



**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 5:

MARITIME MANPOWER NEEDS OF PORTS & SHORE-BASED INDUSTRIES

Chairman: **Captain Abdul Aziz Abdullah,**

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Captain Abdul Rahim Akob, General Manager, Bintulu Port Authority (BPA), started his presentation on whether ports need ex-seafarers by announcing a caveat that statistics which he was going to show later were not perfect since some ports failed to respond to queries related to the subject matter. He went on to list the different ports that existed in Malaysia and how they were categorised based on the nature of their governance as well as sizes. He indicated that Port Authorities were basically regulators overseeing Port Operators who were the ones that actually run a port. Provision of marine services (tugs, pilotage and other service vessels) are amongst the duties of these Port Operators.

Capt. Abdul Rahim explained that the Marine Departments, being associated with maritime matters, do have a scheme to employ seafarers; but, due to unattractive salary scale, was unable to entice many to serve them. Port Operators, on the other hand, employ seafarers only in the marine operations section – mainly as harbour pilots and crew on board boats forming their marine services. He proceeded to present statistics on the number of seafarers serving with the different Port Authorities as well as Port Operators. The numbers reflected the propensity of these bodies to engage seafarers only at operational level and not at management level.

Ir. Ee Teck Chee, Honorary Secretary, Association of Marine Industries of Malaysia (AMIM), provided an insight on the opportunities for seafarers to serve in the shipbuilding and shiprepair industries in Malaysia. He indicated that there existed a boom in both the shipbuilding and shiprepair industries in Asia and presented statistics of it.

Ir. Ee then went on to narrate the situation in Malaysia by providing a brief history on the establishment of local shipyards, impressing that most are focused on building small vessels to cater for the oil and gas (O & G) sector. He forecasted that with the continuing rise in the price of oil, the demand for Offshore Support Vessels and Anchor Handling Tugs (AHTs) would increase. Currently, 40% of vessels being built in Malaysia were meant for foreign clients. Ir. Ee enumerated the activities carried out by the 70 odd shipyards in Malaysia, highlighting that there were 124 vessels being constructed out of which 94 were for the O & G sector.

He underlined the critical role played by the shipbuilding and shiprepair industry in Malaysia, as highlighted under the Third Industrial Master Plan 2006-2020 (IMP3), to be a strategic industry. It employed 20,250 personnel in 2005 contributing RM 2.21 billion to the nation's export. He mentioned that, currently, the industry directly employed about 25,000 workers out of which almost 15% are foreigners.

Being a specialised industry, it requires highly skilled and professional labour force, the bulk of which still comes from the Philippines and Indonesia. Within this sector, pinching of staff was quite common.

Ir. Ee then listed the few institutions in Malaysia that provided the education and training courses relevant to this industry. He also

impressed that some shipyards even conducted their own training programme to upgrade the skills and competency of their workers.

He concluded by stressing the fact that the shipbuilding and shiprepair industry, being labour intensive, is abundant with opportunities for seafarers to seek appropriate employment. The government is offering a fair number of incentives to assist in triggering expansion of the industry and this should encourage more seafarers to pick up the requisite skills and training to be able to fulfil the labour needs associated with such development.

Haji Abdul Jamil Murshid, a private consultant, ventured whether seafarers are in demand ashore. He presented graphs indicating the different types of ships trading worldwide, nationality of seafarers and the fact that 4343 ships with a gross tonnage (GT) of 10,476,668 were registered under the Malaysian registry. He, too, lamented the fact that almost 50% of serving seafarers on board Malaysian ships were foreigners.

Haji Jamil continued to explain that studies undertaken by the European Commission showed that there existed about 135 marine related jobs ashore. These included management-level jobs with various entities. He highlighted the uniqueness of a career at sea that provided an opportunity to pursue further education whilst serving on board. He stressed the fact that it was only logical that ex-seafarers are recruited for jobs that require them to interact with fellow seafarers who are serving at sea.

Haji Jamil also noted that shipboard management skills were far superior to shore-based skills due to the closed environment nature of a ship.

Based on current developments, he was of the opinion that a seafarer would spend less time at sea in the future. This would lead to demand exceeding supply, thus, causing a domino effect for shore-based maritime industry requiring maritime expertise. He proposed that an alternative career path and/or qualification regime be designed to train seafarers.

Dato' Capt. Haji Abdul Rahim bin Abdul Aziz, representing the Institut Kelautan Malaysia (IKMAL), presented his views on value-add qualifications for ex-seafarers. He began by narrating his personal experience in pursuing the Master of a Foreign-Going Vessel Course; commenced with a pre-sea training in Pakistan and culminated in meritorious achievement of the highest certificate of competency after rising through the ranks on board ships. He listed the different levels that a seagoing officer had to encounter in achieving the ultimate Master/Chief Engineer ranks.

Dato' Capt. Abdul Rahim explained the difficulties he faced when, upon coming ashore, he had to assimilate shore-based management styles that were, initially, inimical to that he was used to on board. He also realised the vast opportunities available ashore for an ex-seafarer to venture and develop, should one desired it. A list of available options was provided by the speaker.

However, he warned that, for one to aspire to clinch a top-notch position ashore, one must possess qualities and qualifications that are necessary to fulfil the requirements of the position. In this regard, Dato' Capt. Abdul Rahim exhorted seafarers to sacrifice time in pursuing other qualifications, besides the mandatory certificate of competency courses, in order to "value-add" themselves with other appropriate

degrees/diplomas/certificates which will hold them in good stead in the future.

He then went on to cite some examples of ex-seafarers who have made good by following such a path. To assist those interested, he also included advertisements of the appropriate courses that have appeared in the media.

Dato' Capt. Abdul Rahim ended his presentation by quoting another icon of the fraternity in exhorting ex-seafarers to occupy strategic positions in the public and private sectors locally as well as abroad.

Discussion

A participant stated that “dual certification” (a seafarer holding both deck & marine engineer certificate of competency simultaneously) is acceptable in Europe and queried whether it is also viable in Malaysia. He also commented that a “Master in Business Administration (MBA)” degree is not the only academic discipline for a seafarer to pursue; but, opportunities are also available in International Law, Economics, Environmental Studies and a host of other disciplines.

Capt. Abdul Rahim Akob responded by stating that, in his opinion, unlike the European countries that have well developed maritime training institutions, Malaysia is not ready for dual certification yet. In his view, sea service requirement as well as availability of appropriate training institution would be issues to be addressed. He believes that single certification would still be the order of the day in Malaysia.

Dato' Capt. Abdul Rahim commented that an MBA course encompasses many other disciplines too. Having a seagoing qualification and "adding" anything more to it would be a boon to the person.

Capt. Aziz commented that, in his view, many ex-seafarers do not succeed in top management position due to the nature of them being trained to only see perspectives in pure "black or white" with no shades of "grey" in between. At sea, when a decision was to be made, it had to be done without any compromise. However, ashore decisions are made with a bit more "flexibility" – he inquired comments from others to this assumption.

Dato' Capt. Abdul Rahim responded by stating that ex-seafarers have to learn to adapt to the environment ashore and be accommodating in order to succeed.

Dato' Capt. Jaffar Lamri commented on the fact that a substantial number of foreigners are serving the offshore industry, some of whom were not mariners. He encouraged the creation of more jobs and extolled the virtue of ex-seafarers pursuing further education to improve and enhance their marketability after leaving the sea.



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**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 21st. 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 16th. and Port of Tanjung Pelepas as 19th. 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.
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- 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.
-