

# Additional submission to the Productivity Commission into Australia's maritime logistics system



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# **Inquiry into the long-term productivity of Australia's maritime logistics system**

**Additional submission to: The Productivity Commission Canberra**

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## **Introduction**

Following on from our initial submission and release of the draft report by the Productivity Commission. We generally agree on most recommendations and findings, however we would like to comment on the following recommendations and findings in the draft report.

## **Recommendations and findings**

### **Draft finding 3.7 and 3.8**

The reason why Australian ports do not compare well with international ports, on the waterside, is that our ports are gateway ports and relatively small with short quay length, service relatively small ships with small container exchanges and lack sufficient quay cranes to provide a berth rate and time in port compared with other ports. I have written extensively on this topic and the ranking in the World Bank report in the original submission. As the Commission has pointed out in its Report 'Australian cranes are just as productive as those in the average international port'. More capital investment is required to purchase and install more quay cranes. However, is not always possible to get a return on investment on adding additional quay cranes to increase the crane intensity on a vessel. Again, the Report highlights this in Draft finding 3.8. where over investment of costly capital is inefficient. Furthermore, it is not only the waterside performance that indicates an efficient port. The landside is equally important and Australian ports perform well on the landside as was explained in our original submission.

### **Draft finding 5.2 and 5.4**

Privatisation processes in NSW and I believe in other states as well have delivered unfavourable outcomes for the state's economy. Port like the Port of Rotterdam, Hamburg or Antwerp would never consider privatisation due to its importance to the local economy. To counter the intent of the private owner (to make as much money as possible for its shareholders) I believe more oversight of privatised ports by a competent authority is required.

### **Draft recommendation 6.2**

Terminal access charges, which have been introduced by the stevedores to counter the reduction in waterside lift charges, have increased dramatically over the years for no justifiable reason. Moreover, most terminal operators have introduced these increases unfettered and in lock step with each other. Maybe the charges should be charged to the shipping lines as suggested by the Commission

### **Draft finding 10.2**

I disagree with the Report's assumption that skill shortages for seafaring and short based maritime positions can be solely filled by immigration. For cadetships, as suggested in the Report, we need sea-going vessels operated by Australian companies. Seafaring and related skills are too important for an island nation which relies heavily on goods being moved by sea. Having Australian operated, and potentially Australian flagged ships is crucial to provide a training ground for those skills.

**Draft finding 12.1 and 12.2**

In my view it is imperative that a strategic fleet in some shape or form is introduced, certainly in these uncertain times. This fleet (and other ships) can operate under a so-called 'second register' with favourable crewing and taxation conditions. The establishment of a second register has been successful in the past in other high labour cost countries such as the UK, Norway, and the Netherlands. These ships can be used for the development of seafaring and maritime skills. These types of ships can also be used to increase coastal shipping. I am aware that there could be an economic cost related to the use of these types of ships but believe this is something that the community is prepared to accept. Since COVID the community is acutely aware of what a supply chain means and the role that shipping plays in those supply chains and how easily they can be disrupted. Establishing a strategic fleet will need the cooperation of all stakeholders involved especially the maritime unions.

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