



Opinion

We need to work on how ports can become more productive

By the Hon KEVIN HOGAN MP,
Shadow Minister for Trade and Tourism, Federal Member for Page.

As an island nation, Australia relies on its ports and shipping to open doors for our exporters to world markets and also provide a safe and reliable service for consumers to bring into our country the many goods they desire.

Our ports are key to our national supply chain and that's why as shadow trade and tourism spokesperson, they are the top of my list to visit when I can.

Around the world, they account for 90 per cent of global trade and in Australia, it is even higher.

The ship and cargo volume statistics are staggering¹. In 2020-2021, over 30,600 ship port calls, involving over 6,300 different ships, were made to about 70 Australian ports. Those ships carried approximately 1,709 million tonnes of cargo with a value in excess of \$600 billion. That's about 1,516 million tonnes of exports worth \$354.8 billion and over 97 million tonnes of goods imports, worth approximately \$246.6 billion.

And that is all important for the broader economy.

In relation to Australia's international goods trade – exports contribute a fifth of our economic production and imports about 16 per cent. Shipping accounts for over 99 per cent of this by volume.

So, it's critical that I have a first-hand understanding of their part in the supply chain, to meet people at the forefront and to gain an insight about what the issues are in this critical sector.

It's safe to say they are all different – and I've managed to visit a number in my role – including Port Headland, Adelaide, Port Botany, Newcastle, Townsville, and Darwin.

One of my first visits in my shadow portfolio was to visit Port Hedland, the world's largest bulk export port that sends our iron ore, lithium and salt to the world.

This port last year (2022/23) shipped almost 600 million tons – 93.4 per cent of it being iron ore to China.

Port of Newcastle provides the link between Hunter coal mines to the world, the deepwater global gateway, as well as supporting a clean energy precinct and developing the rehabilitated 90-hectare parcel of port-side land that was once part of the former BHP Steelworks.

This port has been an incredible ballast for the local and the national economy.

And it has been critical to Newcastle's gentrification following the closure of BHP Steelworks in 1999.

Many thought the city would lose its heart, particularly given it employed up to 11,000 people, because BHP had played such an important role in the city's development for 84 years.

But what's happened has actually been the opposite and the port has had a key role to play in that.

It has more than 2,200 ships through each year and it is also an integral part of the local tourist economy.

The port welcomed its first cruise ship in 2001 and what was seen as a one-off is now drawing 16 ships this year (2023/24) carrying on average of 2,500 passengers to local restaurants, beaches and vineyards.

Those ports are critical for our trade – they connect us to the world.

This supports the fact that shipping is critical to this country and that we should be so proud of this sector and

the people who work within it.

And shipping is going to continue to be imperative for Australia and Australians – by 2050 the containerised freight task is forecast to more than triple at the Port of Brisbane, nearly triple at the Port of Melbourne and increase by two and a half times at Port Botany in Sydney.

Because of the importance of our ports, we need to work on how they can become more productive and what that will mean for consumers and the trade sector.

A World Bank² report ranked the efficiency of most of Australia's container ports in the bottom 20 per cent of 351 international ports; a November 2021 report from the Australian Competition and Consumer Commission (ACCC) described significant performance issues at Australia's container ports.

The Productivity Commission carried out a review of the nation's ports and in its report last January (2023) pointed out some key ways to improve productivity at our ports and the federal government has a role to play.

The report highlighted that inefficiencies at our ports cost the Australian economy about \$600 million a year.

While the infrastructure needs within the sector are being addressed, it pointed to the need to improve workplace arrangements – which would reduce industrial disputes that harm exporters, importers and consumers – and increase competition – and could lower costs for consumers.

Figures³ show the transport sector is the second-most likely sector in the economy to strike, behind