 <b>Regulatory Policy Committee</b>	<b>Validation of the One-in, Two-out Status and the Net Direct Impact on Business</b>
<b>Validation Impact Assessment (IA)</b>	Proposed route for specific seafarer certification for operating on workboats less than 500 gross tons
<b>Lead Department/Agency</b>	Department for Transport
<b>IA Number</b>	DfT00224
<b>Origin</b>	Domestic
<b>Expected date of implementation (and SNR number)</b>	27 June 2013 (SNR5)
<b>Date of Regulatory Triage Confirmation</b>	30/4/2013
<b>Date submitted to RPC</b>	12/9/2013
<b>Date of RPC validation</b>	29/10/2013
<b>RPC reference</b>	RPC13-FT-DfT-1760(2)
<b>Departmental assessment</b>	
<b>One-in, Two-out status</b>	<b>OUT</b>
<b>Estimate of the equivalent annual net cost to business (EANCB)</b>	<b>-£14.88m</b>
<b>RPC assessment</b>	<b>VALIDATED</b>
<p><b>Background (extracted from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p>The UK workboat industry is a rapidly growing industry which has expanded beyond UK waters, creating a need for workboats larger than the current 200 gross tons (GT) limit. The current certification route for seafarers working specifically on workboats does not allow them to work on vessels over 200 GT. As a result seafarers must follow the International Convention for the Standards of Training, Certification and Watchkeeping (STCW) for unlimited qualifications. The competencies required are in excess of those required for workboats. Government intervention is required to introduce a new certificate to facilitate the continued growth of the UK workboat industry.</p> <p><b>What are the policy objectives and the intended effects?</b></p> <p>The policy objective is to provide a new route for seafarers working specifically within the workboat industry to progress in the larger vessels now required without unnecessary bureaucratic and educational impediments. This will encourage the continued growth of the UK workboat industry allowing the UK to remain competitive worldwide in this.</p> <p><b>Proposal</b></p> <p>The proposal is to introduce a new certificate which would allow seafarers to work on workboats of up to 500 GT (the "Master Workboat less than 500 GT"). The creation of a new certificate is allowed under Article IX of the STCW convention. This new certificate is keenly supported by industry and will be introduced through a Marine Guidance Note without the need to amend existing UK legislation. Officers choosing</p>	

to qualify through the more onerous route leading to unlimited certification will remain eligible to seek employment in workboats.

### **Direct benefits to business**

There is an expectation that employers in the workboat industry will pay for seafarers to gain the necessary training and experience to work on a workboat. The lower costs of the new certification route are considered to be direct benefits to business. The best estimate of these is based on the difference between the cost of the existing and new certification routes - £155,037 (£236,923 - £81,866) – increasing to 150 seafarers each year after five years, producing a total and business net present value of £155.21 million (2013 prices) over 10 years. The equivalent annual net cost to business of this has been calculated as -£14.88million (2009 prices, in line with OITO methodology).

### **RPC comments**

The IA states (see Background section above) that the proposed new certificate would be “...introduced through a Marine Guidance Note without the need to amend existing UK legislation.” The Department has provided further information on why this proposal should be seen as a regulatory change (and therefore in scope of One-in, Two-out - OITO). This states that “*The marine guidance note will be introduced under Article IX of STCW Convention. The STCW Convention is implemented by a Statutory Instrument. So although this measure will not be making any changes to regulation as such we believe it is in scope of OITO as it appears to comply with the “guidance issued under statutory powers” condition in the Better Regulation Framework manual (para 1.1.4).*” This appears to be a reasonable assessment. This additional information should be included in the IA.

The IA acknowledges (page 3) that the developments in the workboat sector which have resulted in the need for larger vessels were not anticipated when the Master Code Vessel less than 200 GT Certificate of Competency was introduced under Article IX of the STCW Convention in 2002. This would seem to mean that the cost to the UK of meeting its obligations under the Convention would have been (inadvertently) under-estimated at that time. In addition, limiting to workboats under 200GT the alternative arrangements allowed under Article IX could now be seen as (inadvertently) going beyond minimum international requirements. Since this was not anticipated, and therefore the cost not accounted for, its removal would not normally qualify as an OUT. However, in this case the underlying regulatory obligation (the STCW Convention) pre-dates the One-in, One-out (OIOO) policy and it is therefore accepted that this proposal, which reduces regulatory burden, qualifies as an OUT. This is consistent with providing incentives for departments to reduce burdens relating to regulation introduced before OIOO.

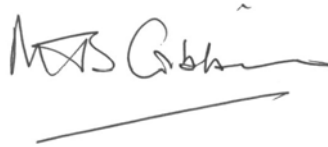
The estimated EANCB figure appears to be robust. The saving results from the significantly lower course and associated salary costs under the proposal compared to the existing certification route. The current route requires those wishing to work as a Master on a workboat in excess of 200GT, to gain unlimited STCW certification.

A key driver for the EANCB is the estimated number of seafarers that will take advantage of the new certification route. Based upon consultation with industry, the IA assumes this rises to a steady-state of 150 per year after five years. The Department has provided further information on how this assumption has been arrived at. This should be included in the IA. It is important that the Department evaluates this assumption, at least at the five-year point, if not sooner, as part of a post-implementation review.

The IA would be improved by greater explanation around:

- i) the realism of the “low estimate” for the number of seafarers affected (bottom of page 7);
- ii) whether there are any instances where individuals pay for their own training (page 8, 4<sup>th</sup> paragraph);
- iii) the (presumably very low) likelihood that seafarers taking advantage of the new certification route will subsequently want to obtain the unlimited STCW certification.

**Signed**

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

**Michael Gibbons, Chairman**