

Vero Marine Insurance News

Fertiliser

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Fertiliser is a major physical input to Australia's agricultural sector with local farmers utilising around 4.5 million tonnes of product annually with a value in excess of \$2 billion.

There are two major types of fertiliser for the agricultural industry:

- ▼ Inorganic fertiliser is the result of a manufacturing process which produces a chemical or synthetic product
- ▼ Mined fertiliser is a natural non-organic product of the earth consisting of rock phosphate and sulphur.

The use of organic fertiliser (e.g. fish and animal meal or seaweed) is smaller in Australian agriculture although the application of liquid-based seaweed products is increasing in some sectors.

Fertiliser is usually shipped to Australia in large bulk carrier loads.

Bulk fertiliser shipments

Although these shipments are prone to the usual risks of sea travel, there are five risk areas requiring special attention:

- ▼ **Fire or spontaneous combustion** may occur in certain circumstances.
- ▼ **Water damage** can degrade the product or cause lumping and caking which makes handling and any further processing difficult.
- ▼ **Shortage** – the combination of a loose, pliable or soil like product and bulk shipment method will mean some degree of shortage is likely during the load/discharge activity. Also, heavy rain, action of the wind or flooding/tidal surge can cause shortages during storage or stock-piling. An excess may apply to shortage loss.
- ▼ **General Average** risk may increase where the trade pattern requires shipment of corrosive fertilisers in older vessels.
- ▼ **Contamination** may occur to imported fertiliser in a number of ways including during manufacture, storage or due to the bulk mode of transport.

The Australian Quarantine & Inspection Service (AQIS) has a "zero tolerance" regime to the contamination of fertiliser imports and applies strict import and permit conditions.

AQIS has developed risk-based approval protocols to assist in the rating of import shipments including the overseas production and shipment facilities and vessels used.

What might be considered very minor levels of contamination – a single handful of grain or soil – will more than likely lead to a declaration of "actionable cargo" and the shipment refused entry to Australia. In some cases, expensive treatment can be applied to the fertiliser to allow its entry.

Be alert to the potential of additional insurance requirements for fertiliser imports to Australia.

How do I find out more?

Contact the Vero Marine Team or your Vero Business Development Manager.