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Committee Secretary  
Select Committee on Australia's Disaster Resilience  
Parliament House, Canberra  
Via email: [disasterresilience.sen@aph.gov.au](mailto:disasterresilience.sen@aph.gov.au)

Dear Committee Secretary

## **Shipping Australia's submission to the Senate Select Committee on Australia's Disaster Resilience**

### **Relevance of our submission to the Terms of Reference**

Shipping Australia has noted with interest that on 30 November 2022, the Senate resolved to establish a Select Committee on Australia's Disaster Resilience. The Terms of Reference include inquiry into

**(c) consideration of the practical, legislative, and administrative arrangements that would be required to support improving Australia's resilience and response to natural disasters; and**

**(d) any related matters.**

Shipping Australia will below present an outline of some of the issues that have arisen during the ongoing COVID-induced global disaster. We also discuss other disaster-related issues. This submission is a mere outline brief of a variety of important issues; Shipping Australia representatives would likely be available to provide further details upon request.

### **About Shipping Australia**

We are the principal Australian peak body that represents the locally owned and the locally active ocean freight-focused commercial freight shipping industry. In a nutshell, we represent the companies that, in some way, are involved with the physical transport ocean-going freight whether that is grain, iron ore, general cargo, or other freight carried on commercial terms. For the avoidance of confusion, neither we nor our members are involved in sectors such as recreational maritime, commercial fishing, or maritime defence (naval). Shipping Australia does not represent the offshore oil or gas industry, although some of our members may have business interests in those sectors.

We provide policy advice, insight, and information to approximately 70 members, who, between them, employ more than 3,000 Australians. We provide policy input to Australian State, Territory and Commonwealth Government bodies. We are recognised across Australia by politicians, public service officials, and the media as being the national association for shipping in Australia.

The constitution of Shipping Australia permits any owner or operator of ocean-going ships, or any provider of a variety of marine services, to join Shipping Australia provided they carry out relevant marine-related business (see below) in Australia. Membership of Shipping Australia is available to Australian businesses upon application and acceptance.

A wide range of Australian businesses are members of Shipping Australia, and these businesses include Australian ports, shipping agents, towage companies, ocean shipping lines, and a wide variety of Australian-owned and locally-operated maritime service providers. Services provided by our members include ocean freight shipping, 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. They also handle a considerable volume of our car, and our bulk commodity trades.

Shipping Australia would be happy to explain and elaborate on any of the points in our submission. We are amenable to appearing before the Committee.

Our submission to the Senate Select Committee on Australia's Disaster Resilience begins overleaf.

Submission authorised by:

Capt Melwyn Noronha  
CEO, Shipping Australia

## SUBMISSION BEGINS

1. **Economic matters:** in the 2018-2019 financial year there were about AUD\$373.51 billion of tangible<sup>1</sup> goods / commodities exports and AUD\$320.00 billion of physical goods / commodities imports. Together, the value of physical imports and exports totalled about AUD\$693.52 billion. Exports therefore accounted for about 18.86% of our GDP in that year and imports for about 16.15%, equalling about 35.1% of GDP.
2. Australia's physical two-way trade in 2018-2019 was 1,694.9 million tonnes (1.69 billion tonnes) of cargo by volume and \$692,858 million (\$693 billion) of cargo by value.
3. The shipping of ocean-going freight is vitally important to Australia as freight is overwhelmingly transported by sea. Ocean-going ships carried 1.69 billion tonnes of cargo with a value of about \$579.2 billion. Therefore, about 99.93% by volume and 83.6% by value of all Australian freight is transported by ocean-going cargo ships<sup>2</sup>.
4. In 2016-2017 that physical, sea-going, trade volume was carried by 5,845 uniquely identified cargo ships and they made a total of 32,801 port calls at Australian ports in 2016–17. These included 5,743 cargo ships which made 17,068 voyages to Australian waters from overseas ports, according to The Bureau of Infrastructure and Transport Research Economics (BITRE), which reports on the number of vessel calls in Australian ports.
5. The benefits of Australia's international trade far exceed the dollar value of the cargo itself.
6. The term "merchandise trade" means the trade in physical goods that cross the border of a country, and which are sold and / or used in that country. Australia's merchandise trade as a percentage of gross domestic product is about 35.27%.
7. A 2017 study demonstrated that Australia's liberal international trade system led to the economy being 5.4% higher in 2016 than it would otherwise have been without trade liberalisation; that the average Australian family had a real income AUD\$8,448 higher than otherwise; and that trade supported approximately **1-in-5 jobs**, which was about 2.2 million employees at the time.
8. Exports supported about 14% of all employment in 2016 and imports supported about 6% of all employment. Today, a one-in-five international trade supported jobs figure would equate to about 2.6 million Australians given that current Australian workforce numbers just over 13 million people.
9. **Resilience of shipping to external shocks:** ocean-going shipping is the key mode of transport in the international supply chain and, although any given ship might possibly be vulnerable to any given event or threat at any given time, ocean-going shipping as a whole has been proven to be resilient. Australia's maritime supply chains are highly resilient. Ocean shipping has a wide range of ways to manage disruptions by changing the ways that they operate these ships.

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<sup>1</sup> Ocean shipping is concerned with the transport of **tangible** goods and commodities. In the following submission we do not concern ourselves with the import or export of important intangible services such as education.

<sup>2</sup> The rest was air freight. The aviation sector physically handled about 1.2 million tonnes of cargo with a value of about \$113.7 billion; about 0.07% by volume and 16.4% by value of all Australian cargo (i.e., all inbound and outbound cargo) was carried by aeroplanes.

10. These facts have been recognised by the Productivity Commission in its 2021 Vulnerable Supply Chain report. Ocean shipping is highly resilient because of massive redundancy and diversification.
11. Blockages of international sea-lanes have been portrayed by a wide-range of commentators as potentially posing severe problems for Australia, especially after the blockage of the Suez Canal by a large vessel in March 2021. However, evidence from recent history shows the exact opposite – blockages of international sea-lanes are not problematic for Australia. The March 2021 Suez Canal blockage did not put the world economy into a dive, nor did it have any noticeable effect on Australia. Industry analysts reported that the effect was absorbed by the world economy in about nine (9) weeks.
12. Arguments about the alleged fragility of the maritime supply chain for fuel are greatly overstated as ocean shipping is highly resilient plus, the nature of the maritime supply chain results in massive diversification which means no one disaster or enemy action can significantly disrupt our fuel supply.
13. However, blockages of Australian shipping channels and sea-ports could be devastating to the wellbeing of Australia and the economy of Australia as most of our major container sea-ports are regional monopolies that serve hundreds of thousands to many millions of Australians. If these seaports are damaged or blocked then that, in itself, could cause severe problems. If they are blocked just before, during, or just after a disaster, then that blockage could massively disrupt recovery and damage Australian resilience.
14. **Government communications failures during COVID:** Official communications during the COVID pandemic were very poor. They were confusing, hard to find, hard to interpret, they changed too much and too frequently, and it was too difficult to stay current. In the whole-of-Australia COVID disaster, there were far too many changes communicated by too many government bodies far too frequently. Conversely, some bodies that were expected to produce rules did not produce any rules at all for a very long time which caused anxiety, frustration, and wasted costs.
15. **Unreasonable government intransigence during COVID:** Governments across Australia were highly intransigent and caused a lot of harm. They did not adequately cater to the legitimate needs of the logistics and ocean shipping industries. Health and law enforcement professionals particularly were blind to – and unheeding of – the non-health risks of their decisions and rules even though they received adequate warning from bodies such as Shipping Australia.
16. **Coastal Trading (Revitalisation of Australian Shipping) Act 2012 (Cwlth):** this Act hurts our disaster resilience because it reduces the ability to move vitally needed freight around the coast. The Coastal Trading (Revitalising Australian Shipping Act) 2012 (Cwlth) has badly damaged the vitality of the Australian fleet. And, at the time of writing, this restrictive Act is causing suffering to Australians in the eastern Kimberley region of Australia as it prevents a vessel from the international fleet being hired to carry emergency aid to isolated communities.
17. **Proposed political fleet will likely fail and it could hinder disaster relief:** the proposed national maritime fleet policy, the so-called “Strategic Fleet”, will likely be an expensive failure. At the time of writing, political inaction in shipping policy is

causing suffering to Australians in the eastern Kimberley region of Australia. Creation of a political fleet will create more problems.

18. The Productivity Commission and various other reviewers have repeatedly (at least eight or nine times) called for coastal shipping reform in Australia and the Productivity Commission has twice – in two separate reviews – pointed out that a national shipping fleet is bad policy.
19. **Australian industrial relations:** the current landscape hurts our disaster resilience, and it will do so even more in the future. Australia’s current industrial relations landscape is now, and will increasingly in the near future, make Australia less resilient to disasters.

## Recommendations

20. **Recommendation 1:** the Committee should recognise in a statement that ocean-going shipping by the international shipping fleet is of vital importance to the well-being of Australians and to the Australian economy.
21. **Recommendation 2:** that all Australian elected officials and all appropriate employees of the Australian Public Service that interact with the maritime freight-focused supply are directed to understand (via training) and to recognise the vital importance of freight to the economy of Australia and the wellbeing of Australians.
22. **Recommendation 3:** the Committee should recognise that ocean-going shipping from the international fleet and Australia’s maritime supply chains are highly resilient to external shocks.
23. **Recommendation 4:** the Committee should recommend that all appropriate decision-makers in government be advised that ocean-going shipping, and Australia’s maritime supply chains are highly resilient to external shocks.
24. **Recommendation 5:** the Committee should recognise that blockages of international sea lanes are not as problematic as portrayed by a wide range of commentators and are, in fact, over-stated.
25. **Recommendation 6:** the Committee should, however, recognise that blockages of Australia’s sea-ports could be devastating.
26. **Recommendation 7:** the Committee should recommend that policy makers should ensure that the risk of harm of blockages in Australian seaports of access channels, turning basins and berths (potentially for long periods of time) should be greatly reduced and that policy makers should satisfy themselves that there are adequate preventative- and mitigating-risk management strategies in place.
27. **Recommendation 8:** the Committee should recommend that current Australian policies of having regional monopolies so that one port serves a large region of Australia should be discontinued because of the risks of harm that blocking / damaging a single port poses, and that multiple alternate ports should be developed so that Australia does not have multiple regional monopolies.
28. **Recommendation 9:** the Committee should conclude that seaborne imports of refined petroleum products are highly resistant and resilient to supply chain shocks. It should therefore recommend that there is no basis for government intervention in the maritime fuel supply chain on the grounds of risk management or for the prevention of disasters, or for resilience against disasters.

29. **Recommendation 10:** the Committee should recommend that there be an inquiry (independent of the political parties) into government actions, decisions, and intransigence in respect of the maritime and landside supply chains during the recent COVID disaster with a public report tabled in Parliament so that lessons may be learned.
30. **Recommendation 11:** the Committee should recommend that a less piecemeal approach needs to be taken when adopting new rules or amendments and that Plain English guides to interpretation should be issued simultaneously with new rules or amendments.
31. **Recommendation 12:** the Committee should state that it is sensible and reasonable for elected officials and public sector officials to consider the advantages and disadvantages of a proposed course of action (or inaction), taking into account the likelihood of harm, the magnitude of harm in the event of its realisation, and the potential mitigation of and recovery from harm after it has occurred.
32. **Recommendation 13:** the Committee should urge that an objectively reasonable risk management approach should be adopted for the control of diseases (or any other natural disaster) by elected and public service officials and this should include officials assigning an adequate weight to the economic importance of ocean-going shipping and to the whole logistics chain, to ensure that Australian's vital interests are – and continue to be – met.
33. **Recommendation 14:** the Committee should recommend that the Coastal Trading (Revitalising Australian Shipping) Act 2012 ought to be repealed as it is evident that that Act has not achieved its objectives and it weakens Australia's disaster resilience.
34. **Recommendation 15:** the Committee should recommend that work on the national maritime fleet policy proposal should be stopped immediately and ought not to continue.
35. **Recommendation 16:** the Committee should recommend that the aspects of the Fair Work Act (as amended) that do now, or will in the future, give power to the trade unions to carry out simultaneous industrial action across multiple employers across the waterfront or along the supply chain should be revoked immediately.
36. **Recommendation 17:** the Committee should recommend that notice periods before industrial action can be taken at waterfront companies should be extended to 21 days.
37. **Recommendation 18:** the Committee should recommend that enterprise bargaining on the waterfront should be subject to specific time frames and that the parties should be required to settle their dispute in the Fair Work Commission if they cannot settle the dispute by themselves within that time.
38. **Recommendation 19:** the Committee should recommend the prohibition of any industrial action that prevents the working of sub-contracted vessels at a separate terminal.
39. **Recommendation 20:** the Committee should recommend a review be carried out into the fact that the trade unions have been found to be carrying out go-slows and imposing productivity caps on the waterfront; that an economic impact analysis be carried out into that specific form of industrial disruption, and to provide recommendations as to how to remedy the situation.

## **SUBMISSION CONCLUDES**