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Keynote Address

**4th L.S.M Asia Pacific
Manning & Training Conference**

“A New Age of Maritime Employment“

20th November 2001

MANILA

This conference is being held in a climate of a contracting world economy, generating difficult trading conditions for international shipping.

This will inevitably place more pressure on shipowners / operators to reduce labour and essential maintenance costs, therefore the conference agenda is most relevant and timely.

It is a wide-ranging agenda involving high caliber speakers and presenters. It covers most aspects of crew recruitment, competence, training, remuneration and treatment of seafarers.

It is fitting that we are meeting here in the capital of the largest seafarer supply nation in the world. Whether it remains so in the medium to long term is already an issue of concern in some quarters.

A major factor in the future will be the image and reputation of each nations seafarers, their competence and their commitment.

A new determinant will be evidence that the supplying nations seafarers are treated decently and that their claims and their grievances are dealt with fairly and promptly.

The theme of the conference 'A New Age of Maritime Employment' is somewhat of a misnomer. Ongoing change and globalisation have long been the lot of the international shipping industry and its seafarers.

So rather than 'A New Age' it is a case of an 'Evolutionary Age of Maritime Employment'.

Having said that let me say this conference's focus on the human element of shipping is to be welcomed.

Conference after conference, paper after paper focuses on ship condition, machinery maintenance, corrosion rates of mild and high tensile steel, all of which are important.

However the pressing problem for international shipping efficiency and safe performance is not metals and machinery - it is men and management - especially the decision makers.

This morning I want to address:

- The many changes in demands and skills of crew members,
- The pressures placed on crew members from ratings to masters,
- Relate to you something of the information gathered by the International Commission on Shipping (ICONS) last year in the preparation of its report “*Ships, Slaves and Competition*”,
- Provide some background to the crew related recommendations, and
- Indicate what the future may bring for seafarers and international shipping.

On 31 July and 1 August 2000 the Commission met in public at the AMOSUP auditorium here in Manila with a wide range of participants in the shipping industry. The names of the participants and their organisations are listed on page 221/2 of our report.

Commission members learnt first hand of the many problems experienced by some Filipino seafarers and their families.

We were appalled by the nature of some of the practices inflicted upon seafarers and their families. We noted the attempts being made to remedy problems and injustices.

Those present requested that we return in one year to observe what progress had been made in resolving the problems and injustices.

That is the one of the reasons that I am here today. I will meet with a number of last year's participants over the course of this week.

Let me turn to the background to today's employment of seafarers.

The slump in world trade and the 1970's oil crisis led to an oversupply of shipping and pressure on ship owners/operators to slash operating costs.

One option exercised was to switch ship registrations from traditional ship owner countries to off shore registers. This enabled ship owners/operators to recruit officers and ratings from anywhere in the world at a much lower cost.

The major change to the nature, source and cost structure of crews had its consequences.

While this strategy provided short term cost reductions, the price was disruption to the regulatory, recruitment and training systems that had underpinned the supply to the world of a work force of steadily improving quality.

Over time the pool of officers and engineers from the traditional maritime countries contracted. The intake of cadets fell away and now the industry faces an aging out of officers and engineers from OECD countries.

Last years BIMCO/ISF Manpower Update estimated 41% of senior officers from OECD countries were aged 50 years or more compared to less than 10% from Far East countries.

Chapter 3 and Annex 9 of the ICONS report provide more information on the numbers and origin of seafarers.

The shift in sourcing of seafarers brought with it the establishment and growth of many maritime training schools in the labour supply nations.

Some of these have been supported by shipping companies; others by home countries and various overseas aid programs have provided financial support for training establishments. Their quality has been variable as evidenced by the actions underway to implement STCW 95.

The growth in the use of manning agencies is here to stay, while the loss of the direct relationship between ship ownership and crew has facilitated many of the abuses practiced on seafarers from developing nations.

As technology has developed so ships have become technically more complex. This has led to the demand for higher level of technical competence running head long into pressure to further reduce labour costs.

The nature of ships operations has changed dramatically over the decades.

Once upon a time in developed nations going to sea to become an Officer and Captain was seen as an attractive career, an opportunity to see the world, to advance later to a shore based occupation.

For officers and engineers it was an occupation of respect and dignity that paid better than available shore jobs. In developed nations that is no longer the case.

Today with quick turnaround times, remote terminals, lesser competence levels among crew, added responsibilities and ship managers driven by desire to cut costs, going to sea has lost its appeal

Across virtually all of the developed nations, going to sea is not an attractive career option.

Mixed crews are not new, but the nature of the mix is new and the stress on officers and engineers is greater. In many instances this has generated added pressure and heavier responsibility for Officers and Captains.

Poor training, lack of competence, fraudulent certificates, the enforced isolation of long periods at sea, cultural and social problems arising from mixed crews have all added to the burden on ships officers.

In the course of the Commission's hearings, ICONS was told repeatedly of cases of cheating of seafarers, blacklisting of seafarers, abandonment of seafarers, manipulation of the remittance of family allotments, reduced contractual compensation entitlements linked to 'quit claims' and general releases, and placement fees for jobs.

The worst features include delayed or non-payment of wages, denial of adequate food and accommodation, denial of medical treatment and rest time, physical and psychological abuses, sexual abuse and abandonment

All these practices are in breach of ILO Conventions.

As stated on page 57 of our report ***“for thousands of today's international seafarers life at sea is modern slavery and their workplace is a slave ship”***.

Similar information was provided to us in other parts of the world.

Most practices have long been known to the international shipping industry. Most were reported in the '*Ships of Shame*' report of 1992. Their incidence seems to have increased.

I have described to you some aspects of the dark side of the shipping world. As I indicated earlier, I believe that in the future labour supplying nations that condone or facilitate such abuse and practices will suffer in the world market place.

Let me turn to the bright side of the shipping industry, the 85 to 90% of the industry that is the quality side of the industry,.

While some shipowners and their organisations lamented the difficulty of hiring competent crew, quality ship operators seemed to have few problems in and retaining competent crew.

The characteristics of the quality operators included:

- They were committed to quality operations;
- They accepted responsibility for selection of crew members and verification of the veracity of their certificates;
- They invested in the training of their crews;
- They had little trouble in recruiting and retaining crews;
- A number had partnerships with trusted manning agencies and training institutions;
- Their employees enjoyed competitive pay and conditions.

INTERCARGO in its submission made the link between quality operations and proper treatment of crew and quality crew:

“The quality of the industry ultimately depends on the quality of the people in it. It is increasingly difficult to draw the right caliber of entrants into the industry, both for shipboard and shore jobs.

We need to improve the condition and the image of the industry so that those who serve in it can have a safe, rewarding and fulfilling career”.

In my view INTERCARGO is absolutely correct.

However at the opposite end of the spectrum are the substandard operators and their partners, the charterers, shippers and cargo owners. They could not operate however, without the active or benign approval of some regulators, agencies and commercial organisations.

I have outlined some of the hardships and injustices forced upon seafarers and their families as the pressure to cut costs is passed down the line.

Inseparably linked to this process are the dangers created for seafarers and the risks that are generated for port facilities, the marine environment and the safe movement of shipping by the operators of substandard shipping.

The title of the ICONS report ‘*Ships, Slaves and Competition*’ refers to the subject matter of the report.

Ships refers to international shipping in all its aspects and activities.

Slaves refers to the thousands of seafarers, mostly from developing nations, for whom life at sea is modern slavery.

Competition refers to the unequal nature of competition in the international shipping market where non-compliant shipping (substandard shipping) can gain a 15 to 16 % cost advantage by not complying with international maritime safety standards.

This cut throat, destructive competition in freight rates is the underlying cause of substandard shipping, crew exploitation and crew abuse.

It has been facilitated by the ease with which substandard operators can avoid ship safety and crew competence requirements by shopping around among flag States, classification societies, insurers, manning agencies, ship operators and port State control authorities without being held to account.

The lack of port State enforcement capability or will in respect of labour conditions has enabled much of the ill treatment of crews to continue.

What then are the solutions?

First, recognition, reward and support must be given to the operators of quality shipping who constitute some 85 to 90% of the industry.

Second, quality shipping operators and their industry organisations must lead the campaign for compliance with international maritime personnel and safety requirements.

They must give leadership and intelligence in the drive to isolate the substandard operators, their ships and most importantly their customers.

Third, the beneficiaries of substandard shipping, particularly their customers, charters and shippers must be identified and brought to account.

Fourth, port State control actions must be toughened and consistently applied.

Fifth, there needs to be an acceleration of the work of the international organisations involved in establishing labour standards and regulations (i.e) the International Labour Organisation (ILO), the International Maritime Organisation (IMO) and the respective industry organisations.

Initiatives that take 5 - 10 to 15 years to achieve and implement are literally useless to a seafarer suffering at sea today.

It is pointless shipping operators complaining about the poor image of life at sea and the growing shortages of competent officers unless the reform process can be accelerated.

Lastly I turn to the ICONS Report. We made 43 recommendations, which we believe are practical and achievable, most within twelve months and most of which, require only a will on the part of individual national administrations.

Their implementation would banish almost all-substandard shipping and its related practices.

The recommendations are in two main groups – one dealing with port State control and the other with crew related matters. The detail is set out in the Executive Summary that is available to you today.

They include:

- Action to assist the elimination of fraudulent certificates;
- Action to ensure compliance with ILO Conventions (especially 147);

- Support for abandoned seafarers;
- Prohibition of blacklisting, job finding fees and transportation charges;
- Further regulation and licensing of manning agents;
- Flag States, labour supply states and unions working together cooperatively to implement appropriate working conditions for seafarers;
- Establishment of independent seafarer grievance agencies to provide accessible, fair, independent and speedy resolution of seafarer employment claims;
- Governments of labour supply nations ensuring labour training and supply arrangements comply with IMO and ILO requirements;
- Action through the IMO, the ILO and the Food and Agriculture Organisation (FAO) to improve the safety and work conditions on board fishing vessels.

The conference program refers to my statement in the report that over the past eight years there has been a worsening in the treatment of seafarers.

My comment is based on comparison with the evidence in the 1992 *Ships of Shame* report and what ICONS was told.

I have no doubt the incidence of abuse and exploitation of seafarers is more widespread and now includes practices not mentioned in the 1992 Parliamentary Inquiry.

The worldwide response to our report has been encouraging. Mr. Michael Everard, President of BIMCO, has told me in unambiguous terms that BIMCO supports the objectives of ICONS and wants to see the eradication of substandard shipping.

The reactions of the Australian, UK, Canadian and Singaporean governments have been positive. We have been encouraged also by the response to my presentation to some 120 members of the Maritime Safety Committee of IMO on the 4th June 2001.

We are continuing to present our report to industry organisations, government agencies and the public explaining the background to our report and seeking the implementation of its recommendations.

Let me conclude. At the outset I referred to the Conference theme as the 'Evolutionary Age of Maritime Employment.' The 'New Age of Maritime Employment' I envisage would be one in which:

- All crews operating in the international market would meet the required international safety and personnel standards and substandard shipping would have been eradicated;
- Governments would have recognised and cargo owners accepted that there is a level of unavoidable costs that must be incurred to meet required safety and personnel standards;
- The competence of seafarers and the genuineness of their qualification certificates are beyond question;
- Shipowners maintain pressure on governments to ensure all ships meet required standards;
- Seafarers of all ranks are recognised as important participants in the carriage of world trade;

- Seafaring has again become an attractive career for developed nations and all seafarers are treated fairly regardless of origin;
- Quality ships and quality ships operators are recognised and rewarded;
- Labour supplying nations are rated on their performance in ensuring their seafarers are treated fairly in accord with International Conventions on working conditions and safety.

In short in the 'New Age', compliance, competence, efficiency and decent treatment of seafarers will be the catchwords of international shipping.

