



*Pictured: container ships being berthed.
Photo credit: William William via Unsplash.*



Done: shipping resilience In progress: port performance Next: industrial relations

By MELWYN NORONHA

As another year comes to a close, the Prime Minister, Scott Morrison, has announced a sweeping review of Australia's maritime logistics system. The Productivity Commission has been tasked with this and will undertake an independent review into structural issues affecting the productivity of Australia's maritime logistics system. This inquiry complements the earlier work by the Productivity Commission on supply chain vulnerabilities which I touch upon later.

It's now an old cliché in business that 'what gets measured gets managed'.

Shipping, for instance, has been subject to many different kinds of metrics for decades. These have been published widely. One example is the International Chamber of Shipping's annual flag state performance table.

In a similar vein, the terms of reference for the Productivity Commission's review of Australia's maritime logistics system has talked of developing metrics within a port performance framework. This is welcome because ports are the vital

maritime-landside interface and, if they function efficiently, our ports will benefit all Australians.

Shipping Australia therefore looks forward to the publication of annual port performance metrics. These will be vital for effective governance, oversight and for assessing whether or not proposed port fee hikes are justifiable and whether or not they should be allowed to go ahead.

COVID19 appeared to be under control in Australia thanks to the power of modern science and the willingness of the general population to be vaccinated. However, another variant, Omicron has emerged which seems less lethal and hopefully will not undo all that has been done so far to combat the virus.

Life appears to be returning somewhat close to normal in this country. At the time of writing toward the end of 2021, about 89.2% of Australians over the age of 16 are double jabbed. Even the current rear-guard, Western Australia, has 79.92% of its population vaccinated.

That is still extremely high compared to various developed countries around the world.

Alas, the vaccination rates for seafarers is still lagging. Only 49.5% of seafarers have been vaccinated, according to the Neptune Declaration. As we all know, seafarers are vital to the world economy and to our own national interest. Sadly, a national coordinated approach for seafarer vaccination has been lacking and disjointed in Australia. Australia really had the opportunity to protect its own economy and to contribute to global health; we have a sophisticated medical system and we have about 6,000 uniquely identified cargo ships calling in Australian ports each year. That was a lot of opportunities to deliver a lot of jabs... and it still is.

On a positive note, in NSW, the State's health authorities along with the port authority, the private port operators and the Mission to Seafarers have proactively been able to get seafarers vaccinated at regular intervals at some ports in NSW.

More is needed and Shipping Australia calls upon our State, Territory and Federal Governments to put every effort into vaccinating as many seafarers as possible. As we have experienced, seafarers have been denied access to medical care while in Australian waters. When it is proven we have the ability to safely help seafarers access medical care without exposing the population to COVID, why would we not help suffering people get to a doctor and protect public health at the same time? Why can't we take care of seafarers who provide us with vital services?

When fear of COVID19 and its variants subsides, a comprehensive debrief of Australia's maritime COVID19 response is necessary. Furthermore, we must have a better maritime response to pandemics in the future and we must avoid this State versus State versus Federal turmoil.

In future, the Federal government ought to be the maritime incident controller. There's not enough space to go into it here, but perhaps a model similar to the Federal National Plan for Oil Spill Pollution Preparedness and Response would be appropriate where the Commonwealth takes over control in a pandemic, like it would do in a Tier III oil spill.

Although COVID has been extremely disruptive, the machinery of government has been slowly clanking back to regular business. Early in the year we made a submission to the Victorian Essential Services Commission. Our key points were that the Port of Melbourne does indeed need to upgrade its facilities, that it is reasonable for the port to

invest in its own business and that customers should not be required to pay in advance for facilities it cannot yet use. We are pleased to report that the Port of Melbourne is responding in a constructive way, and we hope for a satisfactory outcome.

Shipping Australia was pleased to make extensive submissions to the Productivity Commission's inquiry into vulnerable supply chains. We also met with the Commissioners for a lengthy discussion of our submission. Shipping Australia was pleased to note that the key finding was that Australian supply chains aren't vulnerable. Our supply chains, and our ocean shipping services are, in fact, highly resilient because of the diverse nature of goods and the diverse nature of our ocean shipping industry.

Later in the year we made a robust opposition to Western Australia's plans to turn away ships from Australia if COVID was discovered to be aboard. We have also made short submissions on in-water cleaning standards, NSW freight community systems, and the tax treatment of fuel.

Ocean shipping continues to improve its environmental footprint. This year we have seen a variety of welcome announcements including kite sails, bubble hulls and huge investments in methanol-powered ships. Shipping has also been very proactive proposing a levy upon itself.

The IMO's Marine Environment Protection Committee met to decide whether to go ahead with a USD\$5 billion research and development fund (the Fund). However, despite a

clear recognition of the urgent need to significantly increase R&D spending, it was disappointing that insufficient time was dedicated to allow IMO Member States to take a decision on the 5-billion-dollar fund at this session.

The industry is merely requesting governments to let business proceed and do the things that need to be done. It will be paid for entirely by the ocean shipping industry and at no cost to taxpayers. The Fund is ready for agreement and if action is not taken soon, it could bring into question the IMO's leadership with regard to GHG emissions. Disjointed unilateral actions by others could be the resultant impact. The time to act is now without any delay.

Australian seaports are extremely vital to the physical and economic health of Australia. If goods and commodities cannot cross the wharf, then everything will go very badly wrong and pretty quickly too.

In the first half of the year, the World Bank & I.H.S. Markit (a major global provider of information, intelligence and insight) combined forces to produce the world's first-ever comparable container performance index. It did not reflect Australian ports too favourably. Such measurement of performance and subsequent publication did touch a sensitive nerve in some quarters.

However, Shipping Australia is extremely pleased to note that the Port of Melbourne has responded in a constructive and sophisticated way. It is embracing the concept of performance monitoring. We look forward to engaging with the Port of Melbourne as it



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continues to improve its performance.

Australian private port operators must take responsibility for their port's overall performance – it is not enough to simply sit back and collect the rent and disclaim any further responsibility. Container ports must reduce the time from ship arrival to berth, must reduce idle time at the berth, and must reduce working time at the berth by massively improving crane rates. Shipping Australia also calls for reform of port governance and oversight as ports are regional monopolies and are operating with little restraint from competitors. Shipping Australia calls for reforms that include price monitoring, and regulated price controls that are tied to port performance.

Following on from the World Bank report, the ACCC published its Container Stevedoring Monitoring Report late in the year. Shipping Australia provided a brief on the ongoing market situation to the ACCC. The report was a huge body of work and among the key points were that Australian container ports are not internationally competitive.

The ACCC also criticised industrial relations for putting enormous strain on the ports. Long-running labour issues in the container stevedoring industry have resulted in lower productivity and higher costs for Australian cargo owners. The report also noted that the stevedores are not earning excessive returns.

While the vast majority of imports and exports appear to be flowing through the supply chain (as evidenced by the import and export figures) a minority of shippers are complaining of a wide variety of port congestion-induced issues.

Shipping Australia notes that the pandemic has been going on for nearly two years now and there has been extensive coverage of the issues in the trade, national and international media all that time. In the current environment, importers and exporters need to adapt to changed circumstances.

By way of analogy, if I am driving to work and I am caught up in congestion, then that's unfortunate. If I am repeatedly caught up in congestion as I am driving to work then it is incumbent upon me to adapt – I can drive a different route, work from home, leave earlier or later, or find another place from which to work. If I am given 18 months' notice, then sympathy for me being stuck in road congestion

ought to be in pretty short supply.

By way of further analogy, ocean shipping adapts too. If there is port congestion, then routes are varied, ports may be skipped, ports of call rotations changed, frequencies amended, more ships are put on and so on and so on.

In the face of supply chain disruption, importers, exporters and shippers must learn to do more than complain: they must adapt. It is time to remember that low freight rates and a just-in-time philosophy of inventory management are not constitutionally granted rights. They are, in fact, outcomes of the free market which, as we all know, is subject to change.

Despite everything – the pandemic, the crew change crisis, the failures and slowness of the ports, the port-induced disruption to schedules, the strikes, the regulatory failures and restrictions, the enormous surge in trade, despite it all, we can confidently report that, in 2021, ocean shipping has delivered the goods to and from Australia.

And because of that, no matter who you are and what you do, everyone who is involved with the ocean shipping industry can, and should, feel extremely proud.

There are far more events, topics, and issues which have occurred this year than can be covered here. Some of them include the Victorian Ports Strategy – one of the key recommendations from an Independent Review of its Port System in 2020. It is aimed to set out a 30-year strategic vision for Victoria's commercial ports and SAL has provided its initial input to the consultants engaged by the Victorian government.

Moving north, a new pilotage provider, Poseidon Sea Pilots was awarded the pilotage contract by Maritime Safety Queensland (MSQ) for the Port of Brisbane and by the time this edition goes to print, would have commenced operations. Licensed by the regulator MSQ, it is understood that MSQ continues to work closely with the new provider to manage the transition. Shipping Australia looks forward to the supply of pilotage services from the new company, provided that all appropriate and relevant rules, regulations and laws are met, that high quality and efficient service levels are also met and, most importantly, that pilotage is carried out in a safe manner.

Earlier this year, SAL with the Department of Agriculture, Water and Environment (DAWE), Australian Institute of Marine Surveyors (AIMS) and Grain Trade Australia convened as a collaborative group and drafted Standards for Empty Bulk Vessel Inspections by Accredited Marine Surveyors. The Standards are due to be finalised in the new year after it gets a final review by the stakeholders involved.

On the biosecurity front, Shipping Australia's members actively assisted DAWE in their khapra beetle trial to protect Australia's bio borders. Providing historical movement and carriage information of individual containers has involved significant reorganisation of company IT systems and thanks to all shipping lines and agents who assisted the Department. So colossal has been this task that the Inspector General of Biosecurity who undertook a review of the robustness of biosecurity measures to prevent the incursion of this beetle into Australia compared it trying to boil the ocean, accepting that regulation, if any, needs to be done globally.

With the impending Productivity Commission's review into Australia's maritime logistics system, 2022 will be an interesting year. Shipping Australia looks forward to making a submission.

Meanwhile, in NSW, conscious that the State's three trading ports have grown to contribute more than \$6 billion to NSW's economy each year, the NSW government has commenced its own review to examine the regulatory framework that underpins the effective operation of its ports. A review of the Ports and Maritime Administration Act 1995 and the Port Botany Landside Improvement Strategy has commenced with the release of a discussion paper.

In closing, the international shipping industry continues to be the silent resilient hero of Australia, providing the economic success through exports and vital to everyday Australians by providing our imported essentials. Shipping Australia will continue its efforts in highlighting ocean shipping and influence governments in making sound shipping policy decisions. ▲