rail to VICT at Webb Dock in the foreseeable future.

One investment that would improve the VICT capacity is the removal of the 'knuckle' at the northern end of their quay. This hangover from a by-gone RoRo facility restricts VICT to only be able to berth one large vessel at a time, thus limiting their capacity to 800,000 TEU per year. Shipping Australia considers the removal of the knuckle a potential win-win-win for the terminal, the port and for shipping lines. It will allow VICT to handle two 15,000 TEU vessels simultaneously, unlocking an additional 700,000 TEU capacity, bringing the total to 1,500,000 TEU per annum. The additional capacity will also assist Port of Melbourne to maintain its position with the largest container volume throughput in Australia.

In this edition we have introduced a **“Member Spotlight” and we turn the spot onto our longstanding member, Wallenius Wilhelmsen's as they celebrate 125 years of association with Australia**. Read about this interesting chapter in of the company's Australian history of the company on page 34.

The Australian Hydrographic Service also celebrated its 100th birthday on 1 October. The AHS is responsible for surveying Australia's oceans and producing nautical

charts and electronic navigational charts that enable all ships to navigate safely and with confidence in Australian waters. You will recall we provided a story of their past 100 years in our last magazine. I must admit I have a close personal connection with the AHS, as the longest serving Hydrographer of Australia during that 100 years, and if you are interested in their maritime history, I draw your attention to two hydrography podcasts recently published by the Australian Naval History section available at <https://soundcloud.com/australian-naval-history>.

One other anniversary this year is the **sestercentenary of the arrival of Captain James Cook** in his bark HMS Endeavour. Cook's discovery and charting of the east coast of Australia has been the source of some controversy over the years, from the whereabouts of Point Hicks, and his apparent missing of Bass Strait, to his interactions with the indigenous inhabitants. Our book review on page 59, courtesy of Stuart Hetherington, brings together two chapters in Australia's maritime history linking an intriguing explanation of Cook's voyage and the exploits of New South Wales first Governor, Arthur Phillip. It is definitely worth a read.

Finally, I would like to acknowledge the contribution of Ken Fitzpatrick (Asiaworld Shipping) to Shipping Australia over the past 14 years, until his recent retirement in June. Ken was appointed to the Board in 2006 and served as chairman between 2011 and 2016. Ken provided strong leadership for the company and support to me personally, during his time as chairman. He continued to actively represent SAL as a director until his retirement. Captain Sunil Dhowan (Wallenius Wilhelmsen Ocean) has been appointed to the board to fill the casual vacancy. ▲

Correction Autumn/Winter 2020, page 37

We are advised that the investigation into the *Maersk Honam* fire has not been concluded and that our caption should be classified as speculation.

Shipping Australia apologises for this inaccuracy and amends the caption to read *“Confusing dangerous goods codes may have contributed to the fire onboard Maersk Honam”*.



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