



Opinion

Pursuing productivity

By Senator the Hon BRIDGET MCKENZIE,
Shadow Minister for Infrastructure, Transport and Regional Development



Pictured: Senator McKenzie, Shadow Minister for Infrastructure, Transport and Regional Development.

As 2023 rolled in, I found myself in a place that feels like home to me – the ocean. Sailing from Hobart to Sydney on the return voyage of our famous yacht race, it was striking to see how this mighty natural wonder was indeed our nation’s highway for over 99 per cent of our trade.

Those in our maritime industry who spend half their year or more at sea, or our stevedores who work day and night

to keep product moving, get to see this first hand.

We have an incredibly successful maritime sector. Most politicians would be surprised to learn our country has the fifth largest shipping task in the world, estimated to be 725 billion tonne-km¹.

Shipping is undoubtedly central to our nation’s success, and the industry continues to grow.

Shipping carries over 1.7 billion tonnes of cargo to and from this country each year. Over 80 per cent of the value of our goods trade is carried by sea.

By the year 2050, the containerised freight task is forecast to more than triple at the Port of Brisbane and the Port of Melbourne and increase by two and a half times at Port Botany in Sydney².

The maritime industry therefore needs to be a forefront priority for government.

Since stepping into the role of Shadow Minister for Infrastructure, Transport and Regional Development, I have championed the role of our ports as the gateway to our economy.

As ships sail into Australia, they bring essential imports that allow our nation

to be fuelled, fed, drive cars, construct buildings, treat the sick and more.

As they leave, they take with them our mighty export product which generates our nation’s income. This allows us to fund schools, hospitals, as well as upgrade our road and rail networks across the country.

Without shipping, Australia stops.

A reliable and productive sector is critical to the strength of our nation.

This was emphatically highlighted recently when DP World were forced to shut down their operations overnight as they came under cyber-attack. We know there are global actors who seek to undermine Australia, and our ports are a logical first target.

Sadly, it is increasingly apparent that our current Government is a lot of talk, but not a lot of action, and the infrastructure and transport sector has been the worst hit by their trademark cuts and delays.

The “90-day Infrastructure Review” typified this.

What was meant to be a ‘short, sharp’ Review, became a chaotic 200 days of bureaucratic delays, leading to confusing

¹ https://assets-global.website-files.com/5b503e0a8411dabd7a173eb7/60934f678088e29eeb26074a_Ports%20Australia%20Coastal%20Shipping%20Factsheet.pdf
² <https://www.pc.gov.au/inquiries/completed/maritime-logistics/report/maritime-logistics-overview.pdf>

results and a lot of upset state and territory governments.

Minister King cut tens of billions of dollars from infrastructure projects around the country, and threw many more into uncertainty.

Without strategic investment in land transport, the whole supply chain suffers.

Since coming to power, the Albanese Government have governed by review. Their approach has been to talk about aspirations for the sector, but have unfortunately been slow to act. Currently, there are seven different reviews affecting the maritime industry including the Review of the National Plan for Maritime Emergencies, the National Freight and Supply Chain Strategy Review, the Maritime Emission Reduction National Action Plan, and Australian Transport Safety and Investigation Bodies Financial Sustainability Review.

Given their long list, it is perhaps ironic the Government have not yet to responded to the Productivity Commission's Report Lifting productivity at Australia's container ports: between water, wharf and warehouse. This report was commissioned by the former Coalition Government to identify the opportunities in our maritime industry to increase efficiency and productivity.

The silence of the current Government towards the findings of this report raises questions about where their priorities lie.

The Productivity Commission in its report shines a spotlight on the industrial action disruption plaguing the industry.

Rolling strikes at DP World in recent months have seen processing delays at terminals blow out by 300 per cent, with workers walking off the job for sustained periods of time, leaving containers piling up and ships waiting for longer. The strain on capacity has consequently been passed on to other terminal operators.

There is no end to the action in sight for the industrial action and the Government has to take responsibility for the pro-union agenda that has emboldened the CFMMEU to hold our supply chain ransom.

The go-slow approach has also affected the roll out of the Maritime Single Window, which is due to be operational by 1 January 2024 to meet International Maritime Organisation obligations. By 2024, all ports in member states around the world should be using the

single window portal. Australia's is unfortunately delayed, with departmental evidence to a Senate in November revealing they "won't have completed the work" by the international deadline.

The attention of the Albanese Government's maritime policy has rather been firmly fixed on the maritime strategic fleet. The fleet, along with its guiding Taskforce was a key election commitment of Albanese's Labor at the 2022 federal election.

After 18 months in office, the Government have now responded to the Taskforce's final report, agreeing to only 4 and a half recommendations – none of which commit to establishing a fleet.

After a year-long review process of a sovereign fleet proposal, the Government have instead committed to another three reviews and a further extensive period of consultation.

At a time when governments should be implementing policy that reduces red tape, increases productivity and boosts competitiveness, we have more paper pushing in Canberra that will likely delay any decisions until past the next federal election.

In some ways, the next stage of consultation could be a blessing in disguise. It allows time for the recommendations to be scrutinised to ensure only policies that increase efficiencies in importing and exporting are adopted.

There are some alarming recommendations within the Taskforce's report. The proposal to impose levies on foreign registered ships docking at Australian ports is a recipe for disaster and would drive away investment in the market.

We saw this happen recently in Victoria when two major cruise ship operators ceased operating at the Port of Melbourne the day the Victorian Labor Government announced increased fees and charges at Station Pier.

Imagine the impact if two additional taxes were added to every foreign registered ship that came to our shores. It is possible we could see shipping companies leave the Australian market and take their business overseas.

If they were to stay, we would almost certainly see costs of imported goods passed onto the consumer. This would further fuel inflation and make cost of living pressures worse for Australians already doing it tough.

The Coalition are supportive of more Australian based shipping, but not at any cost.

Any policy to develop a strategic fleet should be able to answer two questions. First, does it enhance the productivity? And second, does it increase the security of our national supply chain?

At this stage the strategic fleet proposal has failed to positively demonstrate it will do either.

For all the extra cost and complexity, the proposed strategic fleet would only be a drop in the ocean for added capacity in the domestic shipping market.

The unfortunate reality is that the Government's policy is backed in, and perhaps generated by the MUA.

While it is never surprising to see a union advocate for more policies that would allow them to recruit more members, it is disappointing that Minister King and the Government are willing to drive forward with a plan that is not going increase the productivity or security of our nation – but will increase costs for everyday Australians.

The Productivity Commission's report, makes clear the impost of the current industrial arrangements on productivity, causing challenges across other parts of the supply chain. It is a shame the Government have not acted or responded to this advice.

The last thing the sector needs is more industrial action that disrupts shipping on our shores.

Over the last year I have met with stakeholders from across the sector. I have appreciated your frank and honest input into the policy process and I look forward to continue discussions.

The Coalition are committed to policy settings that will encourage competition, enhance productivity and promote sustainability in the sector.

I hope that after the next federal election I will be privileged to be the minister responsible for one of the most important sectors in our economy.

Australia relies on shipping to be a successful and prosperous nation. Right now, the industry needs the support and focus of government to get the policy settings right to be strong, sustainable and productive. ▲