

# Final stage impact assessment

Title: Implementing International Conventions

Type of measure: Domestic

Department or agency: Department for Transport/Department for Business and Trade

IA number: DfTIA348

Contact for enquiries: maritime@dft.gov.uk

Date: 04/03/2025

## 1. Summary of proposal

A new provision is required because, following EU Exit and the loss of the section 2(2) European Communities Act 1972 (ECA) powers to implement EU obligations and deal with matters arising from them, Ministers no longer have powers to implement all foreseeable amendments to international maritime conventions.

The relevant conventions are:

- Maritime Labour Convention (MLC)
  - MLC sets out the minimum working and living rights for seafarers. It does not apply to fishing vessels.
  - MLC requirements currently include requirements around minimum age, medical certification, training, wages, hours of rest, employment contracts, repatriation, medical care, accommodation, and health and safety protections.<sup>1</sup>
- Work in Fishing Convention (WIFC)
  - WIFC applies to all fishers.
  - It entitles all fishers to written terms and conditions of employment, decent accommodation and food, medical care, regulated working time, repatriation, social protection and health and safety on board.<sup>2</sup>

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<sup>1</sup> [Seafarer working and living rights](#), Maritime Labour Convention, Department for Transport, 2014

<sup>2</sup> [ILO \(International Labour Organization\) Work in Fishing Convention](#), Maritime and Coastguard Agency, 2018

However, it is desirable to maintain flexibility should future conventions be agreed, and so the government intends for the power to be available for the implementation of any international agreement ratified by the United Kingdom so far as it relates to maritime employment.

## **2. Strategic case for proposed regulation**

It is government policy that the UK must comply with international law. The UK has ratified several international conventions relating to maritime employment that place obligations on the UK which the government must implement, in policy and in some cases legislation. To maintain compliance with international law and to maintain and enhance its leading international role, the UK must stay up-to-date with its implementation of international maritime conventions. The measure proposed does not change the UK's policy position but enables government to continue it.

This policy proposal is to introduce the powers to implement international maritime conventions relating to maritime employment such as the MLC and WIFC.

Maritime is an international sector, with seafarers from around the globe crossing international waters. International regulation is the most effective way to provide consistent standards and protections for seafarers.

There are several market failures, including relating to equity and externalities, which international conventions seek to address.

The market provides an unsatisfactory outcome in the maritime sector, resulting in a market failure based on equity with an unacceptable outcome for seafarer welfare. There is therefore a rationale for international intervention to correct this market failure to improve welfare for seafarers.

## **3. SMART objectives for intervention**

The objective of this policy is to introduce the powers to legislate for international conventions in the future. The intended outcome is to allow future measures to be introduced using these powers, and when this happens an impact assessment will be produced with a thorough and proportionate cost and benefit analysis.

This measure is specific, with objectives of maintaining compliance with international law and improving seafarer welfare and safety through the implementation of international conventions. The outcome is measurable, as the implementation of these conventions is recorded and/or evaluated, e.g. through port state control inspections and records on the ILO website. The measure is achievable, through the introduction of secondary legislation. It is relevant to the maritime sector, as compliance with international conventions is essential for the UK's maritime sector and the protection of seafarer welfare, and it is timely, allowing for the powers so that international conventions will be introduced into UK law in time to meet the internationally agreed deadlines.

This aligns with an overall objective to ensure seafarer safety and welfare at sea, as well as the safety of the marine environment and vessels.

## **4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives**

The introduction of the measures will provide the powers necessary to implement measures agreed internationally. The conventions introduced using these powers will contribute to the wellbeing and safety of seafarers and fishers, resulting in reduced likelihood of accidents and incidents at sea, including incidents that result in pollution.

## **5. Summary of long-list and alternatives**

No further options were considered as part of this impact assessment. Regulation must be used to fulfil the UK's international commitments and the introduction of international conventions will be assessed in impact assessments alongside secondary legislation.<sup>3</sup>

## **6. Description of shortlisted policy options carried forward**

No short listed options other than the preferred option were considered.

The impact on medium, small and micro businesses will vary by each measure, and this will be assessed as part of the impact assessment that will be produced alongside the measures.

Small and micro businesses may be disproportionately impacted by the familiarisation cost, as the cost they experience (if it's one individual per vessel) would be expected to be the same as medium or large firms. However, this cost is expected to be very small, as estimated above.

There are no exemptions in place at this stage for small and micro businesses, as measures as this will be considered on a case-by-case basis as part of the secondary legislation. Data on the number and size of firms impacted by this regulation is not available, however, for some sectors, some assumptions can be made based on vessel types.

Coded vessels such as workboats are more likely to be small or micro businesses, as vessel owners are more likely to own a single vessel and the crew numbers required are small.

Fishing vessels are also more likely to be small or micro businesses. Some fishers are self-employed and work alone on vessels on small vessels. 54% of fishing vessels in the UK are 8m and under, and 79% are 10m and under.<sup>4</sup>

Vessels which are cruise ships or ro-pax (roll-on-roll-off freight and passengers) ferries are likely to be medium or large businesses, as the number of seafarers needed to staff each vessel is larger than the threshold for a small business of 50 employees (for example, the Mont St Michel ferry has a crew of 135<sup>5</sup>, and the Britannia cruise ship has a crew of 1,350)<sup>6</sup>.

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<sup>3</sup> [United Kingdom ratifies the Maritime Labour Convention, 2006](#), International Labour Organization, 7 August 2013

<sup>4</sup> Table 1.3, Section 1- Fleet (Summary tables) [UK Sea Fisheries Annual Statistics Report 2022](#), Marine Management Organisation, 2023

<sup>5</sup> [Mont St Michael](#), Brittany Ferries

<sup>6</sup> [Britannia](#), P&O Ferries

## 7. Regulatory scorecard for preferred option

### Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
<b>Description of overall expected impact</b>	The overall impacts are expected to be positive. Familiarisation costs to business have been monetised, and there are expected to be non-monetised benefits.	<b>Positive</b> Based on all impacts (incl. non-monetised)
<b>Monetised impacts</b>	The net present social value is based on familiarisation costs for firms in scope only. This is estimated to be -£15,112 in the central scenario, with a range of -£4,198 to -£47,462.	<b>Negative</b> Based on likely £NPSV
<b>Non-monetised impacts</b>	No non-monetised costs have been estimated. A non-monetised benefits has been identified to seafarers, who will benefit from improved safety and training.	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	No adverse distributional impacts have been identified.	<b>Neutral</b>

(2) Expected impacts on businesses		
<b>Description of overall business impact</b>	A familiarisation cost has been estimated for business.	<b>Negative</b>
<b>Monetised impacts</b>	<p>The net present social value is based on familiarisation costs for firms in scope only. This is estimated to be -£15,112 in the central scenario, with a range of -£4,198 to -£47,462.</p> <p>For each vessel, the cost is estimated at £2.34 in the central scenario for familiarisation, with a range of £0.72 and £6.67. The per business cost will vary based on the number of vessels owned by each firm but is expected to be low.</p>	<b>Negative</b> Based on likely business £NPV

<b>Non-monetised impacts</b>	No non-monetised cost or benefits have been identified.	<b>Neutral</b>
<b>Any significant or adverse distributional impacts?</b>	No adverse distributional impacts have been identified.	<b>Neutral</b>

### (3) Expected impacts on households

<b>Description of overall household impact</b>	No household impacts have been monetised. A non-monetised benefit is anticipated.	<b>Positive</b>
<b>Monetised impacts</b>	No household impacts have been monetised. The household net present value is therefore estimated to be £0.	<b>Neutral</b> Based on likely household £NPV
<b>Non-monetised impacts</b>	A non-monetised benefit has been identified for seafarers, as they will benefit from the improvements to welfare as a result of this measure.	<b>Positive</b>
<b>Any significant or adverse distributional impacts?</b>	No adverse distributional impacts have been identified.	<b>Neutral</b>

### Part B: Impacts on wider government priorities

<b>Category</b>	<b>Description of impact</b>	<b>Directional rating</b>
<b>Business environment:</b> Does the measure impact on the ease of doing business in the UK?	No impacts have been identified.	<b>Neutral</b>

<p><b>International Considerations:</b></p> <p>Does the measure support international trade and investment?</p>	<p>No impacts have been identified.</p>	<p><b>Neutral</b></p>
<p><b>Natural capital and Decarbonisation:</b></p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>No impacts have been identified.</p>	<p><b>Neutral</b></p>

## 8. Monitoring and evaluation of preferred option

It is not proportionate to carry out a post implementation review as part of this measure due to the low estimated costs to business.

Any international conventions will be assessed in impact assessment accompanying secondary legislation. This monitoring and evaluation will vary depending on the content on the secondary legislation, but examples of what could be included in the monitoring includes:

- Stakeholder engagement through consultation
- Changes to deadweight tonnage registered to the UK flag<sup>7</sup>
- For measures impacting seafarers, the number of seafarers active in the UK could be monitored using Department for Transport statistics<sup>8</sup>
- For measures impacting fishers, the number of fishers, fishing boats and their activity could be monitored using Marine Management Organisation statistics<sup>9</sup>
- For measures which improve safety, accident rates and causes could be monitored through data published by the Marine Accident Investigation Branch (MAIB)<sup>10</sup>

## 9. Minimising administrative and compliance costs for preferred option

Familiarisation cost has been considered as part of this analysis. The administrative and compliance cost is expected to be £0.

<sup>7</sup> [Shipping fleet statistics](#)

<sup>8</sup> [Seafarer statistics: data tables](#)

<sup>9</sup> [UK sea fisheries annual statistics](#)

<sup>10</sup> [MAIB annual reports](#)

# Declaration

Department:

Department for Transport

Contact details for enquiries:

maritime@dft.gov.uk

Minister responsible:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:

Date:

## Summary: Analysis and evidence

Price base year:

PV base year:

	<b>1. Business as usual (baseline)</b>	<b>2. Preferred way forward</b>
<b>Net present social value</b>	£0, as this is the counterfactual against which other options are assessed.	The net present social value is based on familiarisation costs for firms in scope only. This is estimated to be -£15,112 in the central scenario, with a range of -£4,198 to -£47,462.
<b>Public sector financial costs</b>	£0, as this is the counterfactual against which other options are assessed.	No public sector costs are anticipated.
<b>Significant un-quantified benefits and costs</b>	£0, as this is the counterfactual against which other options are assessed.	There is a non-monetised benefit for seafarers.
<b>Key risks</b>	There is a risk that, without the introduction of the measure, the government will be left with a gap in the powers to implement international conventions.	No risks have been identified.
<b>Results of sensitivity analysis</b>	£0, as this is the counterfactual against which other options are assessed.	No sensitivity analysis was undertaken.



# Evidence base

## Problem under consideration, with business as usual, and rationale for intervention

### Overview of the maritime sector

Seafarers are crucial for the UK economy, keeping UK supply chains and maritime tourism traffic moving. Around 95% of UK cargo imports and exports by weight are moved by sea,<sup>11</sup> with 91,000 cargo carrying vessels calling at UK ports in 2023.<sup>12</sup>

The maritime sector directly contributed around £18.7 billion to UK gross value added (GVA) and directly supported around 227,000 jobs in 2019.<sup>13</sup> An estimated 24,100 UK seafarers were active at sea in 2023.<sup>14</sup>

The United Kingdom is ranked as the 24th largest flag by deadweight ton, with approximately 1% of the world vessel total.<sup>15</sup> The UK is ranked as the 9th largest country of ownership of the world fleet, however, 84% of the vessels owned in the UK are registered to a foreign flag.<sup>16</sup>

### Problem under consideration

It is government policy that the UK must comply with international law. The UK has ratified several international conventions relating to maritime employment that place obligations on us which the government must implement, in policy and in some cases legislation. To maintain compliance with international law and to maintain and enhance its leading international role, the UK must stay up-to-date with its implementation of international maritime conventions. The measure proposed does not change the UK's policy position but enables government to continue it.

### Policy objective

A new provision is required because, following EU Exit and the loss of the section 2(2) European Communities Act 1972 (ECA) powers to implement EU obligations and deal with matters arising from them, Ministers no longer have powers to implement all foreseeable amendments to international maritime conventions.

The relevant conventions are:

- Maritime Labour Convention (MLC)
  - MLC sets out the minimum working and living rights for seafarers. It does not apply to fishing vessels.
  - MLC requirements currently include requirements around minimum age, medical certification, training, wages, hours of rest, employment contracts, repatriation, medical care, accommodation, and health and safety protections.<sup>17</sup>
- Work in Fishing Convention (WIFC)
  - WIFC applies to all fishers.

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<sup>11</sup> [DfT Transport Statistics Great Britain 2022](#), Department for Transport, December 2023

<sup>12</sup> PORT0602, [Port and Domestic Waterborne Freight Statistics](#), Department for Transport

<sup>13</sup> [State of Maritime Nation 2022](#), Maritime UK

<sup>14</sup> [Seafarers in the UK Shipping Industry](#), Department for Transport, 2023

<sup>15</sup> p33, [UN Review of Maritime Transport 2023](#), United Nation Conference on Trade and Development, 2023

<sup>16</sup> p34, [UN Review of Maritime Transport 2023](#), United Nation Conference on Trade and Development, 2023

<sup>17</sup> [Seafarer working and living rights](#), Maritime Labour Convention, Department for Transport, 2014

It entitles all fishers to written terms and conditions of employment, decent accommodation and food, medical care, regulated working time, repatriation, social protection and health and safety on board.<sup>18</sup>

However, it is desirable to maintain flexibility should future conventions be agreed, and so the government intends for the power to be available for the implementation of any international agreement ratified by the United Kingdom so far as it relates to maritime employment.

## **The scope of the amendments**

The conventions could impact seafarers, vessels, owners, managers and other stakeholders. Estimates for different key groups are provided below, focusing on the international conventions already in place.

### Vessels registered to the UK

In 2023, 1,054 vessels were estimated to be on the UK flag.<sup>19</sup>

### Seafarers

Data shows that 24,100 UK nationals were active at sea in 2023.<sup>20</sup>

### Fishers and Fishing Vessels

Data from the Marine Management Organisation (MMO) shows that 10,356 fishers were active in the UK in 2022.<sup>21</sup> Out of these fishers, those who are seagoing will be in scope for WIFC.

The size of the UK fishing fleet was estimated in 2022 to be 5,541 vessels.<sup>22</sup>

## **Rationale for Intervention**

This policy proposal is to introduce the powers to implement international maritime conventions relating to maritime employment such as the MLC and WIFC.

Maritime is an international sector, with seafarers from around the globe crossing international waters. International regulation is the most effective way to provide consistent standards and protections for seafarers.

There are several market failures, including relating to equity and externalities, which international conventions seek to address.

The market provides an unsatisfactory outcome in the maritime sector, resulting in a market failure based on equity with an unacceptable outcome for seafarer welfare.

The maritime sector does not have the characteristics of a monopsony (monopsony markets have one buyer, so monopsony power in labour markets derives from one or more employers being large enough to control a substantial share of the market). The sector is international, with employers competing to employ seafarers from many different countries, and seafarers being highly substitutable regardless of nationality. The maritime industry is competitive, with competitive pressure to keep costs down. One way firms can do this is by cutting labour standards or providing poor quality working conditions. A single country making an intervention has limited impacts, as the measures can only apply to vessels with a connection to the country, such as registration to the flag,

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<sup>18</sup> [ILO \(International Labour Organization\) Work in Fishing Convention](#), Maritime and Coastguard Agency, 2018

<sup>19</sup> MCA all merchant vessels, 2023, FLE0100, [Shipping Fleet Statistics](#), Department for Transport

<sup>20</sup> [Seafarers in the UK Shipping Industry, Department for Transport, 2023](#), Department for Transport

<sup>21</sup> Table 1.6a, UK total, Section 1- Fleet (Summary tables) [UK Sea Fisheries Annual Statistics Report 2022](#), Marine Management Organisation, 2023

<sup>22</sup> Table 1.1, Number, Section 1- Fleet (Summary tables) [UK Sea Fisheries Annual Statistics Report 2022](#), Marine Management Organisation, 2023

and this incentivises firms to simply change the flag they are registered to for the flag of another state with less costly labour conditions.

Domestic legislation is not sufficient to address this due to the international nature of the sector. There is therefore a rationale for international intervention to correct this market failure to improve welfare for seafarers.

There is also a rationale to intervene in training and safety standards, as negative externalities can arise as a result of accidents and incidents at sea.

### Overview of market failures

Some of the mechanisms through which market failures can be addressed through international conventions are outlined below:

- Measures which reduce accidents and incidences at sea can reduce externalities to other vessels, seafarers, or the marine environment, as other vessels can be involved in incidences or incidences can damage the marine environment.
- Measures which improve conditions for seafarers at work will improve welfare.
- Measures applied internationally reduces the ability of operators to cut costs by compromising safety or wellbeing, creating a level playing field for operators who provide better working conditions and improving welfare for seafarers.

Evidence of how these market failures impact the maritime industry are below.

### Welfare

The conditions faced by seafarers are unique, with a combination of factors impacting seafarers welfare. Such factors include the extended periods spent at sea, precarious employment contracts, the lack of opportunities to save money, the pressure of being the breadwinner for extended family, crew dynamics, and the issue of internet connectivity at sea and its subsequent impacts.<sup>23</sup> All of these factors negatively impact seafarers' wellbeing.<sup>24,25,26</sup>

### Safety

The Marine Accident Investigation Branch (MAIB) produce annual reports including data on accidents and fatalities to crew.<sup>27</sup> The data shows, whilst injuries have been declining overall from 2017, that improvements are needed in safety for both seafarers and fishers, as both seafarers and fishers experience injuries and fatalities at sea.

*Graph 1: Injuries to Crew, Merchant Vessels >=100GT*

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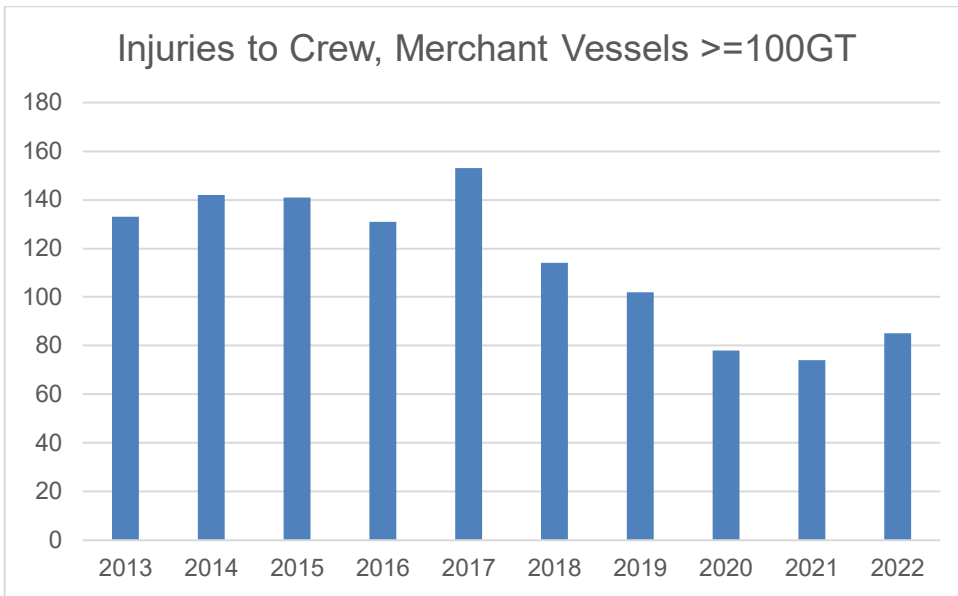
<sup>23</sup> P10, [Understanding Seafarer Suicide and Under Reporting](#), Department for Transport, June 2022

<sup>24</sup> [Standard Safety: Seafarer Wellbeing](#), Standards Club, 2022

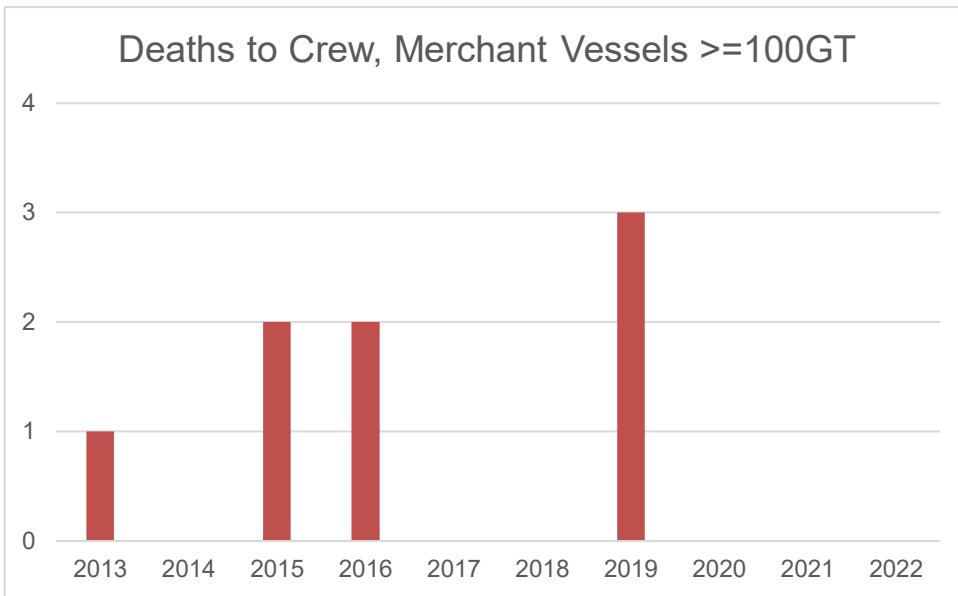
<sup>25</sup> P10, [Understanding Seafarer Suicide and Under Reporting](#), Department for Transport, June 2022

<sup>26</sup> [Crew Welfare at Sea](#), Zenitel, 2024

<sup>27</sup> Data collated from [Maritime Accident Investigation Branch annual reports](#), 2013 to 2022

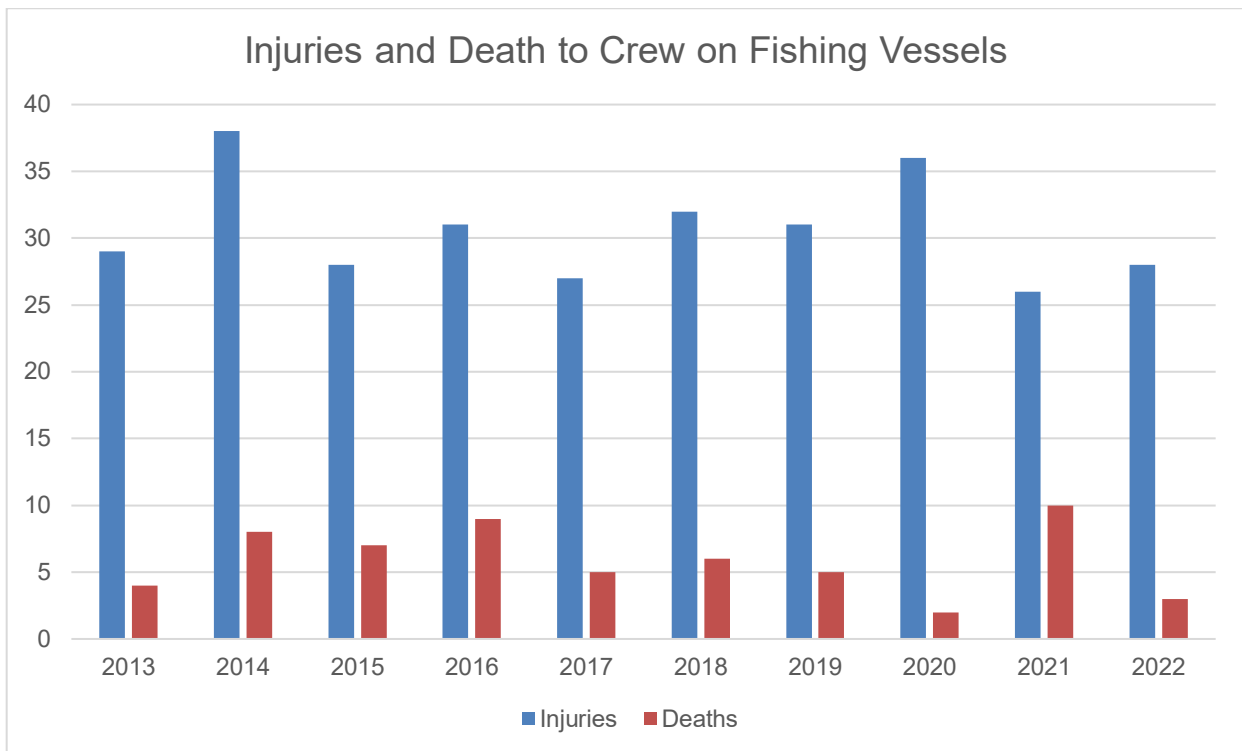


Graph 2: Deaths to Crew, Merchant Vessels >=100GT



The data for fishers also shows that there are fatalities at sea in this industry.

Graph 3: Injuries and Death to Crew on Fishing Vessels



Fishing is one of the most dangerous jobs in the country. Data from the Health and Safety Executive (HSE) reported a rate of fatalities per 100,000 workers of 0.41 in 2022/2023.<sup>28,29</sup> Using data from MAIB and MMO for the period 2018 and 2022, the average annual rate of fatalities for fishers is 46 per 100,000 fishers. This suggests that risk of fatality is approximately 100 times higher in fishing than in the UK economy as a whole.

## Description of options considered

Two options have been considered:

Option 0: do nothing. In this scenario, no regulations will be introduced, and a powers gap for implementing international conventions would continue.

Option 1: introduce a provision in the Employment Rights Bill to allow for the powers to implement international conventions.

This measure is to address a powers gap and therefore cannot be addressed without legislation. No alternative legislative vehicle has been identified. Before EU Exit, s.1(3) ECA was used to designate the Maritime Labour Convention and the Work in Fishing Convention as EU treaties, through The European Communities (Definition of Treaties) (Maritime Labour Convention) Order 2009 / 1757, and The European Union (Definition of Treaties) (Work in Fishing Convention) Order 2018 / 520. This allowed amendments to these treaties to be implemented if needed without reference to other powers such as those set out above. Following EU Exit and the revocation of those Orders, that option no longer exists.

Despite this, the Department of Transport has been able to identify means to implement amendments to the MLC agreed in 2022 using current, enduring powers. These propose the use of:

- Section 43 Merchant Shipping Act (MSA) to require that seafarers aboard UK ships are provided with access to social connectivity;

<sup>28</sup> For all sectors with HSE reporting requirements

<sup>29</sup> [RIDFATAL data set](#), Health and Safety Executive, 2022/2023

- Sections 85 and 86 MSA to require that seafarers be provided with balanced meals.

However, the power gap and the need for additional powers has been exposed where to implement amendments to the MLC it has been intended to use Retained EU Law (Revocation and Reform) Act 2023 (REULA) powers which can be used to make regulations, but only until 23 July 2026.

These include:

- Use of section 12 REULA (a power to restate retained EU law for the purposes of resolving ambiguities, removing doubts or anomalies, or facilitating improvement in the clarity or accessibility of the law) to resolve an ambiguity in the meaning of ‘shipowner’, which needed to be corrected to prevent deficiencies being raised in port state control inspections;
- Use of section 14 REULA (a power to revoke and replace retained secondary retained EU law where it is considered that the overall effect of doing so does not increase the regulatory burden) to require that recruitment and placement services inform seafarers under of their rights under the system of financial protection.

As the use of these powers is time-limited to 23 July 2026, if the government needs to implement these MLC amendments after that date, the Department for Transport believes that the necessary powers would not be available without intervention.

The position is made still more difficult as the REULA powers are ‘one-shot’ powers: once used to restate or replace a provision, the new provision is not within scope of REULA.

The other policy option would be to encourage ports and UK-flagged ships to adopt international standards through non-binding guidance. However, the option of having powers to require compliance is preferred because:

- International conventions including the MLC provide flexibility in how they are implemented; without a means of compulsion operators will likely gravitate to the least expensive implementation which could be to the detriment of seafarers and undermine our policy intention to improve seafarer welfare;
- If a powers gap is allowed to persist then the UK may seem dysfunctional and a less attractive place to do maritime business;
- While ships may have deficiencies raised against them in port state control inspections in other ports if they failed to meet requirements, if as in the example above we required action by ports or other parties, there is no clear means to secure compliance.
- With an approach reliant on guidance, shipping companies might have less certainty about what will be required of them, and choose to flag elsewhere, possibly to the detriment of the UK economy and international influence.

When the international conventions are introduced, an impact assessment will be undertaken to ensure the full impacts are considered in line with the Better Regulation Framework.<sup>30</sup>

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<sup>30</sup> [Better Regulation Framework](#), Department of Business and Trade, September 2023

## Summary and preferred option with description of implementation plan

The preferred option of including the provision to allow for the implementation of international conventions has been taken forward in the light touch analysis below.

The individual measures introduced through this primary legislation will be introduced in due course in secondary legislation. Detailed impact assessments will accompany the statutory instruments to ensure the full impacts are considered in line with the Better Regulation Framework and Regulatory Policy Committee guidance.<sup>31,32</sup> This analysis will include consideration of pass-through costs to consumers and the costs on the UK economy.

## Costs and benefits analysis

Costs and benefits will be fully considered in secondary legislation, as the primary legislation alone does not have any ongoing costs associated with it.

Future international convention amendments have a high degree of uncertainty, as they have not been negotiated yet. To illustrate what sort of measures could be introduced and what their impact could be, previous measures relating to international conventions and the costs assessed in the associated impact have been included below:

- The Merchant Shipping (Work in Fishing) (Survey and Certification) Regulations 2018<sup>33</sup> introduced a requirement for UK fishing vessels to have regular inspections for living and working conditions. It did not have an impact assessment prepared due to the low overall cost estimate, which was estimated an impact to business or public sector of £0.5m in the explanatory memorandum.<sup>34</sup>
- The Merchant Shipping (Maritime Labour Convention) (Food and Catering) Regulations 2014 updated UK legislation in line with MLC requirements around food and catering, including requirements that catering staff should have training in food handling and storage, the food is varied and nutritious, and that seafarers employed as ships' cooks must be training and qualified. An impact assessment was prepared, with a business net present value of -£0.37m and an equivalent annual net direct cost to business of £0.04m.<sup>35</sup>

To ensure that the costs to business are fully reflected at primary stage, an indicative familiarisation cost estimate for the introduction of the primary legislation has been provided, assuming each vessel impacted has one person familiarising themselves with the changes.

The implementation year is 2025 for this analysis. A 2023 price year is unless otherwise stated.

## Costs

### Labour cost assumptions

Labour cost estimates are used in the monetisation of familiarisation costs in the section below. Labour costs have been calculated using the "Managers in Logistics, Warehousing and Transport" category in Office for National Statistics' Annual Survey for Hours and Earnings (ASHE)<sup>36</sup> for an

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<sup>31</sup> [Better Regulation Framework](#), Department of Business and Trade, September 2023

<sup>32</sup> [Case histories: assessment and scoring of primary legislation measures](#), Regulatory Policy Committee, August 2019

<sup>33</sup> [The Merchant Shipping \(Work in Fishing Convention\) \(Survey and Certification\) Regulations 2018](#), UK Legislation, 2018

<sup>34</sup> [The Merchant Shipping \(Work in Fishing\) \(Survey and Certification\) Regulations 2018](#), Explanatory Memorandum, 2018

<sup>35</sup> [The Merchant Shipping \(Maritime Labour Convention\)\(Food and Catering\) Regulations 2014 impact assessment](#), Maritime and Coastguard Agency, 2014

<sup>36</sup> [Annual Survey of Hours and Earnings, Table 14.5a](#), 2023 provisional data set, Office for National Statistics

hourly wage and adjusted for non-labour costs using the Transport Analysis Guide non-wage uplift.<sup>37</sup>

*Table 1: labour cost assumptions*

	Low	Central	High
Percentile	25 <sup>th</sup> percentile	Mean	75 <sup>th</sup> percentile
ASHE hourly wage	£13.68	£16.62	£21.09
Non-wage uplift	26.5%	26.5%	26.5%
Labour cost (per hour per individual)	£17.31	£21.02	£26.68

Please note that these figures are rounded to the nearest 1p. Any discrepancy between the table inputs and the cost estimates is due to rounding.

The hourly labour cost assumptions set out in Table 1 are used to calculate the familiarisation costs in Table 2.

#### Monetised cost: familiarisation cost to firms

The only monetised cost for this measure is the familiarisation cost for firms, assuming one person per vessel familiarises themselves with this primary legislation. These costs only apply to the implementation year. Note that, for this analysis, the number of UK flagged vessels and the number of the vessels in the fishing fleet have been used. Further impact assessments will consider other vessels, such as pleasure or coded vessels, as well as individual and firm (rather than vessel) level impacts.

The document for familiarisation is expected to be approx. one page of technical text in the central scenario. This is assumed to be 500 words.<sup>38</sup> Guidance from the Department of Business and Trade includes an assumption that 50-100 words of technical text could be read per minute.<sup>39</sup>

*Table 2: familiarisation costs*

	Low	Central	High
Labour cost (per hour per individual)	£17.31	£21.02	£26.68
Number of words in document	250	500	750
Words of technical text read per minute	100	75	50
Time assumption (minutes)	2.50	6.67	15.00
Time assumption (hours)	0.04	0.11	0.25
Cost per vessel	£0.72	£2.34	£6.67
Number of vessels (UK flagged + fishing vessels in the central scenario with a +/- 10% range)	5,936	6,595	7,255
Cost for all vessels	£4,279.79	£15,406.14	£48,385.43

<sup>37</sup> [Transport Appraisal Guide Unit A4-1 Social Impact Appraisal](#), Department for Transport, 2019

<sup>38</sup> [How many words in one page?](#) AnyCount, accessed September 2024

<sup>39</sup> Table 7, p15, [Business Impact Target guidance](#), Department for Business, Energy and Industrial Strategy, 2017



Please note that these figures are rounded to the nearest 1p. Any discrepancy between the table inputs and the cost estimates is due to rounding.

## Benefits

The benefits will vary by each measure, but all measures are intended to improve seafarer welfare and/or improve safety standards at sea. This has a benefit to seafarers, the marine environment and other vessels, due to, for example, reduced accidents or incidents at sea. No benefits have been monetized at this stage, but the benefits of each measure will be fully considered as part of the secondary legislation.

## Summary

The following costs are estimated using the impact assessment calculator<sup>40</sup> and a 3.5% discount rate to account for social time preference.<sup>41</sup> A ten-year appraisal period has been used. The equivalent annual net direct cost to business (EANDCB), in 2024 prices and 2024 present value, is estimated to be £1,756.

*Table 3: net present values and equivalent annual net direct cost to business*

	Low	Central	High
Net present social value	-£4,198	-£15,112	-£47,462
Net present business value	-£4,198	-£15,112	-£47,462
Equivalent annual net direct cost to business	£488	£1,756	£5,514

Please note that these figures are rounded to the nearest £1.

No significant non-monetised impacts have been identified.

## UK impacts

The vessels in scope of legislation implementing the MLC and WIFC legislation are assumed to be UK flagged. However, many of the seafarers impacted by MLC amendments will not be UK residents – 12% of seafarers active at sea in the UK are UK nationals.<sup>42</sup>

## Impact on small and micro businesses

The impact on medium, small and micro businesses will vary by each measure, and this will be assessed as part of the impact assessment that will be produced alongside the measures.

Small and micro businesses may be disproportionately impacted by the familiarisation cost, as the cost they experience (if it is one individual per vessel) would be expected to be the same as medium or large firms. However, this cost is expected to be very small, as estimated above.

There are no exemptions in place at this stage for small and micro businesses, as measures relating to safety and welfare should apply to all relevant seafarers or fishers, regardless of the size of the firm they work for. This will be considered on a case-by-case basis as part of the secondary

<sup>40</sup> [Impact assessment and options assessment calculator, reforms 2023](#), Department for Business and Trade, 2023

<sup>41</sup> [The Green Book](#), HM Treasury, 2022

<sup>42</sup> All seafarers at sea, by nationality group, UK Chamber of Shipping member companies, SFR0303, [Seafarer Statistics](#), Department for Transport. Note that this may vary by vessel type and so is intended to be indicative only for this purpose.

legislation. Data on the number and size of firms impacted by this regulation is not available, however, for some sectors, some assumptions can be made based on vessel types.

Coded vessels such as workboats are more likely to be small or micro businesses, as vessel owners are more likely to own a single vessel and the crew numbers required are small.

Fishing vessels are also more likely to be small or micro businesses. Some fishers are self-employed and work alone on vessels on small vessels. 54% of fishing vessels in the UK are 8m and under, and 79% are 10m and under.<sup>43</sup>

Vessels which are cruise ships or ro-pax (roll-on-roll-off freight and passengers) ferries are likely to be medium or large businesses, as the number of seafarers needed to staff each vessel is larger than the threshold for a small business of 50 employees (for example, the Mont St Michel ferry has a crew of 135<sup>44</sup>, and the Britannia cruise ship has a crew of 1,350)<sup>45</sup>.

## Wider impacts

No wider impacts are expected as a result of this primary legislation, and more detailed analysis will be provided at secondary legislation when introducing the international conventions to ensure that all impacts are fully considered, including environmental, business and trade impacts.

## Risks and assumptions

There is a risk that, by not implementing this measure, the UK will be left with a powers gap for international regulations. This would mean that the UK would be unable to implement its international obligations, resulting in harm to the UK's maritime sector, as well as reputational damage and reduced protections for seafarers that would impact the UK's ability to influence the international maritime agenda.

In addition, while the Department for Transport could notify the International Labour Organization of any disagreement with a provision so the government are not bound by it, UK ships undergoing port state control inspections would still be expected to comply with the requirements and could face having deficiencies raised against them if they have not implemented the requirements in the absence of legislative compulsion.

The following assumptions have been used in the analysis:

- Non-wage uplift has been taken from the Transport Analysis Guide.<sup>46</sup>
- The Office for National Statistics Annual Survey of Hours and Earnings has been used to estimate wage costs for the category *Managers in Logistics, Warehousing and Transport*.<sup>47</sup>
- An estimated familiarisation time has been used, using an assumption. To account for the lack of data available for this, high/central/low estimates have been used.
- The estimate of the number of vessels and seafarers in scope is from a range of data sources, including the Maritime and Coastguard Agency, IHS data, the Department for Transport and the Marine Management Organisation.
- Data on fisher injuries and fatalities is sourced from MAIB. HSE statistics are used as a comparison to the general workforce.

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<sup>43</sup> Table 1.3, Number, Section 1- Fleet (Summary tables) [UK Sea Fisheries Annual Statistics Report 2022](#), Marine Management Organisation, 2023

<sup>44</sup> [Mont St Michael](#), Brittany Ferries

<sup>45</sup> [Britannia](#), P&O Ferries

<sup>46</sup> [Transport Appraisal Guide Unit A4-1 Social Impact Appraisal](#), Department for Transport, 2019

<sup>47</sup> [Annual Survey of Hours and Earnings, Table 14.5a](#), 2023 provisional data set, Office for National Statistics

- The proportion of UK national seafarers at sea uses Chamber of Shipping members only, so non-members would not be represented in these figures. However, membership is representative of the sector as a whole.
- The proportion of UK national seafarers at sea is also for all vessels, rather than the vessels in scope of the bill, but it is assumed that this is representative of the vessels in scope.