

 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Merchant Shipping (Maritime Labour Convention) (Seafarers Wages) Regulations 2013 (“the 2013 Regulations”)	
Lead Department/Agency	Department for Transport	
Stage	Final	
IA number	Not provided	
Origin	International	
Expected date of implementation (and SNR number)	20 August 2013 (SNR No.6)	
Date submitted to RPC	20/05/2013	
RPC Opinion date and reference	20/06/2013	RPC13-DFT1520(2)
Overall Assessment	GREEN	
<p>RPC comments</p> <p>The IA is fit for purpose. The One-in, Two-out (OITO) assessment appears to be robust but should be clarified in line with the comments provided below. Although the limited potential impacts of the proposal have not been monetised, the assessment appears to be reasonable and proportionate.</p>		
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary?</p> <p>It is considered that all seafarers should be paid regularly for their services. However, employment conditions for seafarers vary across the world, with some seafarers working under unacceptable conditions whilst ship operators operating substandard ships gain a competitive advantage. Effective international standards are therefore needed to address these issues. The ILO Maritime Labour Convention 2006 (MLC) aims to provide seafarers with minimum living and working conditions that are globally applicable and uniformly enforced, including on payment of wages. Achieving this requires a package of new UK legislation to permit UK ratification, which would also avoid the costs of non-ratification (See Annex 3)</p> <p>What are the policy objectives and the intended effects?</p> <p>The purpose of the 2013 Regulations is to promote decent living and working conditions for seafarers globally and a more level competitive playing field for shipping by bringing existing legislation for UK ships into line with the minimum global standards for payment of wages provided for in the MLC. They will also, once the entire package is in place, enable the UK to ratify the MLC thus enabling the MCA to issue MLC certification to UK-flagged ships, thereby reducing potential delays at ports in other ratifying countries, as well as permitting enforcement of these minimum global standards on non-UK ships calling at UK ports. Specific objectives for the 2013 Regulations can be found in the Evidence Base.</p> <p>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</p> <p>The Government's social partners, the British Chamber of Shipping and the</p>		

seafarers' Trade Unions support prompt ratification of the MLC. Doing nothing is not therefore considered to be an appropriate course of action, as new legislation is required to enable the UK to ratify the MLC. Failure to ratify the MLC would limit its effectiveness at addressing the issues on seafarer living and working conditions discussed above and would result in UK ships not being able to obtain MLC certification. The preferred policy option is therefore to introduce the 2013 Regulations (Policy Option 1) which would make the minimum changes to existing legislation to implement the provisions of the MLC on payment of seafarers' wages, and streamline some existing domestic requirements to reflect modern practice. No further measures have been deemed to be necessary and so only one Policy Option has been considered in this impact assessment.

Comments on the robustness of the OITO assessment

The IA states that the 2013 regulations are out of scope of OITO because they are of international origin (Section 10.1) This appears to be a reasonable assessment and is consistent with current One-in, Two-out Methodology (paragraph 1.9.8 iii of the Better Regulation Framework Manual (BRFM)).

However, the IA states (section 6.5, page 11) that there is one proposed change, the reduced requirements for the minimum information to be recorded on a seafarer's account of wages, which would "*qualify as an (unquantified) 'OUT.'*" As this change appears to be independent of the MLC, this would appear to be a reasonable assessment in accordance with BRFM, (paragraph 1.9.12, page 41).

Comments on the robustness of the Small & Micro Business Assessment (SMBA)

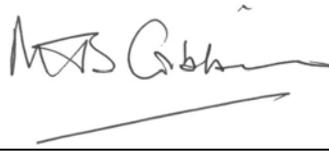
As this proposal is not of domestic origin, an SMBA is not required. However, the IA provides a Small Firms Impact Test and notes that a meeting was held during the consultation period for the operators of small commercial vessels such as workboats, and charter yachts, to consider the impact on smaller businesses. Concerns raised in relation to the availability of payment records on board have been addressed by allowing these to be submitted to the inspecting body subsequently by electronic means.

Quality of the analysis and evidence presented in the IA

The IA lists the three main proposals under the proposed Regulations. However, it explains, supported by evidence from the consultation, that these proposals generally reflect existing industry practice and that therefore there are not expected to be any significant costs. On the provision to ensure seafarers' wages are paid on a monthly basis, one respondent to the consultation indicated that there would be an impact on the offshore sector, where there is a higher proportion of self-employed ("freelance") personnel who may be paid at the end of the contract. In such cases there would be costs to shipowners of amending contracts and changing financial systems to allow for payment during a contract. However, the MCA has no data on the employment status of seafarers, nor has the consultation provided data on the possible costs to shipowners. The respondent who raised the

issue also felt that the numbers affected would be small. The IA provides a full qualitative discussion of this potential impact. On this basis, the assessment provided appears reasonable and proportionate.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal stroke underneath.

Michael Gibbons, Chairman