CONTAINERSHIP BEHEMOTH STOPS SYDNEY SERVICES OVER DISRUPTION

Date: 18.09.2020

Temporary cessation comes during MUA industrial action involving stevedores

Maersk has halted new container bookings

Maersk, the world's largest containership operator, will cease servicing Port Botany, with a return of container booking acceptances expected from October 1.

With the Maritime Union of Australia (MUA) continuing industrial action and claim and counterclaim on where responsibility for waterfront disruption resides, the massive shipowner is seeking to avoid the port altogether, rather than simply impose congestion charges as others have done.

"Due to ongoing congestion and industrial action at Sydney port, Maersk has experienced disruption to our network schedule, causing significant delays from proforma schedule," Maersk says in a notice to customers.

The move is likely to see increased container moves in Brisbane and Melbourne.

"To remove uncertainty for our customers supply chain and to assist handling of our vessels calling Sydney, Maersk is taking the difficult decision to temporarily stop acceptance of all new bookings from Asia, Europe, Middle East, Africa and India Sub-Continent to Sydney effective immediately.

"It is expected we will re-open booking acceptance for Sydney from 1st October, but will continue to review the situation and open earlier if possible.

"Booking acceptance remains open for all other Australian ports."

The development comes as trade, shipping, land-transport transport concern keeps ratcheting up and stevedore DP World Australia (DPWA) seeks Fair Work Commission (FWC) relief from the union's protected industrial action (PIA) on the grounds of severe damage to the NSW and national economies.

Freight & Trade Alliance (FTA) director and Australian Peak Shippers Association (APSA) secretary Paul Zalai urges the Fair Work Commission (FWC) to provide "a decisive outcome in resolving ongoing industrial action allowing stevedore operations to return to full capacity in the lead up to the peak trading period".

Container Transport Alliance Australia (CTAA) backs the DPWA move and has offered backing to other Port Botany stevedores – Patrick Terminals and Hutchison action suspension or termination.

It points out that, under the Fair Work Act, the FWC can make orders terminating or suspending protected industrial action, and must do so if the FWC is satisfied that the actions have threatened, are threatening or would threaten to cause significant damage to the Australian economy or an important part of it.

"While it is acknowledged that employees have the legal right to undertake limited protected industrial action within an Enterprise Agreement bargaining period, it should not be allowed to threaten the livelihoods of countless businesses and employees in the container logistics chain and the broader economy in NSW and beyond," CTAA director Neil Chambers says.

"Australia is in recession, and our economic road to recovery needs everybody to pull together. We can’t afford for selfish actions to be taken by a few that will impact significantly on the economic pain being suffered by many."

Containership industry body Shipping Australia Ltd (SAL) says filed a statement at the Fair Work Commission in support of DPWA’s application.

Read how the Sydney waterfront dispute spurred federal calls, here

Patrick has denied MUA charges that its infrastructure moves have contributed to Port Botany disruption.

"Industrial action by the MUA has crippled Port Botany with production at Patrick’s terminal cut by 40 per cent in the past week," the stevedore states.

"The MUA is currently taking protected industrial action against all three stevedores at Port Botany, Patrick, DP World and Hutchison.

"The action has led to delays and congestion which this week saw shipping lines impose congestion charges costing importers hundreds of dollars per container.

"At Patrick, work bans and other industrial action have seriously impacted productivity with only 60 crane teams being available last week compared to the average of 100 teams a week."

The stevedore adds that container shipping lines are "incurring significant costs as a result of delays, including vessel operating costs of approx. $25k per day and additional handling costs for containers that are being redirected through Melbourne and Brisbane".

It notes the shipping schedule "has slipped dramatically, with ship delays conservatively estimated at nine days as of September 11.

"Shipping schedule delays will grow by approximately half a day for every day this industrial action continues," Patrick says

Patrick says the MUA is seeking 6 per cent annual pay-rises for each year for the next four years and Patrick estimates the MUA log of claims will cost the business around $40 million per year.

"I have to say I’m bewildered that the MUA would try this on during a pandemic particularly when the average permanent employee is currently paid approximately $155,000 a year with the top earners receiving more than $200 thousand a year," Patrick CEO Michael Jovicic adds.

"The MUA leadership needs to calm down and come back to the negotiating table. Their current behaviour does them no credit."

Patrick says it has offered guaranteed pay rises of 1.5-2.5 per cent over four years.

On the trade front, FTA/APSA points to huge cost facing the community and businesses.

"Vessels are now by-passing Port Botany discharging goods interstate and leaving importers to organise and pay massive logistics costs to move freight across state borders back to Sydney." Zalai says.

"Those with cargo discharged in Sydney are now subject to extensive delays at the port and are facing ‘Sydney congestion surcharges’ from major international shipping lines of up to US$300 per 20-foot container.

"Once cargo is received, importers are then facing the difficulty of returning the empty containers to a shipping line contracted and nominated depot.

"With the failure of shipping lines to evacuate surplus empty containers, Sydney’s depots are at capacity with transport operators passing on costs for re-directions, waiting times, futile trips and storage of containers."

He notes that four international shipping lines – Mediterranean Shipping Company, CMA CGM/ANL, Pacific Asia Express and Hapag Lloyd – have introduced a Sydney Port Congestion Surcharge ranging from US$285-300 (A$390-410) "without any consultation and with insufficient lead times negating importers and exporters the ability to factor in ‘landed costs’ in forward contracts".

FTA/APSA quotes Eco Pallets, a supplier of specialised equipment to essential pharmaceutical and food industries, as saying that the extra congestion surcharges will cost their business conservatively an extra $15,000 per month.

Eco Pallets director Matt Logan states that like so many businesses, they need every opportunity and support in these tough economic times and cannot sustain "massive unbudgeted additional supply chain costs"

"NSW exporters are faced with a critical reduction in available capacity and irregular services to meet current commercial obligations and seriously jeopardising forward contracts.

"Historically, Sydney is the third largest port nationally for beef exports and second largest for pork and sheep meat.

"According to the Australian Meat Industry Council (AMIC), sheep meat will be exposed to disruption with a peak over the next two months.

"Furthermore, the new surcharges alone add direct costs of $17 per tonne for grain and $5 per bale for cotton, eliminating margins and crushing farmers who finally have seen a bumper crop after years of drought and last summer’s bushfires."

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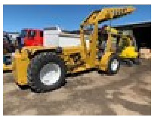

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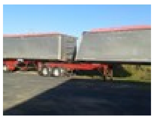

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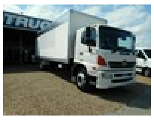

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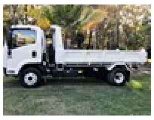

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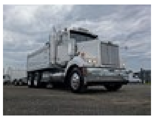

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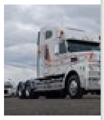

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