

Ship safety: Small Passenger Ship Bridge Visibility

Maritime and Coastguard Agency

RPC rating: fit for purpose

Description of proposal

The Merchant Shipping (Bridge Visibility) (Small Passenger Ships) Regulations 2005 (“2005 Regulations”), were implemented as a direct result of the recommendations from the Marine Accident Investigation Branch investigation into the Marchioness/Bowbelle disaster in 1989. This measure is intended to ensure that there is a level playing field in terms of regulatory arrangements for passenger ships of different sizes, where the risks are similar, by introducing standards for vessels with a registered length of between 45m and 55m. It also clarifies the definition of an enclosed passenger deck and the use of visual aids when determining sight lines. This regulatory gap was subsequently recognised as a loop-hole which needed to be addressed for safety reasons. Ensuring that safety standards on small passenger ships are maintained to an acceptable level and to ensure there is a level playing field in terms of regulatory arrangements for passenger ships of different sizes, where the risks are similar. The proposed regulations will revoke and replace the 2005 Regulations in order to address those issues.

Impacts of proposal

The Department expects that this regulatory change will affect only a single operator, a small business with nine amphibious vehicles. This is the only company operating vessels in the UK which has been identified as being affected by the proposed regulations. This is because its vessels are fitted with flexible screens and, therefore, do not currently meet the requirements of bridge visibility and line of sight. However, the operator has recently ceased operations on the water due to the removal of the slipway to the Thames used by the operator. There is a risk, as result of the removal of the slipway, that the company will not be able to operate on the water during the appraisal period and, therefore, the measure would lead to no additional impacts.

Assuming that the company is able to operate, the policy is expected to result in one of two possible outcomes.

Outcome 1 is the operator chooses to comply with the regulation without seeking a regulatory exemption. This would mean that the operator would need to remove the screens on their vehicles for operation on water.

Outcome 2 is that the operator chooses to seek an exemption from the regulations, with the condition that an additional lookout is present on each tour.

Outcome 1

The removal of protective screens on the vessels will generate a loss of revenue, as some passengers may be deterred by the increased level of exposure to inclement weather. The regulator estimates annual costs of between £245,389 and £478,197 and a total present value cost of between £2.5m and £4.0m over the appraisal period. Additionally, two people from the existing crew would be needed to remove screens before entering the water, at an opportunity cost of twenty minutes of staff time per trip. This leads to an average annual cost of £109,432 and a total present value cost of £939,000.

There will also be additional costs incurred for the provision of protective material for customers in bad weather. The total average annual cost of supplying protective materials such as waterproof ponchos is £11,397 under the standard occupancy assumption and £18,185 under the maximum occupancy assumption, with a total present value cost of between £98,000 and £156,000.

Outcome 2

The provision of an additional lookout on each tour requires additional staff hire and the loss of one seat for a passenger. The total annual cost of hiring new employees is £223,156 and the average annual cost of the lost seats is £63,000. Familiarisation costs have not been quantified as they are expected to be a minor cost to the operator of familiarising themselves with the regulation as the regulatory changes are relatively minor and only expected to affect one firm.

The RPC notes that the agency has assumed that occupancy per tour is constant throughout the appraisal period. Based on the evidence available and given that the operator is not currently in operation the RPC considers this assumption proportionate. The effect of this assumption is unlikely to have a large impact on the overall net present value (NPV) or equivalent annual net direct cost to business (EANDCB).

The RPC verifies EANDCB of -£0.336 million. This measure is a non-qualifying regulatory provision and does, therefore, not score under the business impact target (BIT).

Quality of submission

The RPC welcomes the opportunity to assess the proposals and assist the regulator with advice of how to further improve the IA. The Agency explains that government intervention will ensure the policy intention of the 2005 regulation is maintained, and the safety of small passenger ships is of an acceptable standard. Extending the scope of the 2005 Regulations will also harmonise regulations for vessels of various lengths, which the Department claims will promote competition.

On a number of assumptions, where the estimates of the MCA differ from those of the affected firm, the Agency rightly conducts sensitivity analysis, for example on the occupancy rate per tour¹. For other estimates, such as the reduction in occupancy rate due to bad weather, the Agency uses exact the figures provided by the affected firm. The IA would benefit from further sensitivity analysis but, overall, the Agency provides a proportionate assessment of the policy, given the scale and scope of the impacts.

Areas for improvement

To further improve the IA, the Agency should consider the following points:

1. In relation to the rationale for intervention, the Agency argues that the measure will create a level playing field. However, the IA would benefit from a discussion or evidence of the competition between ships of different sizes where one may have a slight cost advantage, and evidence of any harm arising. The rationale would also be improved by further discussion on how the measure would reduce the risk of accidents and ensure safety, which was the main reason for regulation of larger vessels.
2. The MCA should seek to use evidence of how the bridge visibility regulations have impacted boats of different sizes, and whether there is any evidence of lower accident rates since those regulations were introduced.
3. The Agency could further explain why it has concluded that the proposed occupancy rate appears to be unfeasibly high based on the data collected from the sole trader.
4. Similarly, the MCA is unsure whether there would be a 9% reduction in passengers as a result of removing screens when there are adverse weather conditions. The RPC advises that where possible sensitivity analysis should be used.

¹ The Agency estimated a per tour occupancy rate of 16.3 passengers, whereas, the affected firm provided an estimate of 26.

5. The MCA would benefit from providing a discussion of any evidence from other countries where they have similar amphibious vehicles and how different scenarios may have affected them.
6. The IA would benefit from considering the seasonality of demand for tours on the water since the estimated loss of occupancy is based on summer operations. For instance, the 9% loss of occupancy may be much higher in winter if the ship has no windows, since consumers may be discouraged from travelling even more than in summer.
7. The IA should also take into consideration whether the impact of the lost seat is robust, since having longer daylight hours in summer may allow for more tours to operate than normally.
8. The MCA should seek to provide the cost of the firm applying for an exemption.

Departmental assessment

Classification	Non-qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£0.336 million
Business net present value	-£3.21 million
Overall net present value	-£3.21 million

RPC assessment

Classification	Non-qualifying regulatory provision
EANCB – RPC validated ²	£0.336 million
Small and micro business assessment	Fit for purpose

Regulatory Policy Committee

² For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.