

IN THE FAIR WORK COMMISSION

Matter No.: B2022/1726
Matter name: Re Svitzer Australia Pty Ltd
Statement filed on behalf of: Qube Ports Pty Ltd

STATEMENT OF MICHAEL VENTURA SOUSA

I, **Michael Ventura Sousa**, Director of Qube Ports Pty Ltd (**Qube**), Level 27, 45 Clarence Street, Sydney NSW 2000, say as follows:

1. I am employed by Qube in the role of Director Ports, and am responsible for managing the ports business unit with Qube Holdings Limited (**Qube Holdings**). Qube is the Qube Holdings subsidiary responsible for the assets and activities of the ports business unit.
2. In 2008, I commenced in my current role as Director Ports of Qube. In this role, I am responsible for the financial and operational performance of Qube's ports business unit both nationally and internationally. My main responsibilities include:
 - (a) accountability within Qube Holdings for the financial and business performance of its ports business (i.e. Qube);
 - (b) development of business strategy for Qube;
 - (c) strategic engagement with Qube customers and suppliers, including leading commercial negotiations; and
 - (d) leading negotiations with unions in relation to our enterprise bargaining agreements.
3. I report to Paul Digney who is the Managing Director of Qube Holdings.
4. I have spent my entire professional career in the stevedoring industry.
5. Prior to my appointment as Director of Qube, I worked in a number of different roles in the Australian stevedoring industry:
 - (a) In 2007, I worked for P&O Automotive and Stevedoring Pty Ltd (**POAGS**). POAGS operated at ports throughout Australia providing automotive stevedoring and general stevedoring for bulk cargo. POAGS purchased the general stevedoring business of another entity known as P&O Ports, a global stevedoring company. After that acquisition, I became the General

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Commercial Manager of POAGS. POAGS was one of the businesses that subsequently became Qube Holdings.

(b) From 1996 to 2007, I worked for P&O Ports in various roles including Finance Manager, NSW Bulk and General Finance Manager, NSW Commercial Manager and National General Stevedoring Commercial Manager.

6. I attained a Master of Business Administration from the Australian Institute of Business in 2017. I also completed a Diploma in Container Terminal Management at the United States Merchant Marine Academy Global Maritime and Transportation School in 2008, and an Advanced Diploma in Accounting at the Sydney Institute of TAFE in 2004.

Qube's Operations

7. As part of the transport and logistics network, Qube's services connect the delivery of goods transported by vessels to and from Australia, and within Australia, across approximately 730,000 different supply chains. I base this figure and language off modelling undertaken by the CSIRO to which I have access. Approximately 175 commodities are distributed through these supply chains.
8. Qube's stevedoring business provides stevedoring services at 34 common user ports throughout Australia. It primarily provides services related to the import and export of mainly non-containerised freight, such as automotive, forestry, bulk and break bulk products. The types of stevedoring activities include:
- (a) Container stevedoring – this refers to the loading and unloading of containerised cargo mostly (but not always) at large and dedicated container terminals.
 - (b) Break bulk or general cargo stevedoring – this refers to the loading and unloading of non-containerised cargo transported as individual pieces due to the cargo being oversized / overweight. An example is large steel shipments. Break bulk cargo can also refer to bulk cargo that is packaged in bags or palletised.
 - (c) Bulk stevedoring – this refers to the loading and unloading of product that is not separately packaged or containerised but is instead transported loose in the hull of a vessel. There are generally two types of bulk cargo. Dry bulk cargo refers to raw materials such as fertiliser and grain. Liquid bulk cargo refers to raw materials which are shipped in liquid form such as oil and liquefied gas.

9. In the case of the unloading of cargo, unloaded cargo is transported by Qube from the vessel into the importer's storage facilities located at the relevant user port. The importer then arranges for the product to be collected from the storage facility by road freight transportation companies for distribution and delivery. In certain cases, multiple trucks will be required to transport the cargo of one vessel. For example, a vessel may carry a cargo of 1,000 automobiles, while a truck can carry a maximum load of six automobiles.

Impact of industrial action

10. Svitzer Australia Pty Limited (**Svitzer**) provides harbour towage services across all types of ports Australia wide. Towage services are essential to the arrival and departure of vessels into commercial ports as they ensure the safe movement of vessels in and out ports.
11. On 14 November 2022, Svitzer notified the shipping sector (including Qube) of its intention to engage in protected industrial action involving the lock out of 582 of its employees, commencing at midday on Friday 18 November 2022 (**Lockout**).
12. The Lockout will affect the availability of towage services across approximately 17 Australian ports, being ports in Victoria, New South Wales, Queensland, South Australia and Western Australia. At this stage Qube is not aware of there being any specified period or proposed end date for the Lockout.
13. Port authorities, vessel owners and operators, terminal operators, stevedores and others involved in maritime, port and dockside operations, as well as those providing road freight transportation operations, will be directly affected by the Lockout. In the case of Qube, its stevedoring operations at the following ports will be materially impacted by the Lockout:
 - (a) Brisbane, Queensland (**Port of Brisbane**);
 - (b) Port Kembla, New South Wales (**Port Kembla**);
 - (c) Newcastle, New South Wales (**Port of Newcastle**);
 - (d) Melbourne, Victoria (**Port of Melbourne**);
 - (e) Adelaide, South Australia (**Port of Adelaide**); and
 - (f) Fremantle, Western Australia (**Port of Fremantle**),(together the **Affected Ports**).

14. In the case of Port Kembla, Port of Newcastle, Port Brisbane, Port of Adelaide and Port of Melbourne, Svitzer is the only towage service provider and, while there is a second towage service provider at the Port of Freemantle, this tugboat service is for smaller vessels and is not a suitable alternative provider for the vessels serviced by Qube.
15. In this statement I explain the impact of industrial action on Qube, with initial focus on the impact of the Lockout on Qube's operations at the Affected Ports for the period commencing midday on Friday, 18 November 2022 as if it were to end on Sunday, 20 November 2022 (which I describe in this statement as the **Weekend Period**).
16. Qube is scheduled to provide stevedoring services to 36 vessels during the Weekend Period, of which 34 vessels are importing product and require cargo unloading services during this time.
17. Of the 34 vessels requiring unloading services:
 - (a) it is intended that, during the Weekend Period, eight will discharge at Port of Melbourne, seven will discharge at Port Kembla, seven will discharge at Port of Adelaide, five will discharge at Port of Brisbane, five will discharge at the Port of Freemantle and two will discharge at Port of Newcastle;
 - (b) 13 are importing into Australia automobiles and/or machinery, 10 are importing steel and/or construction materials for commercial and residential construction, five are importing fertiliser, two are importing cement, two are offloading passengers and luggage, one is importing pulp for the manufacture of paper and one is importing scrap metal;
 - (c) in respect of the product being imported into Australia referred to in the paragraph above:
 - (i) the total volume of automobiles and/or machinery is 15,621 units, with an estimated value of AUD \$624,840,000;
 - (ii) the total volume of steel and/or construction material is 69,000 tonnes, with an estimated value of AUD \$74,275,100;
 - (iii) the total volume of fertiliser is 38,036 tonnes, with an estimated value of AUD \$18,115,615;
 - (iv) the total volume of cement is 73,700 tonnes, with an estimated value of AUD \$4,197,000;
 - (v) the total volume of pulp is 10,000 tonnes, with an estimated value of AUD \$9,680,000;
and

(vi) the total volume of scrap metal is 24,000 tonnes, with an estimated value of AUD \$9,840,000,

with a combined total value of AUD \$740,947,715.

18. If the Lockout goes ahead, those of the 34 vessels that have not arrived in port before the Lockout will be turned away from port. The impact of the Lockout will also have effect prior to the Lockout commencing because those vessels that have docked prior to the Lockout will likely be removed from berth by the relevant port authority for reasons relating to safety. In this regard, the port authorities at Port Kembla and Port of Freemantle have confirmed they will be removing docked vessels from their berth as of the morning of me preparing this statement (17 November 2022). For 32 of the 34 vessels, the result of being turned away from port or removed from their berth will be a delay in the unloading of cargo and distribution of product within Australia.
19. By way of illustration of the impact arising prior to the Lockout commencing, this morning I was advised by my operational team of a notice issued by Ports Victoria yesterday. A copy is annexed and marked **MS1** to this statement.
20. In the case of the remaining two unloading vessels, being passenger vessels (cruise ships), a delay unloading passengers may have a financial impact on the passengers as well as suppliers of hospitality and tourism services and transportation services. The two vessels in question – one due to arrive tomorrow and the other Saturday - have estimated passenger numbers of approximately 14,000 people. These vessels will remain at sea.
21. The number of vessels that Qube is scheduled to provide services to during the Weekend Period is generally representative of the number of vessels that Qube would expect to provide services to during three day period (as is the volume and value of the imported product during this time period).
22. While the impact of the Lockout during the Weekend Period on Qube and other affected operators is in itself material, an ongoing Lockout will cause a significant number of vessels to be turned away from port, with resulting serious impacts on the arrival, supply and distribution of imported product in Australia.
23. In addition to vessels being turned away by the relevant port authorities, based on my knowledge of the operations of participants in industries that will be affected by the Lockout, it will likely lead to the re-scheduling and re-routing of vessels by vessel operators.
24. The Lockout will also halt the departure of vessels carrying export cargo. For example, there is currently 50,000 tonnes of grain to be loaded at Port Kembla with a value of \$53,600,000.

25. Also, should the Lockout go ahead and subject to its duration, Qube expects that it will be necessary to stand down those of its employees who would otherwise have been involved in vessel loading and unloading activities. This potentially affects approximately 750 employees. Given the period of the Lockout is currently unknown, the period of any stand down direction issued to Qube's employees is also unknown. In my experience, the impact on employees further along the supply chain, such as transportation companies involved in delivering unloaded cargo, is likely to be similar with the possibility Depots close during the Lockout period.
26. The disruption that the Lockout will cause over the Weekend Period (which, as noted above, will start to be felt from the morning of Thursday, 17 November 2022 when port authorities start to remove vessels from their berths) is reflective of the impact that stoppages of work have on Qube, which based on my experience and knowledge in the industry, in turn has an impact on others in the supply chain. The extent of the impact depends on the length of any stoppage. However, if there a stoppage that delays the arrival of the ship and, within the reduced time then available to Qube to unload the vessel the work is not completed, the delay may extend over to the following day.
27. The prospect of ongoing industrial action creates uncertainty and cost for vessel operators and the sequencing of vessels into port. In my experience, this can result in vessel operators rescheduling or cancelling shipments, and re-directing vessels to ports outside of Australia. Vessel operators can be required to make connecting windows in other countries.
28. If shipments are cancelled, the delivery of goods will be delayed with effects across a number of industries. The cancellation of shipments leads to delays within Australia for consumers of motor vehicles; delays to the construction sector; delays to the mining sector who are awaiting machinery arrivals; and delays to farmers who are waiting for machinery and fertiliser.
29. Considering consumers are already being affected by increased supply chain costs and disruptions, including those caused by severe weather events which have resulted in rail and road outages across the east coast, ongoing on and off protected industrial action will likely exacerbate the challenges already being experienced across the sector and further increase costs to consumers.

Signed by Michael Sousa



Director Ports, Qube Ports Pty Ltd
17 November 2022

November 16, 2022

PORTS VICTORIA MOVES TO CLEAR PORTS OF MELBOURNE AND HASTINGS OF ALL VESSELS AS A SAFETY PRECAUTION BEFORE SVITZER AUSTRALIA'S NATIONAL LOCKOUT THIS FRIDAY 18th NOVEMBER.

In anticipation of Svitzer Australia's planned lockout of harbour towage employees at noon on Friday 18th November, Ports Victoria is planning for the precautionary removal of some commercial vessels from Port of Melbourne and to restrict vessels entering the Port of Hastings. This is required to ensure the safety of vessels and crews is maintained within these port waters.

Ports Victoria in conjunction with key stakeholders including Safe Transport Victoria, Fire Rescue Victoria, Port of Melbourne and Port of Hastings Corporation has assessed the loss of towage and emergency response capability provided by Svitzer's tugs.

Based on these assessments the Harbour Master for port of Melbourne will direct some commercial vessels to be removed from port of Melbourne waters. Coastal trade vessels servicing Tasmania are being considered for continuing operations with appropriate mitigations and controls.

Arrivals into port of Melbourne will be suspended from 14:00 on Thursday 16th November. The clearing of vessels from port of Melbourne waters is planned to commence at 21:00 on Thursday 16th November. The scheduling of vessel movements will be coordinated through Melbourne VTS. Vessels currently at anchor in port of Melbourne waters will also begin to be cleared from 21:00.

The Harbour Master for the port of Hastings will be directing vessels not to enter the port of Hastings waters. There are currently no vessels at berth in the Port of Hastings.

Towage services at the ports of Geelong and Portland are not impacted.

These requirements will only cease if a decision from Fair Work Commission or Svitzer as the case may be, makes it clear that towage services will be available.

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