

THE OFFICIAL JOURNAL OF SHIPPING AUSTRALIA LIMITED

SHIPPING

AUSTRALIA

MID-YEAR 2023

ZERO EMISSIONS

IMO's HISTORIC DECISION

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Cover picture: a commercial cargo vessel belches heavy smoke. A recent decision of the IMO to cut greenhouse gas emissions to zero by about 2050 will likely see the end of the use of heavy fuel oil. Photo credit: Mika Baumeister via Unsplash.



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Pictured: a container terminal with cranes carrying out cargo operations on ships. Photo credit: Magnifier via iStock.



By Capt. MELWYN NORONHA,
CEO Shipping Australia

Looking back over the 12 months since we last published a half-year review, it is astonishing how many policies, initiatives, treaties, pieces of legislation and other developments have occurred.

We have a newly elected IMO Secretary General who will take office from January next year. During the writing of this magazine, international geopolitics in the Black Sea began to threaten the safety of ships and mariners, while simultaneously driving food-price inflation.

Then there is the landmark and historic decision of the IMO to adopt a zero emissions target for 2050-ish. The target is a massive sea change from the previous target of a 50% cut by 2050 while working towards a 70% cut.

We've also had major developments in international law relating to the court-ordered sale of ships, on ship recycling,

and on protecting marine biodiversity beyond national borders, all three conventions are detailed in this issue.

The Paris Memorandum of Understanding released its latest White-Black-Grey List. This list dispels the myth that nationally-focused registries are safer than open registries. Have a look at our analysis in this issue for more.

Closer to home, we have had many significant developments too. One such development is the entry into force of the Secure Jobs, Better Pay Act. In our special report, we detail what it is, how it works, and what it will mean for the industrial supply chain. In summary: extended union power, cost hikes, and, probably, extensive supply chain disruption.

But that's not all. There are massive new offshore windfarm opportunities around Australia, and many clean energy

developments – such as in / near the Hunter region – as this country grapples with the energy transition. Offshore wind power is covered in some detail in this issue. We also take a look at Victorian landside logistics... and the bit of infrastructure that is missing.

One of the most exciting developments for Shipping Australia itself was the hiring of Mehrangiz Shahbakhsh, an expert in the human elements of autonomous shipping. Mehrangiz will be able to provide insights and information into this new world.

Meanwhile, looking at the markets, it is evident that the COVID-induced boom is done. Freight rates are very much down from the 2021 peak. The Shanghai Containerized Freight Index, which reflects the spot freight rates for 13 individual shipping routes out of China, has fallen from about 5,000 points in mid-2021 to about 1,000 points now. That's about



Policy changes

an 80% fall in rates. The Drewry World Container Shipping Index is, at the time of writing, showing a fall from just under USD\$7,000 for a 40 foot box to just under USD\$1,540. That's a roughly 77% fall.

Australia's box trade volumes are undergoing a marked slowdown, according to the latest quarterly statistics collated by Shipping Australia. Q1 export volumes (excluding to China), are generally down a fair bit but Q1 export volumes to China were up by over 15%, so Australia's export trade is once again concentrating on a single market. Import volumes are, in percentage terms, plummeting. Keep an eye out for the summary of the Q2, which will be published stats in August.

A major policy development on the home front was the release by the Productivity Commission of the final report of Australian Maritime Logistics System inquiry. But since then? No response from government.

Another policy non-development relates to competition law. Shipping Australia has been in touch with the Australian Competition & Consumer Commission to find out what progress had been made or was planned in respect of replacing or revamping Part X. At the moment, reform does not appear to be a priority for policy-makers. So, for now at least, the potential reform in this area appears to be on hold. We will continue to monitor and advocate as appropriate.

Advocacy work by various parties for sustainable funding for seafarers when ashore continues. Shipping Australia is in favour of promoting the welfare of seafarers and we would like the provision of such welfare to be tailored to the needs of seafarers. Provision of seafarer welfare services ought to be based on what seafarers really need and delivered in a cost-effective, value-for-money, manner. Policy in this area ought to be evidence-based and informed by a comprehensive and thorough review. We would also expect, and we continue to advocate for, a fair and equitable contribution to the cost by all parties that benefit from Australia's international seaborne trade.

Throughout the year, Shipping Australia has met with government officials and other industry groups to review the bulk vessels inspection scheme. A wide variety of issues were discussed, such as the quality of marine surveys, potential use of drones, and the practice of time charterers

to have vessels re-surveyed en-route to this country. Shipping Australia has also taken part on the development of the draft version of the Grain Survey Standard.

Shipping Australia made a submission in March this year to the Senate Select Committee on Australia's Disaster Resilience. Our submission focused on the maritime industry-related issues that arose during the ongoing COVID-induced global disaster. We noted government communications failures and unreasonable government intransigence (e.g. not allowing the movement of vital workers such as seafarers). We also noted the resilience of shipping to external shocks and also pointed out the problems that the Coastal Trading (Revitalising Australian Shipping Act) 2012 (Cwlth) caused Australians in the eastern Kimberley region of Australia (who were at the time cut-off from the rest of Australia by floodwaters). That Act prevented a vessel from the international fleet being hired to carry emergency aid to isolated communities via the Port of Wyndham.

More recently, Shipping Australia has engaged with the Department of Climate Change, Energy, the Environment and Water on its "Sustainable Ocean Plan". The plan aims to focus on high-priority areas for action and cross-cutting enablers that provide multiple benefits for ocean stakeholders; to identify roles and responsibilities and to bring stakeholders together for cross-jurisdictional and multi-sectoral discussions. Shipping Australia was pleased to host officials from the DCCEEW, who gave a presentation on this topic, at our recent Policy Council meeting in June.

Our Policy Council, which met in Fremantle in May this year, was also very pleased to receive a fascinating extensive briefing from Fremantle Ports CEO, Michael Parker, about the port's business in 2021/2022 and its strategic review of its near future as Western Australia works towards the delivery of a massive new port a short distance south of Fremantle. Talking of which, our members then received another fascinating briefing from Westport, the WA State Government's long-term programme to investigate, plan, and build a port in Kwinana with integrated road and rail transport networks.

Fremantle Port has taken the noteworthy and praiseworthy decision to include the

World Bank's Container Port Performance Index as one of its performance indicators. We applaud Fremantle for its leadership and encourage all other Australian ports to do the same.

A new government was elected in New South Wales and Shipping Australia looks forward to seeing some tangible change in regulatory oversight of the marine sector.

Vehicular cargo congestion caused by biosecurity contamination continues to be a major pain with six days of vessel delays at Brisbane, ten plus days of congestion at Port Kembla, and 12 days plus of congestion at Melbourne. The appropriate solution is for there to be thorough and detailed inspections of, and controls on, vehicular cargo at the port of loading.

Protected marine areas (e.g. marine parks) are areas around the Australian coast that are designated for the protection of marine life. Unfortunately, there is no single information source defining exactly where all of these areas are. The information is fragmented and may be incomplete. The shipping industry is keen to comply but compliance is hard to do if no-one knows exactly where the marine areas actually are.

AMSA's National Plan for Maritime Environmental Emergencies, which sets out and explains how federal, state and territory response capabilities will work together, is undergoing a planned review. It will look at, among other things, the types and nature of maritime environmental risks that Australia will face over the next decade.

Firefighting is also on the current policy agenda. At the request of the Commissioner of Fire and Rescue New South Wales, a number of matters relating to FRNSW's response to Maritime related incidents has been set up. One part of this initiative is a review of the fire-fighting manual for berthed-vessels. A working group has been established and Shipping Australia is pleased to take part.

Space considerations prevent us from going into great detail about these matters in this short foreword, although we discuss some of these issues at length inside this magazine. If you would like to know more, or get involved in shaping Australian maritime policy, then please do contact the Shipping Australia secretariat. ▲

Arsenio Antonio Dominguez Velasco of Panama elected as new IMO Secretary General

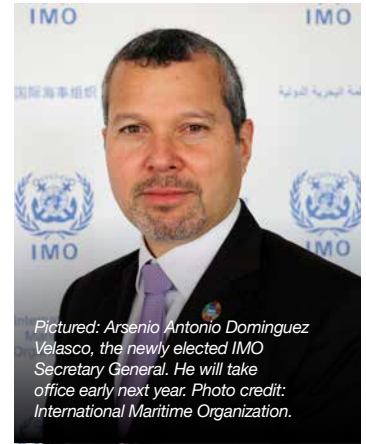
The International Maritime Organization's Council has voted to appoint Mr. Arsenio Antonio Dominguez Velasco as the next Secretary-General, as of 1 January 2024, subject to the IMO Assembly's approval. The Assembly meets from 27 November-6 December 2023.

Panama-born Mr. Dominguez Velasco has been Director of IMO's Marine Environment Division since January 2022. He joined the IMO Secretariat in 2017, first as Chief of Staff to the Secretary-General, Kitack Lim, before being appointed in 2020 as Director of the Organization's Administrative Division.

His maritime career began in 1996 as a port engineer at Armadores del Caribe, Panama. In 1998 Mr. Dominguez Velasco moved to London to join the Panama Maritime Authority as Head of the Technical and Documentation Regional Office for Europe and North of Africa. He went on to represent Panama in a variety of roles at the organization, culminating in 2014 with his appointment as Panama's Ambassador and Permanent Representative to IMO until 2017. He has chaired the Marine Environment Protection Committee, the Technical Committee of the 25th session of the IMO Assembly

and the the Maritime Security – Piracy and Armed Robbery Working Group.

Mr. Dominguez Velasco graduated in 1988 with a Bachelor of Science degree from the Fermin Naudeu Institute in Panama. He went on to study Naval Architecture at the University of Veracruz, Mexico, graduating in 1995. Mr. Dominguez Velasco holds an MBA from the University of Hull, and a Certificate of Higher Education in International Law and European Politics from Birkbeck University. ▲



Pictured: Arsenio Antonio Dominguez Velasco, the newly elected IMO Secretary General. He will take office early next year. Photo credit: International Maritime Organization.

AMSA ends tender process for Aids to Navigation

The Australian Maritime Safety Authority (AMSA) has announced that it has discontinued the tender process for the maintenance of Aids to Navigation around Australia.

"AMSA's approach to market has not identified a suitable contractor. AMSA will now pursue an alternative strategy to maintain the national network of AtoNs beyond the current maintenance contract, which expires at end of June 2024," the regulator said, but did not indicate what that alternative strategy might be.

AMSA manages about 480 Aids to Navigation across 390 sites, and this includes 62 lighthouses "which all have valuable heritage significance".

"Our AtoN are used as key navigational tools by seafarers, enabling them to take responsibility for their own safety at sea. By maintaining and improving

this service, we are making coastal navigation safer and helping prevent loss of life and marine pollution that could result from wrecked or stranded vessels," AMSA says.

Aids to Navigation include such things as traditional lighthouses, beacons, buoys, radar transponder beacons (racons), Differential Global Positioning System (DGPS), Automatic Identification System Aids to Navigation and met-ocean sensors.

The Aids to Navigation network is used by the commercial shipping industry and is provided in accordance with IMO obligations (such as SOLAS (as amended, Chapter V Regulations 10, 11, 12 and 13) and guidance issued by the International Association of Marine Aids to Navigation and Lighthouse Authorities. ▲

Merchant ship rescues sailor in danger of being lost at sea

A recreational sailor in danger of being lost at sea near Australia was rescued by a dry bulk carrier in July this year.

On Friday 07 July 2023, an emergency beacon signal from a solo recreational sailor aboard a sailing vessel in the Great Australian Bight was received by the Australian Maritime Safety Authority.

The beacon's position was about 630km west of Kangaroo Island, South Australia, and 740km south east of Esperance, Western Australia, AMSA reports.

Bulk carrier Theodore Jr was directed to the area. AMSA warned that there were "extremely rough" weather conditions with winds estimated at 00-110 km/h and seas up to 6m.

At approximately 4:30pm on 08 July, the sailor was taken aboard the Theodore Jr after the ship made several rescue attempts. The mariner was later airlifted from the deck of the ship. ▲



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Global implications of Russia's termination of Black Sea grain deal



Russia's government terminated the international agreement to allow grain and fertiliser (ammonia) shipments across the Black Sea, it was reported by the Russian state-owned news agency, TASS, in July. Moscow argued that obligations toward Russia had not been fulfilled.

Russia also criticised the initiative as being contrary to the humanitarian goals, stating that the "food was almost immediately shifted to a purely commercial basis and until the last moment was aimed at serving the mercenary interests of Kiev and its Western sponsors". The Kremlin asserted that sanctions on its exports of food and fertilisers must be lifted before any renewal of a grain deal.

The termination of the Initiative means "revoking navigation safety guarantees, closing the maritime humanitarian corridor, going back to a situation where the northwestern waters of the Black Sea

will be temporarily risky to cross," reads a statement from the Russian Foreign Ministry, as reported by TASS.

Russia warned that it will view all ships crossing the Black Sea to Ukrainian ports as potentially carrying military-purpose cargoes and added that the flag states of such vessels will be viewed as participating in the Ukrainian conflict as being on the side of Kiev. Mariners were warned that a number of sea areas in the northwestern and southeastern international waters of the Black Sea have been declared temporarily dangerous for navigation.

The Black Sea Initiative was set up on 22 July 2022 to contribute to the prevention of global hunger, to reduce and address global food insecurity, and to ensure the safety of merchant ships delivering grain and foodstuffs.

The deal enabled the seaborne shipment of commercial food and fertiliser exports from three Ukrainian Black Sea to world

markets. In just under one year, nearly 1,000 vessels from the global fleet – vessels primarily flagged under open registries – transported just under 33 million tonnes of food-cargo to world markets.

Food was sent to 45 different countries and most of it (57.35%) was sent to developing countries and about 5.77% (1.9m tonnes), was sent to the least developed countries. Over the course of a year, the Black Sea Initiative enabled the World Food Programme to transport more than 725,000 tonnes of wheat to help people in need.

Following the termination of the deal, global food prices begin to rise on world markets. Dry bulk shipping experts noted that the impact on the dry bulk shipping markets would be minimal as the markets had anticipated Russia's decision to terminate and had reduced the number of voyages to Ukraine.

IMO Secretary-General Kitack Lim commented: "I deeply regret to learn of the disruption to the Black Sea Initiative. The unimpeded flow of shipping around the globe is of critical importance and central to the work of the IMO. The movement of ships through the Black Sea Initiative and its impact in getting food to those who need it most, as well as stabilizing world food prices, is proof that shipping must always continue to move. IMO remains ready to support the UN's efforts to find pathways for solutions to preserve the global supply chain and food security." ▲

Offshore wind under development around Australia

The Australian Government has declared an offshore area near Newcastle and the Hunter region as being suitable for future wind farm projects.

According to a statement from the Department of Climate Change, Energy, the Environment and Water, the declared area covers 1,854 square kilometres between the Central

Coast and Port Stephens and has the potential to generate up to 5 gigawatts of renewable wind energy, enough to power an estimated 4.2 million homes.

The Department adds that, during the feasibility stage, licence holders must undertake detailed environmental assessments and further stakeholder consultation, and that construction cannot begin until the feasibility stage is complete, and environmental and other approvals are in place.

The Federal Government notes that "Australia has many areas that may be suitable for offshore wind".

The Hunter announcement follows the declaration of Gippsland off the Victorian coast late last year. The aim is to help improve energy security and sustainability and to bring Australia closer to net zero by 2050.

The Hon Chris Bowen MP, the current Minister, declared an area in the Bass Strait off Gippsland, Victoria, as suitable for offshore renewable energy on 19 December 2022. The declared area off Gippsland covers approximately 15,000 square kilometres. ▲

New board appointments at AMSA

The Australian Government has announced Captain Jeanine Drummond as the new Chair of the Australian Maritime Safety Authority (AMSA) board in July. Captain Drummond is an experienced Harbour Master, Master Mariner and maritime industry professional, the Hon. Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government, said in a statement.

Captain Drummond is the first woman appointed to the permanent role of Chair, and more than half the membership of the board is female. "These are both important landmarks for the maritime industry," the Minister said.

Minister King also said that the Federal Government has appointed Dean Summers and Michelle Taylor to the board. Dean Summers is an experienced seafarer who also holds a senior

leadership position in the International Transport Workers Forum.

Michelle Taylor specialises in maritime and transport law and is currently a partner of Sparke Helmore Lawyers, bringing more than 25 years' experience as a litigator – including previously working with AMSA and the Department of Defence. She is also the current President of the Maritime Law Association of Australia and New Zealand and she has served on the Australian Maritime and Transport Arbitration Commission executive.

"Ms Taylor's appointment will provide the board with valuable expertise in maritime law, including comprehensive knowledge of casualty and pollution matters," Minister King said. ▲

Newcastle powers ahead with clean energy developments

A series of clean energy initiatives have been announced, or are underway, at the Port of Newcastle.

Origin Energy Future Fuels has been selected to develop the Hunter Valley Hydrogen Hub in collaboration with Orica. The Hunter Hydrogen Hub is located at the Port of Newcastle, New South Wales. The port is an ideal location for a green hydrogen hub that can support

decarbonisation of heavy industry in the region. The investment will make a strong contribution towards the infrastructure needed to build a production facility that can produce up to 5500 tonnes of green hydrogen per year. The funding is part of the Australian Government's Regional Hydrogen Hubs Program. This Program is investing more than \$500 million in up to seven hydrogen hubs across the country.

Port of Newcastle has also unveiled 30 supporting partnerships that will underpin its moves toward a clean energy hub in the Hunter Region. The partnerships, which include domestic and multi-national organisations, complement the backing of the Commonwealth Government, with a \$100-million funding grant allocated in the 2022 Federal Budget for the Clean Energy Precinct. Port of Newcastle CEO Craig Carmody said the project is one of two key developments in the Port's 2030 diversification strategy. ▲

Over one-fifth of seafarers hit with illegal demands for recruitment-bribes

Just over 21% of seafarers have been asked for illegal recruitment or placement fees, according to new research from Liverpool John Moores University in the United Kingdom.

Monies demanded ranged from US\$50 up to \$7,500 with an average of \$1,872. Researchers added that around 10% of the seafarers who responded to the survey are still in debt because of these payments.

Most seafarers in the survey, about 92%, indicated a "great level" of concern about these practices and wanted them to stop, the researchers reported in "Survey on Fees and Charges for Seafarer Recruitment or Placement".

Payment of fees or other charges for seafarer recruitment are banned by the Maritime Labour Convention, which is an international treaty that sets out seafarers rights on work, and their conditions of work, on almost every aspect of their working and living arrangements.

Over a quarter of respondents to the survey, 29%, reported that they had experienced retention of some of their documents and typically, in such cases, the Continuous Discharge Certificate / Seaman's book and passport were retained.



Pictured: US \$100 bills. About 20% of seafarers have been asked for illegal recruitment or placement fees, researchers claim. Photo credit: Giorgio Trovato via Unsplash.

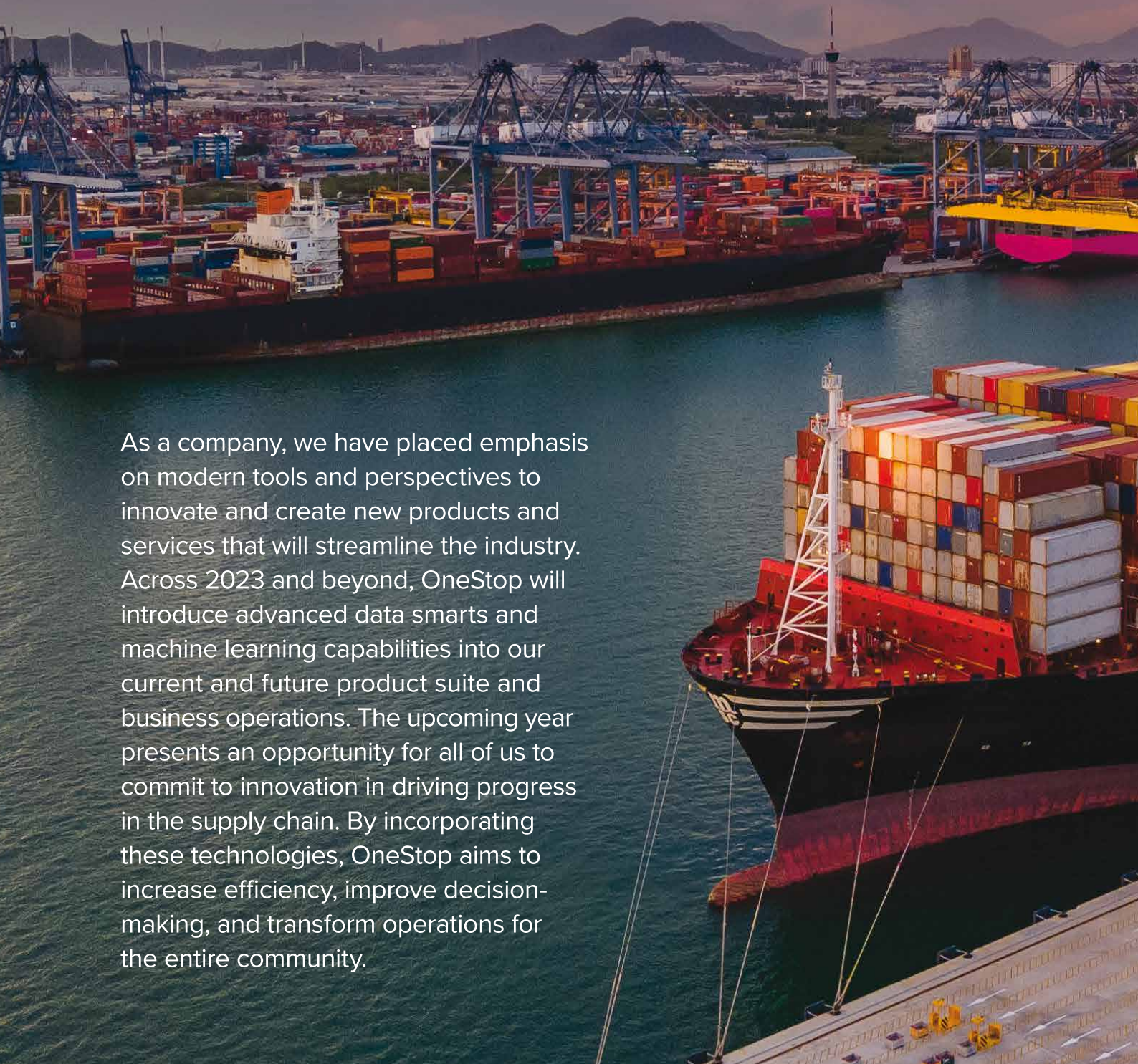
About half of those who paid fees reported having their documents retained.

"This high percentage can be attributed to coercion tactics, for example the retention of documents to ensure payment of a recruitment fee, or to guarantee employment on a particular vessel so that the agent receives a fee from the hiring company," the research report states. ▲

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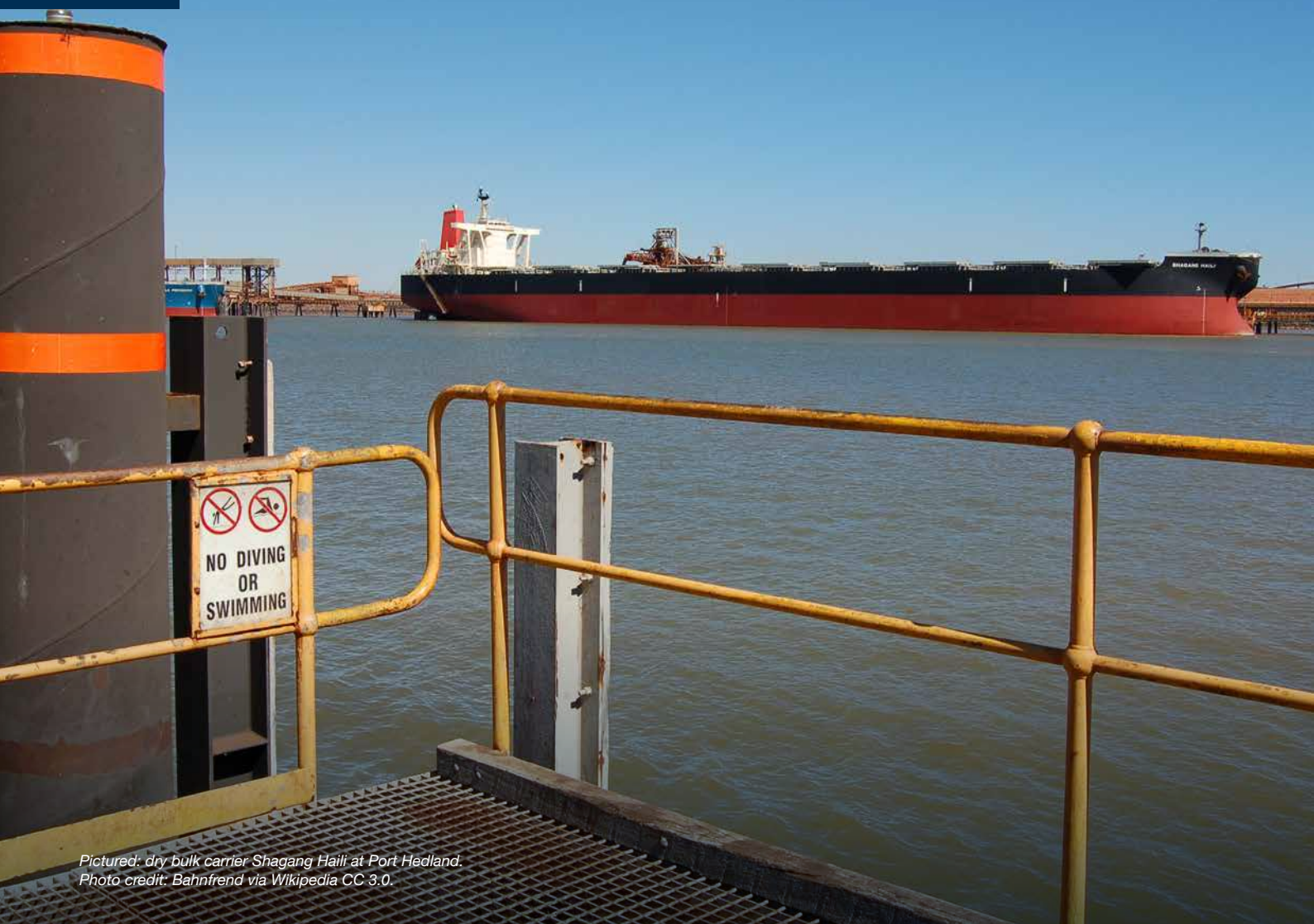
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CEO, OneStop

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*Pictured: dry bulk carrier Shagang Haili at Port Hedland.
Photo credit: Bahnfreund via Wikipedia CC 3.0.*

Commonwealth to invest \$565 million in Pilbara common user port upgrades

Work is now underway on a major project that will expand the export and import capacity at the Port of Port Hedland, according to the WA Government and the Commonwealth Government.

The Commonwealth Government is investing \$565 million to support common user port upgrades in the Pilbara. Part of this funding will enable the expansion of Lumsden Point in the Port of Port Hedland, in partnership with the Western Australian Government – which is contributing \$96.5 million to the project.

The project will deliver new multi-user facilities and berths that will help diversify trade in the Pilbara and support the growth of renewable industries in Australia and overseas.

This includes increasing the capacity to export battery metals such as lithium and copper concentrates, as well as import renewable energy infrastructure including wind turbines and blades. It will also support the rapid growth of direct shipping services to the Pilbara.

Growing the capacity of Pilbara Ports has been identified by Infrastructure Australia as a national infrastructure priority.

Lumsden Point forms part of the Port of Port Hedland Development Plan Review, which was undertaken to maximise export capacity at the port.

The first stage of works on the project will construct two seawalls and a new causeway, which will connect the wharf

to the proposed logistics hub.

MGN Civil was awarded the contract to complete the first of the seawalls, with a tender to soon be released for the delivery of the second.

Commenting on the development, Prime Minister Anthony Albanese said during a press conference that: “in Port Hedland... we see something like four per cent of our GDP go through this port. It is a great wealth creator here in the Pilbara, and that’s why my Government is committing \$565 million for upgrades to port infrastructure in the Pilbara. This will make an enormous difference. Common-user facilities will be important for making sure that there is access across the board to the export and import facilities here at the port”. ▲

All change in WA

There's been a significant shuffling of personnel in the Western Australian ports sector during the end days of December 2022.

New CEO for the Pilbara Ports Authority

First-up: Samuel McSkimming has been appointed as the new CEO of the Pilbara Ports Authority. He will take over from the current incumbent, Roger Johnston, whose term expired on 30 June 2023.

Mr McSkimming was Aurizon's General Manager New South Wales and Southeast Queensland.

WA's Minister for Transport, Planning and Ports, Rita Saffioti, congratulated Mr McSkimming on his appointment and commented: "the Pilbara Ports Authority

play an integral role to the State, national and global economies and Mr McSkimming brings considerable experience to the role, with more than a decade at Aurizon. There is a significant amount of work to be delivered at our Pilbara ports, as we look to expand and diversify our exports, and I look forward to working closely with Mr McSkimming as we deliver a number of important projects".

New board member at the Southern Ports Authority

Former Federal MP and government minister, Ben Morton, was appointed to the board of the Southern Ports Authority, effective 1 January 2023, for an initial two-year term. Ms Saffioti welcomed Mr Morton to the board, commenting, "Ben brings a lot of experience to the role and will provide strong leadership on the board."

Mr Morton formerly held the electorate

of Tangney from 2016 to 2022. He is a former adviser to the Federal Government from 2004 to 2007, and also a former director of the Liberal Party in WA. He has served on several committees including the Appropriations and Administration Committee. He was a former Assistant Minister to the Prime Minister & Cabinet; an Assistant Minister to the Minister for the Public Service; an Assistant Minister for Electoral Matters; the Minister for the Public Service and, latterly, a Special Minister of State.

New chair at the Fremantle Port Authority

Chris Sutherland was appointed as the new chair of the Fremantle Port Authority, effective 1 January 2023, for an initial two-year term. He was formerly the managing director and group CEO of the services firm, "Programmed". He was formerly a director of the Southern Ports Authority. ▲

PORT ASH

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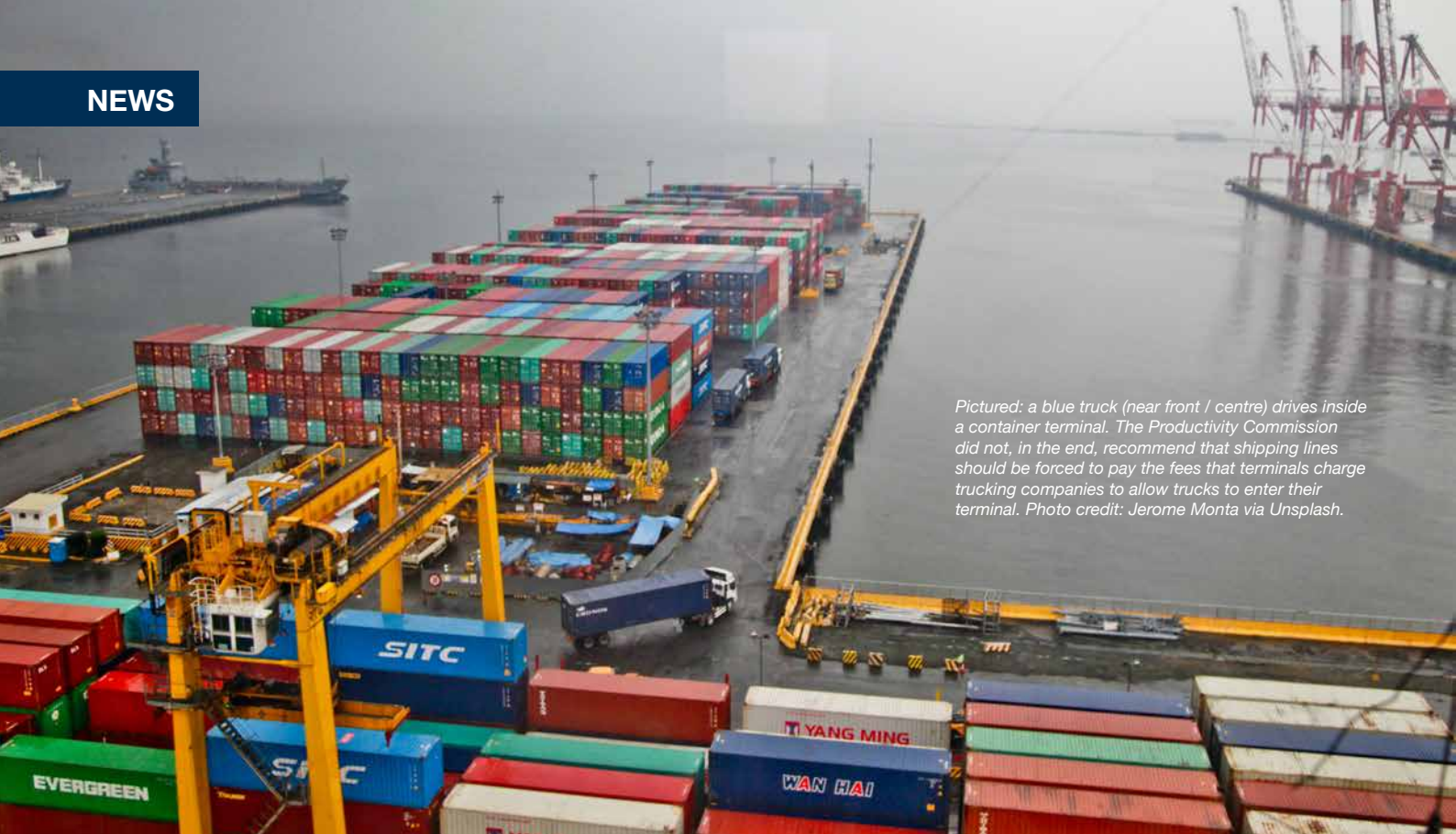
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Pictured: a blue truck (near front / centre) drives inside a container terminal. The Productivity Commission did not, in the end, recommend that shipping lines should be forced to pay the fees that terminals charge trucking companies to allow trucks to enter their terminal. Photo credit: Jerome Monta via Unsplash.

Terminal Access Charges ought to be governed by a mandatory code, Productivity Commission says

Terminal Access Charges ought to be governed by a mandatory industry code, the Productivity Commission has recommended in its final report on the Australian Maritime Logistics System.

The Productivity Commission envisages that the Australian Treasury would be responsible for developing a landside charges code that would then be administered and enforced by the Australian Competition and Consumer Commission (ACCC). A federal code is the Productivity Commission's preferred option as it would ensure consistency between terminals in different jurisdictions, especially as the states and territories are not in a position to implement or enforce a national code.

It is envisaged by the Productivity Commission that fees should only be changed once a year and that pre-notification of changes be issued; the ACCC should have the authority to reject increases if it considers them to be unjustified and if an increase is rejected than alternative changes in charges would be prohibited.

The Productivity Commission also reckons that the ACCC's baseline for charges should be 01 December 2022; that the ACCC should collect metrics; there should be an obligation on the ACCC to do an annual report; that consideration should be given as to penalties and that any code should be reviewed after five years of operation.

Shipping Australia is of the view that stevedores – as the owner / operators of container terminals – have a fundamental right to charge transport operators for access to the terminals if the stevedores so choose.

It is quite reasonable to ask a customer to pay for access to a service. And, yes, trucking and rail companies are customers of container terminal operators. Once a stevedore begins charging money in return for access to a terminal then the person who pays that money is a customer. Paying money in return for access to goods or services is literally the dictionary definition of the word 'customer'.

It has often been argued that businesses

face a dilemma of how to deal with unavoidable costs such as rent, infrastructure, labour and power. Businesses then can choose to either absorb these costs or pass them on to their client.

We agree. Therefore trucking operators and other land transport operators could either absorb operating costs, such as Terminal Access Charges, or to pass them on to their clients (importers, exporters, shippers, consignees, freight forwarders etc). Such clients then have the choice to absorb the cost of Terminal Access Charges or pass those costs on to their own customers through prices, negotiated rates, and charges.

There is no justification for seeking to impose landside transport costs on third parties, especially when those third parties (ocean going shipping lines) do not use the landside infrastructure (roundabouts, roads, truck holding bays etc). And especially when ocean shipping companies pay their own fees to use sea-port infrastructure, such as navigation service charges. ▲

Two major new international ship conventions make their debut

It's been a big year in the global law relating to ship sales. In the end-days of 2022, the United Nations adopted the Convention on the International Effects of Judicial Sales of Ships (the Beijing Convention). That was followed in June by the International Convention for the Safe and Environmentally Sound Recycling of Ships (the Hong Kong Convention).

The Beijing Convention settles (or should settle) what happens when ships are sold by order of a court. This may happen if a ship owner / operator goes bust and the creditors seize the ships. They will want to sell the ship to a new buyer free from any legal attachments by other creditors. This is called "clean title". In theory, the creditor-seller could get an order of a court to sell an otherwise legally encumbered ship with clean title to a new buyer. The new buyer, again in theory, could then use and operate the ship without worrying about the ghosts of creditors past popping up somewhere and arresting the ship.

In theory.

But, before the Beijing Convention, the legal effect of court-ordered sales varied by country. The new Convention provides globally uniform law that should protect buyers of ships sold by judicial sale while also protecting the interests of ship owners and creditors. It is hoped that the Beijing Convention will enable the buyer to purchase a ship with clean title. The International Maritime Organization will act as the repository of notices and certificates of judicial sales under the Convention.

The other major development was that Bangladesh and Liberia ratified the Hong Kong Convention which so it will come into force about 24 months after June this year (i.e. June 2025 or thereabouts).

At some point, no matter how well maintained, ships have to be broken up. An end-of-life ship was sold through a series of brokers and intermediaries until it was bought by a scrapper who bought the vessel based on the estimated weight and quality of steel. In years gone by, the final crew would be given orders to sail near to a beach and ram the ship onto that beach.

Dismantling was carried out by unskilled, grossly ill-equipped and unprotected workers. Accidents and tragedies were legion. It is safe to say the environment generally wasn't well protected either.

The Hong Kong Convention obliges all relevant parties to ensure that ships are broken up and their materials are recycled or disposed of in a safe and environmentally sound manner.

According to the IMO, the Convention "embraces the "cradle to grave" concept, addressing all environmental and safety aspects relating to ship recycling, from the ship design stage through to the end of the ship's life". ▲



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Pictured: Parliament House in Canberra as viewed from ANZAC Parade. Parliament passed the Secure Jobs, Better Pay Act in December last year and it has now come into force. Photo credit: Social Estate via Unsplash.

A new industrial relations landscape

Is the Australian supply chain about to see large numbers of boxes build up in container yards once again? Will we see omitted port calls? Will we again see lots of blank sailings? Are we about to enter a period of extreme disruption in the supply chain?

We might also see managers buckle to union pressure, thereby delivering massive cost hikes right across the waterfront and associated sectors.

Both of these are real prospects because the Australian Labor Party has served up the Secure Jobs, Better Pay Act to its trade union partners. That Act, which is now in force and which amends the Fair Work Act, paves the way sector-wide enterprise bargaining between trade unions and employers as it empowers unions to group together multiple employers and bargain with them as one group.

The Hon. Tony Burke, the Minister for Employment and Workplace Relations, gave the second-reading speech in the House of Representatives last October.

“Australia’s bargaining system is not working effectively and hasn’t worked effectively for a long time. Bargaining delivers simpler and more tailored workplace arrangements for businesses, and an average of \$601 more to workers each week, compared with those on awards. Yet only 14.7 per cent of employees are covered by an agreement that is in date... Reforms will remove unnecessary limitations from the existing framework,” he told the House.

Protected industrial action can be taken by the unions against the employers they have grouped together into the multi-enterprise bargaining process.

We’ve been here before. During the COVID pandemic and lockdowns, the unions had arranged matters so they could take simultaneous action against stevedores. For instance, in August 2020, the unions had the right to take industrial at Hutchison Sydney and Brisbane; DP World Australia in Melbourne, Brisbane, Fremantle, Sydney; and Patrick Brisbane, Sydney, Melbourne, and Fremantle.

The unions were authorised to carry out an unlimited number of bans on the performance of work on any nominated vessel for an indefinite period and an unlimited number of bans on the performance of work on vessels that had been sub-contracted or outsourced.

Sector-wide industrial action led to horrendous problems, as a review of Shipping Australia articles published over the last three years reveals.

Back then, when strikes were being carried out against the box terminal operators, there was a build-up of empty boxes in depots and yards. Ports could not get ships in fast or frequent enough because of union-imposed restrictions and this led to container exchanges (full boxes being unloaded and empty boxes being put back on) not being completely carried out. That led to a build-up of boxes in empty container parks, and in yards and depots around the country. It got to the point where some parks and yards were completely full – no more boxes could be stacked in the facility as it would get too dangerous.

Ports became congested with vessels. An observer would not have been able to see a ship queue offshore near Australian ports (unlike, say, off the coast of Los

Angeles, USA), but those queues were there. The ships simply slowed down during their voyage across the ocean to save fuel as there was no point sailing fast only to idle at the port.

An inability to turn around ships quickly enough and in large enough volumes led to congestion and that led, in turn, to a host of consequences such as less ship-capacity for the carriage of goods, port calls being omitted, port calls being re-ordered, whole loops being changed or reduced in frequency, and ships burning huge amounts of fuel to recover lost time. Costs of all kinds went through the roof.

We are likely to see a return to those days as multi-enterprise bargaining creates the potential for conflict. Costs across the supply chain will increase because of the costs of bargaining, the increase in wages, and because of the direct and indirect costs of industrial action.

Before we get into the legalities in this special report, please remember, this is an extremely simplified description of some of the law in this area along with associated processes. Inevitably, we will have to skip over some very important details and nuances. This article is not legal advice, it is not intended to be regarded as legal advice, and it should not be relied upon as such. Every company’s circumstances are different and the law in this area is highly technical and full of traps for the unwary.

Professional advice from a qualified lawyer experienced in this area of law is vital. ▲

All change, all encompassing – the Secure Jobs Act

So, what's different with the Secure Jobs Act, you might reasonably ask, when the Australian supply chain already has experience with extensive sector-wide industrial disputes and action? How will it really make a difference?

Well, expert opinion is of the view that it's going to completely change the industrial relations landscape. It will set a new, and increased, floor in respect of terms and conditions of employment, and in pay, right across Australia, right across all sectors. We'll see how, and why, in one of the later articles in this special report.

In the supply chain space, we have typically seen union action mostly directed at the largest companies that occupy key waterfront spaces such as terminal operators, towage providers and the like. But, under the Secure Jobs Act, unions will not only be able to take sector-wide action against, say, terminal operators and towage providers, they will also have the possibility of being able to co-ordinate action across all sub-sectors of the supply chain, and in organisations of a range of sizes. And they will have the possibility of doing this simultaneously.

So, everyone who is not, say, a container terminal operator or a towage operator, will probably be familiar with the indirect effects of industrial action. By "indirect effects" we mean all the many and various consequences in the supply chain of terminals and towage providers not working or not working effectively.

But anyone who is not a container terminal operator or a towage provider might not have experienced the direct effect of industrial action, that is, industrial action taken by your employees against your company.

Maybe you're a sized freight forwarder? You might get dragged into national industrial action. Maybe you're a truck operator? You could be vulnerable too. Are you a customs broker? Well, you're not exempt either. Warehousing? That's in the frame. Port Authorities? For sure. Ship agents? They ain't immune. Even the offices of shipping companies

themselves – regardless of whether they are dry bulk, or containers, or break bulk, or tankers – could find themselves directly subjected to strike action by their own employees walking off the job.

Don't think that's likely? Well, why not believe the words of the leaders of the union movement?

John Setka is the secretary of the Victorian-Tasmanian division of the Construction, Forestry, Maritime, Mining and Energy Union. And this is what he wrote to CFMMEU members in the "CFMMEU Victoria Journal Spring 2022", page 4, second column (towards the bottom) and top of the third column: "Our next EBA [Enterprise Bargaining Agreements] are now not going to be restricted to s**t clauses, and **we will have the power to go after the non-Union sites** that exploit workers, have no safety, and are a direct threat to our wages and conditions. These sites are at the forefront of a race to the bottom and will affect your future wages and conditions if they're not tackled. We're not going to let that happen". [Emphasis added by Shipping Australia].

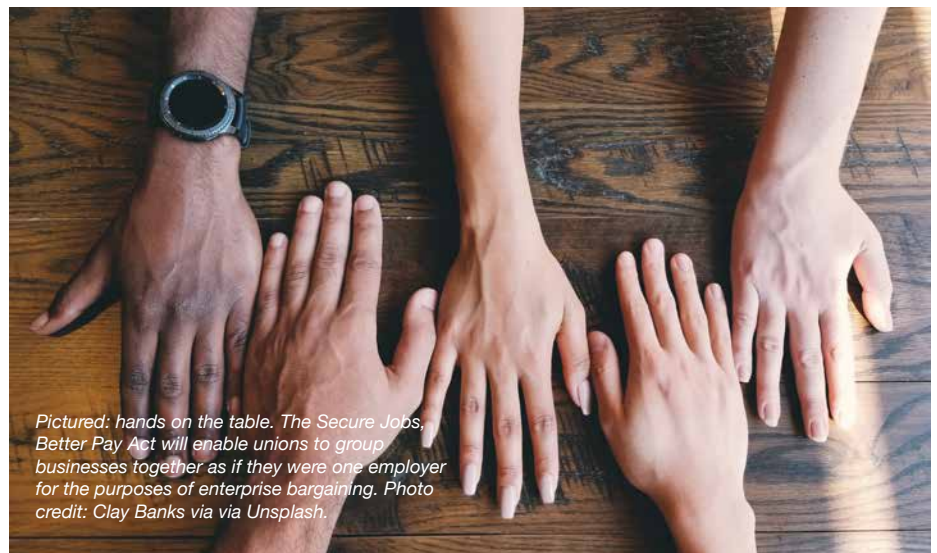
Just about every sector everywhere in Australia could be hit with waves of enterprise bargaining (and subsequent industrial action) in which numerous

multiple employers (probably including direct competitors and maybe including organisations immediately upstream / downstream in the supply chain) are grouped together for the purposes of bargaining.

Unions can then force other employers – who had no part in the bargaining – to obey the terms of the agreement without consent. Think about what that might mean for the finances of your business if you are forced to match the terms and conditions of the market leaders.

Meanwhile, the Secure Jobs Act (which amends the Fair Work Act) makes the whole bargaining process a lot easier... for unions.

"What [was] said by unions in particular is that [multi-employer bargaining] is difficult to utilise and there are too many technical barriers or hurdles. As a result, there were few attempts to engage with multi-employer bargaining on a larger scale. What the amendments... do at a high level is to seek to remove many of those barriers, they'll make it much easier for parties, and for unions in particular, to engage in multi-employer bargaining", said Brooke West, Senior Associate Lawyer, with Ai Group Workplace Lawyers. ▲



Pictured: hands on the table. The Secure Jobs, Better Pay Act will enable unions to group businesses together as if they were one employer for the purposes of enterprise bargaining. Photo credit: Clay Banks via via Unsplash.

More than you bargained for...

Pictured: several people around at table. The Secure Jobs, Better Pay Act introduces a range of different bargaining streams that will likely result in several employers sitting around the enterprise bargaining table. Photo credit: Dylan Gillis via Unsplash.

“A bargain is something you don’t need at a price you can’t resist,” is a quote normally attributed to US humourist Franklin P. Jones.

It’s apposite under the Secure Job, Better Pay bargaining regime as employers might find themselves stuck with an enterprise bargaining agreement that they don’t want. And, given that unions can compel employers to adopt a bargain struck by third parties, they really cannot resist the price.

There are four bargaining streams in the Secure Jobs Act, which amends the Fair Work Act. The first, “Single Enterprise Bargaining” is a one-employer deal. The other three are all multi-employer bargaining processes. These are: “Co-operative Workplace Bargaining”; “Supported Bargaining”; and “Single Interest Enterprise Bargaining”.

Single enterprise bargaining

Single enterprise bargaining is the standard form of enterprise bargaining that has been carried out in this country since the passage of the Fair Work Act back in 2009.

Bargaining under this stream has been simplified; it can be started by a majority of workers (or their union) requesting that bargaining begin. If there wasn’t an enterprise agreement previously and the employer doesn’t want one, the employer might refuse to bargain. The union will then get an order from the

Fair Work Commission compelling the employer to bargain. However, if the employer is receptive to bargaining, or if there was an earlier agreement that has not passed its nominal expiry date by more than five years, then the union can start the bargaining process by writing to the employer.

Co-operative workplace stream of bargaining

Co-operative workplace bargaining is aimed at, and designed for, industries with small employers who would like to have an enterprise agreement but don’t know how or don’t have the resources. For instance, a trade association might negotiate a template agreement behalf of their members who later adopt the agreement.

Supported bargaining

Supported bargaining is the revised “low paid” multiple employer bargaining stream. It is intended to help employers who would have problems making enterprise agreements because of a lack of know-how and resources. It is theoretically targeted at industries such as aged and disability care, early childhood education and the like. Businesses in such sectors don’t necessarily control the purse strings and might receive government funding. They might like to pay more but cannot because of funding issues. Experts

with Australian Business Lawyers and Advisors, a private legal company, speculate that businesses in a funded sector might need to have a multi-employer agreement to access future funding. Experts generally expect that the supported bargaining stream will be most used in government-funded sectors.

But now a warning.

Law firm Chambers Westgarth notes that, despite the supported bargaining stream being “intended to operate only in relation to workers in lower paid industries, there is no such restriction expressed in the legislation – the Commission is only required to consider the pay and conditions in the relevant industry or sector”.

This stream could be attractive to unions, lawyers warn. There are differences between the Supported Bargaining Stream and the Single Interest Stream. From the union viewpoint, the Supported Bargaining Stream has some advantages.

The Fair Work Commission must grant authorisation to bargain under this stream where it is “satisfied” that it is “appropriate” to do so. The law directs the Commission to consider the “prevailing pay and conditions”. The Commission will also look at whether the employers have “common interests”. This is not a well-defined term but it may include geography, nature of

the enterprises, terms and conditions of employment, and whether those enterprises receive government funding.

These factors could apply various supply chain entities.

And, of course, the unions will have the power to take industrial action against their bargaining partners during the bargaining process.

Single Interest Employer Bargaining

Despite the name, this is another type of multi-enterprise bargaining agreement. This stream has caused more anxiety and speculation than other streams because it's not said to be specifically aimed at the low-paid. It was designed to be generally applicable to all employer organisations. It may be that the unions opt to use the Single Interest Bargaining stream.

The "single interest" in "Single Interest Employer Bargaining" may refer to the employers having a common interest in geography, regulatory regime, the nature of enterprises and the terms and conditions of employment. The operations and activities of the businesses covered must be reasonably comparable ... but there's no definition of what "reasonably comparable" actually means.

And, once again, the ability to take protected industrial action is available to the workforce.

How will the common interest test work?

In both the Supported Bargaining and the Single Interest Employer Bargaining streams, employers must have "common interests" before they can be bound into a multi-enterprise.

Stevedores are a good example of how this test might work. Stevedores are located in the similar places (around ports), they do the same kind of work, they have the same kind of maritime legislation applying to them, their workers do the same kinds of jobs and so on. But can stevedores be drawn together on a national basis? Or can an argument be made that stevedores in Fremantle are different from stevedores in Brisbane?

Will break bulk, bulk stevedores, and

box stevedores be wrapped up in their own sub-sector enterprise agreements? Or will there be one multi-stevedore enterprise agreement covering all stevedores everywhere in Australia?

Let's also look at a less obvious example, say, customs brokers. They do similar work to each other, have the same kind of workers, and have the same regulatory regime. Can customs brokers be lumped together for bargaining purposes on a national basis? Can forwarders? What about warehouse operators? What about others in the supply chain?

Good questions, no answers. Only time, and the Fair Work Commission, will tell.

Demarcation disputes are possible

Incidentally, before any multi-enterprise bargaining agreement can be made, it must be put to a vote of the workers. An employer must get written approval from each union representative before asking workers to vote.

This appears to address examples – as has happened in the past – in which different unions cannot agree. In one example, the seafarers' and deckhands' union and the maritime engineers' union both represented different classes of employees working for the same employer. They were unable to agree because of conflicting interests.

The employer, wanting to resolve the situation, carried out a ballot of the workforce. As the maritime engineers were smaller in number compared to the seafarers, they were outvoted, the enterprise agreement was struck between the workforce and the employer, the bargaining period concluded and protected industrial action was no longer available. However, that type of tactic to resolve disputes between unions will no longer work.

It's also easy to see that demarcation disputes (where two (or more) sets of unions disagree on whose members should do a particular job) could break out. There would be no easy solution.

Forced in... cannot get out

After a multi-employer agreement is struck, the union can ask the Fair Work Commission to force other employers to adopt that agreement even if those employers do not want to adopt it. A "latecomer" business forced to adopt

an agreement will not have been able to influence the process. That raises an interesting question as to how roped-in organisations will cope financially and operationally if the agreement has substantially different rates and substantially different terms and conditions of employment.

There are weak exemptions from the compulsion. Organisations that employ 19 people (by headcount, not full time equivalent) or less cannot be roped into a Single Interest Bargaining Agreement. Employers can't split their workforces over multiple entities to bring headcount numbers below 20 as the headcount in associated entities is included. Without naming names, we can think of organisations that have adopted structures that compartmentalise their workforce. Such structures might be defeated by the 20 plus person rule.

The 20 plus person rule doesn't apply to the Supported Bargaining Agreement stream. Unions therefore have an alternative pathway to force smaller employers into multi-employer bargaining even if the Single Interest Bargaining stream is blocked.

Another weak exemption is if an organisation is still inside the nominal term of a Single Enterprise Agreement. It cannot be roped-in to a Single Interest Employer Bargain or a Supported Enterprise Bargain. But, sooner or later, that Single Enterprise Agreement will eventually expire.

It's unlikely that unions will opt to renew a Single Enterprise Agreement with an employer instead of roping them into a multi-enterprise agreement. The benefits for the union are obvious – roping-in saves time, effort, and money.

Once an agreement is struck and once employers are roped in, then it will be difficult to change the agreement or remove employers without union consent. The unions have the right to be consulted and to put their views forward to the Fair Work Commission. They also effectively have a veto over any changes.

That's going to be tricky for some organisations in the supply chain, which will likely be covered by multiple unions. Maritime vessel operators, for instance, could simultaneously be covered by the seafarers' union, the officers' union, and the maritime engineers' union. ▲

Intractable bargaining: ending the endless

Pictured: a statute of Lady Justice, the symbolic representation of law. Opinion is split as to whether a legally-mandated end to bargaining is a good development or not. Photo credit: Tingey Personal Injury Law Firm.



Everyone in the maritime sector in Australia will be aware that one problem with the Fair Work system is the endless bargaining process. Eventually, a deal is done... just in time for next three-yearly or four-yearly round of bargaining to begin. Sometimes, the bargaining is even one whole cycle behind – the companies and employers are not bargaining for the current round of enterprise bargaining, they're bargaining for the one before that.

During the whole time, the employer is subjected to repeated industrial action. There is a now notorious example of bargaining that led to more than 1,100 notices of protected industrial action between October 2020 and November 2022; there were more than 250 instances of protected industrial action between 20 October 2022 and mid-November 2022 amounting to nearly 2000 hours of work stoppages. It took nearly three years to conclude a four-year agreement.

That kind of dispute will no longer be possible because of the new "intractable bargaining" rules. A bargaining representative can apply for an "intractable bargaining" declaration if the parties have been bargaining for at least nine months, and have already once tried to have their dispute resolved with the help of the Fair Work Commission, and want to settle the matter. There will then be a further conciliation period, and, if the matter cannot be settled by the parties, the Fair Work Commission will make a binding ruling on the matter and will set the terms of the enterprise agreement.

The Hon. Tony Burke MP, Minister for Employment and Workplace Relations, argued in the House of Representatives that the Secure Jobs Bill (as it then was), would allow the Fair Work Commission to resolve disputes through arbitration where there is no reasonable prospect of an agreement.

"These changes are intended to provide a strong incentive for good-faith negotiations, reduce the time for enterprise agreements to be finalised and allow for quicker resolution of intractable disputes," Minister Burke told the House.

Kyle Scott, a director and lawyer of Australian Business Lawyers & Advisors welcomed the advent of the intractable bargaining regime. "I think it's sensible... you don't want to live in a world like the bargaining system [which] historically has been fairly unrefined... If you can't reach an agreement, you just bargain forever or the workforce strike and that's not a particularly helpful. It's quite destructive. I don't think we'll see a lot of it but the fact that it's available, I think, is a good step," Scott said.

The question is, will the intractable bargaining regime benefit unions or employers? Expert views are split.

"It's... the really big one. It's the availability of arbitration", says Professor Andrew Stewart of the University of Adelaide and who is a well-known expert on Australian industrial relations and employment law, "because this is going to be relevant in relation to multi-employer bargaining but also single employer bargaining as well. It is really going to put a lot more pressure on

employers, in particular, [those] who've done enterprise agreements in the past and have maybe said 'no, we don't want to do them anymore'. It's going to be much, much, easier for unions to get employers back to the bargaining table and encourage agreement to be reached if there is this last resort available... there is this big spectre of arbitration at the end if you don't reach agreement... [we will see what happens]... but just the threat of them going to arbitration should be enough to produce more agreements being made".

Meanwhile, the Australian Industry Group – a lobby group typically representing employers – argues that the expanded capacity of the Fair Work Commission to arbitrate will "only encourage unions to make unreasonable demands and risks taking us back to a system of centralised setting of wages and conditions".

However, other experts think that intractable bargaining could benefit employers.

Nick Ruskin, Partner at law firm K&L Gates, suggested that an intractable bargaining declaration could work positively for employers in relation to industrial action that is going on for a long time.

"After nine months, a declaration could be made which stops the industrial action effectively by requiring bargaining to occur. Some employers might say, well, the demands are so unreasonable we're comfortable. We're more comfortable for the commission to arbitrate this than for us to endure more industrial action," he argues. ▲

How the Secure Jobs Act changes the industrial landscape

Pulling out the crystal ball, we can speculate on how the Australian industrial relations landscape, the supply chain, and the local economy, might change.

Single Enterprise Agreements are an endangered species. Unions have every incentive to opt for multi-enterprise agreements – which can result in sector-wide regulation via the roping-in rules and which reduce the burdens of time, costs, and effort on the unions.

In “*Employment and wage effects of extending collective bargaining agreements*,” by researchers Effrosyni Adamopoulou of the University of Mannheim (Germany), and Ernest Villanueva of Banco de España (Spain), it was reported that, among other things, sector-wide minimum wages reduce inequality among workers, reduce the gender pay gap, provide “job-stayers” with partial insurance against temporary fluctuations in the economy and provide protection against “opportunistic cuts” in job quality and wages.

Wages for workers will generally go up. That is the point of collective bargaining. As the Hon. Tony Burke, MP, Minister for Workplace Relations said in his October 2022 second reading speech on the Secure Jobs Bill (as it then was) in the House of Representatives, “bargaining delivers simpler and more tailored workplace arrangements for businesses, and an average of \$601 more to workers each week, compared with those on awards”.

Inflationary pressures

Wages can be a substantial business expense. Australian cashflow-funding company, Fundsquire, reckons payroll costs can range from nine per cent in insurance up to 45% in healthcare. It doesn’t take a genius to see that an across-the-board set of pay hikes will likely cause inflationary pressure.

As the Reserve Bank of Australia explains in a September 2022 essay, “wages growth is an important driver of inflation because wages are a large share of firms’ costs. If wages growth exceeds productivity growth and then



Photos: workers in construction gear smile while another looks serious. The Secure Jobs Act will deliver pay rises for most... and unemployment for some. Photo credits: K Mitch Hodge (smiling workers) and Emmanuel Ikwuegbu, both sets of pictures via Unsplash.



firms raise prices to preserve margins and profitability, this can drive inflation higher. Alternatively, if inflation is already high for other reasons, then the relationship between wages and prices can be the mechanism by which high inflation persists, since workers often seek larger wage rises when inflation is increasing and is expected to remain high for a protracted period (to compensate for declining purchasing power), which in turn increases firms’ costs”.

The authors of the essay warn authorities of a need to be mindful of a wage-price spiral.

That’s a view backed up by Yannick Lucotte, of the University of Orleans, France, and Florian Pradines-Jobet, of the Paris School of Business, who argue in “*The Inflation Loop is Not a Myth*”, a study based on a sample of 37 economies over a 50 year period, that “that wage indexation, trade union density, wage bargaining coverage and a high degree of coordination in the wage-setting process exacerbate the persistence of inflation following an initial price shock”.

We’ve certainly had a lot of shocks of late: the spending boom induced by COVID lockdowns, port congestion, freight rate increases, COVID-related fiscal and monetary boosts by governments, and the Russian invasion of Ukraine which drove up global oil, gas, fertiliser and food prices.

And now we’re about to have a period of collective wage setting. It is inevitable that wages and costs will increase. It might not happen immediately, but it is likely to happen over time.

Nigel Ward and Kyle Scott of Australian Business Lawyers & Advisors argue that the “floor” of pay, terms, and conditions will rise to meet the level of the market leaders.

Here’s how the mechanism of action will work.

Scott notes that, under the pre-Secure Jobs Act era, the Modern Award system together with the National Employment Standard formed the floor of employment terms and conditions across the country. For now, it still does.

Now that the Secure Jobs Act is in force, there is a strong incentive for unions to conclude multi-enterprise bargaining with the big employers, especially oligopoly and near-oligopoly-type employers who have pretty significant market share and who offer market-leading terms and conditions to workers. As Scott points out, those terms and conditions might “simply reflect their current wages and conditions, so those businesses might say, ‘OK, well, you’re not asking for anything more than we are currently giving’ and they create a multi-enterprise agreement”.

Ward sketches out a scenario of what could happen next. “I dance it [the agreement] around town and I get people at the workplace to vote ‘yes’ and I race off to the [Fair Work] Commissioner and I say ‘now we want this company joined’”.

“So once you establish one in a particular industry,” Scott chips in, “you can then progressively rope other small providers in... that may take some time but over ... five or ten years, the potential is that the Modern Awards might be replaced with these industry EAs that effectively move from a current minimum floor to a market floor and so that’s the power, potentially of multi-employer bargaining”.

Wage rises, job losses

Researchers Adamopoulou and Villanueva found that extending collective contracts reduces competition by deterring firm entry and small business creation. It also limits the ability of companies to adapt to economic shocks. Workers can become more likely to lose their jobs and less likely to be re-employed because of lower employment levels.

They cited an example in Portugal in which the total payroll of affected firms fell by 2% following the extension of a collective contract. In Spain, in 2009 and 2010, wage rigidity induced by the extension of collective contracts led workers to be 1.3% more likely to lose their jobs.

The researchers concluded that sector-wide minimum wages increase labour costs to all covered firms which inhibits employment growth.

“Extending collective contracts may entail some employment destruction, but mainly among workers whose wages are close to negotiated wage floors,” the researchers conclude, somewhat blithely. It’s all very well to cheerfully disregard “employment destruction,” provided, of course, it’s not your employment that is being destroyed.

Competing unions

It seems likely we will see an upsurge of industrial action. If multiple employers and unions sit around the same table, then it is likely that there

will be intra-union conflict.

There will be cultural factors that will have an influence as to whether industrial action will occur. Some sectors of the supply chain – the waterfront and on-water sectors particularly – have strong, active, militant unions that have a history of demonstrating their influence and power.

The waterfront or on-water unions, and indeed, any other union, may also have underlying strategic motivations to carry out industrial action. Nigel Ward, CEO of Australian Business Lawyers and Advisors, notes that, in his experience, unions have competed for status, control, and influence by taking industrial action.

Previous industrial action that has led to gains in employment terms and conditions would tend to point towards more industrial action. In such circumstances, it would seem that disruptive industrial action is inevitable.

However, there is an alternative scenario that could play out in certain sub-sectors. Employers in monopoly or near-monopoly conditions have a powerful incentive to simply roll-over, give the unions what they want, and then pass the cost on to the customer. Employers in a multi-enterprise bargaining scenario – especially in a sector-wide enterprise bargain – could experience exactly the same incentive. If the customers have no-where else to go, why not spare yourself some grief,

give the unions what they want, roll-over, and pass on the cost?

Then there is the potential for expansion of union power. Consider any area that has not in recent decades had a high union density. Say, the administration of freight forwarding. Or maybe customs broking. Or the administration of shipping company offices.

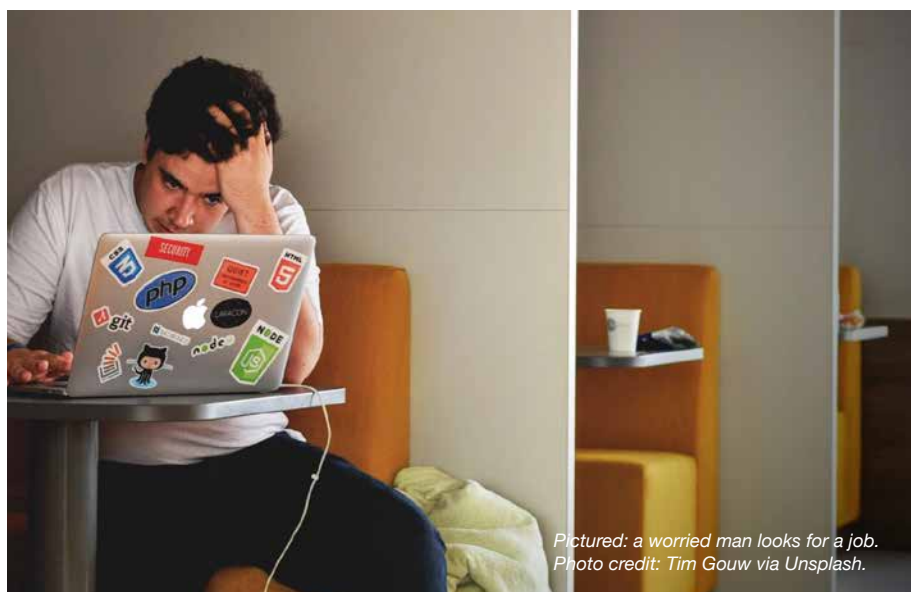
Sooner or later, a union (or unions) will start targeting these union-light sectors. The first move will be to get some workers to join the union. Having some union representation is a requirement under the amended Fair Work Act. Then will come the demand for multi-enterprise bargaining at say, two or three of the larger entities. Once that multi-enterprise agreement is struck, then the roping-in procedure will occur, and union organisers will increasingly start knocking on the doors of smaller and smaller entities across Australia, roping them in, one after another.

Sector-wide regulation will then have been achieved.

Make no mistake: your smaller enterprise may not have had much union influence so far, but the union organisers will be knocking on your door. It might not be today, tomorrow, next month, or even in the next year.

But they will.

It is only a matter of time. ▲



*Pictured: a worried man looks for a job.
Photo credit: Tim Gouw via Unsplash.*

Global economy 2023: COVID-19 turned global supply chains upside down – 3 ways the pandemic forced companies to rethink and transform how they source their products

By NADA R. SANDERS, Distinguished Professor of Supply Chain Management, Northeastern University.

The global supply chains that modern companies depend on were turned upside down three years ago after COVID-19 emerged in China. The spread of the new respiratory illness and efforts to slow it resulted in shortages of everything from toilet paper and prescription drugs to refrigerators and semiconductors. Even today, retailers continue to struggle to keep some products, including household items like Tylenol and eggs, in stock. Overall stress in supply chains remains high.

Because shortages, delays and bottlenecks can hurt their bottom line, many companies that didn't go bust during the pandemic have been rethinking their supply chains and implementing changes to make them more resilient.

As a supply chain expert, I have observed three major shifts in how companies manage their supply chains – changes that will significantly affect consumers and businesses alike.

1. Bringing supply chains home

One of the main downsides of having supply chains that span the globe is that they are more vulnerable to problems outside of a company's control, such as an earthquake that strikes a key supplier or a citywide lockdown that shuts down factories.

That's why companies in every industry have been working to relocate suppliers and production facilities closer to home or geographically spreading them out so that they're not so dependent on one country or region. The goal is to ensure they can withstand disruptions and maintain business continuity.

The pace of reshoring – the process of shifting production and manufacturing to domestic locations from overseas factories – has surged in recent years. Over 60% of European and U.S. manufacturing companies expect to reshore part of their Asia production in the next three years, according to a survey conducted in early 2022.

A more recent survey found that U.S. transport and manufacturing reshored about 350,000 jobs in 2022, up 25%

from the previous year.

This trend not only has support from government subsidies but retailers as well. Walmart, one of the world's biggest retailers, has committed to help its suppliers reshore by increasing its purchases of U.S.-made products by US\$350 billion over the next decade. In the U.K., a survey of 750 small businesses found that 2 in 5 are considering switching to domestic manufacturers to avoid COVID-19 disruptions and high shipping costs.

At the same time, other companies are trying to diversify their sources of supply, often away from China, which until recently was regularly locking down whole cities to maintain its now-lapsed zero COVID-19 policy. India and Vietnam are popular destinations.

U.S.-based Apple, for example, frustrated by product delays in China, where 98% of its iPhones are made, recently started producing models in India. In addition, Foxconn, its largest supplier, agreed to expand production in Vietnam. Overall, U.S. manufacturing orders from China are down 21% since August 2022.

In Europe, carmaker Volvo announced in July plans to open its first European factory in 60 years in Slovakia. And leaders of the U.S., Mexico and Canada are meeting to discuss ways to encourage more investment in the region, which may result in more reshoring.

2. Investing in more technology

One of the biggest issues when the COVID-19 pandemic began was that companies often didn't know what was going on with their suppliers because of poor technology. For example, prior to the pandemic, over 50% of companies didn't communicate with or know the locations of all their suppliers, making it difficult to anticipate shortages.

Companies have since learned, if they didn't already know, that being able to see what is happening along their supply chains is critical to avoiding and adapting to disruptions. And modern digital technologies are key to making this happen.

This includes everything from state-of-the-art software to better communicate with suppliers to cloud computing for efficient data storage, artificial intelligence tools to make better decisions and robotics for automating processes. Implementing these new technologies is the biggest global corporate priority for 2022, according to strategic consultancy the Hackett Group.

3. From 'just-in-time' to 'just-in-case'

One of the great supply chain advancements in recent decades is a Japanese management philosophy known as "just-in-time."

While the essence of the philosophy is eliminating waste, businesses reduced just-in-time to the idea of having low or even zero inventory. That meant carrying as little stuff in warehouses as possible to minimize storage costs, maximize efficiencies and yield higher profits. As long as there were no disruptions, the system worked.

However, just-in-time made businesses vulnerable to even small disruptions. Companies' super-lean supply chains meant the disruptions caused by the pandemic – and pretty much anything else – were amplified considerably, making even a hiccup potentially cascade into a major problem.

Companies now fearful of shortages are moving toward carrying more inventory. Since the pandemic began, many have been shifting from just-in-time to a "just in case" model. While having more inventory will make it less likely companies will experience shortages, it's also more costly because it can lead to a lot of excess stock and products becoming obsolete before they're sold.

But this trend, like the others, is unlikely to change anytime soon despite the elevated costs they'll incur. That is, companies learned that the cost of empty shelves was higher than the cost of some inefficiency. In most cases, these costs will be passed on to consumers in terms of higher prices – which may be bad news for consumers tired of inflation. ▲

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Pictured: delegates from countries from around the world at the IMO applaud the announcement of a landmark new deal on greenhouse gas emissions. Photo: IMO.

IMO's landmark revised greenhouse gas strategy aims for net-zero emissions from shipping by 2050

Hailed variously as “historic”, “groundbreaking”, and “landmark” by supporters but described by detractors with words like a “wish and prayer”, a “sinking feeling,” and “serial procrastinator,” the International Maritime Organization appears to have delivered delight and despair in equal measure.

International shipping has been committed to having greenhouse gas emissions peak “as soon as possible” and then reach net-zero by, or around, 2050, by delegates from the countries of the world who met for IMO's Marine Environment Protection Committee (number 80).

Net zero is the key aim of the IMO's revised Greenhouse Gas Strategy and it substantially improves on the key aim of the Initial Greenhouse Gas Strategy of 2018. The earlier strategy committed shipping to a cut of 50% while also “working towards” a 70% cut in greenhouse gas emissions by 2050 when compared to a baseline of 2008.

There were several other key revisions too.

Ambition level one

First-up is the “level of ambition” to have the carbon intensity of shipping to decline through further improvement of energy efficiency for new ships with the aim of strengthening the energy efficiency design requirements. There's not much that is ground-breakingly new in this specific level of ambition.

The IMO's earlier work in 2011 led to the introduction of an “Energy Efficiency Design Index” for new ships which, in 2013, made it mandatory that new ships must meet a minimum efficiency benchmark, with that benchmark reducing every five years. There are different benchmarks for different ships, and for vessels of different sizes. The new ship index is based on the By 2025, all new ships will be 30% more energy efficient than those built in 2014, the IMO has previously said.

There is a massive amount of work that has been done in this area and it is now generally accepted that individual ships can become considerably more efficient. Delegates to MEPC 80 did

agree a variety of technical changes, such as corrections on the comparison of tank sizes to dual fuel engines in the Energy Efficiency Design Index survey and certification guidelines, according to class society DNV.

Ambition level two

The second level of ambition is for the carbon intensity of international shipping to decline when expressed as the reduction of CO₂ emissions per transport work as an average across international shipping by at least 40% by 2030 when compared to 2008. Again, little new here in this specific level of ambition as it appeared in the IMO Initial 2018 Greenhouse Gas Strategy.

The IMO has previously carried out much work in this area leading to the introduction of the Energy Efficiency Existing Ship Index and the Carbon Intensity Indicator. These are two similar programmes in which an energy efficiency baseline is set and that ships have to meet that baseline, with the caveat that the baseline reduces over

time so ships have to become ever-more efficient.

DNV reports that the delegates to MEPC 80 have agreed a plan to review the short-term greenhouse gas reduction measures i.e. the Energy Efficiency Existing Ship Index and the Carbon Intensity Indicator. There will be a data gathering phase until MEPC 82 in 2024 with a view to finalising measures by mid-2025. There will be no immediate changes to the Carbon Intensity Indicator framework before the completion of the review.

Ambition level three

The third level of ambition is new and this is to have an uptake of zero, or near-zero, greenhouse gas emission technologies, fuels, and / or energy sources to represent at least 5% (while striving for 10%) of the energy used by international shipping by 2030.

This ambition level seems to be particularly important and has attracted commentary. For instance, marine consultants UMAS, have argued that “This is a key enabler of early investment into the long-run solutions that can ensure this decade will see emergence and increasing use of zero emissions technologies and supply chains, ready for their rapid scaling from 2030”.

This is a view backed up by Simon Bennett, International Chamber of Shipping (ICS) Deputy Secretary General, who remarked: “this historic IMO agreement gives a very strong signal... to energy producers who must now urgently supply zero GHG marine fuels in very large quantities if such a rapid transition is to be possible.”

UMAS have also added that: “The conversion of this into the detail of a policy measure, and a finer definition of ‘zero or near-zero GHG emission’ technologies, will need to wait until the adoption of mid-term measures (expected in 2025)”.

It is worth noting the key wording of it is inclusive and could include wind-assisted propulsion technologies such as kites, sails, and Flettner rotors among other things.

Ambition level four

This ambition is the adoption of net-zero emissions by 2050. It appears to be

radically different from previous iterations of the IMO’s greenhouse gas strategy. To help reach that goal, two indicative checkpoints have been set.

The first indicative checkpoint is to reduce the total yearly greenhouse gas emission from international shipping by at least 20%, striving for 30% by 2030, compared to 2008.



Pictured: the current International Maritime Organization’s Secretary General, Kitack Lim, opening the IMO’s Marine Environment Protection Committee meeting (No. 80). Photo: IMO.

The second indicative checkpoint is to reduce total annual greenhouse gas emissions from international shipping by at least 70%, striving for 80% by 2040 when compared to 2008.

The second indicates a radical shift in posture. Remember: the Initial 2018 GHG Strategy called for a 50% cut by 2050 while striving for 70% cut when compared to 2008.

Mid-term measures

Before we get to the mid-term measures, an interested reader may well ask what the short term measures are or were. These are / were the new ship design efficiency index, the existing ship design

index, and the carbon intensity indicator.

The mid-term measures will include a “basket” of candidate measures that can deliver on the reduction targets. They will include a “technical element”, namely a goal-based marine fuel standard regulating the phased reduction of the greenhouse gas intensity of marine fuel.

Global fuel standard

The IMO reckons that the fuel standard will “create a predictable demand for low- and zero-GHG fuels, which will result in more investments in the production of those fuels and the required bunkering infrastructure. Therefore, it is expected that these fuels will be produced in a large scale worldwide”. The IMO adds that the fuel intensity in the standard would be lowered gradually over time, thereby allowing countries to adapt and also minimising the impacts of the fuel transition.

Noting that the zero-emissions fuels will likely not be available in all ports during the transition, it is proposed that there

be a scheme of credits / debits (called “Flexible Compliance Units”) that would allow ship operators to exchange under- and over-compliance across ships. That exchange could be within the same fleet or with other operators.

Economic element – that’s a levy, a tax, or a cap-and-trade scheme to you and me

Secondly, and this should prove to be interesting, the second element will be some kind of “economic element” based on a maritime greenhouse gas emissions pricing mechanism. That’s going to be some kind of levy, or fee, or tax, or an auction of emissions cap and trade scheme.

One proposal to the IMO (by Norway) is a cap and trade system whereby

some kind of credit would be auctioned. This would affect, if implemented on the 2019 fleet, about 63,500 ships at or above 400 Gross Tons. With some understatement, the IMO notes that such a scheme would generate “considerable revenues” in the range of \$130 to \$140 billion per year from 2030. Norway wants to use the funds to support climate action in developing countries and to speed-up the introduction of sustainable low- and zero-emissions fuels and technologies, in particular, green fuels and infrastructure capacity.

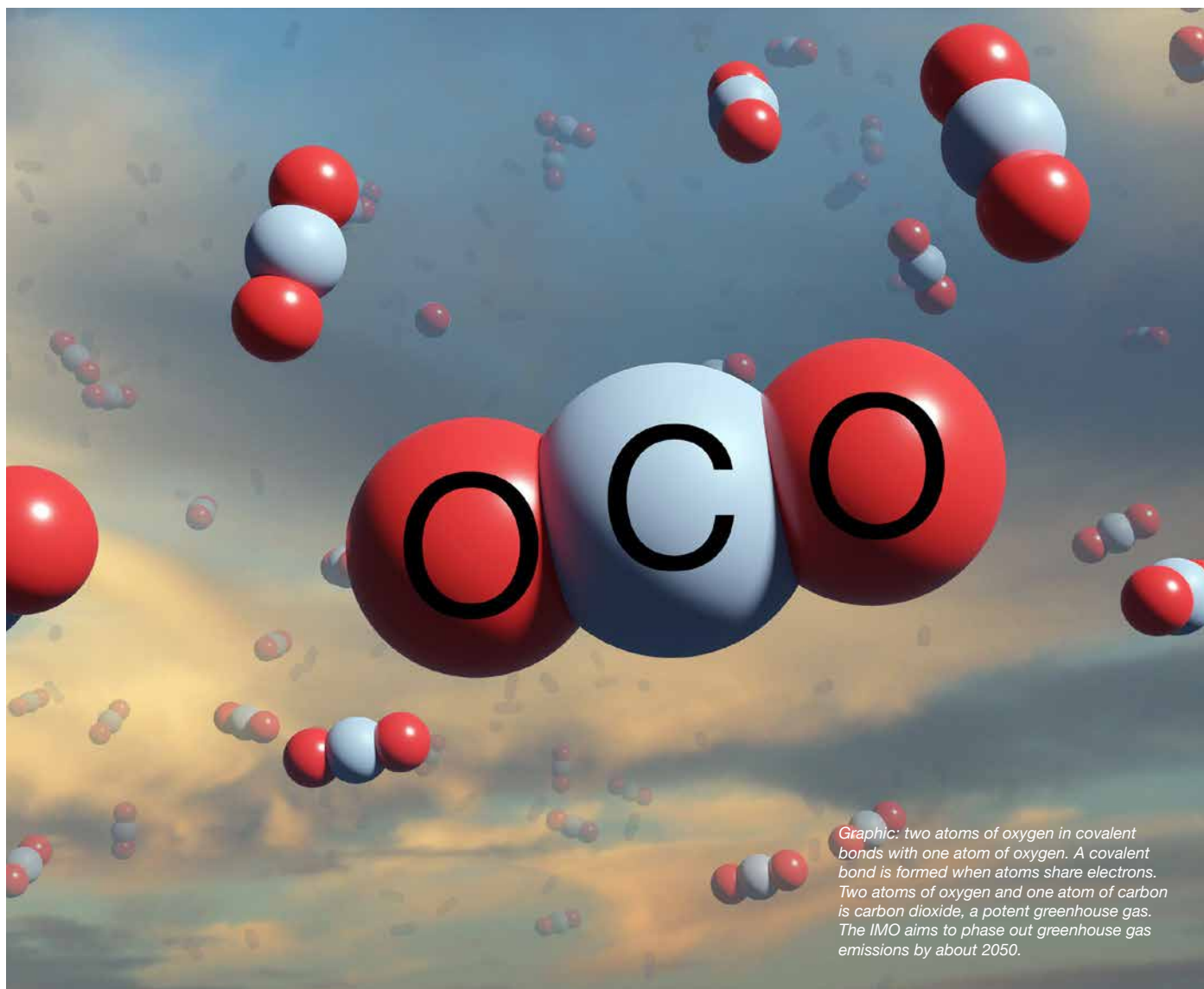
A levy on fuel

Another proposal, by a consortium of Pacific Island countries, is to impose a global greenhouse gas levy at the point

of sale on bunker fuel. An attractive measure owing to its simplicity, it can send a clear, strong, signal to the industry. The revenues could then be spent on research, development, and maritime projects.

While this would be relatively simple, and of a lesser, administrative burden, it might not raise as much money as other measures and it might not change fuel consumption behaviour. The initial price was set in 2019 and it was thought that it could be USD\$100 ton / carbon dioxide equivalent.

The problem is that we already know that such a price did not change behaviour in the past. Fuel prices are volatile. They can be very low, or very high. For instance, Very Low Sulphur Fuel Oil (Singapore) was priced at



USD\$206.50 / tonne on 22 April 2020 (right at the start of the temporary COVID-induced slump in world trade). By 10 June 2022, that same fuel was priced at USD\$1,149 (about four months on from the Russian invasion of Ukraine in the war that began in 2014).

That's a big price range, with a difference of USD\$942.50 between the two prices. The fuel hit every price point in-between, and the world went through one of the largest booms in trade in living memory. And it didn't change shipping behaviour.

So what would an extra USD\$100 levy do to change behaviour? Maybe nothing. This is the same point made by Dr Roar Adland FICS, global head of research at Simpson Spence Young, in the context of the EU's emission trading scheme.

So what does the IMO propose to do next?

The 2023 Strategy has set out a timeline for the adoption of a basket of measures.

By MEPC 81 (due in 2024) there should be an interim report on the impact of the candidate measures. By MEPC 82 (later in 2024) there will be a finalised report on the impacts. MEPC 83 in 2025 will see a review of the short term measures (the Efficiency Existing Ship Index and the Carbon Intensity Indicator.) MEPC 84 (2026) will see approval of various measures and the review of the short term measures should be complete. All of which will

lead to an "extraordinary" one or two-day MEPC that will hopefully see measures adopted in 2026.

Reactions were mixed!

The Clean Arctic Alliance described the IMO as a "serial procrastinator on black carbon emissions," and expressed "dismay" at what they described as a "bland, and weaker version of their earlier ambitions". Meanwhile, pressure group "Seas at Risk" said that civil society groups are "deeply concerned" by the "failure to firmly align global shipping with the Paris Agreement's 1.5 degrees C temperature-warming limit" and that it was "disappointed at the weak ambition to push for further action".

Industry reaction was favourable


IMO Secretary-General Kitack Lim said: "the adoption of the 2023 IMO Greenhouse Gas Strategy is a monumental development for IMO and opens a new chapter towards maritime decarbonization. At the same time, it is not the end goal, it is in many ways a starting point for the work that needs to intensify even more over the years and decades ahead of us."

"Above all, it is particularly meaningful, to have unanimous support from all Member States. In this regard, I believe that we have to pay more attention to support developing countries... so that no one is left behind," he said.

Industry bodies welcomed the agreement that was struck at the IMO.

Speaking at the close of the intensive two-week session, Simon Bennet, the Deputy Secretary General of the International Chamber of Shipping said that the "ICS greatly welcomes the ambitious agreement reached by governments at IMO today for shipping to achieve net zero emissions 'by or around 2050'... The industry will do everything possible to achieve these goals including the 70 to 80 percent absolute reduction of GHG emissions now demanded of the entire global shipping sector by 2040". He also called upon member states of the IMO to agree a global levy to support a "fund and reward" mechanism as has been proposed by the ICS.

John Butler, President and CEO of the World Shipping Council added, "there is much to do, and carriers are eager to continue the work together with regulators, fuel providers and technology providers to reach our shared climate targets. Liner shipping is already investing in renewable fuel-ready ships, and [the agreement] broadcasts a strong global signal for investment to the entire maritime sector. We are counting on the IMO member nations to press on with the important work of developing and adopting a robust regulatory framework that will make these fuels available and competitive". ▲



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Pictured: an Oceanic Whitetip shark (Carcharhinus longimanus). The Whitetip is a pelagic shark – meaning it generally (but not always) lives in the High Seas. It is also endangered. Species such as the Whitetip may benefit from BBNJ Treaty. Photo credit: Alexander Vasinin via Wikipedia CC 4.0.

Biodiversity Beyond National Jurisdictions treaty formally adopted by the United Nations

A treaty to protect international biodiversity on the high seas was officially adopted by the 193 members of the United Nations on Monday 19 June.

The adoption of the new treaty was formally welcomed by Kitack Lim, the Secretary General of the International Maritime Organization.

“I congratulate all parties on the successful adoption of the new legally binding instrument on marine biodiversity in areas beyond national jurisdiction... IMO has participated throughout the negotiations, given the organization’s mandate and expertise, and will continue to participate, in the implementation of the new instrument,” the Secretary General said.

Ratification and applicability

Often called the “BBNJ”, meaning “biodiversity beyond national jurisdiction”, or the “High Seas Treaty”, the BBNJ made international headlines earlier this year when the text was agreed after decades of negotiations.

The BBNJ will enter into force after sixty countries ratify the agreement.

The purpose of the BBNJ is to provide a legal framework for designating areas of the High Seas as being protected for the benefit of marine life.

The agreement will apply to all areas beyond national jurisdiction, i.e. the High Seas, which are those parts of

the global world-ocean that are more than 200 nautical miles (approximately 370 km) from the shore of any country. According to Geoscience Australia, the world’s oceans cover about 361 million square kilometres, of which 219 million square kilometres (approximately 60%) can be categorised as the High Seas.

Applicability to the ocean shipping industries

All human activity, ocean shipping included, inevitably has some impact on the natural world. Shipping-related impacts include underwater noise, whale strikes and garbage disposal.

One way to control the impacts of

shipping is to control where ships can and cannot go.

This is already done around the world. There are safety-based traffic separation schemes – such as in the English Channel and the Strait of Hormuz (the entry / exit to the Persian Gulf) to name but two. And there are a wide range of existing marine parks, particularly sensitive sea areas, and the like.

However, apart from International Maritime Organization-designated controls on shipping movement, imposition of controls on ships has been done on a patchwork, nation-by-nation basis. If a group of countries decided to set up a multi-state marine park on the High Seas, then the existence of that marine park would really only bind the vessels of those nations.

Hence the rationale for creating the BBNJ which creates a system for creating new, globally-effective, marine parks in the High Seas.

The new High Seas marine parks: “area-based management tools”

The BBNJ’s “area-based management tool” means a tool, including a marine protected area, for a geographically defined area through which one, or several, sectors or activities are managed.

The objective of setting up an area-based management tool (we will call it a “marine park” from now on) is to conserve and to sustainably use areas requiring protection through well-connected networks of marine protected areas and to generally protect oceanic biodiversity.

New global marine parks cannot be set up within any areas under a country’s jurisdiction (although that country could set up its own marine park) and cannot be relied upon to assert or deny any claims to sovereignty.

Impacts for shipping

At this early stage, it is hard to know what the impacts on shipping will be.

Setting up new global marine parks could, of course, determine where ships can and cannot go, thereby adding complexity to international voyage passage planning, lengthening voyage times (potentially), increasing fuel consumption and therefore causing an increase in the cost of fuel, increasing costs generally (e.g. a longer voyage will increase the overall cost of crew wages for that voyage along with an overall bigger total cost for consumables).

Other possible restrictions could be the imposition of, say, speed limits, restrictions on the use of various technologies e.g. possible bans on the discharge of water from open-loop scrubbers for example, limitations on noise, and there could be other issues, such as strict liability for accidental pollution in global marine parks, for instance. ▲



Pictured: two orcas (Orcinus orca) breach surface waters. Orcas are an endangered pelagic species. Photo credit: U.S. National Oceanic and Atmospheric Administration / Robert Pitman.

Construction gets underway at Somerton... but there's a vital piece missing from the Victorian logistics puzzle

A sod-turning ceremony has marked the beginning of construction work on the Somerton Intermodal Terminal, which is set to become a major part of Victoria's freight infrastructure.

James Kurz, a director at logistics company CoastalBridge, and who is also the chair of Shipping Australia Victoria, commented: "this represents a significant milestone in enhancing efficiency, sustainability and connectivity within our region. By seamlessly integrating rail and port operations, we can unlock unprecedented opportunities for economic growth and trade expansion, while reducing congestion and environmental impact."

Price tag, dimensions, key facts

The open-access, independently-owned, terminal is privately funded with a price tag of \$400m, has 28 plus hectares of hardstand and should be ready for use by 2025. The fully-electric intermodal rail terminal will have a one million TEU capacity in its phase 1, will be able to load / unload IMEX and interstate trains (Inland Rail and East-West) and will be able to double-stack trains.

Somerton Intermodal Terminal, as its name suggests, will be located in the Somerton area, in the northern outskirts of Melbourne. The terminal is currently being built by Acciona Rail and it will be Australia's largest rail terminal. It will be 21km from Melbourne CBD, 12km from Melbourne Airport, and 26km from the Port of Melbourne. The site is also located near the Hume Highway, which connects Melbourne and Sydney, and it's approximately 20km south of the area of Beveridge, which is where the Inland Rail is currently due to terminate in Victoria. There is an existing rail link that runs through the area Beveridge and near the area of Somerton.

The new terminal will, initially, replace 500,000 truck trips (equivalent to 454 million truck kilometres) from inner Melbourne roads, thereby saving on road damage, traffic congestion, and pollution. It will save 451 million litres of fuel and cut carbon dioxide emission by 189,000 tonnes.

Major investments

The terminal will be a key hub in the \$58 million Port Rail Shuttle Network, which will enable trucks to pick up or

Pictured: an example of a rail siding at an intermodal terminal. Photo credit: Jason Thompson via Unsplash.

drop off containers from hubs in outer Melbourne instead of driving to the Port of Melbourne. The Port itself is investing \$125 million in new rail infrastructure to cater for the shuttle trains.

Commenting on development, the Victorian Minister for Ports and Freight Melissa Horne, said: "The investment by the State and Federal Governments and the private sector into the Port Rail Shuttle Network, enables these major investments to occur which will put more freight onto rail, take trucks off local roads and support exporters."

Shipping Australia certainly welcomes and applauds the investment and efforts at Somerton. It is a great project, we can see it adds value to supply chain, and we wish it every success.

Looking at the wider logistics picture

Stepping back a little, and looking at the wider logistics picture, and we can observe that there's a little growth / logistics connectivity problem in the wider region that really needs examining.

Shipping Australia notes, generally, ship sizes around the world are increasing. That means that all three of the container terminal operators in Melbourne, are, or will likely soon be, receiving bigger ships than previously.

That means there are now, or soon will be, even bigger container exchanges (i.e. boxes on and off ships). Volumes at Melbourne are only going to get bigger too; forecasts indicate that box volumes are going to increase from 3m TEU a year to about 9 million TEU a year. It's very likely that the increase in volume will be spread out between the three different terminal operators.

Let's have a look at the road and rail connectivity at Melbourne.

Shipping Australia notes that the Victorian government's port shuttle rail project connects the Swanson, Appleton, and Victoria docks in the northern part of the port to the national rail network and thence to terminals like Somerton. These docks are also well-connected by road.

Limited road capacity, future growth in transport demand

Heading south around Fishermans Bend, toward Webb Dock, and there is

limited road capacity, with little leeway to expand the local road network.

"Future growth in road demand will constrain efficient freight movements," Infrastructure Australia notes, and this will "lead to higher costs for importers and exporters, reduced efficiency of trucking... and reduced throughput for stevedores".

It's just as well then, that there are already efficient, frequent, high-capacity train services into and out of Webb Dock. Right? Eh? Right? Er, no. Wrong.

Infrastructure Australia notes that all freight to / from Webb Dock is carried by road.

It's just as well then, that there is already advanced construction underway for efficient, frequent, high-capacity train services into and out of Webb Dock. Right? Eh? Right? Er, no. Wrong.

There is no advanced construction taking place.

It's just as well then, that construction is about to get underway for.... .. oh, ok, well, let's not bother with the rest of that sentence.

We all think it's a good idea...

A lot of important bodies do think it would be a good idea to have a rail connection for Webb Dock. Infrastructure Australia has the "Rail Access to Webb Dock" project on its national Infrastructure Priority List. The Victorian Freight Plan "Delivering the Goods," makes frequent references to rail connections to Webb Dock. Port of Melbourne's 2050 Port Development Strategy also calls for a rail connection to Webb Dock by 2030-35.

A rail freight link to Webb Dock could be done. There used to be one, in fact. It was opened in February 1986 by Victoria's then Minister for Transport, Tom Roper. It crossed the Yarra River via a bridge, ran westwards alongside Lorimer Street, and curved southwards running adjacent to Todd Road, before quickly whizzing around to the west of the West Gate Park, and then under the West Gate Freeway. In Ye Olde Days, it then doubled-back eastwards to connect to Webb Dock.

The rail link fell out of use in 1992 and part of the line was later built over. But much of the line west of the Bolte Bridge is still in existence and Infrastructure

Australia notes that one option is to re-instate that old rail freight link. In "Our Plan for Rail 2020", the Port of Melbourne sees any potential Webb Dock rail line as following that exact route although, we understand, there's apparently a big debate whether the route should go over the Yarra River via bridge or under it via tunnel.

So, lots of good wishes and suggestions from important and credible bodies that there should be rail access to Webb Dock, but... as for anyone actually doing anything about it? Well, you can practically hear the crickets chirruping in the background.

Sub-optimal efficacy, efficiency, and investment

The key point is that, while it is great that Melbourne will have an excellent port-rail network that links the port to intermodal terminals, one of the three main terminals, Webb Dock, is not yet connected by rail to the rest of the rail freight network. Nor will it be any time soon because, y'know, no construction as yet.

And that's not good.

As Webb Dock is one of the three main container terminals at the Port of Melbourne, then the lack of a rail connection renders the efficacy and efficiency of the rail and intermodal investments as very sub-optimal.

Especially as the project has been / is being paid for in advance by a \$9.75 increase in tariff per TEU on full import containers. That's double-especially- so when it is remembered that cargo imported via Webb Dock was also subject to the same fee increase despite the fact that there is no direct rail interface to Webb Dock and none is being built.

Time to get into the right gear

Melbourne is one of Australia's most important container ports. This nation's international trade and economic prosperity depends upon all parts of the Port of Melbourne being connected to the rail freight network. Shipping Australia therefore urges, and calls for, the start of construction on Webb Dock's rail access underway as soon as is possible.

It's time to get building. ▲

*Pictured: container ships at berth, in port.
Photo credit: Bellergy RC via Pixabay.*



Pictured: Dr Simona Sulikova of the World Bank and one of the two authors of this article. Photo credit: The World Bank.

A comparable assessment of performance based on vessel time in port

By SIMONA SULIKOVA and MARTIN HUMPHREYS, The World Bank

Efficiency and performance in container ports are critical for ensuring seamless global trade and supply chain operations. Around 35% of global trade volume, and 60% of trade value, is carried via the container shipping lines. Recognizing the importance of evaluating and benchmarking port performance, the Container Port Performance Index (CPPI) has emerged as a valuable tool.

Developed by the World Bank and S&P (Standard & Poor) Global Market Intelligence, this index provides comprehensive insights into container port efficiency worldwide, assisting industry participants in identifying areas for improvement and implementing targeted strategies. Globally, ports are continuing to clear backlogs, but additional scope for efficiency gains remains. The data suggests that further

digitalization of port processes and the improvement of spatial and operating efficiency would improve productivity, customer service and emissions reductions.

Understanding the Container Port Performance Index

The CPPI is the only global index tracking container port performance. The third edition, released in May 2023, tracks 348 global container ports. The index measures port efficiency by looking at vessel turnaround time in port. It offers an objective and standardized approach to evaluating port efficiency, which enables stakeholders in the shipping industry to make informed decisions based on reliable data.

Efforts to develop a performance metric

for ports have been underway since the 1970s, when UNCTAD (United Nations Conference on Trade and Development) initiated the process. Past obstacles included the quality and quantity of data and a lack of willingness to collate data annually. Today, several indicators are available. The Liner Shipping Connectivity Index measures port performance only indirectly, through its position within the liner shipping network. UNCTAD's data on the median time ships spend in ports is available only by country, not by port, and includes all commercial vessels, not only container ships. The Port Performance Program, which began with five liner companies voluntarily sharing port call timestamp data in 2009, now covers more than 80% of global container fleet capacity and is the basis used for the CPPI.

Components of the CPPI

The core of the CPPI is port turnaround time, defined as the elapsed time between when a ship reaches the port limits (pilot station or anchorage, depending on which is achieved first), to its departure from the berth having completed its cargo exchange. The dataset for 2022 includes 157,000 vessel calls, and the CPPI only considers ports with at least 24 valid port calls. When comparing performance between ports, several factors must be considered. These include that average port hours are naturally higher in larger call size vessels, or that crane intensity increases with ship size up to a point. Calls are therefore analyzed in ten call size groups and five ship size groups. This year, due to improvements in data quality, it was possible to use actual vessel arrival time at anchorage, rather than the estimated time of arrival. Call size data is provided by shipping lines, and this is matched with the Automatic Identification Signal from the ship.

In earlier iterations of the CPPI, the calculation of the ranking of the index employed two different methodological approaches: an administrative approach, a pragmatic methodology reflecting expert knowledge and judgment; and a statistical approach, using factor analysis (FA). The rationale for using two approaches was to try and ensure that the ranking of container port performance reflects actual port performance as closely as possible, whilst also being statistically robust. There has been a marked improvement in consistency between the rankings that result from the two approaches since the inaugural CPPI 2020. Accordingly, for CPPI 2022, the same methodological approaches are used and then a rank aggregation method is applied to combine the results from the two different approaches and return one aggregate ranking.

Performance of key ports

Among the report highlights are China's Yangshan Port, which topped the ranking despite periods of heavy disruption caused by typhoons and various other factors in 2022. Looking beyond Yangshan Port, Middle East and North Africa ports performed well again this year, with three ports from the region finishing in the top five: Port of Salalah in Oman ranked 2nd, Khalifa Port in Abu Dhabi took 3rd, and Tanger Med

ranked 4th and Cartagena, which has steadily climbed the rankings from 35th in the CPPI2020 to 5th now. Table 1 illustrates the aggregated index values.

Table 1: Aggregate ranking of the global CPPI 2022

Port	Ranking
Yangshan (China)	1
Salalah (Oman)	2
Khalifa Port (UAE (United Arab Emirates))	3
Tanger-Mediterranean (Morocco)	4
Cartagena (Colombia)	5
Tanjung Pelepas (Malaysia)	6
Ningbo (China)	7
Hamad Port (Qatar)	8
Guangzhou (China)	9
Port Said (Egypt)	10

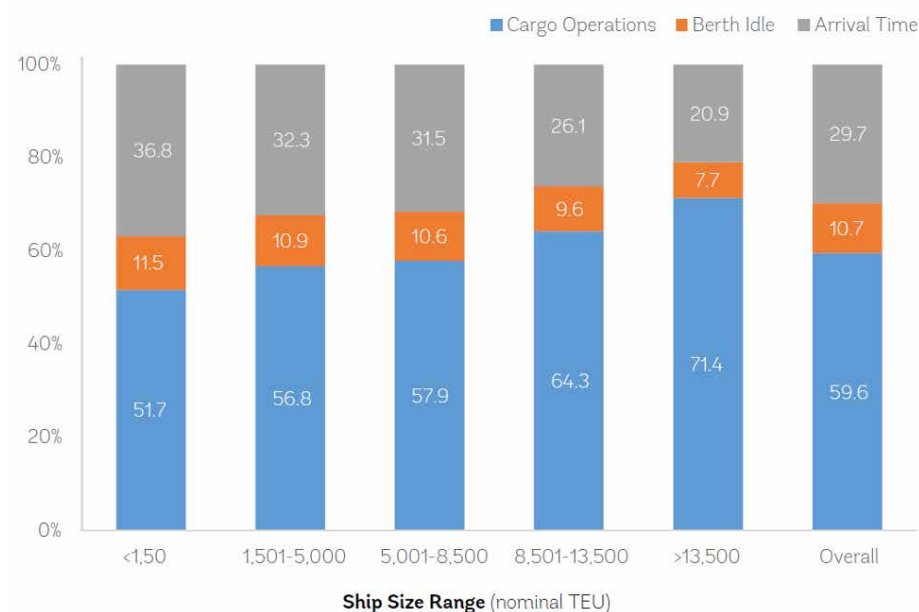
Table 1 Aggregate ranking of the global CPPI 2022.

The average duration of a port call in 2022 was 36.8 hours (about one and a half days), which was a slight increase over the global average of 36.3 hours (about one and a half days) in 2021. Overall, as Figure 1 shows, only 60% of port call time is cargo operations, indicating that on average 40 percent of the time of every port call is 'wasted' time, which could in theory be reduced.

About 10.8 percent (or 3.96 hours) was consumed at the berth immediately before and after cargo operations. Also known as the 'Start-Up' and 'Finish' sub-processes of a port call, each activity does not necessarily need to take more than 30 minutes to complete safely.

There is, therefore, an opportunity to eliminate almost three hours per call of port time globally simply through better planning, preparation, communication, and process streamlining. This time saved equates to more hours at sea, leading to slower sailing speeds, lower GHG (Green House Gas) emissions, and cost savings for the ship operator, which would be significant for each port call.

Figure 1: In-Port Time Consumption



Oceania performance

The index tracks 18 ports in Australia, New Zealand, and the Pacific Islands. They are all classified as medium-sized or small ports, with annual throughput of 0.5 to 4 million TEUs (Twenty Foot Equivalent Unit), or less than 0.5 million TEUs per year, respectively.

Port	Port size	Ranking
Noumea (New Caledonia)	Small	128
Papeete (French Polynesia)	Medium	139
Wellington (New Zealand)	Medium	153
Bluff (New Zealand)	Small	191
Bell Bay (Australia)	Small	192
Nelson (New Zealand)	Small	204
Timaru (New Zealand)	Medium	250
Melbourne (Australia)	Medium	273
Lae (Papua New Guinea)	Small	274
Otago Harbour (New Zealand)	Medium	276
Adelaide (Australia)	Medium	277
Brisbane (Australia)	Medium	287
Port Botany (Australia)	Medium	299
Fremantle (Australia)	Medium	310
Lyttleton (New Zealand)	Medium	313
Napier (New Zealand)	Medium	322
Auckland (New Zealand)	Medium	323
Tauranga (New Zealand)	Medium	325

Benefits of the CPPI: benchmarking and comparison

In the past, one of the challenges of determining a port's performance was the lack of reliable measures to compare the operational efficiency of ports. Without accurate performance indicators, countries found it difficult to identify operational constraints, define operational performance measures, and plan port development and enhancement needs. The CPPI allows a port to carefully choose a group of comparison ports, whether by size, region, typical ship size, or known geographic constraints, and identify and track its performance relative to its competitors.

Benefits of the CPPI: decision-making

The ranking is intended to identify gaps and opportunities for improvement for the benefit of key stakeholders in global trade, including government, shipping lines, port and terminal operators, shippers, logistics companies and consumers.

Benefits of the CPPI: transparency and accountability

The CPPI provides a global and standardized metric. This means port authorities can highlight their achievements, while regulators can assess the effectiveness of policies and regulations aimed at improving port performance.

Benefits of the CPPI: industry collaboration and innovation

It is only possible to publish the CPPI because of industry collaboration through the Port Performance Program, and voluntary data sharing. In addition, reducing port waiting time and administrative delays can be achieved through joint agreements on, for example, an electronic bill of lading, or the adoption of Virtual Arrival by the port and shipping companies calling at that port.

Benefits of the CPPI: future developments and evolving challenges

The CPPI is expected to undergo further refinement in the future. Stakeholder feedback is being continuously incorporated, and with advancements in data quality and scope, it may be possible to track additional trends. The anticipated CPPI 2023, to be published next year, will potentially include disaggregation by ship or call size. The goal is to help stakeholders, whether they are public or private, identify potential improvements to their port's performance.

Shipping Australia thanks Drs. Sulikova and Humphreys for their insights.

Dr Sulikova joined the World Bank as a transport modeler and data scientist. At the bank, she works on energy efficiency and decarbonization in shipping, and climate risk resilience in transportation networks. Previously, she worked for the Ministry of Finance in Slovakia. She holds a DPhil in Transport Studies and Economics, an MPhil in Environmental Change and Management, and a BA in Land Economy. Dr Humphreys' biography can be found in the next article. ▲



Why ports matter for the global economy

By Dr. MARTIN HUMPHREYS, Transport Economist and the Global Lead for Transport Connectivity and Regional Integration, Maritime Transport and Logistics at the World Bank.

Pictured: Dr. Martin Humphreys, the author of this article and also one of the two authors of the previous article. Photo credit: the World Bank.

Since the start of maritime trade, ports have played a central role in the economic and social development of countries. More than 80 percent of global merchandise trade (by volume) is transported via sea routes. A considerable and increasing proportion of this volume, accounting for about 35 percent of total volumes and over 60 percent of commercial value, is carried in containers. Container ports are essential nodes in global supply chains and are crucial to the growth strategies of many emerging economies.

The development of high-quality port infrastructure, operated efficiently, has often been a prerequisite for successful growth strategies, particularly those driven by exports. When done correctly, it fosters the necessary confidence to attract investment in production and distribution systems, supporting the growth of manufacturing and logistics, creating employment, and increasing income levels.

By contrast, a poorly functioning or inefficient port can hinder growth, with a profound impact on the Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS). The port, along with the access infrastructure (such as inland waterways, railways, or roads) to the hinterland, is a vital link to the global marketplace and needs to operate efficiently. Efficient performance encompasses several factors, such as the port's efficiency itself, the availability of sufficient draught, quay, and dock facilities, the quality of road and rail connections, the competitiveness of these services, and the effectiveness of the procedures utilized by public

agencies for container clearance. Any inefficiencies or non-tariff barriers will result in higher costs, reduced competitiveness, and lower trade volumes.

Efficient port infrastructure has also been identified as a key contributor to overall port competitiveness and international trade costs. Unfortunately, ports and terminals, particularly for containers, are too often main sources of shipment delays, supply chain disruptions, additional costs, and reduced competitiveness. The result far too often is that instead of facilitating trade, the port increases the cost of imports and exports, reduces competitiveness, and inhibits economic growth and poverty reduction. The effect on a country or the countries served by the port can be severe. Inefficient ports can slow the circular system of container shipping, thereby reducing capacity, and reducing costs. Ships have to wait unnecessarily incurring additional fuel costs, additional emissions, and additional costs.

Improving container port performance lowers the cost of trade, contributes to food security, improves resilience, and reduces unnecessary emissions from vessels. The role of ports as the linchpin in the global economy is a major reason why the World Bank and S&P Global Markets are tracking port performance for nearly 350 global ports in the Container Ports Performance Index (CPPI).

The third edition of this ranking is now available, and the data from 2022 show that globally, ports are continuing to recover from pandemic-era disruptions as falling demand allowed ports to clear backlogs.

But despite ongoing recovery, the ranking indicates much scope for efficiency improvements at global ports through development of better infrastructure, technical innovations and digitization, as ports seek to improve asset productivity and customer service and contribute to industry emissions reduction targets.

The CPPI and the underlying data are intended to identify gaps and opportunities for improvement for the benefit of key stakeholders in global trade, including governments, shipping lines, port and terminal operators, shippers, logistics companies and consumers. By identifying top performers – and those with scope for improvement – we can determine what port advancements and strategies should be replicated elsewhere. These insights help inform our work with developing countries as they continue to develop their port systems and seeks ways to contribute to sustainable and resilient supply chains.

About the author

Martin Humphreys is a Lead Transport Economist and the Global Lead for Transport Connectivity and Regional Integration, Maritime Transport and Logistics at the World Bank. He has been working in the transport sector for nearly 30 years in a number of different countries/regions. His experience covers roads, railways, inland waterways and maritime ports, public private partnerships, and trade and transport facilitation, in post-conflict, fragile, and low and middle income countries. Martin has a first degree in Economics, and a Master's Degree and Ph.D. in Transport Economics. ▲



International businesses: selling low value goods to the land down under? You may need to register for GST

By the AUSTRALIAN TAXATION OFFICE

International businesses may need to register and pay Australian goods and service tax (GST) if their GST turnover from sales connected with Australia is A\$75,000 or more in a 12-month period.

Whether you are a business that is selling the latest sporting equipment, an online fashion retailer who supplies personalised jumpers, or even a large business that sells top performance boots for athletes, it's important to know your Australian GST obligations.

Here at the Australian Taxation Office (ATO), we understand that many overseas businesses are new to the Australian GST system and may not necessarily know what GST is.

We've seen over one thousand overseas suppliers and retailers who have registered and apply GST to their sales. These results really do reflect a strong overall level of compliance by the international business community however, there are still businesses that aren't aware they need to register for GST.

We know that not all businesses, particularly some of the smaller ones, aren't aware of their GST obligations and have limited knowledge of compliance here in Australia.

Let's start with the basics – What is GST?

GST is similar to Value Added Tax (VAT) or Sales Tax in other countries. The GST rate in Australia is 10% or 1/11th of the amount charged on a sale. This means if you are an international business and you sell low value goods to consumers who are in Australia, GST may apply to your sales.

What are low value goods?

Low value goods are tangible goods with a customs value of A\$1,000 or less (except for tobacco products or alcoholic beverages). The customs value is the price the goods are sold for, where the goods are listed in a foreign currency. You may need to convert the price into Australian dollars to determine if the value is A\$1,000 or less. This may include clothing, books, cosmetics, shoes, or sporting equipment.

Who charges GST?

The responsibility of collecting and paying GST to the ATO, depends on what you're selling and how you sell it.

You may need to register for and charge GST if you are:

- a merchant who sells low value goods to consumers who are in Australia.
- a re-deliverer that helps to bring low value goods to Australia on behalf of the consumer.

If you sell low value goods

You're responsible for GST if you sell low value goods that are imported by a consumer in Australia.

If you only sell these goods through an electronic distribution platform, such as an online marketplace, the operator of the platform is responsible for collecting and paying GST and not you (as a merchant).

If you offer a redelivery service to ship goods to Australia

You will be responsible for GST if you help to get low value goods to Australia by acting as a redeliverer for a consumer in Australia, when the offshore merchant doesn't ship directly to Australia. This may include providing:

- an offshore mailbox service with an address outside Australia where goods are delivered
- a shopping service that buys or helps to buy goods outside Australia as an agent of an Australian customer.

What to do if this applies to you?

When doing business in Australia, you will need to:

1. Check if the value of your sales connected to Australia is equal to or more than A\$75,000 in a 12-month

period. If the answer is yes, you must register and pay GST on relevant sales.

2. Register for GST. The quickest and easiest way to register is by using simplified GST registration. It allows you to pay GST electronically and lodge your GST return online. You'll receive a unique 12-digit Australian Taxation Office Reference Number (ARN), which you use on your invoices, customs documentation and to access your account. If you have or need an Australian Business Number (ABN) and want to claim GST credits, you should consider using standard GST registration.
3. Report and pay the GST collected on your sales to the ATO – you can do this by lodging a GST return or a business activity statement (BAS) depending on your choice of GST registration.
4. Convert the amount of GST to Australian dollars when you report and pay the ATO.

Need to get in touch?

You'll always find the most up-to-date information on the ATO website. If you have questions on how Australian GST rules may apply specifically to your business, including how to register, charge or pay, visit ato.gov.au/NonresGST. ▲

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Pictured: two ATSB officials carry out an inspection aboard a vessel. Photo credit: Australian Transport Safety Bureau.



Pictured: Angus Mitchell, Chief Commissioner, Australian Transport Safety Bureau. Photo credit: Australian Transport Safety Bureau.

Australian Transport Safety Bureau 2023 half-way review

By ANGUS MITCHELL, Chief Commissioner, ATSB

At the halfway point of 2023 I'm pleased to be able to report on a highly productive and engaging six months for the ATSB in marine safety.

As of July 1, we have so far concluded three marine investigations in 2023, and have provided Interim updates for two ongoing investigations (the [grounding of Hagen Oldendorff](#) at Port Hedland, and the [propulsion failure of Portland Bay](#) off Port Kembla). We have also launched two new investigations so far this year, bringing our total number of active

marine investigations to nine, and we are on track to finalise six of these in the second half of this year.

This uptick in activity reflects the ATSB's more concentrated focus on marine investigations, facilitated by the establishment of a dedicated marine investigations team.

Previously, investigators with marine expertise were integrated into teams throughout the agency. While we maintain this multi-modal approach to

how we investigate transport safety matters, the dedication of a marine team, and similarly a rail team, will provide a clearer focus on these two sectors, ensuring we achieve the targeted balance of rigour and timeliness, providing the greatest public benefit.

A dedicated marine team also allows us to better maintain strong institutional knowledge, and stay abreast of the issues which most regularly emerge in marine occurrences, to ensure our staff are trained to identify and understand them.

To this end, I recently joined a number of our marine investigators in Brisbane on a Bridge Resource Management (BRM) course – a subject highly relevant to the investigation we finalised in March, concerning the collision involving Australian-flagged bulk carrier Goliath and two TasPorts tugs in Devonport, Tasmania, in January last year.

Among other findings, our final report into that investigation noted that neither the master nor the second mate had undertaken the required BRM training, and that BRM on-board was ineffective to the point of being contributory in the accident. Subsequently, the ship's operator arranged for all deck officers serving on board Goliath to attend BRM training ashore.

As we said in that report's safety messaging, the various concepts, techniques, and attitudes that together comprise BRM remain among the most effective measures available to identify and eliminate, or rectify, human error. Training in the various elements that comprise effective BRM provides a foundation upon which competency may be built through experience and practice. In addition, the design of physical bridge systems can also play a part in mitigating the risks of human error by incorporating intuitive and conspicuous indications of correct operation and conversely, of errors or incorrect settings.

As part of the Goliath investigation's release, the ATSB was able to demonstrate another of its new capabilities, through the production of an excellent animation to help explain the order of events, and some of the contributing factors in the accident. This was able to be produced thanks to the recent expansion of the communications and stakeholder engagement side of the ATSB. Videos and animations can not only provide a better understanding among those already engaged in our reports, but they can help bring more people into the safety conversation, with high engagement levels in social media in particular.

More recently, we released a final report into a complex investigation, concerning the grounding of the 81-metre general cargo ship Trinity Bay on Harrington Shoal in January 2021. At the time I was the General Manager of Maritime Safety Queensland (MSQ) and as such remember the incident well. While I

recused myself from the investigation process due to that association, I am now able to reflect on its findings, which – similar to the Goliath investigation – contain key safety messaging for multiple stakeholders.

The Trinity Bay investigation concluded that the use of a draft voyage planning tool, which included waypoint data errors, as well as an ongoing technical fault with the vessel monitoring and surveillance system for the Great Barrier Reef, contributed to the grounding, which fortunately resulted in no injuries or pollution, and only minor damage to the ship.

When Trinity Bay grounded on Harrington Shoal, a charted feature with a depth of 0.9 metres north-west of Harrington Reef, it was conducting its regular weekly passage from Thursday Island to Cairns. However, in an effort to address a deficiency identified during a recent internal audit, the ship's master had used a draft passage planning tool to develop a new route for the journey.

The planned routes from the planning tool were entered into the Trinity Bay's electronic chart system (ECS), a navigation information system which displayed the vessel's position and relevant nautical chart data. However, the ECS was not approved for use as the ship's primary means of navigation and did not possess automatic route safety checking functions.

Unfortunately, as our investigators found, there were errors in this planning tool, specifically in relation to the location of waypoints. This meant the new route took Trinity Bay dangerously close to the charted danger of Mid Rock, and then about an hour later directly over the charted danger of Harrington Shoal.

We found this new passage plan was not independently verified by another of the ship's deck watchkeeping officers, as required by the operator's procedures, and the planned routes were entered into the ECS instead of being annotated on the ship's paper charts.

In accordance with chart carriage regulations, these paper charts were the ship's primary means of navigation, and were marked with the ship's established, previously used routes. Consequently, the dangers on the newly planned route were not identified, and the monitoring of the ship's passage was ineffective in identifying these dangers.

In addition, our investigation also found that at the time of the grounding an ongoing technical fault in the REEFVTS (Great Barrier Reef and Torres Strait vessel traffic service) monitoring and surveillance system meant the duty operator at the VTS Centre in Townsville was being presented with an abnormally high number of erroneous alerts and alarms.

Alerts associated with Trinity Bay in the lead-up to the accident were acknowledged by the duty operator but not followed up, due to the operator experiencing a sustained period of elevated workload, combined with a high level of expectancy that the ship was not at risk, as it frequently transited the area.

I'm happy to report the ship's operator subsequently removed Trinity Bay's electronic chart system from service and advised the ATSB it was investigating the fitting of electronic chart display and information systems (ECDIS) on its ships.

Meanwhile MSQ, which operates REEFVTS, has since implemented a software update for the system, reducing the incidence of false alarms. Further, the reporting area covered by REEFVTS was split into two, a north and a south area operated respectively from Townsville and Gladstone, with a separate operator responsible for each area.

I would encourage all reading this to seek out these two investigations, and the many others on our website, to understand how the safety lessons might be relevant to their own operations. I would also encourage all readers to subscribe to our marine report releases, via the link on the home page of our website. ▲



*Pictured: four seafarers leaning against a rail.
Photo credit: Paolo Chiabrando via Unsplash*

Remembering the hardships imposed on ships' crews

Sunday, 25 June 2023, was the “Day of the Seafarer,” a day designated by the International Maritime Organization – a specialised agency of the United Nations.

The Day of the Seafarer recognises the contribution that the seafarer makes to our everyday lives. Seafarers are required to carry out their duties in a constantly changing, challenging and often dangerous environment, in order that the lifeblood of our economy – international trade – continues to flow.

Seafarers’ contribution highlighted by the IMO

Kitack Lim, the Secretary General of the International Maritime Organization paid tribute to seafarers.

“This year we highlight seafarers’ contribution to the safety of ships and protection of the marine environment... As the maritime sector continuously works towards making shipping more environmentally sound and sustainable, seafarers play an increasingly important role in helping to protect the health of our ocean and planet. Every day at sea, they help to enforce IMO’s environment

related treaties by implementing rules on garbage, and sewage, and air pollution prevention. This year, as we celebrate the 50-year anniversary of our main environmental instrument – the MARPOL Convention – renewing our firm commitment towards the protection of our environment, this remains even more relevant. As the shipping industry accelerates its support of the global efforts to combat climate change by moving towards decarbonization, seafarers’ voices and actions are key to ensuring a just transition to a zero-carbon future,” the Secretary General said in a statement.

The Day of the Seafarer is recognized by the United Nations as an observance day. The Day was established in a resolution adopted by the 2010 Diplomatic Conference in Manila to adopt the revised STCW Convention. Its stated purpose is to recognize the unique contribution made by seafarers from all over the world to international seaborne trade, the world economy and civil society as a whole.

The resolution “encourages Governments, shipping organizations, companies, shipowners and all

other parties concerned to duly and appropriately promote the Day of the Seafarer and take action to celebrate it meaningfully”.

People in positions of power ought to reflect

And on that note, it would be well for governments, official bodies, and formal authorities of every kind everywhere in the world to reflect upon their poor attitudes to, behaviours towards, decisions made in respect of, policies applying to, and conduct towards seafarers all across the world over the last few years.

Developing and implementing policies that help seafarers in their time of need is a matter of basic self-interest. Here in Australia, nearly 6,000 unique cargo ships on approximately 17,500 voyages call at our island nation every year, transporting 99.92% of everything that comes and goes from these shores.

Helping seafarers helps us.

But more than that, basic humanity and compassion should tell us to treat seafarers well. They do difficult, dangerous, jobs in hard conditions far

from the comforts of home, family, and friends.

But that basic humanity and compassion was in short supply these last few years.

Human rights of seafarers were denied

Official bodies would not let seafarers have their shore leave. This is a basic human right of seafarers. It should not have been abridged during the pandemic. They had a right to get off the ship and to experience the comforts of being on land. This could have been done safely in a bio-secure way.

But there was no leadership from those in charge. It was easier to deny shore leave – in grave breach of the human rights of seafarers. We hear platitudes now from many in charge about how important seafarers are, but, when it really mattered, those in charge of such organisations conveniently forgot how important seafarers were.

They were to be feared, shunned, and forbidden from coming ashore.

Just for the avoidance of doubt, we do not direct these comments at the IMO or its personnel; on the contrary the IMO and related UN agencies were at the forefront of urging that seafarer rights should be respected. We applaud them for their political leadership. Their stance reflects well upon them.

Nor are these comments directed at shipping companies. They took care of their crews. They took all possible steps and measures to keep their seafarers healthy. They briefed their crews: they provided safe travel to and from the ship; they enforced quarantine zones before, on, and after, a ship's voyage; they carried out regular testing onboard. In fact, shipping companies did everything possible on every leg of a seafarer's journey to, on, and from, a ship. Their stance reflects well upon them.

They did not care; they allowed seafarers to suffer

Not that any of this was recognised by those in charge. They still denied seafarers their basic human rights.

And there are many who now say the easy words, but, when it mattered, they were silent.

They did not care.

And worse, through inaction or inactivity, they allowed seafarers to suffer.

We are thinking of the seafarer who was denied access to medical attention for a broken ankle. Or the seafarer who was forbidden access to a dentist to treat his grossly engorged abscess. We cannot imagine the agony which that seafarer must have experienced – days upon days stretching into weeks upon weeks of indescribable pain.

We think also of the hundreds of thousands of seafarers who were unable to leave ship, the many seafarers who were thrown into hotel-quarantine after hotel-quarantine for having the temerity to cross a border for the purposes of delivering food, fuel, and medicine. We think of all the hundreds of thousands of seafarers who were stuck on land and desperate to go back to sea to earn a living for themselves and their families. But none of that was important to those in charge.

Although the IMO, and other UN agencies, designated seafarers as essential workers, those in charge in national jurisdictions did not do so. Being so designated would have enabled seafarers to undertake crew changes, to avoid unnecessary ever-changing red tape, and to avoid being repeatedly thrown into hotel-prison. But none of that was important to those in charge.

Official proposal: go away and die

We also think of the policy proposal to turn ships away from ports, and away from medical treatment, if COVID was detected aboard. What was the message of such a policy? "Go away and die, for we do not care".

To call such a policy callous, reckless, and inhumane does not begin to deliver words strong enough in condemnation. But none of that was important to those in charge.

Fortunately, the policy was not implemented. But it should never have been proposed.

Then there are others who, at the time, forgot about the importance of seafarers, did not respect their rights, and who disregarded the basic humanity of seafarers. But none of that was important to those in charge.

Invitation to reflect

On the Day of the Seafarer, Shipping Australia invited people in positions of power and authority to reflect upon the effect of their attitudes, policies, decisions, and conduct, during the time that seafarers really needed empathy, care, and compassion.

We continue to invite people in power to carry out this reflection. Unfortunately, given that the calls from the many in the general public and in the industry to the few in power to carry out COVID reviews have gone unheeded, and given the general lack of reflection or contrition seen so far, it would seem that this vital reflection is not, nor will it be, carried out.

For shame. ▲



*Pictured: a seafarer carrying out work aboard ship.
Photo credit: Mark Konig via Unsplash.*



Pictured: flags of countries from around the world hang between buildings. Data from the Paris MoU comprehensively proves that safety and whether a ship is registered in a national or open registry is completely unrelated. Photo credit: Nick Fewings via Unsplash.

New flag performance rankings reveal false narratives of nationalists and anti-shipping lobbies

Europe's port state control association, the Paris MOU, has released its latest White-Grey-Black list, which squashes myths put out by nationalists and the anti-shipping lobby.

The new List proves exactly what we have said before: there is no link between a flag's open, national, or hybrid (more on that below) status and the safety performance of the ships under that flag.

A flag state is not a bad flag state merely because it is an open registry. A bad flag is a bad flag because it is bad. It is bad because it doesn't have any or some combination of the right staff, processes, inspections, controls, and values to ensure that the ships on its register are good ships.

Conversely, a good flag is a good flag because it is good. It is good because it does have the right staff, processes, inspections, controls and values to ensure that the ships on its flag are good.

What is the Paris MOU and its list?

The Paris MOU is the European version of one of several organisations-of-associations that monitor and inspect the safety and maintenance performance of ships that call within their geographical area of responsibility. Their members are government bodies that carry out the "port state control" function – they inspect ships for deficiencies, order correction of the same, and even detain ships if necessary to make sure that repairs are carried out and that the vessels are safe.

Port state controllers thereby create data about ship safety, which they report to their local MOU. The Paris MOU's White-Grey-Black List ranks the safety and maintenance performance of flag states based on the total number of, and results of, inspections and detentions of ships by their government Port State Control authorities over a three year period.

In 2022 the Paris MOU members carried out 17,289 inspections; in 2021, there were 15,387; and in 2020, there were 13,148. That's nearly 46,000 inspections.

The Paris MOU's White-Grey-Black List is a completely convincing ranking that is created by disinterested, independent, third parties based on a very solid dataset.

The new White-Grey-Black List

It takes a bit of time to get the data together, so the newly-published list relates to the 2022 calendar year. Remember, this data relates to vessels from all over the world calling in Europe. Other regional areas have their own data. Our port state control authority, AMSA, is simultaneously part of the Tokyo MOU and the Indian Ocean MOU.

As the Paris MOU notes: "The White, Grey and Black (WGB) List presents the full spectrum, from quality flags to flags with a poor performance that

are considered high or very high risk. It is based on the total number of inspections and detentions during a 3-year rolling period for flags with at least 30 inspections in that period. The “White List” represents quality flags with a consistently low detention record”.

So, if a shipowner’s ship is flying a White List flag it will very likely be regarded as a low-risk ship in terms of safety. It is less likely to be inspected. A ship flying a Grey List flag, more risky, and ship flying a Black-listed flag will be regarded as very risky and is highly likely to be inspected when it calls at port.

What’s the difference between flags?

A national flag, or a national register, is a country that that only allows its own citizens to register ships. Some bad flags are national flags. Some middle-ranking flags are national flags. Some good flags are national flags. An open flag, also called an “open” register, is a country that allows citizens from other nations to register ships. Open registries are pejoratively called a “flag-of-convenience” by those who either anti-shipping or who have some other bias or motive against the current structure of the international shipping industry. Open flags can also be bad, middling, or good.

Then there are the hybrid flag states, like the United Kingdom, which allow nationals (legal or natural) from a restricted number of countries other than their own to register. But they don’t allow any national from any country to register ships. Believe it or not, hybrid flags can also be bad, middling, or good. There’s a plausible argument that all EU flags could be regarded as hybrid flags because EU law forbids discrimination between nationals of member states. Any EU national can (or should be able to) register ships in any other EU state.

If it were true that non-national flags are bad because they are non-national flags, then surely we would expect to see few, if any, EU states on the White List? Surely they’d nearly all be on the Grey List or the Black List? But that’s exactly what we don’t see. The White List is chock-a-block full of EU flags. Funny that. It’s almost as if there is no connection between a flag’s national / open / hybrid status and the quality of the performance of ships on its flag.

A completely-busted false narrative

A quick look at the Paris White-Grey-Black list busts the false narratives of the nationalist and anti-shipping lobby. There are 39 countries on the 2023-published White List, but, to keep it manageable, we’re going to compare the top 15 in 2022 and 2021.

Some national registries have stayed at the same rank e.g. Denmark, which was ranked number 1 in both years. Some national registries have gone up in rank e.g. Belgium (which wasn’t even in the top 15 in the previous year). Some national registries have gone down in rank e.g. Japan was ranked at 10 and it went down to 15. The same can be said for hybrids – the UK rose from 13 to 10. Similar statements can also be made of open registers. Malta was 14 but it is no longer in the top 15 (it’s number 20 in the most recent list) while Singapore has risen from rank eight to six.

Remember being listed anywhere in the White List is “good”. If we venture outside the top 15 (a completely arbitrary line drawn by Shipping Australia just for the purpose of creating this article) there are numerous open registries in the White List including Hong Kong (14), Cayman Islands (16), Marshall Islands (18), Gibraltar (19), Malta (20), Bermuda (23), Liberia (25), the Isle of Man (33) and more.

2021 flag ranking	2022 flag ranking
1. Denmark	1. Denmark
2. Norway	2. Italy
3. Marshall Islands	3. Greece
4. Bermuda	4. Netherlands
5. Netherlands	5. Norway
6. Bahamas	6. Singapore
7. Greece	7. Finland
8. Singapore	8. Cyprus
9. Cayman Islands	9. Belgium
10. Japan	10. United Kingdom
11. Hong Kong	11. Bahamas
12. Liberia	12. Turkey
13. United Kingdom	13. Sweden
14. Malta	14. Hong Kong
15. Germany	15. Japan

Source: Paris MoU on Port State Control

The pattern of changes in ranking we are seeing is exactly the kind of pattern of changes that we would see if there was absolutely no link between flag state performance and the open / national status of a registry.

By way of comparison, if there was a strong link between ship performance and national / open / hybrid status of the flag then we would expect the White list to be composed near-wholly of national registries and the Grey and Black Lists to be composed of open registries.

But that is exactly what we DO NOT see.

Most tonnage is on White-Listed, open registries

Although we see a lot more national registers in the White List than open registers, because there are about 190-ish countries in the world and most of them are national registries, the vast majority of the world’s merchant fleet tonnage is registered with open registries.

Have a look at the 2022 merchant fleet by deadweight tonnage in the latest UNCTAD Review of Maritime Transport and you will find that 84.3% of the total is registered in the top 15 flag states. At least 72% of the total world fleet is registered in open registries. That’s 10 of the top 15 flag states by deadweight tonnage are all open registries. And nine of the ten, accounting for 56% of the total, are on the White List. Only one of those ten, Panama (15.9% of the total fleet by deadweight) is on the Grey List.

Stop regurgitating the false narrative

It’s a simple fact: ship safety performance is completely unrelated to whether or not the ship is a national registry, an open registry, or a hybrid registry.

Policy proponents who are calling for reform of the international flagging system should not argue their case on the basis that ships are safer simply because the owner / operator has the same passport as the ship.

Because that line is Simply. Not. True. ▲



*Pictured: a crude oil tanker off the coast of Malaysia.
Photo credit: Frederick F via Unsplash.*



Pictured: Mehrangiz Shahbakhsh, Shipping Analyst & Liaison Officer, with Shipping Australia.

Overview of IMO's policy and regulatory framework development on autonomous ships

By MEHRANGIZ SHAHBAKHSH, Shipping Australia. Ms Shahbakhsh is an expert in the human factors of autonomous shipping and is a doctoral-level researcher with the Australian Maritime College and the University of Tasmania.

Imagine a fleet of commercial ships sailing the ocean with minimal or no human intervention, guided by cutting-edge advanced technologies and advanced sensor systems. This concept of autonomous shipping is no longer science fiction, it is becoming a reality.

Pioneers worldwide have achieved groundbreaking milestones in autonomous navigation. Real-life trials and projects include, but are not limited to, the following: Prism Courage, the first LNG ship to complete a transoceanic voyage using autonomous navigation technology; the Maju 510 tug, the first tug to receive the Autonomous and Remote-Control Navigation notation from ABS classification society; and Soleil, a RoPax ferry that attempted an autonomous voyage between two Japanese ports.

Need for regulation

Maintaining a safe and harmonious balance between human expertise and technological capabilities is vital for the successful coexistence of autonomous ships alongside traditional manned vessels. Autonomous ships must adhere to international rules and regulations to ensure safe operations across national and international boundaries and jurisdictions. However, the majority of existing regulatory frameworks are primarily designed for manned ships, with human intervention being a key aspect. Accommodating the concept of autonomous ships with different levels of autonomy requires addressing the

challenge of legal regulation.

The IMO initiated a Regulatory Scoping Exercise in 2017 to address emerging concerns related to the human element, security, liability, safety, and marine environment protection. The exercise was conducted by committees of the IMO, namely the Maritime Safety Committee, the Legal Committee, and the Facilitation Committee.

Degrees of autonomy

In 2018, the Maritime Safety Committee defined Maritime Autonomous Surface Ships (MASS) as ships that operate at various levels independent of human interference. The IMO proposed four degrees of autonomy ranging from crewed ships with automated processes and decision support (Degree 1), remotely controlled ships with seafarers onboard (Degree 2), remotely controlled ships without seafarers onboard (Degree 3), to fully autonomous ships (Degree 4). The degrees of autonomy signify a progressive shift from conventional to autonomous shipping and provide a framework for discussions. It is important to note that these degrees may change as MASS regulations and standards evolve.

Safety of navigation is a high priority

Following a series of meetings from 2018 to June 2021, the joint working group concluded that there is an urgent need to address the safety of navigation issues in some international conventions such as the Safety of Life at Sea Convention

(SOLAS), the Prevention of Pollution from Ships Convention (MARPOL), and the Convention on Standards of Training, Certification and Watchkeeping for Seafarers. While the concept of MASS can be accommodated in some existing provisions of the international conventions, interpretations or amendments may be required in some cases.

As part of this process, the joint working group established a cross-cutting mechanism to investigate the applicability of existing IMO instruments and to address high-priority issues.

The first session of this cross-cutting mechanism was held in September 2022, during which various issues were identified and considered. The discussions included but were not limited to preferred approaches for resolving shared concerns, including the role and responsibility of the master and crew, and the definition of 'Remote Operator' and 'Remote Operation Centre'.

Getting up to code

The IMO agreed to create a non-mandatory goal-based MASS Code. Its purpose is to formulate goals and functional requirements applicable to all four degrees of autonomy and to address identified gaps. The committee acknowledged that the development of MASS Code requires a new approach that will differ from the approach used in some conventions, such as SOLAS and STCW, which were designed explicitly for human-operated ships.

Norway-based classification society DNV noted that, “the code would be based on risk analysis rather than consist of strict guidelines.”

However, according to a research data, some experts believe that “the MASS Code will be implemented through the tacit amendment procedure to SOLAS. This would result in a new SOLAS chapter that implements the envisaged new code.”

It is expected that a non-mandatory code will be ready in early 2025. A subsequent work phase will involve the formulation of a mandatory code, scheduled to be effective from January 1, 2028. This obligatory code will incorporate the conclusions and discoveries from the non-mandatory code report.

A master will be responsible

Within the framework of this initiative, the second session of the joint working group, was held in June 2023. Among the updates, the joint working group reached a consensus that, regardless of the operation mode and degree of autonomy, a human master will be responsible for MASS and should intervene when necessary; he or she will not necessarily have to be onboard, depending on the technology and crew on MASS. In certain circumstances, a master may be accountable for multiple MASS simultaneously, or multiple masters may be responsible for a single MASS on a single voyage. During this session, the definitions for the “Remote Operations Centre” and the “Remote Operator” were proposed.

Preparing for the future

The IMO has highlighted the key role of human operators in autonomous shipping, regardless of the mode of operation. As advanced technologies in the form of digitization and automation continue to advance into the maritime industry, the roles, responsibilities, and certain aspects of the work of masters, crew, and maritime operators, will gradually evolve or may be taken over by intelligent machines and systems. Some jobs may be made obsolete by autonomous ships, but new jobs will emerge.

Although the road to the future may be uncertain, development trends often provide glimpses of what lies ahead.

To navigate these changes successfully, extensive research, case studies, and real-life trials on various aspects of autonomous shipping will be vital.

One significant area of research is to understand the impact of advanced technologies on the human element, particularly in different modes of operation. For instance, the research conducted by the Australian Maritime College / University of Tasmania under an International Association of Maritime Universities research project has pinpointed three crucial skill sets – professional, technical, and non-technical (soft skills) – as being essential for both onboard ship and ashore operators.

Recognizing these skill requirements empowers maritime professionals to adapt and thrive in an increasingly automated environment. The research data shows that a critical aspect of ensuring smooth operations lies in effective communication between operators. Developing a standardized language becomes a must-have to achieve this smooth communication.

Accordingly, extensive research has underscored the crucial role of education and training in the maritime industry in the digital era, particularly with the emergence of autonomous shipping. To adapt to this transformative era, the industry must develop both introductory and advanced courses that foster a comprehensive understanding and expertise in autonomous shipping. These specialized courses will be instrumental in preparing shipping professionals to smoothly transition into a future where autonomous vessels coexist seamlessly alongside manned ships. By equipping professionals with the necessary knowledge and skills, the maritime sector can effectively embrace and harness the potential of autonomous shipping technologies.

However, both the maritime industry and IMO must be aware that advanced technologies are maturing over time, while new technologies continue to emerge. This dynamic and ever-changing landscape will call for a continuous focus on the development, update to, and amendment of both the MASS Code and training regimes.

Conclusion

The IMO is actively developing an international legal framework to ensure the safe and secure operation of MASS. It is to be hoped that the maritime industry worldwide can subsequently expect a gradual transformation in legislation at both national and international levels.

Member states with the capability to test and operate autonomous vessels may have a greater opportunity to influence the policy and regulation of MASS. But it is crucial for all member countries to proactively engage, and to actively contribute to, the ongoing work of the IMO in this vital area if they want their perspectives recognized, respected, and integrated into the evolving policy and regulatory landscape.

Influencing IMO development and policy is not easy, as the opportunity to do work at the IMO is restricted. Policy development is done at, and by, the IMO through its various meetings, committees, sub-committees, and the like. Delegates from the various Member Countries of the IMO attend these meetings, take decisions, and vote upon proposals. A small, select number of international organizations and non-governmental organizations (together called “observer organizations”) have consultative status and can provide input to the work of the IMO. They typically provide expert advice.

Interested parties can get in touch directly with the appropriate government bodies in their country or contact the official observer organizations with consultative status at the IMO. Or they can contact Shipping Australia as we discuss international shipping matters with Australian government officials, and we also have our own membership of various organizations that have official consultative status at the IMO. ▲



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The unstoppable curiosity of Bruno Porchietto



Pictured: Bruno Porchietto, Chief Executive Officer of VICT. Photo supplied by VICT.

Imagine this scenario: you get a phone call from a head-hunter. He asks you how you feel about logistics. At this point in your work history, you don't have substantial logistics experience. You are then asked how you feel about running in a port in Argentina. And the port's not functional.

Do you want to know more?

If you're Bruno Porchietto, then of course you do!

"Out of pure curiosity, I went to the interview," he explains to Shipping Australia. It was an interview with International Container Terminal Services Inc (ICTSI), the well-known Philippines-headquartered and globally-operating box stevedore.

Bruno's CV was already packed with senior roles and achievements. But it was time for a new experience.

Bruno is proud of himself and the team for having re-started a terminal within six months that had been idled for years, especially as he had to create the team at same time and during an economic depression.

"We had to think outside of the box to create new opportunities. We created a barge operation to bring cargo to the terminal – most of the cargo in Argentina travels by truck but they have a deep river, and no-one was thinking that way. There was a lot of bureaucracy, but, Once it got started it was great". Buenos Aires also lies on the "Rio del Plata", which, despite its name, can be considered to be a river, an estuary, a gulf, or even a marginal sea. Or, to put it another way, it's a big body of brackish water with massive populations living along the coast. About 126km east-by-south from Buenos Aires on the Rio Del Plata is the Uruguayan city of Montevideo which attracts many services.

"I couldn't get services into my terminal, so I created a feeder service to there, and this gave us connections to the rest of the world" Bruno recalls.

While he was living in Argentina, Bruno and his family made many connections with the local community, especially through sport.

One of Bruno's hobbies is the Korean martial art of Taekwondo, which is

famous for its kicking techniques, and Bruno is a 3rd Dan (a third-level black-belt). Bruno saw an opportunity to use his hobby to give back to the community.

"We, as a company, created a Taekwondo school for children. The company helped with payments, and I helped bring teachers. We helped the local children who spent a lot of time on the street and we helped them to learn good values. I've reflected a lot on this. The children were very serious about their training. They were very disciplined; they never missed a class. They had a clean place to go, they felt respected, and they had someone teaching them important values. They and their parents were very thankful. It was very rewarding," he says.

After five years or so, Bruno felt it was time for a change. He could have stayed but there were no more revolutionary changes; the job would have been more of the same. Then a new opportunity beckoned.

"I was very honoured that ICTSI chose me for the job", he says.

Hailing from Torino, Italy, which is well-known to petrol-heads as the birthplace of Fabbrica Italiana Automobili di Torino ("FIAT"), Bruno originally had the idea that he would work as an interpreter. After finishing his studies he encountered a small problem: he hated the idea of translating for a living. Nonetheless, he is an accomplished linguist, having mastered English, French, Spanish, German, Romanian, and Polish in addition to his native Italian.

So, he followed-up with master's degree in political science. There was a problem with that too. "I had no idea what I wanted to do," Bruno laughs, adding, "it's a mixture of everything. You get to know enough law and economics to be

dangerous," he chuckles. In the long run, its generalist nature has proven useful to Bruno as a CEO. But, as a young man fresh out of university? Well, it wasn't quite so useful back then.

"It's why I did an MBA in Business Comms and Marketing. I felt that I needed to specialise. Marketing is a good mix of a science and an art. I like science, but, in my personal life, I also like art. I need the creative part in my life. But at the same time, I like the order that science gives. I am not an irrational scientist; I am a rational artist!" he laughs.

So, armed with a newly coined MBA in 1994, Bruno moved into marketing which, he discovered, is about people.

It's about working out what people need and then providing it to them in a better way than competitors. Marketing is exciting for Bruno because its about helping to make something that never existed before.

"This helps explain my all my jobs. It's been curiosity and new challenges. It never stops. I've always been going to new jobs and new countries and taking on new challenges and it never stops. I'm 58 now and you would have thought that it would have stopped. But it hasn't, and I'm here now. I thought that, at one point, I would go home to Italy, but no. that's why I'm here. It's this sense of curiosity. It just doesn't stop," he laughs. ▲



Pictured: Bruno is a 3rd Dan (a 3rd-level blackbelt) in the Korean martial art of Taekwondo. Photo supplied by Bruno Porchietto.

Personal life

Family: married for over 30 years to Paola. Kids are Elenora (20) studying management and Alessandro (22) studying architecture.

Favourite food: "I love tortellini! The really good ones are homemade, and they remind me of my mother and grandmother making them on a special occasion".

Sports: Taekwondo. He's a 3rd Dan. Anyone getting a black belt is a significant achievement. It was especially meaningful for Bruno as he trained with his son, they arrived at the same time for the exam and were awarded their black belts at the same time. "It gives you a sensation of having achieved something that is very hard to get to".

Professional history

2023-to date – CEO, ICTSI, Melbourne

2018-2022 – CEO, ICTSI, Buenos Aires, Argentina

2016-2018 – Group Managing Director, Coca Cola, Italy

2012-2016 – President & CEO, Hibu (formerly Yell), Spain

2012-2012 – General Manager Europe, Candy Category, Kraft Foods

2008-2011 – Chief Marketing Officer, Hibu (formerly Yell), Spain & Latin America,

2003-2008 – Business Unit Director & Division Marketing Director – Coca Cola

2001-2003 – Country Manager, Indesit Company, Poland

1996-2001 – Marketing Manager Turkey; Marketing Manager Romania, Bestfoods Unilever

Education

1994 – Master of Business Administration – Master in Business Communication & Marketing

1992 – Master of Science: Political Sciences - Università degli Studi, Turin



Pictured: offshore wind turbines at the Wergeland base at Gulen, Norway. Photo credit: Ole Jørgen Bratland; copyright Equinor and Hywind Tampen.

Offshore wind ramping up in Australia

By OCEANEX ENERGY

Offshore wind energy, while a relatively new industry in Australia, is a proven technology that is fast becoming the cornerstone of energy markets in the US, UK and Asia. Indications are that over 400 gigawatts (GW) of offshore wind could be installed around the globe in the next decade, eight times more output than our domestic energy generation fleet produces.

Australia is moving rapidly to benefit from this exciting new industry. In 2022, the Australian Federal Government nominated the first of six offshore zones considered suitable for the development of offshore wind. The first zone opened for consultation and development – Gippsland in Victoria – could host up to five large-scale offshore wind farms by early next decade.

Building wind farms offshore provides the opportunity to harness strong and consistent wind resources and generate power for greater portions of the day. Out at sea, wind turbine components are much larger, and can generate significantly more power than their onshore counterparts.

With larger components – and the relatively more complex task of building and operating energy generation assets offshore – offshore wind employs a sizeable skilled labour force and can provide a catalyst for significant growth of local manufacturing, engineering and marine capabilities.

As evidence of this, leading Australian offshore wind developer, Oceanex, estimates each one of its proposed offshore projects is likely to require up to 3000 workers during the 3-4 year construction period – with a further 300 workers employed to operate the wind farm once complete.

Existing energy generation and heavy industry hubs already possess many of the skills and services required to support offshore wind development, making them

ideal beneficiaries of the renewable energy transition. Locations like the Hunter in NSW and Gippsland in Victoria are also home to world-class deep-water ports – home to a range of marine and shipping services that are highly suited to servicing an offshore wind industry.

Origins of offshore wind

The first ever offshore wind farm began operating in Norway in 1991 with a total output of just 5 megawatts (MW). This new technology adopted principles of onshore generation, using existing onshore wind turbine components and fixing them to the shallow seabed close to the shore.

Uptake of the technology didn't pick-up pace in Europe until the early 2000's when renewable energy targets started to come into play. Wind farms began to move further out to sea and increased project scale and demand required specifically designed infrastructure for large scale offshore generation.

From here, things moved fast. In 2019, China overtook Europe as world leader in new installed offshore wind generation capacity, the US, Vietnam, Taiwan, Japan and South Korea have also rapidly expanded their offshore generation.

Innovative technology

Offshore wind generation technology has evolved significantly since the early days of industry. Wind turbine generators now average at around 250 metres tall, with a generation capacity of 15MW. Just one rotation of a single offshore wind turbine produces as much energy as an average rooftop solar installation generates in a day.

There are two clear market technologies, fixed bottom turbines, and floating offshore wind turbines. Fixed bottom turbines make use of shallow seabed, up to around 70m deep. Floating offshore wind farms use a newer technology capable of generating clean energy in

deeper waters, often away from key constraints like major shipping channels, ports or sensitive ecological areas.

Floating technology also provides flexibility to locate projects that best utilise wind resources where seabeds are too deep for fixed foundations.

A first of its kind prototype, Hywind Demo, was installed in 2009 in Norway by Equinor and the technology has since been adopted by other regions, quickly proving the potential of floating offshore wind farms.

Looking ahead at offshore wind in Australia

Australia is now also in the race to build its own offshore wind energy industry – an essential means of generating large amounts of zero emission energy to complement onshore energy generation and provide economic development opportunities for regional Australia.

Federal and State Governments have set ambitious targets to rapidly decarbonise and shift the nation on to renewable energy before the complete exit of coal fired energy generators – a shift that is expected to be largely complete by 2035.

Offshore wind is likely to make a significant contribution to this shift. With world class wind resources and more than 60,000km of coastline, the Global Wind Energy Council estimates Australia has the technical potential to generate up to 5000 GW of electricity from offshore wind using a combination of fixed and floating infrastructure – 100 times the existing installed capacity of Australia's two largest electricity networks.

Given the size and scale of offshore wind farms, projects will require a mix local and international supply chain workers particularly at the early stage of industry development. Policy makers are working with proponents to optimise local opportunities across all aspects of the supply chain.

New South Wales, and in particular the Hunter and Illawarra Regions, with established large-scale heavy industries, highly skilled workforce and aided by deep water ports is primed to take advantage of this emerging industry. Maritime workers in particular, will be in demand, with specialty vessels, equipment and maritime construction crews needed to install and maintain wind turbines out at sea.

A rigorous planning process

The Federal Government is currently seeking feedback on the next proposed declared area in the Southern Ocean region between Warrnambool, Victoria to Port MacDonnell, South Australia. Other priority areas include the Pacific Ocean region near Illawarra, NSW, Bass Strait region off Northern Tasmania and Indian Ocean region near Perth, WA.

Before offshore wind projects can be built, proponents will need to obtain feasibility licences, complete extensive environmental assessments, including marine survey programs, and undertake a formal planning process.

Part of this assessment will consider impacts to other marine users including commercial and recreational fishing,

shipping and other marine assets. Co-existence with existing marine uses is certainly possible and a key feature of many operating offshore wind farms overseas. Consultation with industry will be fundamental to how coexistence is considered and managed throughout

project development and operations.

With the legislative framework now in place, Australia will ramp up its commitments to offshore wind to become a global offshore wind powerhouse. The opportunities for local industries are there for the taking.

How offshore wind works

Offshore wind works by generating electrical energy from rotating turbines. Consistent and strong coastal winds rotate large turbine blades, energy generated is transferred through undersea cables to the shore and connects into the existing onshore transmission network.

Wind farms typically have an operational life of at least 25 years. Wind Turbine Generator components will be serviced and maintained during this time, to keep them working at their peak.

When offshore wind farms reach end of life, they can be decommissioned, life-extended or re-powered. This could involve dismantling the infrastructure or replacing it with newer more efficient technology.

While a large portion of Wind Turbine Generators are recyclable, innovations are currently looking at improving end of life practices for wind turbine components. This is certainly a challenge for the industry, and Government and industry players are exploring opportunities for end-of-life re-use.

Pictured: An offshore-work vessel prepares for the first tow to field. Photo credit Jan Arne Wold / Woldcam and copyright Equinor and Hywind Tampen.





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Introducing Oceanex

Oceanex Energy is an Australian company led by experienced Australian founders and international partners, progressing the development and construction of up to four offshore wind farms off the coast of Australia. These will provide a new source of large-scale, clean and reliable electricity that creates huge new investment, jobs and innovation opportunities, especially in key regional centres.

Oceanex has been front and centre of the Australian offshore wind industry since its infancy with its two co-founders Andy Evans and Peter Sgardelis also being two of the co-founders of Star of the South, Australia's most advanced offshore wind farm.

NSW, particularly the Hunter and Illawarra regions, provides an ideal home for offshore wind farms with existing transmission infrastructure, reliable wind resources and a workforce experienced in developing and delivering large energy projects.

Oceanex's most advanced windfarm is the Novocastrian Offshore Wind Farm near Newcastle. Plans on the project began in 2020, and the team is progressing through the early feasibility phase.

The proposed project will install floating wind turbine generators 20-30km from the Newcastle coastline and connect into the Hunter Valley – a region known for heavy power consumption and industry. If successful, the Novocastrian Offshore Wind Farm could produce up to 2,000 MW of energy and generate 3000 direct jobs during construction.

In 2022, Oceanex partnered with international energy company Equinor for its three (3) NSW-based

offshore wind projects. Equinor is a world leader in the development of global floating offshore wind capacity with more than a decade's experience in the industry and 50 years in offshore infrastructure globally.

The partnership combines significant local and global knowledge and experience in establishing and growing an offshore wind industry, in particular, floating technology which is the type of technology required for offshore wind farms in NSW.

Andy Evans, Chief Executive Officer Oceanex, and pioneer of the Australian offshore wind energy sector said the potential for Australia was unprecedented.

"Developing a multi-billion-dollar clean energy industry will spearhead NSW's economic transformation and ensure its skilled workforce and industrial capacity continues to deliver well into the future" Evans said.

"Oceanex is proud to bring almost 20 years of experience in floating offshore wind to these regions through our partnership with Equinor, and we look forward to continuing our close cooperation with industry, government, communities and maritime users."

Jordan Glanville, Infrastructure Manager Oceanex, recognises the maritime industry enables to the world to operate as we know it and to make offshore wind a reality, Australia needs a thriving local maritime industry.

"The offshore wind industry in Australia is a real and unique opportunity for us to also reinvigorate the maritime industry and recognise its criticality in our country's energy transition" Glanville said.

Oceanex believes co-existence

is both necessary and achievable and are committed to working collaboratively during the feasibility licence phase to optimise opportunities for the regions. Oceanex and Equinor are committed to co-existence with other marine users, interests and the environment and will work alongside existing stakeholders to develop a successful co-existence strategy.

Leveraging Equinor's extensive international experience in promoting co-existence, Oceanex's approach seeks to actively minimise disruption to existing users.

This work requires extensive collaboration with a diverse mix of stakeholder groups including but not limited to commercial shipping, airports, Defence, commercial and recreational fishing, Traditional Owners, tourism operators, special interest holders and those who work to protect our natural environment.

Find out more:

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