

## **Transposition of recast marine equipment directive (2014/90/EU)**

**Department for Transport**

**RPC rating: fit for purpose**

### **Description of proposal**

Directive 96/98/EC on marine equipment (MED) was transposed into UK law through the Merchant Shipping (Maritime Equipment) Regulations 1999. These regulations apply to more UK ships than required by the original Directive. The proposal is to transpose a recast of the Directive. The recast resolves issues identified in the operation of the Directive. The Department considers three options for UK transposition. These are:

1. Transpose the Directive and fully remove the existing gold plating.
2. Transpose the Directive and remove some of the existing gold plating, but retain requirements for high risk UK ships outside the scope of the Directive.
3. Transpose the Directive and retain all existing gold plating.

Option 2 is the Department's preferred option.

### **Impacts of proposal**

The Department estimates the total costs arising from the additional requirements of the recast directive, over the ten-year appraisal period, to be £0.55 million.

This consists of two main elements. First, the costs to the UK notified bodies of demonstrating their competence and impartiality (£0.26 million). Second, costs to the Maritime and Coastguard Agency of enhanced market surveillance and from the adoption of additional scanning technology (£0.21 million).

The recast of the Directive also imposes costs on UK manufacturers holding MED certification, by requiring them to add their trademark, contact details and serial/batch numbers to the equipment they supply. Manufacturers will also be required to supply a declaration of conformity, translated into a language required by the relevant flag member state of the ship. Including the cost of familiarisation, the Department estimates the total costs to UK manufacturers, over the ten-year appraisal period, to be £0.08 million.

The partial removal of gold plating from the recast Directive will benefit operators of small and new commercial and fishing vessels. The Department estimates the benefits to business from these ships no longer having to comply with the MED at £0.83 million over the ten-year appraisal period.

The Department's assessment is that nearly all of the costs of the recast directive fall on the public sector and that all of the monetised benefits, from the reduction in gold plating, accrue to businesses. Hence, the Department estimates the impact on business to be £0.71 million over ten years in present value terms.

### **Quality of submission**

The IA provides a good analysis of the impacts of the proposal. The Department has provided monetised estimates, based upon initial discussions with stakeholders, and has provided sensitivity analysis.

The Department has justified its preference at this stage for option 2, which maintains a small element of gold plating, as a proportionate requirement for higher risk ship types. By comparison with option 1, which fully removes the gold plating, the cost of maintaining UK standards is estimated at £0.024 million over the ten-year appraisal period, based on the projection that only seven additional ships would be taken out of scope of regulation as a result of the full removal of gold plating.

The Department should test the estimates through consultation and, at the final stage, address whether any of the costs to the notified bodies or the MCA are recovered from businesses.

Although not required as the proposal is of EU origin, the Department has provided a small and micro business assessment. The final stage IA would benefit from discussing whether the limited retention of gold plating would affect small and micro businesses.

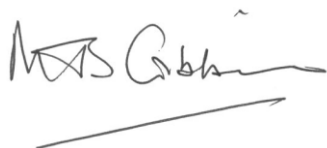
Under the Better Regulation Framework Manual (March 2015), the transposition of the recast Directive (Option 1) would have been considered, in the last parliament, out of scope of the One-in, Two-out policy. Based on current working assumptions, the RPC expects that, similarly, Option 1 to be a non-qualifying regulatory provision under the business impact target. The partial removal of gold plating (option 2) would have been in scope of OITO. Based on current working assumptions, the RPC expects this to be a qualifying regulatory provision and an OUT under the business impact target, as would Option 3. At the final stage, the Department will need to provide an EANCB for the non-qualifying (EU) regulatory provision. This will need to take account of any cost recovery from business, as stated above.

### Initial departmental assessment

Classification	Qualifying regulatory provision (reduction in gold plating)
Equivalent annual net cost to business (EANCB)	−£0.08 million (qualifying regulatory provision)
Business net present value	£0.71 million
Societal net present value	£0.22 million

### RPC assessment

Classification	Qualifying regulatory provision (reduction in gold plating) Non-qualifying regulatory provision (minimum implementation of the directive)
Small and micro business assessment	Not required (EU)



**Michael Gibbons CBE**, Chairman