



Australia – meeting the demands of global vessel size growth

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There has been a lot of discussion in Australia recently regarding the future of ports and, specifically, the future of vessel size in Australia and the capacity of ports to cater for that growth.

It shouldn't come as a surprise to hear that while some stakeholders appear to be discovering this issue now, the ports sector has been planning for this for years.

Fundamentally, ports are infrastructure businesses. It is up to us to invest in the infrastructure required to facilitate the activity and growth of our customers.

On the waterside, it goes without saying that shipping lines are key customers for ports, and therefore understanding their needs – now and emerging – is crucial to our own planning and investment cycles.

Indisputably, the growth in vessel size, globally and here on the Australian east coast, is one of the most important factors we must take into consideration. And there is no doubt that the size of vessels deployed to Australia has changed significantly in recent times.

When I first started as CEO of the Port of Brisbane in 2015, the 4,500 TEU was the daily 'workhorse'.

In December 2016, we received our first 8,500 TEU vessel, the Lloyd Don Carlos, before a regular weekly service from ANL began in 2019. Since then, Maersk has deployed a 10,000 TEU vessel to Australia, which berthed in Brisbane in 2017.

And yes, shipping lines have had discussions with us and other ports regarding 14,000 TEU vessels.

This is not surprising – the major east-west routes in the northern hemisphere have welcomed, prior to COVID that is, a number of Ultra Large Container Ships (ULCS), or vessels with a capacity of more than 20,000 TEUs, moving from hub port to hub port. This means that, in time, the new global 'workhorses' 14,000 TEU vessels, are likely to be redeployed on the lower volume north-south routes, of which the Australian east coast is one.

Here at the Port of Brisbane, we have proven via simulation from our industry leading NCOS Online technology that we can already receive a 366 metre vessel, which is generally the length of such ships. In fact, a 2019 analysis showed that Port of Brisbane was capable of handling approximately 85 per cent of the international container fleet.

Regular visits under all conditions would, of course, require additional investment in channel management, but this is already central to our investment plans.

But does global investment in ULCS', largely for northern hemisphere east-west volumes, mean Australia can expect to see them soon? Will we be bombarded by 22,000, even 24,000 TEU vessels in the near term? And does that mean the major east coast container ports should collectively spend billions of dollars on channel deepening, wharf expansions and associated upgrades to cater for ULCS'?

It is our strong view, based on our engagement with all sectors of the maritime industry, that this is highly unlikely.

Quite simply, Australia's population and the seaborne trade it generates, does not reach the volume required for ULCS. After all, a ULCS only produces lower unit costs if it is full most of the time. Even on the most optimistic economic forecasts, it still doesn't stack up, even over the medium term, and many in the industry are pessimistic about ever seeing them at all. Think of the fate of the A380 in the aviation industry, as an analogy.

The jury is still out on how soon 14,000 TEU vessels will be the norm, however, given the investment in these vessels by the shipping lines, it is conceivable that they will be regular callers in Australia. Such vessels should offer the balance between efficient direct services along the Australian east coast, with higher levels of utilisation.

To force ports to cater for ULCS when demand is not there, or even well ahead of any potential demand, will lead to two things: huge cost increases across the supply chain, and unnecessary environmental impact.

There is always a place for thoughtful, constructive debate, but it has to be based on fact. And it must involve the two groups that have worked well together over decades to ensure Australia's supply chain can meet global demands: the country's biggest container ports and the shipping lines that call them.

By working together, as the industry has admirably done in the past and continues to do so, Australia will not 'miss the boat', but instead be ahead of the curve as one of this region's leading trading nations. ▲