



Australian Peak Shippers
Association Inc. (APSA)

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Industrial action is crippling vital import, export and domestic supply chains

What are the impacts of the current industrial action?

12 months after the well-publicised waterfront industrial action between DP World Australia and the Maritime Union of Australia (MUA), international trade is again being disrupted because of another dispute, this time between the MUA and Qube Ports.

Unlike the DP World dispute which affected import and export container terminals around the country, the current dispute with Qube affects bulk (non-containerised) commodities via Darwin, Fremantle, Adelaide, Brisbane, Melbourne and Port Kembla.

Freight & Trade Alliance (FTA) Director and Australian Peak Shippers Association (APSA) Secretariat, Paul Zalai points to the devastating impact on regional communities *"farmers are in need of imported fertiliser and machinery and furthermore, they are totally dependent on a reliable access to international markets for grain and other bulk transported commodities; similarly, the mining sector are also facing unplanned delays in receiving essential equipment."*

Zalai adds *"The building sector, already under intense scrutiny with an inability to keep up with housing demand, is being deprived of all forms of steel imports and bulk cement."*

According to Zalai, car imports and domestic transfers across the country are also being impacted, with hardship cases also being reported including the failure of delivery of a vital disability vehicle. Zalai notes that while there has been some relief with the emergence of Newcastle as an option to handle car imports, this too has significantly added to costs and disrupted the operations of logistics providers having to adjust operations from Port Kembla to Newcastle.

What is the nature of the current dispute?

The existing Enterprise Agreement at Qube expired on 30 June 2024, with negotiations for a new agreement since this time in deadlock.

"Based on our discussions with Qube executive, we understand a key sticking point is the union's alleged push to remove roster flexibility, which Qube warns would significantly hinder productivity and operational efficiency." Zalai said

In response to union demands, Qube has allegedly proposed incremental wage increases that would see stevedores—who are reportedly paid 143% above the award—secure pay rises of 5% in each of the first two years of the new agreement and 4% in each of the following two years, with backpay to 1 July 2024. However, the union is reportedly seeking a 25% wage increase in the first year alone, which Qube views as excessive.

Zalai warns *"Qube has cautioned that such demands could lead to cost increases of 120–130%, a burden that would ultimately need to be passed on to customers and consumers and further impact inflationary pressures"*

Should the parties remain at an impasse and fail to reach an agreement through negotiations, the Fair Work Commission (FWC) allows for arbitration in cases of protracted disputes. However, an

application for arbitration cannot be made until at least nine months after the nominal expiry date of the previous agreement; therefore, the earliest opportunity to seek arbitration would be 31 March 2025. Given the current deadlock, it is possible that the dispute could extend well into the second quarter of 2025.

What's next on the horizon?

While the situation at DP World is now settled as a part of an agreed 4-year EA, the remaining container stevedores operating in Fremantle, Adelaide, Brisbane, Melbourne and Port Botany all face their own EA negotiations in coming months.

"I am backing the view of a federal election being called sooner rather than later as last thing the government needs is to try and convince the public that they are well in control of the economy against a backdrop of our gateways to the world operating at anything less than full efficiency."
Zalai said

Zalai states reform to industrial relations law is critical *"while it is essential that workers' rights are protected, Australian trade needs to flow and can no longer suffer protracted disputes; future negotiation and arbitration processes need to be fast-tracked to ensure business continuity and to avoid further reputational harm to Australia as a viable trading nation"*

Zalai warns that should we have status quo; importers should revisit their supply chain modelling and consider onshore stocks rather than relying on just in time inventories. *"This is far from ideal and will add to costs but needs careful consideration to ensure we have goods on shelves for what is shaping up to be another challenging year for global supply chains".*

RELATED REFERENCE MATERIAL

Refer attached to Notices of MUA Protected Industrial Action and Qube Customer Notifications.

ABOUT FTA / APSA

Freight & Trade Alliance (FTA) is Australia's leading representative body for the international supply chain sector bringing together importers, exporters, customs brokers, freight forwarders, logistics service providers and industry groups. FTA also manages the Secretariat for the Australian Peak Shippers' Association (APSA) being the peak body as designated by the Federal Minister of Infrastructure and Transport to protect the interests of Australia's cargo owners and shippers in respect to shipping and international logistics services.

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