

## **Recast Marine Equipment Directive**

**Department for Transport**

**RPC rating: fit for purpose**

### **Description of proposal**

The proposal will transpose changes as a result of the recast Marine Equipment Directive. Businesses manufacturing marine equipment in scope of the directive will be required to include serial numbers on equipment. There are also some further requirements in relation to providing supporting documentation, such as declarations of conformity, to ship owners and for such documents to be translated to other languages as required. Notified bodies that are responsible for assessing compliance with the EU requirements will incur some transitional costs as a result of needing to change certification processes so they are in line with the recast directive.

The Department proposes to use the opportunity to remove some areas of gold-plating from the domestic implementation of the directive. Specifically, it proposes to exempt some domestic vessels from the requirements of the directive where there is little risk in doing so. This will mean that some new vessels will no longer be in scope of the directive, and will benefit from reduced equipment costs.

### **Impacts of proposal**

The impact assessment (IA) includes detailed discussions of the costs associated with the transposition of the EU requirements, and the benefits of the decision to remove elements of gold-plating. The IA uses wage rates and information provided by industry to support the Department's assessment that many of the elements of the directive are already standard practice and the additional costs of transposing the directive are expected to be limited.

#### Benefits of removing gold-plating

Small commercial vessels and small fishing boats will be exempt from the requirements of the directive. These vessels operate domestically and there appear to be limited or no additional safety benefits of applying the directive requirements to them. For larger fishing vessels and passenger ships the Department believes the safety benefits justify the cost of applying the requirements.

The Department has only monetised the benefits for new ships. While there will be some benefits for existing ships replacing equipment at the end of their life-cycle,

these have not been monetised. The Department estimates that around 40 vessels a year will no longer be required to purchase certified equipment, saving around £2,000 per vessel, with an annual benefit to business of £80,000.

The IA provides an assessment of the effects of retaining higher standards for large vessels. The Department estimates that the retention of the standards would cost around £30,000 over the ten year appraisal period, as the majority of vessels in the category would also be bound by other international maritime obligations.

### Costs relating to the implementation of the EU requirements

The Department uses the number of UK-based Marine Equipment Directive certificate holders (156 manufacturers) as the basis for its estimates. Familiarisation with the changes is expected to take three hours per business, at a total cost of £7,000. The Department estimates that nearly 1,000 certificates will need to be translated. While the costs are likely to arise when requests for translations are made, the Department assumes that they will all be translated in the first year of the policy. The Department estimates this will result in a total cost of £63,000.

For those businesses that do not currently include serial numbers on their products, based on industry feedback, the Department estimates an additional annual cost of around £2,000 in total (in relation to around 500 pieces of equipment each year).

The RPC is able to validate the estimated equivalent annual net direct cost to businesses (EANDCB) of -£0.1 million for the removal of gold-plating. This aspect of the proposal will be a qualifying regulatory provision for the business impact target. The RPC is also able to validate the estimated EANDCB of the non-qualifying regulatory provision aspects of the proposal as zero.

### **Quality of submission**

The IA provides sufficient information to support the validation of the estimated impacts of qualifying provisions. The RPC welcomes the inclusion of an estimate of the costs associated with the maintenance of existing higher standards. The approach in the IA is a good example of how proposals retaining existing standards should be appraised in IAs. However, there are a number of errors in the IA in relation to the non-qualifying regulatory provision elements of the proposal that make the IA internally inconsistent and make it difficult to understand how some of the estimates have been calculated. For example, the text in relation to the number of certificates that would require translation appears to suggest that the overall cost should be closer to £123,000 over the ten years, and the text in relation to the serial number costs would suggest that the annual costs should be closer to £6,000 rather than £2,000. While they are unlikely to have a material effect on the EANDCB, these

errors should be corrected prior to publication, and the text should be amended to make it clearer how the best estimates have been calculated.

### Small and micro business assessment

The IA states that the EU requirements relate to equipment, and as such it is not possible to exempt businesses from the requirements on the basis of size. The proposal to exempt domestic operators will, however, benefit some smaller businesses. The IA recognises that the retention of the existing higher standards will impose some costs on businesses that could have been avoided. However, the IA argues that these small costs are justified on safety grounds.

### Departmental assessment

Classification	Qualifying regulatory provision (OUT – removal of goldplating) Non-qualifying regulatory provision (EU requirements)
Equivalent annual net cost to business (EANCB)	-£0.1 million (qualifying regulatory provision) £0.04 million (non-qualifying regulatory provision)
Business net present value	£0.7 million
Societal net present value	£0.2 million

### RPC assessment<sup>1</sup>

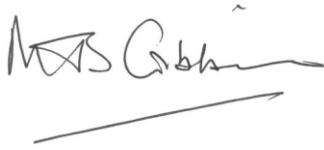
Classification	Qualifying regulatory provision (OUT – removal of goldplating) Non-qualifying regulatory provision (EU requirements)
Equivalent annual net direct cost to business (EANDCB)	-£0.1 million (qualifying regulatory provision) Zero (non-qualifying regulatory provision)
Business Impact Target (BIT) score	-£0.5 million

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000

Opinion: final stage IA  
Origin: domestic and European  
RPC reference number: RPC16-DfT-3167(2)  
Date of implementation:

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Small and micro business assessment	Sufficient
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**Michael Gibbons CBE, Chairman**