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SAL 23-010

07 July 2023

Mr Gerry McNally  
Committee Secretary

**Biosecurity Amendment (Advanced Compliance Measures) Bill 2023 [Provisions] Inquiry**  
Senate Standing Committee on Rural and Regional Affairs and Transport  
The Senate of the Parliament of Australia

By Email: [RRAT.Sen@aph.gov.au](mailto:RRAT.Sen@aph.gov.au)

Dear Mr McNally

**Biosecurity Amendment (Advanced Compliance Measures) Bill 2023 [Provisions] Inquiry**

Shipping Australia writes to thank The Senate's Rural and Regional Affairs and Transport Legislation Committee for its invitation to make a submission to the above inquiry and we hereby provide our submission on the same.

**About Shipping Australia**

1. Shipping Australia is the principal Australian peak body which represents organisations that are locally owned and / or locally active in the ocean freight shipping industry. We are recognised as an Australian national shipping association by the World Shipping Council, by the global Federation of National Associations of Ship Brokers and Agents, and by the International Chamber of Shipping.
2. We are consulted by the regional, trade, Australian and international media for our expert commentary. Shipping Australia provides policy input to Australian State, Territory, and Commonwealth government bodies.
3. Collectively, our members employ about 3,000 Australians. Our membership includes Australian ports, the local arms of global shipping agents and domestic shipping agents, the local arms of global towage companies and domestic towage companies, the local arms of ocean shipping lines, and a wide variety of Australian-owned and operated maritime service providers.
4. Our members provide services in ocean freight, local seaport cargo handling, domestic harbour towage, Australian marine surveying, and domestic pilotage, among other services. Our members handle nearly all Australian containerised seaborne cargo, along with a large volume of our car and bulk commodity trades.

## Importance of international trade and shipping to Australia

5. Australia's economy relies heavily on international trade. Exports of goods and services accounted for 25.8%<sup>1</sup> of our gross domestic product (GDP) in 2022 and imports of goods and services accounted for 19.9%<sup>2</sup> of our GDP. These figures include intangible services.
6. Unfortunately, unified volume and value data for Australia's physical trade does not appear to be available, so workarounds<sup>3</sup> must be employed to provide rough estimates. In volume terms, Australia handled about 1.61 billion tonnes of freight in the 2020-2021 financial year, of which 99.94% was transported by sea and 0.06% was transported by air<sup>4</sup>. In value terms, ocean shipping handled approximately \$579 billion of cargo in 2018-2019<sup>5</sup>. Later, in 2020, the aviation industry handled AUD\$125 billion of cargo<sup>6</sup>.
7. Both sea- and air-freight have a significance far greater than the volume and value of the cargo carried. **About one-in-five jobs is supported by Australia's international trade**<sup>7</sup>.

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<sup>1</sup> Exports of goods and services (% of GDP) – Australia; World Bank Data, accessed 06 July 2023 – see <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?end=2022&locations=AU&start=2018>.

<sup>2</sup> Imports of goods and services (% of GDP) – Australia; World Bank Data, accessed 06 July 2023 – see <https://data.worldbank.org/indicator/NE.IMP.GNFS.ZS?end=2022&locations=AU&start=2018>.

<sup>3</sup> E.g., by using data from different sources, and different years which will likely have different data definitions and methodologies. We acknowledge that this is statistically unsatisfactory. It does, however, point to a need for a unified source of data on trade volumes and values. Although for the reasons explained, the datapoints are not completely consistent and comparable, they are roughly consistent across time, and they do give a sense of scale. The vast majority of our physical, tangible, trade – nearly all of it in fact – is carried by sea. Sea cargo, collectively, has a value roughly five times greater than air cargo.

<sup>4</sup> Specifically, sea freight totalled 1,613,200,000 tonnes (i.e., 1.61 billion tonnes) and air freight totalled 895,049 tonnes. Sources: Sea: Table 1.2 "Weight of Australia's International Sea freight, by Australian state/territory of origin and final destination," Australian Sea Freight 2020-2021, Jan 2023; Air: see the spreadsheet "International scheduled traffic to/from Australia"; both the air and the sea datasets were provided by the Bureau of Infrastructure and Transport Research Economics, Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Both were accessed on 06 July 2023.

<sup>5</sup> A current datapoint does not appear to be available. However, The Department of Foreign Affairs and Trade's "Composition of Trade 2018-2019" (line 7, table 1, p12) states that the value of Australia's two-way trade in 2018-2019 was \$693 billion (\$692,858m). At approximately the same time, Infrastructure Partnerships Australia and Oxford Economics, in their "International Airfreight Indicator 2019" (p9), quoted an air freight value figure of \$113,65 million (\$113.7 billion 2018-2018). Deducting the air cargo value of \$113.65 billion from the total value of \$692.9 billion gives a sea cargo value of about \$579.25 billion.

<sup>6</sup> 2021 International Airfreight Indicator, Infrastructure Partnerships Australia.

<sup>7</sup> See: "Australian Trade Liberalisation: analysis of the economic impacts," 2017 Centre for International Economics Report on Australian Trade Liberalisation, prepared for the Department of Foreign Affairs and

8. Both the air- and sea-transport sectors represent investments in infrastructure in the hundreds of billions of dollars and, if general road and rail infrastructure is included, it's a figure far greater than that. International trade cargo fundamentally underpins our economy – it is what Australian businesses buy and sell from and to each other, and it is what we consumers buy from them. That cargo includes such matters as food, fuel, clothes, household goods, and all the other items that everyday Australian families need to buy.
9. Access to plentiful and cost-effective ocean shipping is vital to Australian families, Australian jobs, Australia's international trade and to the Australian national interest. It follows that minimising burdens on shipping as far as is reasonably practicable to achieve legitimate public policy outcomes is therefore also in the national interest.

**Shipping is not the biosecurity risk creator; shippers are**

10. Shipping Australia acknowledges, and respects, the fact that the Australian ecosystem is unique, with many rare and unusual examples of flora and fauna, which must be protected. We also acknowledge that there is a highly productive and valuable agricultural sector that must also be protected.
11. However, in this context, shipping is not the biosecurity risk creator that threatens the vitality of the Australian eco-system or its agriculture.
12. Ships are loaded overseas, liquid cargoes are pumped aboard, dry bulk cargoes are poured aboard, general cargoes are lifted aboard, and containerised cargoes are packed into boxes offsite and are then lifted aboard.
13. In *none* of these scenarios does the ship's crew or the shipping company have any role in organising the handling, logistics, storage of the cargo before it is readied for loading, nor the actual loading of the cargo. The ship arrives at berth, stevedores discharge old cargo, load new cargo, and the ship departs.
14. The ship does not have any control or influence over the biosecurity of cargo – it is the cargo itself that is the biosecurity risk. In this context, ships, ship crews, and ship operators are not biosecurity risk creators. Shipping lines effectively act as intermediaries and transport services providers between overseas consignors and Australian-based consignees.
15. An excellent example of this is the recent (and still ongoing) contamination of vehicular cargo with biosecurity risk material.
16. We understand that, during the COVID lockdowns and throughout the pandemic, the demand and transport of new vehicles came under some pressure. Overseas manufacturers nonetheless continued to make new vehicles and stored the vehicles in open areas. The vehicles then subsequently became highly contaminated with

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Trade. See: <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/cie-report-on-australian-trade-liberalisation>

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biosecurity risk material (seeds, insects and the like), were then loaded aboard, and then transported to Australia. Biosecurity officers intercepted the cargo at the point of discharge and reasonably imposed cleaning regimes on the vehicular cargo. These requirements caused a substantial snarl-up at ports and in the flow of vehicular cargo into Australia, and delays to vehicle-carrying ships.

17. For the avoidance of doubt, we are not criticising the actions of the biosecurity officers, or the rules, or the requirement to protect Australia's plant, animal, human, and eco-system health. However, it is an excellent example of the fact that the biosecurity risk creators are the people who own the cargo, the people who store the cargo, and who cause the cargo to be transported by sea. **The risk creators** are the **shippers** of cargo, not the **carriers** of cargo.
18. Consequently, in this context, biosecurity responsibilities and penalties should not be placed upon shipping companies because they do not have biosecurity control over cargo; it is the shippers and consignors who have direct control over the nature and condition of the cargo being shipped to Australia.
19. It is shippers and consignors who have full knowledge and understanding as to the state of their cargo – or, at the very least, who are in a position to have full knowledge and understanding as to the state of their cargo, and they have full control of it up to the point of loading. It is shippers and consignors who are in a position to provide false or misleading information or documents that could put Australia's human, plant, and animal health at significant risk.
20. It follows that overseas consignors should be responsible for ensuring that their cargoes are bio-secure in compliance with Australia's biosecurity regulations. The imposition of any penalties should fall upon overseas consignors for failure to provide bio-secure cargo, or who fail to provide accurate and timely information.

#### **An alternative – and better – solution**

21. Recent regulatory history suggests a better way to protect Australia's legitimate interests in protecting its eco-systems, its population, and its agricultural sector.
22. Prior to 2016, there were several maritime casualties and mis-declared container weights were a contributing factor to the cause of those casualties.
23. From 01 July 2016 shippers have been required<sup>8</sup> to declare the verified gross mass of containers before loading. The new regulation imposes responsibility on the shipper to provide the verified weight of the container by stating that weight in the shipping documents, by submitting it to the ship master (or his / her representative), and to the terminal representative sufficiently in advance to be used in the ship stowage plan.

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<sup>8</sup> By Resolution MSC.380(94) of the International Maritime Organization which amended the Safety of Life at Sea Convention.

24. If the shipper does not provide a verified gross mass of the packed container, then the container will not be loaded on to the ship<sup>9</sup>.

**Application to bio-security**

25. The aim of any biosecurity policy is, or should be, to prevent Australia from being exposed to biosecurity risk at the earliest possible opportunity provided that is reasonably practicable with the needs international trade so as to prevent the occurrence of harm.
26. It should therefore be obvious that a key time in the supply chain in which to prevent the introduction of bio-risk material into Australia is prior to the point of cargo loading onto a vessel.
27. Just as happens with container weights, prior to the point of loading, shippers could be required to ensure that their cargoes are bio-secure and to provide various certificates and information to that effect. Should that certification not be provided then the ship master should be empowered to refuse loading with all cost implications and any financial penalties falling upon the shipper.
28. Shipping Australia would even go so far as to suggest that such biosecurity obligations on shippers should be written into our bilateral free trade agreements.
29. Shipping Australia would welcome an opportunity to be party of any related working groups on this important matter.

Submission by the Shipping Australia Secretariat concludes.

With kind regards

Shipping Australia Secretariat

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<sup>9</sup> See IMO Circular MSC.1/Circ. 1475 of 9 June 2014. See also “Declaration of Verified Gross Mass (VGM)” of 02 Jun3 2016, GAC, at <https://www.gac.com/hot-port-news/declaration-of-verified-gross-mass-vgm>

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