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If you have any questions or comments relating to any articles in this newsletter, please feel free to contact the MAX Editor on 03 9647 6000 or admin@mial.com.au.

WELCOME



From the Chair

In our last issue of *MAX*, I mentioned that it looked like COVID had finally turned a corner, allowing us to start moving forward again. This issue is focused on Sustainability and Maritime Resilience – topics that are closely interrelated and are the subject of ever-increasing activity for our sector – it is indeed an exciting time to be part of MIAL.

April 2022 saw the return of face-to-face events with the inaugural MIAL Maritime Decarbonisation Summit Series. The Australian maritime industry met in Melbourne to canvas the challenges and opportunities associated with decarbonising Australian maritime. It was such a pleasure to meet again in person, hear robust discussion and gain commitment from our industry and stakeholders to work together on such an important issue facing us all.

On 12th October it is Sydney's turn, and MIAL will host the 2nd Maritime Decarbonisation Summit at the Shangri-La Sydney. I encourage all those able to, to participate in this event and engage in what is shaping up to be an exciting program.

In June this year, MIAL said a fond farewell to our long-standing Chief Executive Officer, Teresa Lloyd. Teresa was a critical member of the MIAL team and proudly represented the industry and our Members for almost 20 years. Teresa led the Association with conviction and an unwavering dedication to get things done.

Upon Teresa's departure, Angela Gillham took up the position of CEO. Many of you know Angela as our Deputy CEO, and at such a critical time for our industry and our nation, Angela's proven track record of delivering outcomes of vital importance left us in no doubt that she is the right person to lead us into the future.

Since our last edition of *MAX* in November 2021 we have had three new Members join MIAL. We welcome Atlas Professionals back into the fold, along with Pragma Strategy as an associate member and long-time ally, Brett Whiteoak to our Professional Member category. We warmly welcome you and look forward to engaging across the wide range of issues that span our every-day maritime activities.

I look forward to seeing all Members at our MIAL Annual General Meeting and function this year, as we gather in person once again.

Allen Dobie
Chair



From the Chief Executive Officer

Since our last issue of *MAX*, we have made incredible progress on our key policy priority – for the first time in living memory, we now have bipartisan support for increasing Australia’s sovereign maritime capability through Australian flagged shipping.

Concerns relating to Australia’s critical supply chain security during the peak of the pandemic and increasing geopolitical tensions in our region helped to crystallise the importance, across party lines, of our nation having some control of our own domestic and international supply lines.

May’s election saw the reinstatement of a Labor Government, their commitment to the ‘Maritime Strategic Fleet’ and the establishment of an industry taskforce to guide policy development. The establishment of a maritime strategic fleet will provide a very important boost to the revitalisation of Australian shipping and will help to secure the supply of critical skills that support broad economic activity. But in addition to the maritime strategic fleet, to ensure the industry can be sustained over the long term, changes to tax settings to incentivise Australian shipping, is essential.

We must be able to compete on a level playing field with foreign ships into the future. Australian shipping businesses require flexibility within their operations and deployment of their crew. With small changes to the corporate tax settings and expansion of the seafarer’s tax offset, we will certainly have many of the elements needed to secure the industry’s future.

It’s important to also remember that policies that help to secure the future of the Australian shipping industry, also establish a pipeline of highly qualified Australians who will not only crew the vessels that strengthen our sovereign maritime capability and supply chain security, but provide the expertise for pilotage, towage and other port operations, shipping activities within our major resource companies, and compliance roles with the regulators. Current experience shows that

without a strong shipping industry, the supply of these skills that underpin our economic prosperity dries up.

We are very excited to work with the new government to optimise the benefits of their welcome policy commitment.

The new government also brings a renewed focus and commitment to decarbonisation, and MIAL welcomed the Australian government’s 2030 pledge to reduce emissions by 43% below 2005 levels. Across the board, this provides industry with some of the policy certainty needed to make the significant investments required to reduce emissions.

MIAL is very much looking forward to hosting our 2nd Maritime Decarbonisation Summit in Sydney on 12 October 2022, and we hope to capitalise on the momentum generated by our inaugural summit in April.

For shipping to decarbonise we need the alternative fuel options to be available at scale, with security of supply and at a reasonable price.

The opportunities that exist within Australia to decarbonise our own hard to abate sectors, including maritime, are exciting. But to ensure these opportunities doesn’t go to waste, we are going to need brave policy action.

I am thrilled to have the opportunity to lead MIAL through this incredibly exciting period of change and energised by both the opportunities and challenges ahead as we work with our members, the government, and our broad stakeholder group to secure a bright future for our maritime industry.

Angela Gillham
Chief Executive Officer

Keeping the Momentum for Shipping Reform

On 1 July, Angela Gillham stepped into the CEO role at Maritime Industry Australia Limited. DCN editor Ian Ackerman caught up with her in early July to see where MIAL is heading now and hear about the future of the Australian maritime industry.

What's the most pressing issue MIAL is working on at the moment?

We're waiting for the government to kick off the task force looking at various measures to increase Australian sovereign maritime capability, which the new government has committed to. The coalition also committed to certain measures to increase Australia's sovereign maritime capability prior to the election. So, we're in a pretty solid position, with bipartisan support, to achieve that.

We can't wait to start moving on these things because in our view it needs to happen quickly, before there's any more attrition in the industry.

We're keen to participate in the task force, and we're also keen for other business groups to participate in the task force as well. It's important that we take users of shipping along the journey with us to make sure that people understand that we're not looking at increasing costs across the board. What we're looking for is to enable Australian shipping businesses to compete on a commercial basis with international ships.

We need the users of shipping to understand that as well and to be supportive of what we're trying to do, which is essentially secure our international and domestic supply chains.

The new government just got its feet under the desk and there are a lot of competing priorities for them. But we would like the taskforce to be in place as soon as possible.

There are many things that the task force will need to discuss.

We can't wait for the Australian fleet to build naturally before we move on the skills issue.

We have a dire situation at the moment where even if we did achieve what we'd like to achieve through the strategic fleet – increasing numbers between five and 12 new vessels – we don't know where the seafarers will come from. Even with the current projections of growth in the offshore sector, it's difficult to see where those skills are going to come from.

Port pilotage is another area that's really crying out for those maritime skills. And immigration isn't going to meet the demand required because there is a global shortage of these skills. That will be a key issue for the task force to deal with.

Is there anything that can be achieved outside of the taskforce?

We think there are things that can be accomplished outside of the task force, like the changes that we've proposed to the corporate tax settings that need to occur for businesses to start planning and looking at what's possible under that discrete change.

Australia has a pretty good corporate tax framework for Australian vessels. Zero tax is applied to profit derived from the business of shipping where those profits are reinvested into the company. This is why we've seen a fair amount of fleet renewal across the existing Australian fleet in the past decade.

However, if profits are to be paid out to the shareholder, they're taxed. That's enough of a disincentive for operators to join the Australian flag or indeed the Australian second register because you can't pay your shareholders without it being taxed. And this is not competitive with foreign settings.


All major shipping nations have a zero or very, very low tax regime applied to their shipping industries, because they recognise the benefit of having a homegrown sovereign maritime capability and all the tax accrued associated with the industries that thrive and operate around a shipping industry.

Another piece of the tax issue is that most international seafarers don't pay tax in their country of residence. Australian seafarers working internationally qualify for an income tax rebate, which makes them more competitive.

However, we have this absurd situation where foreign seafarers can work on the Australian coast 24-seven and not pay any tax. This makes Australian seafarers uncompetitive with the foreign seafarers. So, these are all different pieces of the puzzle that mean that Australian businesses can't compete with foreign businesses. So, it's a little bit absurd when you think about it from that perspective.

Decarbonisation is a big topic these days. How is MIAL engaging in the subject?

Decarbonisation is one of the key policy pieces that we're concentrating on at the moment. Things are moving quite quickly internationally in terms of new regulations coming down the line.



One of the [decarbonisation] issues we have in Australia is accessing lower carbon fuels at scale and at a price that makes them economically viable.

One of the issues we have in Australia is accessing lower carbon fuels at scale and at a price that makes them economically viable. Part of MIAL's policy program around decarbonisation is to raise the issue and put a bit of a spotlight on the maritime sector. We are going to be competing for these lower and zero carbon fuels into the future with other sectors like aviation, for instance. We need to make sure that the needs of the maritime industry to decarbonise are front and centre of government's thinking.

Tell me about the decarbonisation summits MIAL is running.

At the last summit, we came out with a statement calling on the Australian government to work with us in several areas. One of those areas is to provide more detail around the meaning of green corridors and what green corridors look like.

At the next summit we're going to look at some of the policy mechanisms that exist elsewhere that make these lower carbon fuels viable. We're talking about bio energy here and potentially methanol.

We're going to look at questions like what makes them viable in other countries? What are some of the frameworks, the credit trading schemes and things that make it economically viable for operators to use bio energy?

The next summit will take place in Sydney on 12 October.

We're planning a third decarbonisation summit, probably in April in the west.

The idea is to focus on the opportunities for co-location of new fuels and maritime activity within each of the regions.

This summit in October we'll be looking at the upper east coast, as opposed to the last forum where we looked at some of the opportunities that are gearing out of hydrogen generation in Tasmania.

It's an exciting piece of work. MIAL entered the space tentatively knowing that there was a lack of leadership; someone needed to do something. Once we dipped our toe in the water, the enthusiasm for us to really go hard in the space was quite surprising and encouraging. It has certainly become a key policy piece for us.

Will there be any changes at MIAL with you at the helm?

We've built a lot of momentum over the past six to 12 months. So, for now it's about maintaining that momentum. Collaborating also – we're keen to collaborate with other peak bodies, other industries that are associated with what we are doing, and we certainly have started doing that more in the last six months.

I'm really keen to continue that focus on collaboration. And holding the government to account for what they have committed to doing and making sure that that momentum continues. It's a great position to be in.

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Keeping up with Decarbonisation

■ By Angela Gillham, MIAL CEO

Australia has some catching up to do when it comes to decarbonisation. By avoiding meaningful action for so long, Australia will now need to work on a sharper emissions reduction trajectory to reach the common goal of net zero by 2050.

The shipping industry is somewhat unique, in that the reach of IMO regulations extends to shipping activity on Australian shores. As such, new energy efficiency regulations that aim to reduce the carbon intensity of ships will enter into force from January 2023 and will apply to international shipping operating in Australia.

One way in which operators can reduce the overall carbon intensity of ships, is by using biofuels or renewable diesel. However, Australia does not have the necessary policy and regulatory settings in place to incentivise scaled up production of biofuels and help to bridge the considerable price gap between conventional fuels and bioenergy, which is a major barrier to uptake. Good intentions and corporate ESG principles will only ever go a small way to reducing emissions. We need strong governments to make brave policy decisions that are in the nation's long-term interest that will help to ensure these fuels are available to the industries that need them.

This industry wide search for the levers to make meaningful decarbonisation a reality, especially here in Australia, is the driving force behind the MIAL Maritime Decarbonisation Summit Series. MIAL's Decarbonisation Focus Group assists to guide MIAL's advocacy work, which includes pushing for the development of an Australian National Action Plan for maritime decarbonisation.

In April, MIAL hosted the first event in the series — a vehicle for enhanced collaboration, coordination, and consultation, between industry stakeholders. We aim to promote the challenges the industry faces to decarbonise, but also the opportunities that this presents for the nation, with respect to the generation and supply of low and zero emission maritime fuels.

Pressure on the industry to decarbonise has intensified with the new IMO regulations intended to drive shipping carbon intensity down and monitor for progress in the area.

The new regulations, designed to ensure the industry meets the carbon reduction targets outlined in the IMO Initial Strategy, focus on reducing the carbon intensity of the international fleet and individual ships through technical and operational means. Ships will be required to be fitted with equipment that limits the possible power output to meet an efficiency baseline (known as the EEXI, or Energy Efficiency Existing Ship Index) according to ship type. Large vessels are also required to gradually reduce carbon intensity per tonne of transport work completed, continuously over time (known as the CII, or Carbon Intensity Indicator).

“Australia does not have the necessary policy and regulatory settings in place to incentivise scaled up production of biofuels and help to bridge the considerable price gap between conventional fuels and bioenergy, which is a major barrier to uptake.”

Continued from previous page...

Keeping up with Decarbonisation

Most controversial of the two measures is the CII, which uses information ships are already reporting through the IMO Fuel Oil Data Collection System (DCS), a regulation introduced in 2019. The CII requires large ships to report their annual fuel consumption to IMO, and vessel cargo capacity to calculate operational efficiency.

Shipping is highly energy efficient when carrying very large volumes of cargo over long distances, however not all seaborne transport has these characteristics, and factors such as sea state can significantly affect the operational efficiency of ships. Some trades or shipping routes require shallow draft vessels with smaller cargo capacity and shorter voyages between cargo loading and discharge. Some voyages, for a raft of reasons, also include longer waiting times and on-board cargo handling equipment with an additional energy requirement.

These trades are needed for a multitude of environmental, social, and economical reasons. Remote and isolated areas may have minimal port development and shoreside equipment, natural shallow bathymetry may require vessels of a specific shallow draft design to avoid extensive dredging. In these circumstances, the transport work cannot be completed by other ship types or modes of transport.

The CII calculation places vessels into a category from A to E, A to C being the least carbon intensive, and E and D vessels being the most carbon intensive, or least efficient. Vessels in category E must develop and implement a corrective action plan that demonstrates measures that will be taken to increase energy efficiency, and vessels in category D for three consecutive years must do the same. Unfortunately, due to their inherent characteristics and specific design and utility, many of these D and E vessels have very few options available to them, other than ultra-slow steaming, which will, in many cases, impact on the overall productivity of an operation.

The other option which will become increasingly important as the IMO targets tighten is alternative low and zero carbon fuels. Biofuels have the potential to significantly reduce carbon intensity and while the feedstocks and products produced are many and varied, drop-in biofuels could be adopted en masse by the industry if they were available at scale and at a price that was economically viable.

Looking further into a net zero future, policy and regulatory settings will be critically important in helping to drive investment in the manufacturing of zero carbon fuels in Australia. There will be an extraordinary demand across the economy for zero carbon fuels to power the hard to abate shipping, aviation, and manufacturing sectors, in addition to the renewable stationary energy requirement to decarbonise our everyday lives.

The 2nd MIAL Maritime Decarbonisation Summit, being held in Sydney on 12th October 2022, is an opportunity to explore the settings that are required to create an enabling policy and regulatory environment that will assist in the low carbon transition.

These events provide an opportunity for collaboration and education, as well as a chance to hear from those organisations making strides nationally and/or internationally. The program for the October event includes the sessions listed opposite.



This industry wide search for the levers to make meaningful decarbonisation a reality, especially here in Australia, is the driving force behind the MIAL Maritime Decarbonisation Summit Series.



1

SESSION 1:

Unlocking the new maritime energy value chain

- Green Corridors and the Australia to East Asia Iron Ore Opportunity
- Leading Together: The advantages of collaboration in accelerating decarbonisation in the maritime sector
- The Hydrogen Energy Supply Chain Project
- Supporting the business case: How the CEFC can support the early movers in decarbonisation

2

SESSION 2:

Creating the right enabling environment

- The Economics of Bioenergy – Regulatory interventions to incentivise scaling up
- Progress on Guarantee of Origin for Hydrogen Products
- The Role of P&I Clubs in Facilitating the Energy Transition
- Driving Decarbonisation Through Data Transparency and Market-based Incentives

3

SESSION 3:

New energy generation and co-location, and the role of Australian ports in maritime decarbonisation

- The IAPH Clean Marine Fuels Working Group
- Renewable Shore Power for Shipping Decarbonisation
- Shore Power – A Ship Owners' Perspective
- Reducing Emissions in Towing Operations

4

SESSION 4:

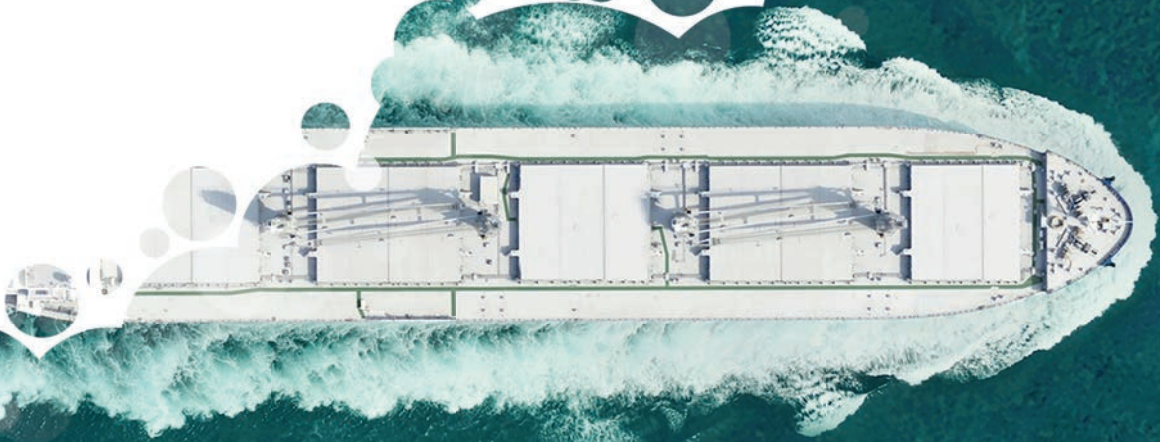
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- Case Study: Electrification on an Australian Domestic Commercial Vessel
- Green Methanol Decarbonisation – Making the right choices
- Development of Engine Technology on Future Fuels

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Growing Australia's Ma

■ By Angela Gillham, MIAL CEO

MIAL's vision is for a sustainable and viable Australian shipping industry, a vision that is clearly in the national interest. As an island nation, Australia is almost entirely reliant on foreign vessels to link us with the global economy and supply us with the critical materials that underpin our way of life. Heavily reliant on international essential supplies including fuel, medicines, chemicals, fertilisers and manufacturing material imports for fuels, chemicals, and fertiliser this leaves us vulnerable in times of geopolitical unrest.

As an island, Australia also requires maritime skills more so than other countries. The training, skills and experience obtained while working at sea are utilised in a range of industries and government services across the Australian economy, including in port operations (pilotage, harbour masters, port operations), the resources industry (shipping superintendents, marine managers, and towage operators) and maritime compliance (AMSA, classification societies).

The use, retention and development of maritime expertise is vitally important to the shipping industry directly, but equally important is our ongoing ability to supply the nation with these critical skills. The decline in Australian ships has seen a corresponding decline in training opportunities, and the supply of highly skilled Australian seafarers has all but dried up. Compounding the issue is the

fact that many end users of maritime skills, with a few exceptions, cannot and do not train or contribute to training and skills development for current and future needs.

The 2019 MIAL Seafaring Skills Census predicted a shortfall of more than 560 seafarers by 2023, however, the Census did not predict industry attrition resulting from COVID 19, the upswing in maritime skills demand resulting from increased activity in the existing offshore resources industry, or consider future demand driven by the burgeoning offshore wind industry.

The Australian shipping industry should have the opportunity to compete on a level playing field with foreign ships. Shipowners operating under any major national overseas flag, benefit from various forms of assistance provided by their host nation. A free market does not exist in international shipping.



Maritime Strategic Fleet

Governments of most maritime nations (France, Germany, Denmark, Brazil, Greece, South Africa, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States of America) provide considerable financial incentives to their flag vessels. Acknowledging the benefits derived by having a strong national maritime capability, large shipping nations either incentivise, subsidise or protect their national fleets.

The Australian Government's proposed maritime strategic fleet, a concept strongly supported by MIAL, is an important policy initiative that will help to accelerate the recovery of Australia's shipping industry. Foreign ships will always play an important role in our domestic and international supply chains; however, ongoing geopolitical instability and a desperate need to re-establish a sustainable maritime skills pipeline have put Australia in a vulnerable position with ongoing total reliance on foreign interests.

The benefits of an Australian Strategic Fleet include:

- training and work opportunities to secure the skills we need;
- control of strategic assets and ability to call upon them for national support;
- additional supply chain security; and
- economic diversity and returns to the nation generated from the sector.

MIAL is also keen to see corporate tax and seafarers tax reforms applied to our shipping industry, to allow our shipping industry and its highly qualified people to be internationally competitive.

Both sides of politics have recognised that without a strong national maritime capability we are vulnerable and in this new bipartisan environment we look forward to working with the current government to ensure policy success.

Cross-collaborative Solutions Forged at Maritime Decarbonisation Summit

The MIAL Chairman Allen Dobie and CEO Angela Gillham were pleased to be able to be present in London to participate in the *ICS Shaping the Future of Shipping Summit* on the 21 June this year.

The Summit set out priorities and next proactive decarbonisation steps for the industry.

Maritime leaders issued clear calls during COP26 for greater collaboration and industry-led action to ensure decarbonisation targets can be achieved. Heeding those calls, the International Chamber of Shipping (ICS) convened a summit of more than 100 CEOs and government representatives on 21 June to push forward international, cross-sectoral collaboration and agree to tangible actions required to accelerate the industry's transition to net zero carbon fuels.

Three key priorities emerged from the day-long summit: the urgent need to establish a global market based measure, the rapid prioritisation of research and development for alternative fuels and propulsion technologies, and, vitally, the need for development and access to clean fuels, not only for shipping but for all global transport industries.

Mark Cameron, Executive Vice President and COO, Ardmore Shipping, attended the summit and noted a “seismic shift” that has taken place in the maritime industry. “I am seeing full engagement and a push for change for the first time,” he said. “And that seismic shift is coordinated. This is not just a coalition of the willing but it is outcomes focused, it is not political but looking purely at solutions.”

One such solution was unanimously agreed to by attendees at the Shaping the Future of Shipping summit with the announcement of a practical public/private cross-sectoral project to establish a Clean Energy Marine Hubs Taskforce. It will work to bring together different parts of the transport and energy value chain, including ports, energy companies, and shipping companies, to coordinate and join decarbonisation efforts and unlock investment and infrastructure required to provide access to green fuels in key logistical regions.

Clean Energy Marine Hubs

The first priority will be to take forward the proposed Clean Energy Marine Hubs (CEMH) with a view to launch the hubs initiative by September's Clean Energy Ministerial meeting of 29 energy ministers from leading governments. The creation of global hubs at key ports around the world would help develop stronger cross-sector collaborations that link the energy sector with the maritime value chain, enabling policy makers and industry stakeholders to quickly unlock clean energy deployment.

As highlighted in the International Chamber of Shipping (ICS) report, *Fuelling the Fourth Propulsion Revolution*, shipping

will not only require access to vast amounts of zero carbon emission fuels – up to all the world's current renewable energy output – but will also play a fundamental role in delivering these fuels globally and act as an enabler for governments and industries to achieve their climate targets. It stresses the need for the “establishment of international cooperation projects” to achieve these goals.

“Currently, energy companies, ports, governments, shipowners and other key transport sectors and stakeholders have been largely working in silos. Each segment has its own priorities but also holds its own unique knowledge and

understanding of what will be required to decarbonise the world,” Guy Platten, Secretary General, ICS, said. “This taskforce gives us a mandate to bring major players together, to share knowledge, collaborate, and importantly de-risk investments to take real-world action and create the necessary infrastructure in the most strategic locations to ensure we can work together not only to decarbonise our own industries but the world.”

Ports will play a pivotal role in the Task Force and investments for the transmission of alternative fuels will dictate future shipping routes and support the development of green corridors. Patrick Verhoeven, Managing Director of the

“The global port community has a responsibility to offer refuelling hubs for maritime transport and also has a great opportunity to facilitate the trade of green fuels. No one industry can achieve the world's decarbonisation goals independently...”



Esben Poulsson, former Chairman, ICS, addresses attendees at the ICS Shaping the Future of Shipping summit 2022.

International Association of Ports and Harbours, said: “The global port community has a responsibility to offer refuelling hubs for maritime transport and also has a great opportunity to facilitate the trade of green fuels. No one industry can achieve the world’s decarbonisation goals independently; platforms such as this which promise to bring us together will be crucial to making those goals a reality.”

Next steps for the taskforce are already underway to map out the key stakeholders required for the initiative and outreach to grow and develop the network, ahead of the intended formal launch in September.

Platten added: “This is the start of an important process. It is not just another declaration or commitment but is real world work that is now underway and will form a vital piece of the global decarbonisation puzzle.”

Market based measures

The pressing need for a market-based measure to help decarbonise shipping via a carbon price on emissions was emphasised in discussions throughout the summit. In 2021, industry groups submitted a proposal to shipping’s UN regulatory body, the International Maritime Organization (IMO), to bring forward negotiations around a global MBM by several years. Now, representatives of shipping’s value chain have doubled down on the urgent establishment of this measure, viewing it as key to reach the industry’s ambitious decarbonisation goals.

“There was a clear drive from participants that the shipping industry needs a market based measure and it needs one now,” said Stuart Neil, Director of Strategy and Communications at ICS.

Attendees of the conference also agreed to rapidly prioritise R&D for innovating low and zero-carbon fuels and technologies. In the absence of an IMO led proposal to advance R&D industry leaders committed to take forward unilateral approaches to advance this initiative and explore other forms of collaborative coalition.

Clear direction

While MBMs, R&D and access to fuels were topics that all attendees aligned on, multiple discussions were had across a range of topics including how to achieve a just transition to the role of insurance in shipping’s decarbonisation, that will pose further collaborative opportunities.

Platten noted: “There was a richness of discussion and eagerness for knowledge sharing that created myriad ideas and avenues to go down and we can work collaboratively on. The role of ICS and the new Clean Energy Hub Taskforce will be to pull that work together, give it purpose, direction and, importantly, create tangible results.”

Those in attendance all shared notes of optimism on how committed maritime leaders are to take decisive action on decarbonisation. Speaking to ICS Leadership Insights at the end of the summit, Bud Darr, Executive Vice President, MSC Group and ICS Board Member, concluded: “The quality of discussions at the Shaping the Future of Shipping summit was strong. We have come far as a shipowner community, and are having massively different conversations than even four months ago. The nature of items owners are willing to fully commit to is indicative of a genuine desire to decarbonise by 2050 and today reinforced that momentum.”

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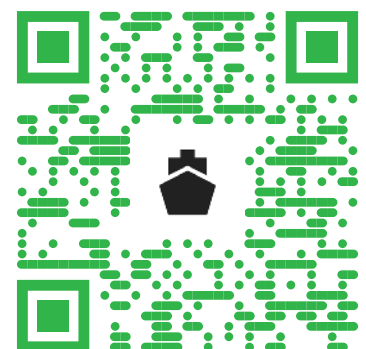
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2022 MIALstones



■ By Samantha Emms, MIAL Communications Manager

Almost three years after anyone first heard of COVID-19, I'm not sure there is anyone who isn't tired of hearing about the pandemic, unprecedented times, and lockdowns. While much of the trauma of the past 3 years is behind us, the long tail of covid is still being felt through chronic skills shortages and supply chain bottlenecks.

In addition to the small matter of a global pandemic, the maritime industry has had quite the year. With an election looming, the ALP reaffirmed its commitment to the maritime strategic fleet in January 2022, to address the decline of Australian flagged ships and the many vulnerabilities that has created for Australia or were exacerbated as a result of the pandemic.

The ALP announcement was very welcome - a maritime strategic fleet will provide security of key supply chains; jobs for highly sought-after maritime skills; and economic stimulus to the nation.

While the current supply shortages, high freight rates and delays are well-known to be symptomatic of the pandemic, less well understood is how perilously close the international shipping industry came to complete shutdown. During 2020 as the COVID crisis pushed maritime crews beyond their limits, the realistic prospect of crews stopping work en masse very fortunately was not realised. This would have been disastrous, critically affecting the supply of goods including essential medical supplies.

The ongoing impact to seafarers has been far beyond what any professional could or should withstand, and that was emphasised in the annual Shipping Industry Flag State Performance Table from the International Chamber of Shipping (ICS) released in January. The provisions of the Maritime Labour Convention (MLC), frequently referenced as the seafarers bill of rights, were often temporarily overridden by national interest considerations, prioritising protection of the local communities from potential infection from COVID-19 over the wellbeing of those who continued to work ships to ensure international trade could continue.

Continued overleaf...

“ This bipartisan commitment to arrest the decline of Australian flagged ships, signalled just how vital the maritime industry is to our national security and was warmly welcomed by MIAL. ”

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2022 MIALstones



ALP commitment to the maritime strategic fleet

COVID-19 continues to impact the industry, and particularly seafarers

The Annual Shipping Industry Flag State Performance Table reports the extent seafarer wellbeing has suffered in this pandemic

The Section 11 exemption highlighted the vulnerabilities in Australia's supply chain

Guy Platten, ICS Secretary General, commented: "The pandemic has been a challenge for us all and one that Flag States have also had to weather. However, the drop off in reporting against ILO Labour Standards, including the MLC, is further evidence that seafarer wellbeing has been an unintended casualty of the pandemic.

Hundreds of thousands of seafarers have been trapped on ships for many months beyond their scheduled tours of duty throughout the last two years. This report is a reminder that Flag States must keep seafarer wellbeing as a top priority."

The end of January brought with it a new drama locally with rains and flooding damaging the East-West freight link demonstrating the vulnerabilities in Australia's supply chain and the potential for a strategic fleet to provide resilience to our supply chains. In response, Barnaby Joyce, Minister for Infrastructure, Transport, Regional Development and Communications in the previous Government, signed a Section 11 exemption from the *Coastal Trading (Revitalising Australian Shipping) Act 2012* for voyages between eastern states and territories and Western Australia that was valid from February 2022 to 31 March 2022.

Recognising the resulting risks to the WA economy and community, the WA premier announced the establishment of a Shipping and Supply Chain Taskforce to examine the resilience of Australia's shipping industry and vital supply chains. At the time of writing, the work of the WA Taskforce is ongoing.

On Thursday 24 February 2022, Russia invaded Ukraine. Tension had been mounting since 2014, but the invasion caused Europe's largest refugee crisis since World War II. In an already perilous situation due to COVID-19, the Ukraine War shone a light on how crises can impact global shipping.

We saw many shipping companies caught in the crosshairs of the Western sanctions targeting Russia's economy. Russian controlled ships are being directly sanctioned, hitting tankers and LNG carriers.

This adds pressure to the number of available ships that can be used for trade worldwide. In this

situation, countries may call in their ships to ensure their own supply, increasing the risk of Australia being unable to access vital goods.

Months on from the invasion, Australia remains in the same position of uncertainty.

In April, MIAL held the inaugural Maritime Decarbonisation Summit. The first event of the MIAL Decarbonisation Summit Series was held in Melbourne on 27 April 2022 and was attended by a range of industry and government stakeholders, including MIAL members, the wider maritime industry, energy and service providers and representatives from the Department of Infrastructure, Transport, Regional Development and Communications, The Department of Foreign Affairs and Trade and AMSA.

The summit series has been incredibly well-received, and is the first new energy focussed forum in Australia with an emphasis on the new energy needs of the shipping industry.

MIAL aims to use this summit series to help build critical networks of key stakeholders within the maritime industry, new energy providers and relevant government agencies and departments to consult, collaborate and improve strategic coordination to ensure the path to decarbonisation of the maritime industry is as rapid and efficient as it needs to be.

The second summit of the series will be held in Sydney on 12 October 2022. Tickets are available online now.

With May came the new bipartisan environment that is so critical to successful shipping policy. Minister Joyce announced that to increase our nation's sovereign maritime capability, a re-elected coalition government would make the required changes to the tax settings applicable to Australian shipping businesses to allow them to compete on a level playing field with foreign ships.

This bipartisan commitment to arrest the decline of Australian flagged ships, signalled just how vital the maritime industry is to our national security and was warmly welcomed by MIAL.

WA premier announces the establishment of a Shipping and Supply Chain Taskforce

Russia invaded Ukraine

MIAL held the inaugural Maritime Decarbonisation Summit

A bipartisan commitment to arrest the decline of Australian flagged ships

ALP formed a majority government

The ILO met in Geneva for Part II of the Fourth Meeting of the STC of the MLC

MIAL represented the Australian industry at ICS events in London

With just 13 commercial vessels left, soon to be 9, the announcement couldn't have come sooner.

A few weeks later, the ALP formed a majority government. With the ALP having already committed to bolstering the Australian shipping industry, via the maritime strategic fleet, we are in a strong position to focus on getting key improvements implemented quickly.

The International Labour Organization (ILO) met in Geneva for Part II of the Fourth Meeting of the Special Tripartite Committee (STC) of the Maritime Labour Convention (MLC). This saw a record eight amendments agreed to the MLC, to come into force in December 2024. Many of the amendments sought to clarify and strengthen pre-existing obligations which had not been adhered to throughout the pandemic.

MIAL Chairman, Allen Dobie and the MIAL CEO represented the Australian industry at a series of important International Chamber of Shipping (ICS) events in London in June, including the ICS Centenary celebration, the ICS Annual General Meeting, and the Shaping the Future of Shipping Summit. The Shaping the Future of Shipping Summit brought together 200 senior leaders from across the global shipping value chain, including shipowners, financiers, policy makers, fuel suppliers, ports, P&I clubs, and classification societies, to address pressing decarbonisation challenges and identify practical solutions to ensure zero-carbon emission goals are achieved for the sector.

In July, we farewelled Teresa Lloyd from MIAL as she moved on to other things after nearly 20 years representing the interests of the Australian shipping industry. Angela Gillham was appointed our new CEO from 1 July. Angela also has nearly 20 years of service at MIAL, and a proven track record of delivering outcomes of vital importance. A highly respected industry leader and expert in a broad range of shipping industry policy and regulatory issues, Angela is steadfast in her agenda for action on decarbonisation and rebuilding Australia's maritime capability.

The long-awaited draft report of phase 1 of the *Independent Review of Domestic Commercial Vessel Safety Legislation and Costs and Charges* was released in August with some interesting conclusions. MIAL will be continuing our engagement with the review panel on this draft report and as the panel moves on to phase 2 of the review, which will look at costs and charging.

The Seacare scheme, so long appearing to die a slow and painful death due to its scale being about 30 times smaller than the 2nd smallest scheme in Australia, imploded. The private sector insurance market abandoned the scheme, for which they had long written policies between 2-5 times more expensive than those under a state and territory scheme, while providing next to no claims management services. That insurers would not continue to be involved on those terms tells objective observers all they need to know about the appropriateness of this scheme in 2022.

MIAL hopes that the new Federal Government will see the continuation of this scheme as the unnecessary and unjustifiable disincentive for investment in the Australian industry that it is. Directing Australian employers and their employees to coverage under state and territory schemes, where almost all other Australian workers find their entitlements to workers compensation benefits and work health and safety protections is the natural solution.

Since at the helm, Angela has led the MIAL team strategically to continue placing pressure on the government to deliver on promises for a strategic fleet, ensuring MIAL continues working towards policy and solutions for decarbonisation and touching base with our members to represent issues important to them and the industry as a whole.

With the year far from over, and already so much having taken place, we're sure to see many more developments on these critical issues in the coming months.

Farewell to Teresa Lloyd, welcome to Angela Gillham

Phase 1 of the Independent Review of Domestic Commercial Vessel Safety Legislation and Costs and Charges was released in August

The Seacare scheme imploded

MIAL continues working towards policy and solutions with our members

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THE SKILLS CONUNDRUM:

an age-old problem with a new age solution?

■ By Sarah Cerche, Director Workplace Relations, Governance and Policy

Regular readers of *MAX* and those familiar with the Australian industry will be acutely aware of the future challenges facing the Australian maritime industry. As the world's largest island nation with natural advantages the envy of the rest of the world, an efficient reliable and sustainable maritime industry is critical to our national security and economic prosperity.

So, what does the optimal Australian industry look like? It is not just about ships. It's about ports. It's about pilots. It's about marine tourism. It's about towage. It's about a diverse range of transport options with the ability to scale up and down to take into account extreme weather events, geopolitical uncertainty and ensure security of supply chains into, out of and around the country.

Central to ensuring the industry can function to the level required is enough skilled and competent workers ready to do the jobs that need doing. For example, skilled and competent tug crews – who, as we have seen recently in the case of the MVC Portland Bay, are critical to avoiding catastrophic incidents around our coast. Seafarers who will be needed to make the Government's policy commitment to a strategic fleet become a reality – this will require a concerted and intensive training effort by the entirety of the industry. And then of course there is the steady increase in activity in the offshore oil and gas sector combined with the significant opportunities to develop infrastructure and service the emerging energy market, and offshore wind projects in particular.

And even then, that's only half the battle with those from a seafaring background in high demand for critical shore-based roles in ports as well as those operating import and export terminals in the resources industry.

So, what is the answer? More training – pushing people through in greater numbers to get them to entry level? How? Training seafarers is a two-step process that combines the theoretical

As a nation, it's critical that we recognise the importance of these skills to the national economy and that the contribution to training these skills, to ensure there are sufficient skills available, is equitably distributed across all the end users of these skills.

with the practical. Seafarers need to have well supervised quality sea time while training to become qualified. And even on qualification, those seafarers still lack the experience that comes with working for years in the industry across a variety of platforms. Without those platforms on which to work, progressing through the onboard hierarchy and then to the critical on shore roles becomes a challenge.

The Albanese government has committed to a strategic fleet, designed to ensure ready access to a modest number of vessels critical to our national interest. To complement this the industry needs to think strategically about training. For

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The Skills Conundrum: an age-old problem with a new age solution?

years the expectation that Australian vessel operators provide the training for the vast maritime skills requirement across the country has seen extreme tightening of the labour market and a decline in training numbers, partly due to lower job opportunities and, in the past two years, people leaving the industry during the pandemic. Many seafarers have been lost to the profession as a result of the conditions seafarers were made to endure during the pandemic, particularly internationally, meaning the skills crunch we face domestically will also be occurring overseas. This means skilled migration may not be the answer to alleviating any domestic shortage.

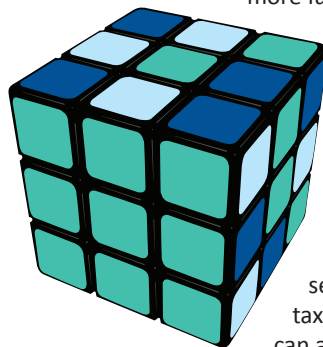
As a nation, it's critical that we recognise the importance of these skills to the national economy and that the contribution to training these skills, to ensure there are sufficient skills available, is equitably distributed across all the end users of these skills. Over a 50-year seafaring career, only one quarter of that time may be spent at sea with the remainder serving in the nation's ports, working for the regulator or in other critical roles where experience as a seafarer is, justifiably, considered critical.

For our economy to rely entirely on ship operators in this country to produce for the much larger skilling need is unrealistic. The financial and resource investment is significant. So far, as an industry, we haven't discovered the silver bullet. A variety of different positions, from a training levy to a GTO, to mandated minimum training numbers have all been in some cases tried or, at the very least, canvassed. A solution requires buy in across the board, as for too long this task has been borne by too few.

MIAL is committed to addressing this problem holistically and, with support from Australian Resource and Energy Employers Association (AREEA, formerly AMMA), we are actively working towards identifying what steps are required to make training seafarers workable and sustainable for the nation's immediate and future needs. Unfortunately, the nature of the beast is such that this is no easy feat. We certainly recognise the very firm view of the maritime unions that a levy on the end users of maritime skills is needed. MIAL doesn't disagree that a levy is a way of distributing the considerable costs of seafarer training more fairly across those who benefit from skills. However, using a Rubik's cube as an analogy, one side of the cube does not complete the puzzle.

The Government also has a critical role to play here. Not just the predictable call to contribute money to offset the costs of training, as important as that function is and will be. But also, to follow through on its commitment to getting the industry settings right. That includes taxation settings, a key pillar of which is the seafarer income tax exemption which will ensure Australia seafarers can access job opportunities in Australia and abroad on a footing similar to their international counterparts. They can then build their skills and knowledge, returning to benefit the nation in either a seagoing or shore-based career.

Drawing again on the Rubik's cube analogy and the premise of most competitions involving the solving of it, time is of the essence.





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Asiaworld has approximately 35 staff positioned in offices in Sydney, Melbourne, Brisbane, Fremantle, Adelaide and Singapore.

For more than 20 years Asiaworld has represented renowned Dutch shipbuilder Damen Shipyards in Australia and New Zealand. Together Asiaworld and Damen have sold, built and delivered more than 100 new vessels to customers in the region.

Damen has the goal to become the most sustainable shipbuilder in the world, and in a major milestone Damen's first all-electric harbour tug, the RSD-E Tug 2513, was officially delivered to its new owner, Ports of Auckland (POAL) on August 8, 2022. The revolutionary tug was named Sparky and also received her Māori name, 'Tiaki', in a special blessing ceremony held in Auckland on August 8, 2022.

This powerful new tug, which has a 70-tonnes bollard pull, is capable of manoeuvring even the largest vessels and can undertake two or more assignments before being recharged, which takes just two hours. In 2016, Ports of Auckland adopted the goal of becoming a zero emissions port by 2040 and, in light of the impetus to tackle climate change, the port authority challenged Damen to develop a fully electric tug. Over the course of the next six years the two organisations worked closely to develop this pioneering, sustainable vessel type.

Interest for zero emissions from Australian customers and ports is increasing with a number of ports, government agencies and operators having arranged visits to see "Sparky" in operation so we're looking forward to seeing more in Australian ports!





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Unpacking

Greenhouse Gas Emissions in Transport ESG and Supply Chains

■ By Holding Redlich Partner Geoff Farnsworth and Graduate Isabella Costa

The time to decarbonise is now. The UN wants all modes of transport (globally) to get to net-zero emissions by 2050. Research shows this target is possible for the Australian sector.

Given our relative distance from our trading partners, but with the advantage of abundant renewable energy sources, Australia needs to find ways to export (and import) goods efficiently. One opportunity we discussed last year is to commercialise carbon-free green ammonia as an alternative bunker fuel for vessels.

Introduction

The Australian transport industry has four sectors: Maritime, freight and logistics, rail and aviation.

Each year, about four billion tonnes of goods (or 163 tonnes of freight per person) are delivered across Australia. Over 70 per cent of our total trade in goods and services is with our APEC partners (Asia-Pacific Economic Cooperation). In short, freight systems and supply chains are the backbone of our economy. These operations are made possible by the National Freight and Supply Chain Strategy.

At the same time, domestic and international transport contributes 20 per cent of greenhouse gas (GHG) emissions worldwide. Without immediate action, that number could increase to 40 per cent by 2030 and 60 per cent by 2050.

As a result, ESG-conscious investors, regulators, customers and employees are pressuring leaders of transportation and logistics companies to decarbonise assets, go 'green' and commit to sustainability targets.

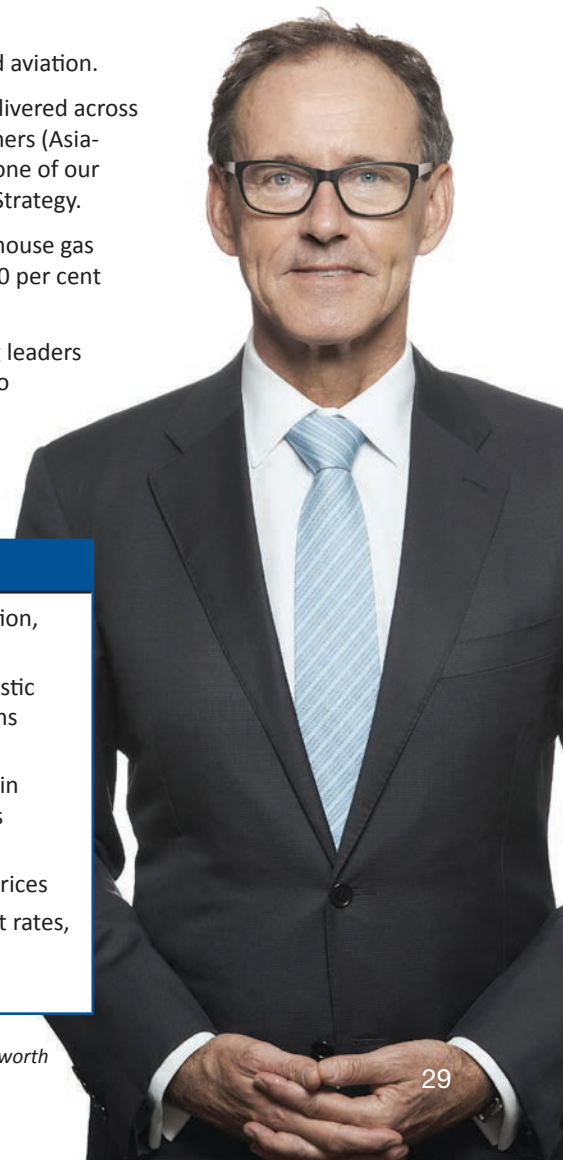
ESG risks

The main ESG industry risks are:

Environment	Social	Governance
<ul style="list-style-type: none"> • GHG emissions, reduced carbon footprint • pollution, waste • packing materials • natural disasters • resource scarcity • renewable energy, clean technology • biodiversity, ecosystems, responsible land use • infrastructure, projects 	<ul style="list-style-type: none"> • safety, welfare • supply chains, forced labour, human rights • work conditions • labour shortages, port strikes • cyber, data privacy breaches • discrimination, diversity • consumer demand • community engagement 	<ul style="list-style-type: none"> • government regulation, compliance, boards • international, domestic laws, trade, sanctions • risk management, increase/decreases in imports and exports • price volatility in commodities, fuel prices • fluctuation in freight rates, consumer demand

Continued overleaf...

Holding Redlich Partner Geoff Farnsworth



Unpacking greenhouse gas emissions in transport, ESG and supply chains

Next, we look at some topical ESG issues in the transport context.

Scope 1, 2 and 3 emissions – what are they?

In 2020, transport accounted for around 18 per cent of Australia’s GHG emissions. These come from the combustion of fossil fuels, mainly petroleum and diesel for transportation.

Many large Australian transport operators and logistics companies must report their GHG emissions because of environmental and health concerns. These are categorised by ‘scope’ under the National Greenhouse and Energy Reporting Act 2007 (Cth) and National Greenhouse and Energy Reporting Regulations 2008 (Cth) (**NGER Scheme**):

- Scope 1 emissions – released into the atmosphere from the **direct** result of an activity (Reg 2.23)
- Scope 2 emissions – released into the atmosphere from the **indirect** result of purchased energy (Reg 2.24)

Scope 3 emissions are not included in the NGER Scheme¹. These are released **indirectly** from all upstream and downstream activities in the supply chain from the scope 1 facility onwards. The diagram below is an example.

In summary, scopes 2 and 3 are caused by scope 1. A company that produces scope 3 emissions are essentially ‘someone else’s’ scope 1 and 2 emissions.

The potential for ‘double counting’ arises if two companies try to claim the same emissions reduction to stay below their calculated baseline and receive ‘Australian Carbon Credit Units’ (**ACCUs**), which they then surrender to further offset their net emissions.

Accounting for GHG emissions in freight and logistics supply chains

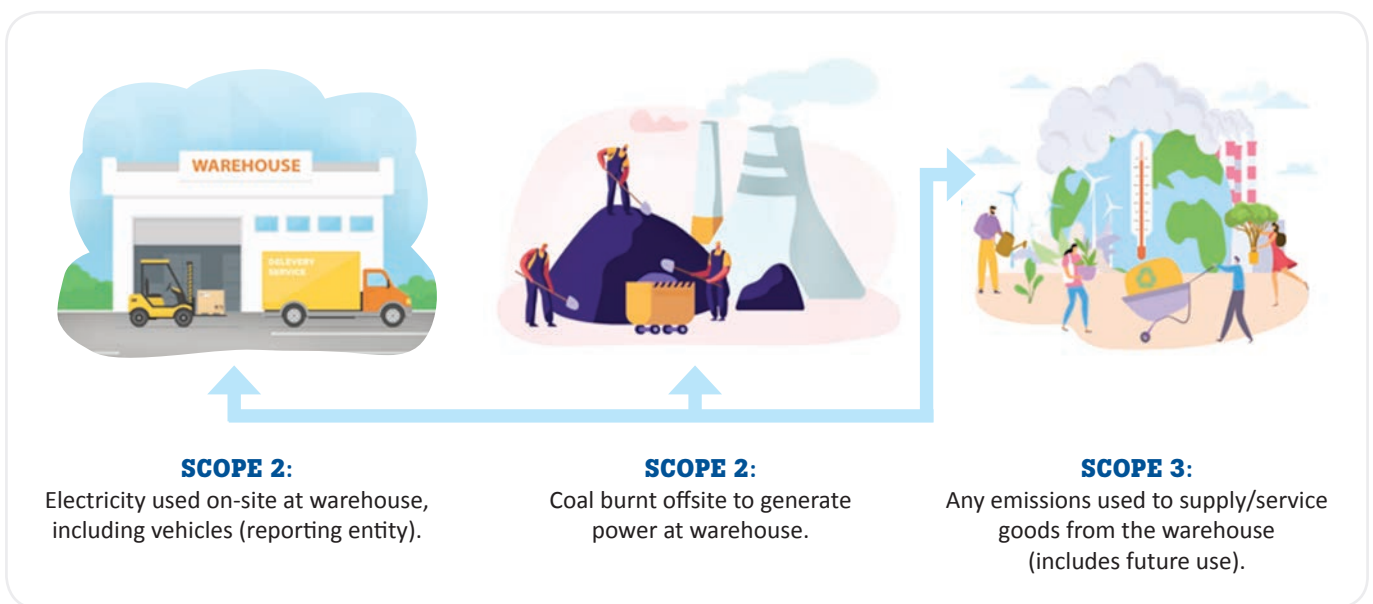
An important issue for larger operators is accounting for GHG emissions in their supply chains. Why? Emissions are often spread across a complex network of suppliers and released in different locations when labour is outsourced.

Take an example export supply chain:



The factory’s scope 1 and 2 emissions may be relatively low but the bulk of the emissions are scope 3 when the cargo is transported.

Scope 3 are the biggest contributors to climate change and often represent the largest portion of a companies’ emissions inventory. However, because they are not reportable under the NGER Scheme (or included in the nation’s emissions budget) these emissions can’t be quantified. This is when the accounting task becomes trivial.



1. Note, these can be used under the Australian National Greenhouse Accounts (a series of reports and databases published by the Australian Government Department of Industry, Science, Energy and Resources) that estimate Australia’s GHG emissions from 1990 onwards.

The factory is responsible for scope 1 and 2 but scope 3 arguably falls outside their direct control or ownership. The questions are then, whose responsibility is it to reduce scope 3? Is the factory justified in not taking responsibility for its share?

From an ESG perspective, the answer is shared and collaborative. For the purpose of supply chains, the point is to assess the overall emissions produced and for each party to realise the extent of their own output. That way, they can set a reduction target to manage their climate impact and attract ESG investors.


Key takeaways

Operators should:

- focus on decarbonising operations from the direct facility up to reduce the impact in the overall chain
- develop an ESG strategy that targets reducing scope 1-3 emissions and is shared with stakeholders
- build their relationship with suppliers to enhance transparency and choices around sustainability practices.

Examples – ESG industry developments

- Australian mining contractors are upgrading their fleets by trialling new electric haul trucks to reduce diesel consumption. Hybrid haul trucks (with lithium-ion and hydrogen batteries) are also on the agenda
- Finnish company, Wärtsilä is designing carbon capture scrubber kits for ships to reduce carbon dioxide and sulphur emissions. The devices are expected to hit the market in 2025. This comes at a time when the International Maritime Organisation is developing its Energy Efficiency Existing Ship and Carbon Intensity Indicator Regulations to reduce carbon emissions by 70 per cent by 2050
- in February 2022, the Isle of Man became the first flag state to offer a 15 per cent discount on registration fees for ships using 'green' decarbonisation technology (wind/shore power, biofuels)
- Tokyo shipping giant, NYK Line is linking ESG targets to executive remuneration
- Australian banks are starting to issue 'green' loans to fund clean transportation projects. The Canberra Light Rail project is one which aims to run 100 per cent on renewable energy. Growing numbers of shipowners and operators internationally are also using sustainability-linked bonds to show their commitment to ESG metrics
- Australia now has a National Hydrogen Strategy, which is a policy roadmap that aims to target our industry as a major player in global hydrogen production by 2030.



For the purpose of supply chains, the point is to assess the overall emissions produced and for each party to realise the extent of their own output.



Pictured: 2021 MSC Maritime Art Award – Laurel Foenander 'Lest we Forget'.

Mission to Seafarers

Maritime Art Prize & Exhibition

Open daily to the public

Friday 30 September
to
Sunday 16 October
2022

Mission to Seafarers-
Victoria (MtSV)
717 Flinders Street
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Australia relies on shipping and seafarers to connect to the world and to bring goods to our homes for the economy to thrive, and for the health of our island nation.

To continue to support the seafarers' physical and mental wellbeing, Mission to Seafarers-Victoria (MtSV) need funds to support the tireless work and hardships faced by those seafarers. Due to the global pandemic, they are needed now more than ever.

The *MSC Maritime Art Prize & Exhibition* is a major fundraising initiative of MtSV. After being held online for the past two years, Mission to Seafarers-Victoria are delighted to welcome the return to an in-person exhibition.

The generosity of sponsors who provide prize money, and artists who pay an entry fee ensures the success of the Art Prize & Exhibition, which in turn supports seafarers physical and mental wellbeing. Now more than ever, The Mission to Seafarers need funds to run their programs.

Open daily to the public from Friday 30th September to Sunday 16th October, it's well worth a visit to view the Maritime Art Prize & Exhibition which is displayed throughout the heritage listed Mission to Seafarers building.

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Antarctic Demand and Staff Choice Key to Growth

Charting a course through stormy seas of global shipping is not for the faint-hearted, but Tasmanian maritime consultant, Chris McGuire, attributes his company's success to two things: a growing national interest in Antarctica and finding the right staff.

Over the past year, McGuire Maritime, a boutique consultancy specialising in ship brokerage, education and port operations, secured a major shipping contract with the Australian Antarctic Division.

"Even before the Federal Government unveiled an \$800 million package to bolster Australia's strategic claims in Antarctica," Chris McGuire explains. "We took part in the global search to find two vessels, *Happy Dragon* and *Aiviq*, to provide logistic support for Australia's new icebreaker, *RSV Nuyina*, and freeing it up to focus on scientific research. We then managed both support ships on behalf of the Australian Antarctic Division for the 2021/22 Antarctic season."

Happy Dragon is a 157-metre Dutch-flagged, ice-strengthened, heavy cargo vessel that has helped resupply Casey and Davis research stations this summer. Besides 1200 tonnes of supplies and equipment for the resupply, it's delivering a new mobile inland station for the Million Year Ice Core project. This quest hopes to drill an ice core containing a million-year record of Earth's climate and atmospheric composition. As well as the mobile station, *Happy Dragon* is transporting some of the tractors and sleds that will tow the station some 1200 km from the coast, inland to Little Dome C, where the polar ice cap is 2.8 km thick.

Aiviq (Alaskan Inuit for 'walrus'), is a 110-metre US icebreaking tug and supply vessel to provide Australia with additional icebreaking capability and to undertake station refueling. These voyages constitute one of the biggest annual station resupplies ever undertaken by the Australian Antarctic Division.

During the same period, McGuire Maritime signed a long-term contract to provide the safety management system for a southeast Australian pilotage service, mooring safety guidance for bulk loading terminals in Queensland and online courses for seafarers through the Australian Maritime College.

"It's been a real balancing act," Chris says, "maintaining a quality service for an expanding list of clients, while searching for the right person to grow my team. It took me a while to find Geoff Evers, but I'm confident that waiting for him was the best move."

Geoff began his career as a motor mechanic and auto electrician, first in Hobart, then expanding into Queensland. "Over 15 years I honed my skills on anything that has an engine including cars, trucks, buses and maritime machinery."

He then moved into technical and leadership roles, developing business units across the Auto Club industry (RACT, NRMA, AAA) encompassing driving schools, road service operations and call centres.

"With the Australian Automobile Association, I rolled out the federally-funded keys2drive novice driver road safety program," Geoff says. "This challenged the existing approach and introduced an accreditation and professional development program for 2500 driving instructors across the country. I'm proud that the program remains successful today."

Geoff returned to Tasmania to lead safety programs in the Auto Club network, across a diverse range of high-risk industries, including maritime. "The clubs were growing and changing their business models to include tourism and marine operations." It was the latter that piqued Geoff's interest.

"When I saw the chance to work on the remote west coast of Tasmania, I jumped in, accepting the role of General Manager for Gordon River Cruises," Geoff says. "It was a challenging start, having to overcome a 'she'll be right' attitude amongst various stakeholders. Early on I aimed to build a cohesive team culture, empowering masters and crew to make smarter decisions and working with masters and engineers to implement a proactive maintenance regime. This resulted in no lost sail days due to mechanical breakdown."



"It's been a real balancing act," Chris says, "maintaining a quality service for an expanding list of clients, while searching for the right person to grow my team."



During Geoff's two-and-a-half year tenure, Gordon River Cruises won three straight gold Tasmania Tourism Awards and a silver for Australia. During that time, he obtained his Marine Engineering Certification before moving back to Hobart to take on a safety leadership role with Metro Tasmania but by then the maritime industry had become Geoff's passion.

"Geoff is my brother-in-law," Chris explains, smiling. "We'd often discuss what we were up to and it quickly became clear that we shared similar work programs. Having watched Geoff's approach to previous jobs, I knew he could pick up new ideas quickly, build on his existing knowledge and apply clear, operational thinking to his work.

"One day we were chatting over a beer and I mentioned I was looking for someone, and the penny dropped," Chris says. "I went away and suddenly could see areas in my operation that Geoff could get his teeth into immediately and it naturally followed that I made him an offer. Happily, he accepted."

Chris thinks it's been a positive start. He highlights Geoff's ability to manage complex projects from initiation to delivery, and his dedication to safety management. "Geoff understands that safety is not just a word, but something that requires the culture of an organisation to focus on from the top down."

Together they look forward to growing the global business, from McGuire Maritime's iconic blue boatshed, on the sparkling waters of Lindsfarne Bay.



Decarbonisation: the impacts on owners and charterers. *Who is responsible?*

■ By Ernest van Buuren, Melissa Tang and Isabella Flanery, Clyde & Co

As an island nation, securing Australia's maritime environment is vital to supporting continuing economic prosperity and facilitating international trade. Australia is the leading exporter of critical commodities such as LNG, coal and iron ore with high industrial demand. The AMSA 2020-21 annual report estimates that almost 80% (by value) of Australia's imports and exports are carried by sea.

The message coming out of the MIAL Decarbonisation Summit in April was clear. The shipping industry is committed to a reduction of carbon emissions following the call to action by the IMO for the global maritime sector to halve annual greenhouse gas emissions by 2050. This is a global initiative, in which Australia plays an important role.

There is little doubt that everyone in the industry recognises the impact of climate change and the importance of taking steps towards decarbonisation. However, the shipping industry faces challenges on the practical actions required to reduce its carbon emissions bearing in mind an uncertain commercial, regulatory, and legal landscape in this regard. The ABS Sustainability Outlook report estimates industry will need to invest at least \$1 trillion to meet the IMO's emissions targets for 2050.

Successful decarbonisation requires a combination of measures ranging from alternative fuels, technology, and operations. Within industry, possible options to meet reductions in emissions levels involves switching to alternative fuels such as hydrogen, ammonia, methanol and bio/synthetic fuels. None are perfect solutions and raise associated considerations such as further environmental and pollution response concerns, safety to ship, crew and environment, availability of bunkering infrastructure, high costs of retrofitting ships or newbuild energy efficient ships capable of operating on new technology fuels. Until alternative fuels are available at the size, scale or price to drive the take-up, industry is left to decide their own decarbonisation pathway.

There is no single solution driving change. The IMO is developing lifecycle GHG/carbon intensity guidelines for marine fuels which will measure greenhouse gas emissions. Until there is more clarity, apparently LNG gas is a popular option for many

shipowners. However, we have been observing trends in new fuel options dependant upon particular trade routes and vessel types. This will be an interesting trend to follow in the future.

Not all operators are in a position to make investments in fuel efficient new ships or retrofit old ones. On this front, financiers are driving change through initiatives like the Poseidon Principles. These principles, which were first discussed in November 2017 by many of the leading financial institutions, were eventually finalised and launched in June 2019. They have been adopted by 28 global banks involved in ship finance.

So, what is happening in the law? Regulatory measures such as IMO's Energy Efficiency Existing Ship Index (EEXI) which determine the technical efficiency of ships and the Carbon Intensity Indicator (CII) requirement that ships reduce operational carbon intensity, take effect on 1 January 2023. However, especially when it comes to measuring carbon emissions and CII, this is likely to vary depending on the trade and route ordered by charterers, which owners have little control over. Who should take responsibility for a failure on owners to meet their regulatory and contractual obligations as a result of these varying trades? Is this going to impact on obligations under the financing arrangements applying the Poseidon Principles?

Compliance with the greenhouse gas reduction measures will be monitored by flag states such as Australia through its port state control regime. Will any repeated non-compliance potentially lead to the banning of ships from Australia?

As 1 January 2023 is fast approaching, it will be interesting to see how each country adopts and applies the IMO Regulations and what impact this will have on owners and charterers.



Successful decarbonisation requires a combination of measures ranging from alternative fuels, technology, and operations.

There is no single solution driving change.

We are pleased to welcome the following organisation to MIAL:



Securing the High Seas

Modern pirates may never have to step foot on a ship, the threat to the industry is just as dire as in the days of Blackbeard and Captain Kidd.

The phrase “maritime cyber risk” refers to a measurement of how susceptible a technological asset may be to a circumstance or occurrence that could result in operational, security, or safety issues in the shipping sector as a result of information or systems being lost, damaged, or compromised.

Today’s ships rely heavily on digital interconnection: navigation systems, manifests, berthing and loading operations, environmental controls, asset tracking, and more can fall prey to cyber risk. The internet-enabled nature of freight offers plenty of opportunity for so-called cyber pirates to gain access to ship systems with a view to disrupt or divert operations for theft or ransom.

Furthermore, many security teams have difficulty sorting through the many warnings to determine which ones are urgent and which require further investigation, even with the aid of tools. This requires time, dedication, and specialised resources which Pragma has in spades.

To support security teams and the entire Australian shipping industry, we have recently launched the Pragma Managed XDR Solution, a service which offers detection and response across email, endpoints, servers, cloud workloads, and networks.

By proactively identifying, researching, and supporting the elimination of threats around-the-clock, we now offer a new kind of security service that integrates the committed specialists, technology, and intelligence necessary to keep the shipping industry afloat.

Pragma helps you create a resilient and trusted digital world, even in the face of evolving sophisticated threats targeting the critical global maritime supply chain. We apply a combination of technological expertise, deep business knowledge and are committed to protecting your business 24/7/365.

So, batten down the hatches with Pragma.

For enquiries about securing your digital future, visit www.pragmastrategy.com.



Pragma’s goal for maritime cyber risk management in Australia is to deploy the ‘best in market’ cyber security technologies to ensure safe and secure shipping, which is operationally resilient to cyber risks.

– Roger N. Buksh CEO Pragma Australia





MARITIME INDUSTRY AUSTRALIA LTD

Save The Date

**MIAL AGM and
Members' Meeting
Tuesday November 15, 2022**

Maritime Industry Australia Ltd
473 St Kilda Road, Melbourne, VIC 3004
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Further information:

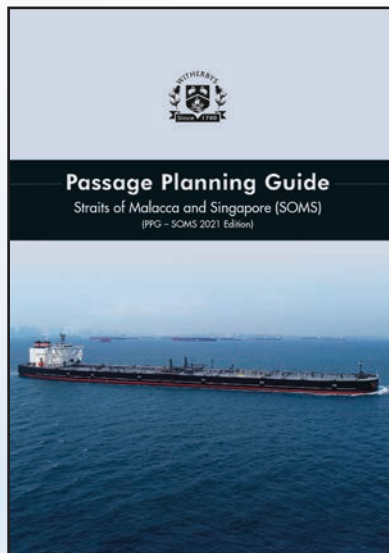
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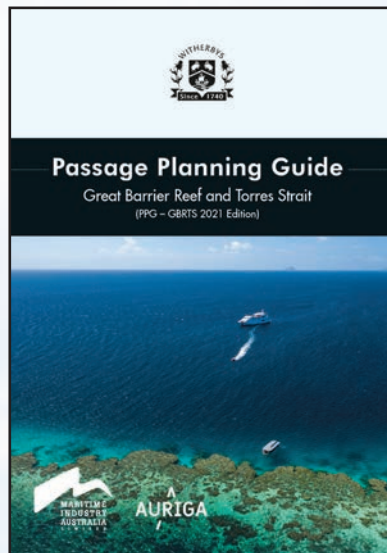


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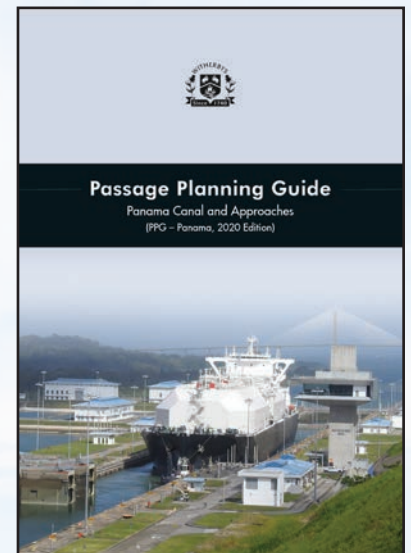
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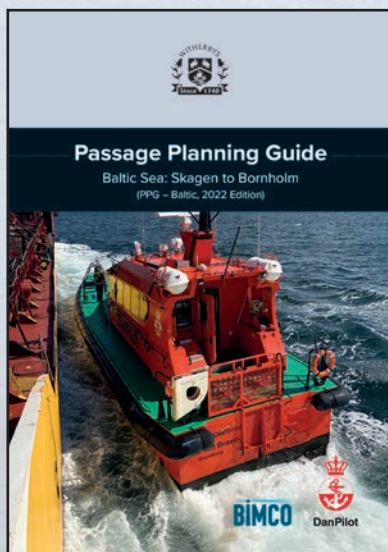
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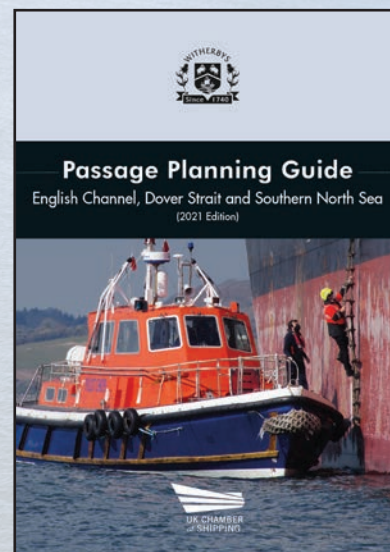
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