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## Shipping industry shocked Federal Government ignoring major international convention

‘Shipping Australia members met the announcement by the Premier of Queensland, and the Federal Minister for Transport on 5th July that Swire Shipping should pay all clean up costs as a result of the oil spill by the Pacific Adventurer with disbelief’, Llew Russell, Chief Executive Officer of Shipping Australia said today.

‘Australia is a party to the Convention on Limitation of Liability for Maritime Claims 1976, and there have been a number of subsequent amending protocols adopted by Australia. In other words, the company is meeting its full responsibility under that Convention and in fact the ship’s insurance has already provided financial security for up to \$20 million and the company provided even on top of that \$2 million of assistance with the cleanup.

‘The nature of shipping operations is such that potential liabilities that may be incurred are out of all proportion to what a shipowner must invest in the enterprise. Even a small trading vessel could be carrying sufficient bunker fuel to cause environmental harm and necessitate a clean up to a value many times the value of the ship.

‘The real question is how do you insure against an unidentifiable risk which could range up to many hundreds of millions of dollars?’ He said.

Mr Russell pointed out that despite some media comments, Swires had never officially agreed to pay above the cap as required under Australian law and promised to meet its full responsibilities under that law for this cleanup which was caused by such a terrible accident.

‘Australia has also been at the forefront of impressing upon other countries the need to adhere to International Conventions and has been eager to adopt many of the Conventions in terms of its own national law but in cases such as this it simply throws the Convention out the door.

‘We will be certainly raising this internationally and it will be very interesting to see the reaction of the International Maritime Organisation. If Australia ignores the application of this Convention then insurance costs for ships trading to and from Australia will skyrocket if one can obtain insurance at all for what in effect would be an uninsurable risk’ Mr Russell said.

‘Whilst in the heat of an election campaign, it is understood why the Premier of Queensland made promises which on further investigation could have revealed are not able to be delivered but in the media statement yesterday, the Premier said increased fees on international ships may be considered to help collect what is still owing. This would be passed on to Australian importers and exporters and simply reduce Australia’s international competitiveness.

‘What is amazing is that the Federal Minister for Transport could suggest that a well recognised International Convention with 52 countries as contracting parties could simply be ignored. Australia enacted legislation to give affect to the 1996 protocol to the convention which increased the limitation amounts as recently as 2001 but if the Australian Government believes those amounts are insufficient, then the correct course of action is to press for increased limits at the International Maritime Organisation.’ He said.

Mr Russell emphasised that Swire Shipping is meeting it full international obligations and is not trying to avoid paying all that it is responsible for. Governments threatening shipowners to go beyond their legal responsibilities is a threat to Australia’s international trading arrangements.

**For further information:**

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