



**National Maritime Conference:  
HUMAN CAPITAL AND THE WAY FORWARD  
FOR MALAYSIA**

**14 - 15 July 2008, Kuala Lumpur**

**PROCEEDINGS**



**Maritime Institute of Malaysia (MIMA)  
November 2008**

## SESSION 1

### MANAGEMENT OF SEAFARERS: MULTI AGENCIES' PERSPECTIVES

Chairman: **Ir. Nordin bin Mat Yusoff**,

Chairman of the Malaysia Shipowners' Association (MASA)

**Mr. Muhammad Razif bin Ahmad**, Director, Seaman Affairs and Port Division, Marine Department Peninsular Malaysia, spoke on the topic "Implementing Agency's Responsibilities – Marine Department".

He began by outlining the vision of the Marine Department that aspires to achieve zero accidents in Malaysian waters and zero detention of Malaysian ships by year 2012. He then elaborated on the mission of the Department which included ensuring that compliance of national and global regulatory standards by all stakeholders will result in enhanced safety of ships, protection of the marine environment and prevention of loss of lives at sea. Consistent compliance will also provide Malaysian seafarers with international recognition and acceptance as qualified and competent seafarers.

He elaborated on the *International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers, (STCW) 1978 (as amended)*, the International Maritime Organisation's (IMO) overarching regulatory regime that governs all aspects of training, examination and certification of seafarers on a global scale. Malaysia remains on the "White List" of the IMO, certifying the fact that she complies with all the requirements of the STCW Convention. Malaysia has also signed "Memorandum of Agreements (MoUs)" with thirty (30) countries thereby

permitting their seafarers to serve on board Malaysian-registered vessels and vice-versa. He also highlighted that, besides the STCW, several other International Labour Organisation's (ILO) conventions also govern seafarers' issues.

Mr. Razif indicated that in Malaysia, the *Merchant Shipping Ordinance (MSO), 1952* is the law that encompasses all aspects of seafarers' matters including their hours of work, medical examination, training and certification and penalties imposed for its contravention. He notified that out of forty (40) Port Offices that have been established nationwide, twenty (20) provide various essential services for seafarers. He added that all seafarers serving on board Malaysian ships are required to register with the Marine Department. This is accomplished by issuing them "Seafarer Identification Document (SID)" which incorporates biometric features and security chip. Three (3) types of SIDs are issued covering local seafarers, foreign seafarers and those serving on board government vessels.

It was emphasised by Mr. Razif that the Marine Department strongly encourages the policy of Malaysians serving on board national ships and will only issue Certificates of Recognition (CoR) out of necessity. He also explained that Certificates of Competency (CoC) are issued to qualified officers who have met the standards enumerated by the STCW provisions. To date, twelve (12) grades of CoC are issued to Deck Officers and nine (9) to Engineering Officers. These require revalidation every five (5) years. Oral examinations are conducted by the Marine Department whilst written tests are undertaken by the maritime training institutions. There exist seven examination centres all over Malaysia to cater for the increasing number of candidates. Examiners comprise of Marine Department officers as well as some sourced externally.

Mr. Razif indicated that there are currently twenty-two (22) approved maritime training centres in Malaysia, of which nineteen (19) provide modular courses training. He also highlighted that seven (7) shipping companies currently provide berths for cadet officers. He then explained the “Safe Manning Certificates” issued by the Marine Department, stating that the document prescribes the minimum manning levels for Malaysian ships which stipulate the grade, STCW qualifications as well as number of certificated personnel any particular ship is required to carry. The certificate is valid for a period of five (5) years.

He listed current outstanding issues including shortage of Malaysian seafarers for NCV trades, challenges in recruiting foreign seafarers, fast evolving standards at sea, ongoing revision of the STCW Convention, impending implementation of the ILO Convention and criminalisation of seafarers.

As a way forward, Mr. Razif proposed that more Malaysians should be encouraged to embark on a seafaring career; companies should be urged to sponsor more trainees and to increase available ship berths for them. He also exhorted for innovative training methods to be practised and a new approach towards employment of seafarers to be adopted. He assured that the Marine Department, on its part, shall continue to facilitate its services associated with seafarers’ affairs by signing more MoUs with labour-supplying countries whilst establishing a national pool for seafarers’ employment. He also indicated that Malaysia will play an active role in the IMO.

**Mr. Wan Zulkifli bin Wan Setapa**, from the Ministry of Human Resources (MOHR) spoke on the Maritime Labour Convention 2006 (MLC 2006). Having been present at the ILO sessions that finally culminated in

adopting the MLC 2006 in Geneva, Mr. Wan Zulkifli has “first-hand” experience on what actually transpired.

He began by outlining the history of MLC 2006, stressing that MLC 2006 was a consolidation of 69 maritime labour conventions and labour recommendations into a single instrument whose objectives were to protect the living and working conditions of 1.2 million serving seafarers. It was designed to encourage universal compliance and to strengthen enforcement standards via flag States’ jurisdiction over own ships as well as port State inspection of foreign ships. It provides a level playing field for all stakeholders; but introduced some form of flexibility to accommodate existing diversity.

The MLC 2006 was adopted at the 94<sup>th</sup>. Session (the 10<sup>th</sup>. Maritime Session) of the International Labour Conference held from 7 till 23 February 2006. A total of 314 ILO members voted in favour, none against and two (2) countries abstained for reasons unrelated to the substance of the Convention.

Mr. Wan Zulkifli then provided an extensive overview of the MLC 2006. He impressed that it aspires to provide protection contained in existing labour standards closer to seafarers and to improve its applicability so that shipowners and governments who truly care for the welfare of their seafarers do not have to bear an unequal burden. The MLC 2006 is commonly referred to as the “4<sup>th</sup>. Pillar” of international maritime regulatory regime, buttressing the existing IMO Conventions on the Safety of Life At Sea (SOLAS); the International Convention for the Prevention of Pollution from Ships (MARPOL); and the International Convention on Standards of Training, Certification and Watchkeeping (STCW) – all of which aim to support quality shipping and eliminate

substandard ones. MLC 2006 is intended to be globally acceptable, easily understandable, readily updateable and uniformly enforced.

He then proceeded to provide the reasons for the change to MLC 2006 and highlighted the innovative features of the Convention. This was followed by a brief on the format of MLC 2006 entailing Articles, Regulations and a two-part Code – (Part A being mandatory whilst Part B comprises non-mandatory guidelines). An important “Explanatory Note” which provides further assistance to Governments on the relationship between parts of the Code is also attached.

MLC 2006 provides national flexibility over areas such as “Seafarers’ Employment and Social Rights”, implementation of Part A of the Code, applicability to ships of less than 200 gross tonnages (GT) that do not ply international voyages and on provisions relating to ship construction and equipment for ships constructed before the Convention comes into force. However, many of these require that due consultation be undertaken by the Governments with shipowners and seafarers’ organisations prior to implementation.

It also introduces an “Onshore Complaint Procedures” to encourage rapid resolution of problems; provisions for the appointment of Recognised Organisations (ROs) to undertake some functions of flag States; and an accelerated amendment procedure for updating the Code provisions. The MLC 2006 will come into force twelve (12) months after the date on which there have been registered ratifications by at least thirty (30) members with a thirty three (33) percent of total share in world gross tonnage.

Mr. Wan Zulkifli then proceeded to narrate the complete MLC 2006 in detail.

In conclusion, he commented that Malaysia should ratify the MLC 2006 as it provides a modern system for improved and enforceable conditions for decent work in the maritime sector. It also creates, as much as possible, a level playing field in a globalised industry by ensuring that competition is not based on unjust, exploitative and unfair labour practices.

## **Discussion**

Before opening discussion to participants, the Chairman remarked that, in his opinion, neither the government nor any of its agencies appear to be truly focused towards encouraging and ensuring proper and effective development and growth of our Malaysian seafarers. He could not identify a single entity that is entrusted with the planning aspect of maritime human capital on a consolidated basis. He compared the situation in Malaysia with that in the Philippines where concerted action is taken by their government to target 30% of global seafarers' supply emanating from that country. Maritime universities with adequate facilities have been established with the support of the Philippines' maritime industry. He remarked that thirty (30) years ago, Singapore embarked on a vision to make the island-nation a maritime hub with a comprehensive master plan and identified implementer. He queried as to who is Malaysia's "masterbuilder/thinker" to initiate such development in Malaysia. In his opinion, the industry is unable to activate such a plan and it has to be undertaken by the Government and/or its appropriate agency. A holistic plan for the development of the maritime sector encompassing each and every aspect should be drawn up and acted upon.

A participant commented that the organisational chart appearing on the website of the Ministry of Transport (MoT) indicated a "Career

Development Section” and queried whether there existed any coordination and/or linkage between the MoT and the Ministry of Education (MoE) with regards to certification and training of seafarers.

Mr. Razif responded by stressing that the “Career Development” on the website referred to “in-house” career development only for MoT’s officers and staff, not for seafarers. He stated that no direct linkage existed between the two ministries except for matters of accreditation of maritime training institutions. The STCW training is approved by the Marine Department due to the competency and expertise available within it whilst other academically-biased certificates, diplomas and degree programmes come under the jurisdiction of the Malaysian Qualification Agency (MQA).

Mr. Wan Zulkifli commented that although there are twenty-six (26) industrial training institutes established under the MOHR, unfortunately, not a single institute is devoted to maritime related training. He was of the opinion that, should shipowners be resolute collectively, one of the industrial training institutes could be dedicated to maritime training as a measure to complement existing institutions. However, he acknowledged that, for this effort to be successful, close cooperation between MOHR with the Marine Department and ALAM is essential. Lack of skilled maritime instructors is another serious issue that needed to be addressed.

The same participant queried on the developments relating to ratification of the MLC 2006 by Malaysia.

Mr. Wan Zulkifli highlighted that the ILO, a body comprising governments, employers (shipowners) and workers (seafarers) is rather unique than other international organisations that comprise of Governments only. The



MOHR is initiating action towards seeking a consensus amongst all these parties before taking actions to ratify. He informed that, to date, as a result of seeking such consensus, Malaysia has only ratified thirty-four (34) out of a total of 185 ILO conventions. He remarked that prior to ratification, a country must truly understand the convention, identify the current situation and aspire to address the most important aspects accordingly.

Mr. Razif reminded that the Marine Department and the Government are not the suppliers of seafarers; just as how the Government is not a supplier of general manpower in Malaysia. The function of the Marine Department is only to ensure that quality is maintained and standards are kept in the training, examination and certification of seafarers. However, he impressed that the supply of quality seafarers is an issue that ought to be addressed by the Conference when discussing the Way Forward.

Mr. Wan Zulkifli readily admitted that the MOHR is neither involved nor engaged in issues relating to seafarers due to the unavailability of maritime experts within the ministry. He admitted that this is a very serious lapse that had to be remedied immediately. As a probable measure to address this issue, Mr. Wan Zulkifli requested the Conference to submit a proposal for consideration.

Another participant remarked that a strong resolution should emanate from the Conference in addressing all issues relating to seafarers. He mentioned the problems of insufficient berths on board ships for trainees and exhorted the industry to pool resources to alleviate the problem. The Government could explore the possibility of providing appropriate incentives to the industry to encourage such initiative by members of the industry. He concurred with Mr Wan Zulkifli that in solving the perennial

issue faced by seafarers, a definite and strong proposal should be handed to the Government for consideration.

The participant who initiated the earlier questions commented that a dedicated ministry should be established to address maritime issues cogently. This view was supported by another participant who proposed the establishment of a dedicated “Ministry of Maritime Affairs” or a similar Government solely dedicated to handle issues related to all aspects of the maritime industry and be the focal point for its holistic development.



**National Maritime Conference:  
HUMAN CAPITAL AND THE WAY FORWARD  
FOR MALAYSIA**

**14 - 15 July 2008, Kuala Lumpur**

**RECOMMENDATIONS ON  
THE WAY FORWARD**



**Maritime Institute of Malaysia (MIMA)  
November 2008**

**RECOMMENDATIONS  
OF THE  
NATIONAL MARITIME CONFERENCE:  
HUMAN CAPITAL AND THE WAY FORWARD FOR MALAYSIA**

**14 – 15 JULY 2008, KUALA LUMPUR**

The two-days National Maritime Conference was jointly organised by the Maritime Institute of Malaysia (MIMA) and the Marine Department Peninsular Malaysia (Marine Department). It was supported by the Malaysia Shipowners' Association (MASA), Bintulu Port Authority (BPA); MISC Bhd.; Pelabuhan Tanjung Pelepas (PTP) Sdn. Bhd. and Bintulu Port Sdn. Bhd. (BPSB).

During the deliberations, recommendations were made by speakers, panellists and participants of the Conference on the way forward in addressing issues relating to maritime human capital in Malaysia.

1. It was acknowledged that amongst the features that makes Malaysia a significant player in global shipping are:
  - (a) In 2006 the United Nations Conference on Trade and Development (UNCTAD) ranked Malaysia 21<sup>st</sup>. on its list of most important maritime countries in terms of percentage of world's gross tonnage;
  - (b) Up to June 2008, 4343 ships of 10.5 million gross tonnage were registered under the Malaysian flag;
  - (c) MISC Berhad is the world's largest owner-operator of liquefied natural gas (LNG) carriers, with 27 vessels in service and 2 more on order;
  - (d) In 2006, American Association of Port Authorities placed Port Klang as 16<sup>th</sup>. and Port of Tanjung Pelepas as 19<sup>th</sup>. in terms of container throughput.

2. In terms of “hardware” (i.e. ships) Malaysia has performed reasonably well, but, for the “software” (human capital) aspect, Malaysia still relied heavily on services provided by foreign seafarers as indicated by the following data for 2007 derived from records maintained by the Marine Department:

- (a) Number of active Malaysian seafarers registered was 11482 whilst foreign seafarers employed on board Malaysian ships was 10200;
- (b) 3406 certificates of competency (CoC) were issued to qualified Malaysian officers; whilst, during same period, 4742 certificates of recognition (CoR) were provided to foreign officers permitting them to legally serve on Malaysian ships.

3. The consensus is that immediate measures should be taken to address the situation which has led to Malaysia suffering a critical shortage in having her own nationals serving as seafarers on board Malaysian ships. The Conference strongly urged the drawing up a strategic master plan relating to a holistic and comprehensive approach towards seafarers’ affairs in Malaysia.

4. The proposed solutions presented during the Conference are encapsulated in this paper as follows:

**A. Establishment of a National Body/Agency on Seafarers’ Affairs**

- (i) It was recognised that a dedicated body/agency should be established solely focussed on seafarers’ affairs, including facilitating and guiding seafarers’ development encompassing recruitment, placement and career development. Industry players should support towards its functions and operations.

- (ii) The same body could also be the focal point for the management of Malaysian seafarers by way of maintaining records of available seafarers for sourcing by shipping companies. Malaysian seafarers could register themselves with the body and Malaysian shipping companies may inquire availability of qualified seafarers from it.
- (iii) Part of the role of this body could be to provide initiatives on the continuous promotion of the seafaring career to students still in schools/colleges. It would direct awareness programmes of this “non-traditional” vocation to be aimed at target groups deemed eligible for it located in schools within the rural areas of Peninsular Malaysia as well as in riverine catchments of Sabah and Sarawak.
- (iv) This entity could also be entrusted with facilitating the drawing up of standard employment terms and conditions for Malaysian seafarers that is compatible to universally accepted norms.

## **B. Maritime Training**

- (i) Maritime training in Malaysia is currently undertaken by private entities. Due to alleged high cost of such training, it was recommended that the government takes over the responsibility for provision of maritime training, akin to that of public tertiary educational institutions. Besides lowering of training costs, another accrued advantage of such take over would be the possibility of provision of loans to maritime trainees similar to those provided for students in higher educational institutions.

- (ii) Possibility of converting some of the 26 existing industrial training institutes under the Ministry of Human Resources (MOHR) into dedicated maritime-biased training centres. The Marine Department could assist MOHR towards realising this objective.
- (iii) Increase the number of seafarers trained annually taking into account the requirements of the shipping industry and expected attrition rate.
- (iv) Availability and quality of maritime lecturers and instructors should also be an important factor when considering an increase in trainee intake/number of training institutions. The issue of “poaching” experienced maritime instructors by the industry needs to be addressed.

### **C. Training berths**

- (i) In cognisance of the fact that maritime training imposes mandatory “sea-time” fulfilment by cadet officer trainees, shipping companies should be encouraged to provide training berths to cater for them. Fiscal incentives could be offered to those companies willing to do so.
- (ii) Placement of Malaysian cadet officer trainees on board foreign-flagged ships offering such berths could be considered.

- (iii) Malaysian shipping companies may consider pooling their resources together and introduce the concept of “training-cum-trading” ships. These vessels can facilitate training of seafarers whilst engaged in normal trading activities.
- (iv) As a last resort, legislation enabling mandatory provision of training berths by Malaysian shipping companies may have to be introduced.

**D. Introduction of appropriate Bridging Courses facilitating entry by Engineering Graduates and ex-Royal Malaysian Navy officers**

- (i) It was acknowledged that some students of engineering courses from Malaysian universities/polytechnics may be motivated to pursue a seafaring career after graduating. Bridging Courses could be designed to permit these graduates to enter the seafaring career and acquire the requisite sea time prior to appearing for their first CoC examinations.
- (ii) Some senior officers from the Royal Malaysian Navy (RMN) opt to leave the service at a relatively productive age. They possess the navigating and seamanship skills to serve on board merchant navy vessels and have the required sea-time to appear for CoC examinations. Introduction of appropriate Bridging Courses to cater for this group of potential entrants into the officers’ ranks of the merchant navy could be considered.



**E. Ensuring universal standards of welfare/health benefits and appropriate emoluments for Malaysian seafarers**

- (i) Malaysian shipping companies should ensure that the welfare and health benefits offered to their seafarers are on par with universal norms. These should cover the seafarer and his/her family and also be provided during periods that he/she is on leave ashore as well as when employed on board.
- (ii) Malaysian shipping companies that may still be offering their seafarers remuneration packages not compatible with global standards should be encouraged to rectify the situation, taking into consideration their commercial ability. The wage quantum offered may be less than global norms, but, the total package could include other measures particularly attractive to Malaysian seafarers. Neither discrepancy vis-à-vis currency nor quantum should exist between packages offered to a foreign seafarer and a Malaysian. Shipping companies should facilitate their seafarers in obtaining housing/car loans from financial institutions in view of the fact that their salary slips only indicate wages earned whilst they are serving on board, not when they are on leave ashore.
- (iii) Seafarers' union should inculcate in Malaysian seafarers an attitudinal change for the better. The common inference that they are ingrained with negative traits should be dispelled and be done away with. This requires a mindset shift from Malaysian shipowners too.

- (iv) Drop-in Centres providing recreational and communication facilities for seafarers should be established within the perimeters of Malaysian ports to cater for their needs due to very short port-stay and inability to access services provided by Seamen's Clubs normally located quite a distance away from ports.
- (v) The role and functions of existing International Transport Workers Federation (ITF)-affiliated National Union of Seafarers of Peninsular Malaysia should be enhanced to include the needs of seafarers in Sabah and Sarawak. Its existence should also be widely publicised and membership numbers greatly increased, especially from the Officers' category. This would be in consonance with the International Labour Organisation's (ILO) Maritime Labour Convention 2006 (MLC 2006) requirements.
- (vi) Malaysia should work together with other like-minded countries and relevant international organisations to address the issue of criminalisation of seafarers to ensure that due process is observed and practised in cases of maritime incidents occurring anywhere in the world.

**F. Special needs of the Offshore Support Vessels (OSV) and Near Coastal Voyage (NCV) vessels**

- (i) Dedicated training facilities solely catering for Malaysian seafarers intending to serve on board OSVs should be established.

- (ii) Consideration should be given towards granting income tax exemption to seafarers working on board OSV.
- (iii) Similar tax exemption could be granted to those operating vessels plying within the NCV.
- (vi) Eligible ratings serving on board NCV vessels should be encouraged and provided with incentives to upgrade themselves to be officers by attending appropriate courses and taking the requisite examinations.

**G. Shore employment opportunities**

- (i) Serving seafarers should be encouraged to pursue other appropriate qualifications. In line with a “life-long learning” culture, they should endeavour to undertake relevant professional courses. This would assist them in their appointment ashore after leaving sea service.
- (ii) Many existing tertiary educational institutions are able to provide the appropriate courses/programmes. Seafarers should take the initiative to identify those that suits their particular needs.
- (iii) Substantial job opportunities exist in the ports as well as shipbuilding and shiprepair industries. Seafarers opting to leave sea service could explore the possibility of seeking employment in appropriate sectors within these industries that may require their previous seagoing skills and experience.

## **H. Implications of the ILO's Maritime Labour Convention, 2006**

- (i) Malaysia should take due cognisance of the requirements of MLC 2006 on seafarers' well being and undertake the necessary preparations to be ready for its international implementation irrespective of any decision on ratification since enforcement procedures by signatory states would affect all ships entering their ports, including those flying the flag of non-signatory countries.

5. A summary of these recommendations is attached as Appendix A to this paper.

6. Conclusion:

Besides papers presented by speakers and deliberations of panel members, the Conference also triggered quite an active engagement by participants from the floor. A recurrent remark heard throughout the two-days' session was the passionate exhortation that the Conference Organisers should do their utmost to follow through with appropriate stakeholders on the recommendations proffered so that the commendable objectives would be achieved and issues affecting Malaysian seafarers be effectively addressed. It is with such an intention in mind that these recommendations are compiled and forwarded for perusal and action by relevant parties.

**Centre for Ocean Law and Policy**  
**MIMA**  
**August 2008**

## Summary of Recommendations

The Conference strongly proposed the drawing up a strategic master plan relating to a holistic approach towards seafarers' affairs in Malaysia.

It should encompass:

- A. Establishment of a National Body/Agency responsible for:
- \* Facilitation and providing guidance on Seafarers' affairs covering recruitment, placement, career development and welfare;
  - \* Direction on continuous promotion and awareness programmes carried out to selected potential "catchment areas" (eg. rural localities in Peninsular Malaysia and riverine areas of Sabah and Sarawak).
- B. Maritime training
- \* Should come under the ambit of the government to facilitate lower costs and provide opportunities for grant of study loans;
  - \* Increase in number of seafarers trained annually;
  - \* "Poaching" of maritime trainers and instructors to be addressed.
- C. Training Berths
- \* Offer fiscal incentives to Malaysian shipping companies providing training berths;
  - \* Consider placement of Malaysian trainees on board foreign ships;
  - \* Contemplate pooling resources by shipping companies towards introducing "training-cum-trading" ships;
  - \* Ponder legislating mandatory provision of training berths by Malaysian shipping companies.
- D. Introduction of Bridging Courses for Engineering Graduates and ex-Royal Malaysian Navy (RMN) officers
- \* Source seafarers for merchant navy service from pool of available engineering graduates and retired naval officers by introducing appropriate Bridging Courses.
-

- E. Ensuring universal standards of welfare/health benefits and appropriate emoluments
- \* Welfare/health benefits offered to Malaysian seafarers and their families should be compatible with universal norms and practice;
  - \* Emolument packages granted to Malaysian seafarers should, as far as is commercially viable to shipowners, be commensurate with global standards. Discriminatory practices should not be tolerated
  - \* Attitudinal shift towards positive values amongst Malaysians seafarers is to be inculcated. Malaysian shipowners should undergo similar paradigm change;
  - \* Recreational and communications facilities to be established within port areas;
  - \* Seafarers' Union to be further strengthened and expanded to accommodate those in Sabah and Sarawak;
  - \* Position to be taken on the issue of “criminalisation of seafarers” in cases of maritime incidents.
- F. Special needs of seafarers serving on board Offshore Support Vessels (OSV) and Near Coastal Voyage (NCV) vessels
- \* Plan for establishment of dedicated maritime training centres for seafarers serving on board OSV;
  - \* Consider income tax exemption for seafarers onboard OSV and NCV vessels;
- G. Shore employment opportunities
- \* Practise concept of “life-long learning” by taking up relevant professional courses offered by tertiary educational institutions;
  - \* Take advantage of job opportunities present in the ports, shipbuilding and shiprepair industries.
- H. Implications of ILO’s Maritime Labour Convention 2006 (MLC 2006)
- \* Measures to be taken in preparation of the coming into force globally of the International Labour Organisation’s (ILO) Maritime Labour Convention 2006.
-