Minister Burke ignored billion dollar plus ports dispute

Shipping Australia was dismayed when Federal Workforce Minister, the Hon Minister Tony Burke MP, basically dismissed or disregarded a viciously expensive industrial action. It ran from at least October 2023 to February 2024 when an agreement was eventually reached.

Shipping Australia had repeatedly written to the Minister urging him to use his powers under the Fair Work Act to intervene and end an enterprise bargaining dispute that cost the Australian economy a staggering AUD$1.34 billion between October 2023 and January 2024.

This equated to losses of $84 million per week.

The impact of that disruption was felt across key industries such as meat, agriculture, retail, and logistics, resulting in significant financial losses, spoiled produce, and supply chain challenges.

DP World's analysis reveals some alarming figures: every week about $344 million worth of trade was disrupted, equivalent to 0.7% of Australia's weekly GDP. The meat industry, which contributes $13 billion annually, was particularly affected due to disruptions in just-in-time supply chains. There were over 44,000 containers stalled at ports, and it was forecast to take 2-8 weeks to clear the backlog once the industrial action ends.

Shipping lines were rightly prioritizing loaded containers (the goods inside the containers are somebody's stock-for-sale, or vital intermediate goods) and the logical consequence was that the industrial action caused an empty container build-up. That build-up results in ongoing costs in the millions of dollars for the Australian trucking industry.

Captain Melwyn Noronha, CEO of Shipping Australia, said at the time that: "Australians when faced with the bill at the check-out are shocked by the rapid increase in the cost of goods of all kinds, and especially, in the costs of the basics like groceries. This ongoing industrial action by the waterfront union during a cost-of-living crisis is destructive and harmful. The waterfront unions should stop holding Australia to ransom during this ongoing cost-of-living crisis, which is so hurting everyday Australian families. But, of course, they won't. And that's why… we are calling on the Hon Minister Tony Burke MP to intervene and to stop this dispute".

Shipping Australia had previously written and made a call for an intervention by Minister Burke, to end this dispute. DP World Australia had done the same. Shipping Australia had supported DP World Australia in its dispute and we supported DP World's call for government intervention.

Shortly thereafter, full work bans and highly disrupted operations were in effect around the country. Australia's supply chains were near – if not at – breaking point.

Shipping Australia had heard from truck operators of extreme costs and delay and that if the industrial action went on for much longer then the business operators would fear for their businesses. We heard of exporters having difficulty in getting their products exported, and in a variety of other sectors such as automotive, fast moving consumer goods and more, that stocking issues were foreseen. Ocean going ships were generally being delayed by about 10 days but up to 20 days in extreme cases. Shipping company executives had warned of "a devastating impact on cargo flows in and out of Australia".

Shipping Australia called upon our politicians to show leadership, to demonstrate that they cared about Australian families, and to step in and end the dispute. For most of the dispute Minister Burke was missing in action. He eventually responded by refusing to get involved. The State Ministers had the power to intervene under s424 of the Fair Work Act but they didn't. They had the power to act so as to prevent harm. They had the chance to do something. And they chose to do nothing.

Gemini: Maersk and Hapag-Lloyd team-up

Container carrier giants Maersk and Hapag Lloyd announced in early January they had entered a long-term operational collaboration called the 'Gemini Cooperation', it will be implemented from February 2025, immediately after the conclusion of the 2M Alliance.

The new service will cover seven different major trades around the world and would comprise of 26 mainline services. A system of shuttle services and transhipment hubs would round out the global network.

Commenting on the move, well-known industry analyst Lars Jensen wrote: "This is a major shake-up in the container shipping setup on the East-West trades… Alliances tend to have a lifespan of roughly 5-8 years, and hence the re-alignment we are seeing now will most likely be the competitive playing field on the east-west services into the early 2030s".