

 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Merchant Shipping (Maritime Labour Convention) (Shipowner Liability) Regulations (“the 2013 Regulations”)	
<b>Lead Department/Agency</b>	Department for Transport	
<b>Stage</b>	Final	
<b>IA number</b>	DFT00028	
<b>Origin</b>	International	
<b>Expected date of implementation (and SNR number)</b>	20 August 2013 (SNR No.6)	
<b>Date submitted to RPC</b>	20/05/2013	
<b>RPC Opinion date and reference</b>	20/06/2013	RPC13-DFT-0872(2)
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The One-in, Two-out (OITO) assessment appears to be robust. Although the limited potential impacts of the proposals have not been monetised, the assessment appears to be reasonable and proportionate.</p>		
<p><b>Background (extracts from IA)</b></p> <p><i>What is the problem under consideration? Why is government intervention necessary?</i></p> <p>Arrangements for shipowner liability are inconsistent across the shipping industry. Employment conditions for seafarers vary globally, with some seafarers working under unacceptable conditions and ship operators which operate substandard ships gaining a competitive advantage. Effective international standards are therefore needed to address this. The ILO Maritime Labour Convention 2006 (MLC) aims to provide minimum living and working conditions for seafarers that are globally applicable and uniformly enforced, including on Shipowner Liability. Achieving this requires a package of new legislation in the UK to permit UK ratification, which would also avoid the costs of non-ratification (See Annex 3).</p> <p><i>What are the policy objectives and the intended effects?</i></p> <p>The purpose of the 2013 Regulations is to promote decent living and working conditions for seafarers globally and a more level competitive playing field for shipping by bringing existing legislation for UK ships into line with the minimum global standards for shipowner liability provided for in the MLC. They will also, once the entire package is in place, enable the UK to ratify the MLC, which will 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 shipowner liability on non-UK registered ships that call at UK ports. Specific objectives for the new shipowner liability Regulations can be found in the Evidence Base.</p> <p><i>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</i></p> <p>The Government's social partners, the British Chamber of Shipping and the seafarers' Trades Unions, support prompt ratification of the MLC. Doing nothing is not therefore considered to be an appropriate course of action, as new legislation is required to</p>		

enable the UK to ratify the MLC. Failure to ratify the MLC would limit its effectiveness at addressing the issues on seafarer living and working conditions discussed above and would result in UK ships not being able to obtain MLC certification reducing potential delays at ports in ratifying countries.

The preferred policy option is therefore to introduce the 2013 Regulations (Policy Option 1) which would make the minimum changes to existing legislation to implement the provisions of the MLC on shipowner liability. No further measures have been deemed to be necessary and so only one Policy Option has been considered in this impact assessment.

### ***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).

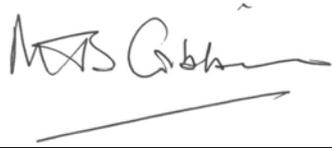
### ***Comments on the robustness of the Small & Micro Business Assessment (SMBA)***

As this proposal is not of domestic origin, an SMBA is not required. The IA, however, provides a Small Firms Impact Test and notes that the MCA has discussed the implications of the Convention with the Domestic Passenger Ship Steering Group and representatives of the Small Commercial Vessel sector, who represent the majority of small firms operating vessels that would be affected by the proposed Regulations. Furthermore, the IA says the UK is making use of any flexibility in the Convention designed for smaller vessels, or likely to apply to small companies, and also that many small firms operating vessels are unlikely to be subject to the MLC.

### ***Quality of the analysis and evidence presented in the IA***

The IA lists the four main changes that would result from the proposed Regulations. It, however, explains, supported by evidence from the consultation, that these proposals reflect existing industry practice and that therefore there are not expected to be any significant costs. In the few areas where there could potentially be a small impact, a lack of data (e.g. on the number of incidents which have required shipowners to pay wages to incapacitated seafarers) or evidence of cost from the consultation mean that it is not possible to make meaningful estimates. A full qualitative description, however, is provided. This includes information from the mutual Protection and Indemnity (P&I) Clubs, which provide insurance cover for the overwhelming majority of ships covered by the IA. The P&I Clubs have indicated that the requirements of the MLC would involve only a marginal extension of existing cover and that this is not expected to result in an increase in premia. On this basis, the assessment provided appears reasonable and proportionate.

**Signed**

Handwritten signature of Michael Gibbons in black ink, featuring a stylized 'M' and 'G'.

**Michael Gibbons, Chairman**