

## If standards rise, fees rise

by  
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**HOW CAN** a shipowner reassure himself when he places his very expensive vessel and cargo with an agent who is not obliged to prove he is able to handle the business, or, crucially, that he is sufficiently resourced to do so?

At present, an agency sells its services by pointing to the qualifications of its senior staff, but there is no compulsion to do so. There's no central structure for agencies: the profession is focused on competition, but an agent's responsibilities grow year-by-year, for a fee that has fallen out of line with market movements.

It is astonishing that an agent can still set up shop with no proof of knowledge, experience, financial standing or background. The business is entirely unregulated.

The way forward, argued FONASBA general manager Jon Williams at the ITIC Forum in London earlier this month, is for regulation from within before it is imposed from outside. A recognised quality standard would also help raise the profile of the agency profession, he commented, as well as heating up the debate on the current level of agency fees. Working unsocial hours is part of the responsibility, but agency fees do not match the competing attractions of nine-to-five jobs in air-conditioned offices with perks and bonuses. Agents received no rise in fees when owners were basking in profits of the freight market peaks, Williams added.

On their own, quality standards will not raise agents' fees, but as part of a package that offers reassurance to owners and operators, standards are a way to minimise risk. A first step toward addressing this took place a year ago when FOBASBA developed its quality standard to "assist ship owners and operators to identify those agents that are well-founded and have a demonstrable and tangible commitment to quality", according to its website.

The requirements are that, to meet the standard, agents should:

- Be a member of one of the associations of FONASBA's
- Present proof of financial probity in accordance with the accounting laws of their country of domicile
- Have made a "firm commitment to professionalism" and staff education/training. **F**

# Agency is no optional extra

A BAD market is no time to find out your agent doesn't know his business, or that he is unqualified for the business you have agreed. or that he has your money but is unable to cover your ship's costs.

It is astonishing that the agency profession is entirely unregulated. A year ago, FONASBA, the gathering of brokers' and agents' national associations, came up with a quality standard that would be recognised by the wider shipping world.

It's not hard to achieve – it would bring agency into line with many other professional services, and bring some degree of assurance that owners are placing their valuable ships and their cargo with a reputable agency.

It might also create a two-tier structure for agency, whereby the recognised, quality services will be rewarded for their efforts with a higher fee.

But what's so bad about rewarding quality? Nothing. So why haven't more agencies taken the FONASBA challenge?

There was more than a hint of frustration in general manager Jon Williams' voice recently as he urged his members to stick with their commitment to training and education, and hold out for higher fees.

Agency is not an optional extra that should be contracted out to the lowest bidder, it's an integral part of the enterprise. And it should be paid as such.