

To The Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
Fm Capt. Richard Howe

Dear Sirs

I am an Australian Citizen domiciled in Singapore. I have only just advised of the forthcoming Senate Enquiry.

In view of the late advice on this matter I do not have the time to present a proper document however am providing some facts for your consideration. My Company have acted for the Australian Attorney-General's office in an investigation into damage from a fire which caused loss of life on a Royal Australian Navy vessel and I have acted for various legal firms in Australia as expert witness in oil spills and other matters. I have also acted for the UK Government (Jersey) and carried out the enquiry into the loss of the "Clipper Cork" in the Round the World Race.

I believe that a brief summary of my experience relevant to the enquiry is required.

I have been in the Shipping Industry for over 50 years and sailed on both Australian registered vessels and also foreign vessels for over 15 years. After coming ashore I have been involved in various facets of the Industry. About 15 years ago I carried out ship-vetting for BHP Billiton and Rio Tinto as an independent surveyor for vessels being chartered by them. Subsequently BHP Billiton & Rio-Tinto jointly formed Rightship, who now carry out their vetting. Rightship are the largest ship-vetting company in the world and have won several Australian awards. Since Rightship's inception in 2001 my Company have acted for them as Rightship surveyors and I have assisted them in preparation of their dry-cargo vetting program when they first commenced their ship-vetting. Between myself and my senior surveyors we have carried out hundreds of Rightship inspections throughout Asia and in India, South Africa and the Middle-East. I also attend Australian ports to carry out pre-AMSA inspections.

Although based in Singapore I have recently acted for BHP Billiton in Port Kembla and Port Hedland, carrying out vessel assessments for time-charter and suitability to operate in Australian ports. On a private basis I assisted the Hon. Peter Morris by providing an opinion on the Japanese enquiry into the death of Supt. Kosaku Monji who was attending "Sage Sagittarius".

On the basis of the above I believe that I am qualified to comment on the subject of Flags of Convenience (FOC).

The FOC problem was highlighted by the ITF worldwide in the early 1990's and thereafter. It was highlighted in Australia when the Hon. Peter Morris was the Australian Minister of Transport and chaired the Parliamentary Enquiry which resulted in the report "Ships of Shame" in the mid-1990's.

A FOC is commonly accepted as registering a vessel in a sovereign state different to that of the ship's owners. However in many countries the ship owners are nationals of the country, their principal place of business and all their staff are from the country and the crew are also nationals. Others (like Greece) are owned by Greeks and have senior officers from Greece but use crews from other countries. On the other hand, BHP Billiton time-charters some overseas vessels under FOC registry (e.g. Marshall Islands) with Australian crew onboard.

The standard of Flags of Convenience vessels vary greatly. AMSA records provide statistics on various Flags. For the year 2014 these records record that where more than 10 vessels of a country were inspected by AMSA, the 4 worst Flags for detentions were Indonesia (66.7%), Antigua & Barbuda (20.3%). Greece (14.1%) and Malaysia (12.5%). By definition, only one is a Flag of Convenience.

Of countries where more than 4 but less than 10 vessels were inspected by AMSA in 2014, the 4 worst flags for detentions were Vietnam (33.3%), PNG (25%), Turkey (25%) & Cook Islands (16.7%). I do not believe that any of these are, by definition, FOC.

From the above percentages provided by AMSA it can be seen that it is not the FOC vessels that are the worst performing ships calling at Australia, but ships owned, operated and crewed by 2nd & 3rd world countries.

With regard to safety, which is very much reflected by AMSA inspection deficiencies, this is principally dependent upon the quality of ship-management, their supervision of their ships and the quality of the senior officers. Subject to proper management the crew can, given the materials and time, do the necessary work and the vessel can be maintained to a proper standard. This is clearly reflected in the ships that we inspect and also AMSA records. I am aware that a vessel operating for AMSA, with Australian crew onboard, was detained in 2015. The detention reflected the management bowing to the work demand and high crew costs, not providing proper time for crew changes and proper hand-overs, changing to many senior personnel at one time etc.

Much is made by the MUA & ITF on FOC vessels and the minimum pay. One of the most prolific nationalities onboard foreign-going ships is Filipino. An AB on a FOC ship is generally paid about US\$1,200 per month, including overtime & holiday pay. This is equivalent to what a Doctor (GP) is paid in the Philippines, or a University Professor in the provinces. It is considered a good middle-class wage. The Filipino crew on FOC ships (mainly Panamanian, Liberian & Marshall Island, but also on many other flags) are mostly paid a lot more than those on Filipino Flag ships with 100% Filipino crews. Similarly Indonesian, Thai, Vietnamese and other crews serving on vessels that are flagged in their countries receive less pay than their countrymen serving on FOC vessels.

I have attended many problems and disputes with foreign crew. As former Chairman of the Mission to Seafarers in Singapore I have the interest of seafarers at heart. I have seen some heartbreaking problems, problems that are not serious but have been handled badly, problems caused by bad management ashore or afloat and problems caused by the crew. These occur on FOC and National Flag vessels.

Due to my late advice on the Senate Enquiry I am unable to provide a comprehensive paper on the matter of FOCs. However my belief, based on my experience in the industry, is that it's not the FOC that is the problem.

Yours faithfully

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