

 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Merchant Shipping (Maritime Labour Convention) (Recruitment & Placement) Regulations 2013	
Lead Department/Agency	Department for Transport	
Stage	Final	
IA number	DFT00194	
Origin	International	
Expected date of implementation (and SNR number)	20 August 2013 (SNR No.6)	
Date submitted to RPC	10/06/2013	
RPC Opinion date and reference	09/07/2013	RPC13-DFT-1715(2)
Overall Assessment	GREEN	
<p>RPC comments</p> <p>The IA is fit for purpose. The One-in, Two-out (OITO) assessment appears to be robust. Although it has only been possible to monetise some of the potential impacts of the proposals, the assessment appears to be reasonable and proportionate.</p>		
<p>Background (extracts from IA)</p> <p><i>What is the problem under consideration? Why is government intervention necessary?</i></p> <p>Arrangements for recruitment are inconsistent across the shipping industry. Recruitment standards for seafarers vary globally, with some seafarers recruited through unacceptable operations, such as being subject to overcharging and incorrect information on levels of commission. Recruiters which run and shipowners which use such operations can gain a competitive advantage, incentivising these unacceptable operations. Effective international standards are therefore needed to address this. The Maritime Labour Convention 2006 (MLC) aims to provide minimum standards for seafarers that are globally applicable and uniformly enforced, including on recruitment and placement. Achieving this requires a package of new UK legislation to permit UK ratification, which would also avoid the costs of non-ratification.</p> <p><i>What are the policy objectives and the intended effects?</i></p> <p>The purpose of the proposed Regulations is to promote acceptable recruitment standards for seafarers globally and a more level competitive playing field for shipping by a) bringing existing legislation for UK seafarer recruiters into line with the minimum global standards provided for in the MLC; and b) (once the entire MLC package is in place) enabling UK ratification of the MLC, which would enable the MCA to issue MLC certification to UK-flagged ships, reducing potential delays at ports in ratifying countries; and to enforce these minimum global standards for recruitment on non-UK registered ships that call at UK ports. Specific objectives for recruitment and placement can be found in the Evidence Base.</p> <p>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</p> <p>Do nothing: The MLC will come into force internationally in August 2013, regardless of the UK position. The British Chamber of Shipping and the seafarers' Trades Unions support prompt ratification. Doing nothing is thus not considered appropriate, as new legislation is required to enable the UK to ratify the MLC.</p> <p>Option 1 (preferred option): Introduce proposed Regulations to ensure that UK-based</p>		

Employment Agencies (EAs) and Employment Businesses (EBs) supplying personnel to ships comply with the MLC, with no enhancements, and that UK shipowners are obliged to recruit only through compliant recruitment and placement services. A second option (Option 2), requiring enforcement via shipowners, was also considered. However, it was established that it is not a viable option as the legislation would not have required UK-based EAs and EBs to comply with the MLC (see Section 5.3).

Comments on the robustness of the OITO assessment

As this proposal is of international origin, and there is no evidence that the increase in regulation would go beyond minimum requirements, or of a failure to take available derogations which would reduce the costs to business, it is out of scope of One-in, Two-out (Better Regulation Framework Manual - paragraph 1.9.8. iii).

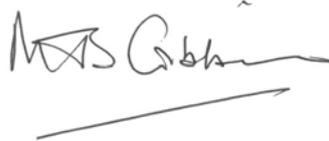
Comments on the robustness of the Small & Micro Business Assessment (SMBA)

As this proposal is not of domestic origin, an SMBA is not required. The IA, however, provides a Small Firms Impact Test and this addresses the issue we raised in our Consultation Stage opinion (15/03/13). However, the meaning of the sentence which refers to “*smaller companies*” who will “*not be covered by the regulations*” (first paragraph, page 23) should be clarified.

Quality of the analysis and evidence presented in the IA

We note that in most instances consultees were invited to estimate the costs and benefits of these measures, but no information was forthcoming, especially in respect of benefits.

Signed



Michael Gibbons, Chairman