

<p>Title: Merchant Shipping (Maritime Labour Convention)(Food and Catering) Regulations (“2014 Regulations”) IA No: DFT 00027</p> <p>Lead department or agency: Maritime and Coastguard Agency (MCA)</p> <p>Other departments or agencies: Department for Transport</p>	Impact Assessment (IA)
	Date: 25/04/2014
	Stage: Final
	Source of intervention: International
	Type of measure: Secondary legislation
<p>Contact for enquiries: Rosemary Nelson Tel: 023 8032 9328</p>	Contact for enquiries:
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Summary: Intervention and Options	RPC: GREEN

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as Two-Out?
£-0.37m	£-0.37m	£0.04m	No NA
What is the problem under consideration? Why is government intervention necessary?			
It is considered that seafarers should have access to a decent standard of food and catering. Employment conditions for seafarers vary across the world. Some seafarers work under unacceptable conditions and ship operators which operate substandard ships can gain a competitive advantage. Effective international standards are needed to address this. The Maritime Labour Convention (MLC) aims to provide minimum living and working conditions for seafarers that are globally applicable and uniformly enforced, including on food and catering. This requires the MLC to be ratified by governments, which requires a package of new legislation in the UK. The UK ratified the MLC on 7 August 2013, so UK legislation must be fully compliant.			

What are the policy objectives and the intended effects?
The purpose of the Regulations is to promote decent living and working conditions for seafarers globally and an international level playing field for shipping, as part of the UK's implementation of the MLC, by a) bringing UK legislation into line with the minimum global standards for food and catering; b) fully complying with MLC standards under UK international obligations as a ratifying country, and c) enforcing these global minimum standards for food and catering on non-UK registered ships that call at UK ports. Specific objectives on food and catering for seafarers are found in the Evidence base.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Doing nothing is not considered to be an appropriate course of action, as new UK legislation is required to fully comply with the MLC. Failure to ratify the MLC would have limited its effectiveness at addressing the issues on seafarer living and working conditions discussed above and UK ships would not have been able to obtain MLC certification. The preferred policy option is therefore to introduce the Regulations (Policy Option 1) which would make the minimum changes to existing legislation to implement the provisions of the MLC on food and catering, taking into account existing UK legislation in this field. No further measures have been deemed to be necessary and so only one Policy Option has been considered in this impact assessment.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 05/2019					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: NA	Non-traded: NA

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Stephen Hammond Date: 24/06/2014

Summary: Analysis & Evidence

Policy Option 1

Description: To implement the minimum requirements of the Maritime Labour Convention, 2006 in respect of food and catering

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -1.27	High: +0.20	Best Estimate: -0.37

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.32	5	0	0.30
High	0.49		0.09	1.27
Best Estimate	0.38		0.00	0.37

Description and scale of key monetised costs by 'main affected groups'

(1) One-off costs of existing Ships' Cooks taking MLC "top-up" qualification estimated at £306,000-£423,000 (Best Estimate £364,000) (2) One-off costs of existing catering staff training in basic food hygiene estimated at £17,000-£71,000 (Best estimate £17,000) (3) Costs of new catering staff training in basic food hygiene estimated at £0-£36,000 per year (Best estimate £2,000) (4) Training new Ships' Cooks to MLC standards could result in an estimated increase of £58,000 per year (High scenario only) compared to cost of training to current standard.

Other key non-monetised costs by 'main affected groups'

(1) Some vessels that do not currently require a Ships' Cook, or trained catering staff, could do so under the Regulations, although the impact should be limited; this is because vessels not currently required to carry a Ships' Cook are likely to be small vessels, with less than 10 crew on board, or which only operate domestic voyages from a UK port no more than 60 miles of a safe haven in the UK, which will be exempted from this requirement. (2) The impact of Option 1 on the costs of new Ships' Cooks training is uncertain (see monetised benefits box)

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/Q	N/A	0	0
High	N/Q		0.06	0.50
Best Estimate	N/Q		0	0

Description and scale of key monetised benefits by 'main affected groups':

Under Option 1, new Ships' Cooks would need to obtain a NVQ course plus additional MLC bolt-on modules. This could lower training costs for some new Ships' Cooks but increase them for others. The net impact is uncertain. It is estimated that it could vary between a cost of £58,000 per year (high scenario of monetised costs) and a benefit of £58,000 per year (high scenario of monetised benefits). Given the lack of evidence £0 per year (the mid-point) has been selected as the Best estimate.

Other key non-monetised benefits by 'main affected groups':

- 1) The Regulations would promote decent living and working conditions for seafarers, ensuring crew catering staff would be properly trained and that food would be prepared in hygienic conditions, in sufficient quantities, with adequate nutritional value and consideration of the crew's religious and cultural needs.
- 2) Ratification of the MLC requires the implementation of all the constituent Regulations (including these Regulations), and provides additional benefits (see Annex 3).

Key assumptions/sensitivities/risks	Discount rate (%)
1) Due to limitations of available evidence base, a range of assumptions had to be made, and it has not been possible to monetise all costs and benefits. 2) The illustrative estimate of the monetised costs and benefits are sensitive to assumptions made and data sources used, and should be treated as indicative only. 3) Assumptions made and data sources used are given in the Evidence Base. 4) The extent to which the estimated costs and benefits represent costs and benefits to the UK is uncertain.	3.5%

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0.04	Benefits: 0	Net: -0.04	No	NA

EVIDENCE BASE

Key Definitions

ILO = International Labour Organization

MCA = Maritime and Coastguard Agency

MLC = ILO Maritime Labour Convention 2006

1. TITLE OF PROPOSAL

The Merchant Shipping (Maritime Labour Convention) (Food and Catering) Regulations 2014 ("the Regulations").

1a. CONSULTATION ON THE PROPOSALS

Like all Conventions of the International Labour Organisation, the Maritime Labour Convention 2006 was drawn up on a tripartite basis in negotiations between shipowner organisations, seafarer organisations and governments, and the UK took a leading role in all three delegations. The MCA has continued to work closely with its social partners on the implementation of the Convention, through a tripartite working group – see Annex 4.

The consultation-stage impact assessment for these proposals, issued as part of the public consultation package, invited consultees to submit additional evidence on the costs and benefits of the Regulations. One hundred and seventy-six organisations and companies were directly notified of the consultation exercise, including the UK Chamber of Shipping which represents a broad cross section of UK shipping companies in all sectors, and other trade associations such as the British Marine Federation and International Marine Contractors Association. Ten written responses were received, from significant players in the industry. The responses on specific aspects of the proposals are included in the costs section below, but in summary, there was no opposition in principle to the implementation of the MLC standards, and no evidence was provided of costs and benefits arising from the requirements which the MCA had not foreseen. There were some concerns raised on details of UK implementation which will be addressed through minor changes to the Regulations and improved guidance, rather than substantive changes to the requirements. No quantified evidence of costs or benefits was provided.

2. PROBLEM UNDER CONSIDERATION

It is considered that seafarers should have acceptable employment conditions including with regard to food and catering. However, employment conditions for seafarers vary across the world, with some seafarers working under unacceptable conditions and shipowners operating substandard ships, thus gaining a competitive advantage. In particular, ILO (2012) suggests that "seafarers often have to work under unacceptable conditions, to the detriment of their well-being, health and safety and the safety of the ships on which they work." In addition, ILO (2012) suggests that flag States and shipowners which provide seafarers with decent conditions of work "face unfair competition in that they pay the price of being undercut by shipowners which operate substandard ships."

The IMO reports that 90% of world trade makes use of maritime transport, depending on 1.2 million seafarers¹ to operate ships. Many of these are working a great distance from their homes on ships operating under a flag different from their country of origin. Seafarers are frequently exposed to difficult working conditions.

The specific problem which the Regulations directly address is how to ensure that seafarers on ships receive hygienically prepared food which is varied, nutritious and prepared with due consideration to the religious and cultural needs of the crew.

¹ International Shipping Facts and Figures - Information resources on Trade, safety, Security , Environment (2011) - published by the IMO Maritime Knowledge Centre -

ILO (2001) suggests that in the absence of government intervention, there is a risk that some shipowners may not ensure that those involved with the preparation of the crew's food will be trained in basic food preparation, hygiene and food storage or that crew will not receive varied and nutritious meals which are prepared with consideration to their religious and cultural needs.

One potential explanation of this risk is that the existing international conventions requiring employers to provide such specific measures have not been widely ratified. Given that there are costs of providing seafarers with decent conditions of work, including food and catering, this means that shipowners operating substandard ships can potentially undercut shipowners which provide seafarers with decent conditions of work, and can consequently potentially gain a competitive advantage. Effective international standards are therefore needed.

Over 30% of deficiencies recorded by MCA during ILO Convention 178 inspections related to food and catering issues². Not all seafarers employed in catering roles are trained in basic food safety and hygiene. As a result, there is an increased risk of cross contamination of food served to the crew and greater risk of the spread of germs and viruses amongst the ships' crew or even passengers on passenger ships. MCA, as a Port State Control Authority, has access to "THETIS", the inspection database of the Paris MoU on Port State Control. Data from THETIS covering 2010 and 2011 inspections indicated that the vast majority of Food and Catering related deficiencies identified by UK inspections on foreign flagged vessels relate to the cleanliness and the maintenance of the galley or handling room. The figures for 2010 show there were 168 such food and catering deficiencies but in 2011 there was a slight decrease with 150 deficiencies. Inspections of UK or UK dependent territory vessels revealed 142 deficiencies in 2010 and 152 for 2011.

3. RATIONALE FOR INTERVENTION

Given the international nature of the shipping industry, it is considered that effective international standards are needed to address the issues and risks that have been raised in Section 2, and to provide decent working conditions and a level playing field for ships of different flags. This is why the MLC has been developed in the ILO by government, employer and seafarer representatives as a global instrument to address these. The MLC aims to provide minimum rights for all seafarers that are globally applicable and uniformly enforced, including on food and catering. It was adopted in the ILO by a record vote of 314 in favour and none against (two countries abstained for reasons unrelated to the substance of the MLC). The ratification criteria to bring the Convention into force internationally were met on 20 August 2012, and the MLC came into force internationally on 20 August 2013. It is being widely ratified. The Government's social partners, the shipping industry and the seafarer's Trades Unions, strongly supported ratification of the MLC in the UK which took place on 7 August 2013.

Full compliance with the MLC in the UK requires a package of new legislation to be introduced to implement some of the provisions of the MLC in UK law, including some provisions of the MLC regarding food and catering. Doing nothing is therefore not considered to be an appropriate course of action.

Widespread ratification of the MLC, including the provisions on food and catering and the improved enforcement mechanisms introduced by the Convention, could improve the consistency on food and catering standards between ships of different flags, and could help to ensure that all seafarers – including UK nationals – have a reasonable expectation of safe living conditions on ships of any flag where they work.

The Regulations would bring existing legislation for UK registered vessels into line with the minimum global standards for food and catering provided for in the MLC.

In addition, as the UK has ratified the MLC, the Regulations allow the UK to enforce these minimum global standards on non-UK registered vessels visiting UK ports on a "no more favourable treatment" basis.

Furthermore, UK ratification of the MLC has avoided the costs of not ratifying the MLC. In particular, regardless of whether the UK ratified the MLC, UK registered vessels would still be subject to the provisions of the MLC on a "no more favourable treatment" basis when operating in foreign ports in

² ILO Deficiencies Log (15/01/10-15/01/11)

countries that have ratified the MLC. If the UK had not ratified the MLC, this could have resulted in UK registered vessels being delayed due to inspections to check their compliance with the MLC. UK ratification has enabled UK registered vessels to benefit from the system of MLC certification, avoiding or reducing the likelihood of delays related to inspections in foreign ports in countries that have ratified the MLC. As a ratifying country, these regulations are needed to ensure that UK fulfils its international obligations as a ratifying country, by having legislation on food and catering which is fully compliant with the MLC.

Although the primary reason for UK ratification of the MLC was the benefits it will bring to UK shipping and to avoid the risks of not ratifying, it should also be noted that there is a European Social Partners Agreement which seeks to implement the MLC. Council Directive 2009/13/EC annexes the Agreement between the European Community Shipowners' Association (ECSA) and European Transport Workers' Federation (ETF) on the MLC and the agreement on amendments to the Agreement on the Organisation of Working Time of Seafarers dated 30 September 1998 (set out at Annex A to the Annex). When it is in force, Member States will be required by virtue of Directive 2009/13/EC to implement the European social partners' agreement on the MLC. The provisions of Regulation 3.2 and Standard A3.2 are transposed in full into the Annex to the agreement. The Directive came into force on the date on which the MLC comes into force, which was 20 August 2013. The UK has a duty to implement the social partners' agreement, which in practice means that the UK is under a European law requirement to implement some (but not all) MLC provisions in UK law. The transposition deadline is 12 months from the coming into force date i.e. 20 August 2014. However, as explained above, to support the UK shipping industry, the UK needed to ratify the MLC when it came into force internationally, which was earlier than the transposition deadline for the European Directive. Implementation of the minimum changes required to bring UK legislation fully into line with Title 3.2 of the MLC on food and catering will also implement the provisions on food and catering aspects of Directive 2009/13/EC. The Directive is not therefore considered further in this IA.

Further details of the requirements for and benefits of UK ratification of the MLC are provided in Annex 3.

4. POLICY OBJECTIVES

The purpose of the Regulations is to bring existing UK legislation into line with the requirements of the MLC related to food and catering (Regulation 3.2 and Standard A3.2) in fulfilment of the UK's international obligations as a ratifying country, in order to:

- Secure decent working and living conditions for seafarers on ships globally, including on food and catering;
- Promote a more level competitive playing field for shipping by enforcing these standards on non-UK registered vessels that call at UK ports; and
- Comply with the UK's European legislative obligations in relation to the provisions in the MLC covered by Directive 2009/13/EC, thus avoiding the risk of infraction proceedings being taken against the UK.

In particular, the MLC requires that:

- (1) Catering staff preparing food for the crew are trained in basic food handling, preparation and food storage.
- (2) Food for the crew must be varied, nutritious and with consideration to their cultural and religious needs.
- (3) Seafarers employed as ships' cooks with responsibility for food preparation must be trained and qualified for their position on board ship.

The Regulations, in conjunction with the other Regulations required to give effect to the MLC in the UK, will provide a stronger framework for the enforcement of decent standards of work as well as raising the profile of such issues with both shipowners and seafarers.

A country which has ratified the MLC is able to issue Maritime Labour Certificates to its ships, which will facilitate inspection in the ports of ratifying countries, so supporting their shipping industry. Ratifying countries are also able to enforce the same standards for food and catering on ships of other flags calling at its ports, since the MLC provides that ships of non-ratifying countries should receive “no more favourable treatment” in the ports of ratifying countries. The Regulations will give the UK this power. This would remove the competitive advantage to shipowners operating into UK ports of flagging with a non-ratifying country.

5. DESCRIPTION OF POLICY OPTIONS

Description of options considered

5.1 Do nothing

Existing UK legislation is not currently in compliance with the MLC in respect of food and catering. A ‘do nothing’ option would not achieve the policy objectives that are outlined above, and is not therefore considered to be an appropriate course of action.

5.2 Policy Option 1: to implement the minimum mandatory requirements of the Maritime Labour Convention, 2006 in respect of food and catering

One policy option is being considered. The Regulations (Option 1) will:

- (a) require that sea-going ships operating commercially beyond 60 miles from a safe haven with more than 10 crew must carry a Ships’ Cook onboard [who holds a Certificate of Competency as a Ships’ Cook which meets the standards to be specified in a proposed Merchant Shipping Notice];
- (b) require that on sea-going ships operating commercially beyond 60 miles from a safe haven those catering staff responsible for providing food to the crew must be trained in basic food preparation, handling and food storage in accordance with the standards to be specified in a Merchant Shipping Notice; and
- (c) require that the food supplied is suitable in respect of quantity, nutritional value, quality and variety and take account of the number of seafarers on board and the character, nature and duration of the voyage.

Option 1 is the only option which would fulfil policy objectives and is therefore the preferred option.

6. COSTS AND BENEFITS OF THE REGULATIONS (OPTION 1)

For the purposes of this impact assessment, the costs and benefits of the Regulations (Option 1) have been monetised to the extent that is possible. Given the limitations of the available evidence base, it has not been possible to monetise some of the costs and benefits of the Regulations (Option 1). Where it has not been possible to monetise a cost or benefit, a full qualitative description of the cost or benefit has been provided in this impact assessment.

For the purposes of this impact assessment, illustrative estimates of the costs and benefits that it has been possible to monetise are presented below. These illustrative estimates are also shown on the ‘Summary: Analysis and Evidence’ sheet in this impact assessment. However, it should be noted that the extent that these costs and benefits would represent a cost and benefit to the UK is uncertain. In particular, these costs and benefits would only represent a cost and benefit to the UK if they fall on UK entities (e.g. UK businesses or consumers), but (for example) UK registered ships are not necessarily UK owned, and UK registered ships do not necessarily operate to and from UK ports.

Furthermore, it should be noted that these illustrative estimates are very sensitive to the data sources that have been used in this impact assessment and the assumptions that have had to be made due to the limitations of the available evidence base. These illustrative estimates should therefore be treated as indicative orders of magnitude of the potential costs and benefits.

The impact assessment issued for public consultation invited consultees to submit additional evidence on the costs and benefits of the Regulations. The responses on specific aspects of the proposals are included below, but in summary, no evidence was provided of costs or benefits arising from the requirements which MCA has not foreseen, and no quantified evidence of costs or benefits was provided.

In addition to comments on the changes proposed, several responses highlighted concerns about the practical application of the Regulations. Most of these comments will be addressed in guidance.

Key Assumptions

The key assumptions that have been made for the purposes of this impact assessment are:

1. The number of Ships' Cooks that work on UK registered ships and would need to undertake the "top-up" qualification as a result of the Regulations (Option 1).
2. The number of Catering Staff that work on UK registered ships and would need to undertake the training in basic food hygiene, preparation and storage as a result of the Regulations (Option 1).
3. The fees for undertaking the "top-up" qualification for Ships' Cooks and the fees for undertaking the training in basic food hygiene, preparation and storage for Catering Staff.
4. The time it would take to undertake the "top-up" qualification for Ships' Cooks and the training in basic food hygiene, preparation and storage for Catering Staff.
5. The hourly pay of Ships' Cooks and Catering Staff that work on UK registered ships.
6. The time periods in which existing Ships' Cooks would undertake the "top-up" qualification and existing Catering Staff would undertake the training in basic food hygiene, preparation and storage as a result of the Regulations.
7. The number of new Ships' Cooks and new Catering Staff that would need to undertake this training in the future.
8. How the costs of the training for new Ships' Cooks (as well as new catering staff) required under the Regulations (Option 1) would differ from the costs of the training for new Ships' Cooks (as well as new catering staff) required under the current UK legislation.

6.1 Changes due to the Regulations (Option 1)

6.1.1 Provision of Food and Water

The Regulations will require that seafarers working on sea-going ships (other than fishing vessels or pleasure craft) which operate commercially are provided free of charge with food and drinking water are provided on the ship which—

- (a) is suitable in respect of quantity, nutritional value, quality and variety, taking account of—
 - (i) the number of seafarers on board and the character, nature and duration of the voyage, and
 - (ii) the different religious requirements and cultural practices of the seafarers in relation to food,
- (b) does not contain anything which is likely to cause sickness or injury to health or which renders any food or drinking water unpalatable, and
- (c) is otherwise fit for consumption.

6.1.2 Requirement to carry a Ships' Cook onboard

The Regulations will also require that sea-going ships which operate commercially beyond 60 miles from a safe haven with more than 10 crew on board must carry a Ships' Cook.

The current Merchant Shipping (Certification of Ships' Cooks) Regulations ("the 1981 Regulations") only require ships of 1,000 Gross Registered Tonnage or over (other than fishing vessels or pleasure craft) undertaking voyages to or from places outside the Near Continental Trading Area or between places

outside the Near Continental Trading Area, the extent of which is much greater than the new 60 mile limit, to carry a certificated ship's cook if the majority of crew are domiciled in the UK.¹

As a result, some vessels that are not required by the 1981 Regulations to carry a Ships' Cook, or trained catering staff, could potentially be required to do so under the Regulations. MCA consider that the impact should however be limited. This is because vessels not currently required to carry a Ships' Cook are likely to be small vessels and such vessels with fewer than 10 crew on board, or which only undertake non-international voyages from a UK port during which they will be no more than 60 miles of a safe haven in the UK, will be exempted from this requirement.

6.1.3 Catering staff responsible for providing food must be trained in basic food hygiene

The Regulations will set new training standards for those working in the Catering Department on sea-going ships which operate commercially beyond 60 miles from a safe haven, irrespective of the number of crew on board; such that every member of catering staff will be required to be properly trained or instructed for their position and any member of the catering staff who processes food in the galley will be required to be properly trained or instructed [in areas including personal hygiene and food hygiene together with handling and storage of food on board]. Details of the actual requirements will be promulgated by means of a Merchant Shipping Notice issued by MCA.

6.1.4 Training requirements for Ships' Cooks

As well as requiring that sea-going ships operating commercially beyond 60 miles from a safe haven with more than 10 crew must carry a Ships' Cook onboard, the Regulations will set new training requirements for Ships' Cooks. There will be new standards to cover *inter alia* the preparation of food taking into account the religious and cultural requirements and practices of the seafarers on board. The Ships' cook will be required to provide evidence that their training or knowledge satisfies this requirement. Further details are provided in Section 7.1.

6.2 Comparison against the Do 'Nothing' scenario

The 'Do Nothing' scenario represents what would happen if the Government does not take any action.

The MLC came into force in August internationally. A large number of nations have already ratified and many more are expected to have done so by then. Being a Convention with worldwide application, and given that any UK ships visiting ports in ratifying countries (which are expected to be most countries within a fairly short timescale) will have to be compliant, its effects will be virtually impossible to escape for ships wishing to trade internationally.

Therefore, MCA expects that a proportion of any additional costs of complying with the minimum mandatory requirements of the MLC in respect of food and catering would have been incurred under the 'Do Nothing' scenario. As this proportion is uncertain, we do not know the extent to which any costs of complying with the minimum mandatory requirements of the MLC in respect of food and catering are truly additional costs of the Regulations or whether they would have occurred anyway under the 'Do Nothing' scenario.

Given these uncertainties, this impact assessment assesses the additional costs to business of complying with the minimum mandatory requirements of the MLC in respect of food and catering, relative to the requirements of existing UK legislation or existing industry practice as applicable. These costs are outlined on the summary sheets. However, as discussed above, we do not know the extent to which these costs are truly additional costs of the Regulations.

6.3. Costs to business of complying with changes introduced by the Regulations (Option 1)

¹ In this context "Near Continental Trading Area" means the area bounded by a line from a point on the Norwegian coast line in latitude 62° North to a point 62° North 02° West; thence to a point 58° North 10° West; thence to a point 51° North 12° West; thence to Brest, but excluding all waters which lie to the eastward of a line drawn between Kristiansand, Norway, and Hantsholm lighthouse on the North Danish coast.; the extent of which is much greater than the new 60 mile limit.

In relation to UK registered ships, a number of costs of the Regulations (Option 1) have been identified in this impact assessment. For ease of understanding, each of these costs is dealt with separately under separate headings below.

- Costs of requiring existing and new Ships' Cooks on UK registered ships to be trained to the standards acceptable to the UK under the MLC (see section 6.3.1 and 6.4.2 of this impact assessment);
- Costs of requiring existing catering staff on UK registered ships to be trained to the standards acceptable to the UK under the MLC (see section 6.3.2 of this impact assessment);
- Costs of requiring new catering staff on UK registered ships to be trained to the standards acceptable to the UK under the MLC (see section 6.3.3 of this impact assessment);
- Costs of requiring additional Ships' Cooks to be employed on UK registered ships (see section 6.3.4 of this impact assessment);
- Familiarisation costs (see section 6.5 of this impact assessment); and
- Costs of provisions regarding the provision of food and water and the organisation and equipment of the catering department (see section 6.3.5 of this impact assessment).

At public consultation, consultees were invited to provide additional evidence on these costs. No such additional evidence was provided. Therefore, following the public consultation, only limited changes to this analysis have been made. The key changes that have been made are to update the assumptions regarding the number of ships registered on the UK flag to which the Regulations will apply; to update the assumptions regarding the cost of staff time for Ships' Cooks and Catering Staff that work on UK registered ships; and to update the price base year from 2010 to 2012 where necessary.

Sectors and groups affected

It is expected that the costs of the Regulations (Option 1) would fall on seafarers or shipowners. The following costs are anticipated for each group.

- Shipowners could be required to provide training to staff members beyond that required under current legislation. Whilst there is no requirement in the Regulations for shipowners to meet the cost of the additional training, nor an indication from consultees that this would be the case, it is nevertheless anticipated that costs may well be met by shipowners' own training and development policies for existing employees in order to retain experienced and qualified personnel, or to ensure compliance with requirements of other Flag States that have already ratified the MLC where a shipowner operates under more than one flag.
- For those individuals undertaking the Ships' Cooks qualification to facilitate their working on a ship, it is anticipated that they may need to meet the cost themselves unless a shipowner agrees to fund the training or they receive a Government student grant where they are under the age of 18, although it should be noted that there was no indication from consultees that this would be the case.

However, where it has been possible to monetise these costs, it should be noted that each of the illustrative estimates that are presented below are intended to represent the total cost to seafarers, shipowners and Government.

6.3.1. Costs of requiring new and existing Ships' Cooks on UK registered ships to be trained to the standards acceptable to the UK under the MLC

The Regulations will require that sea-going ships operating commercially beyond 60 miles from a safe haven with more than 10 crew must carry a Ships' Cook onboard and that these Ships' Cooks must be trained to the standards acceptable to the UK under the MLC.

New Ships' Cooks will be required from the outset to meet in full the new requirements set out in the Regulations and the related Merchant Shipping Notice. The impacts of this are assessed in Section 6.4.2 below.

Seafarers with Ships' Cook Certificates issued under the 1981 Regulations will however need to undertake additional training modules within a transition period of 5 years in order to bring their

qualifications in line with those set out in the Regulations. The standards will be set out in the related Merchant Shipping Notice.

Cost of fees for training courses

The Regulations would require existing ships' cooks on UK registered ships to be trained to the standards of the MLC. To achieve this, it is proposed that existing ships' cooks on UK registered ships would be required to undertake a "top-up" qualification within a transition period of 5 years from the date on which the Regulations come into force. It has been assumed that shipowners will provide for such top-up training to be spread out evenly over the five year period in order to minimise any disruption to their services. However there is the possibility that some shipowners may seek to have their ships cooks qualified to the new standard as quickly as possible or indeed may have already commenced the change to the MLC standard especially where they operate ships under a variety of flags. At public consultation, consultees were invited to provide additional evidence on these costs. However, no such evidence was submitted.

The fees for this 'top-up' qualification have been assumed to be around £100 per Ships' Cook based on an estimate provided for the consultation-stage impact assessment by the Seafarer Training and Certification Department within the MCA (2010 prices). This assumes that the course would be a bolt-on course developed by the Marine Skills Alliance and that the course would comprise between 16 and 24 hours of computer based training. In making the assumptions contained in this paragraph, it is assumed that "top-up" courses will be undertaken in the UK utilising the bolt-on course referred to above. However given many shipowners and crews are not based in the UK, so it is entirely possible that such "top-up" courses could be undertaken outside the UK (e.g. in countries, which whilst applying similar standards to the UK have lower costs).

Table 2 estimates the number of ships' cooks working on UK registered ships which would need to undertake the "top-up" qualification as a result of the Regulations. These estimates are based upon a number of sources, including data on the number of ships registered on the UK flag extracted from the UK Ship Register in April 2013, and information submitted by industry prior to the public consultation in response to a questionnaire in March 2010 asking them to supply the staffing details of the catering departments aboard each of their vessels. Further details on these estimates are provided in Section 6.3.8. The estimates in Table 2 indicate that approximately 700 Ships' Cooks would need to undertake the "top-up" qualification as a result of the Regulations.

Therefore, for the purposes of this impact assessment, it is assumed that the fees for the "top-up" qualification would be £104 (2012 prices)² for all of the Ships' Cooks that would need to undertake the "top-up" qualification, and that the "top-up" qualification would need to be undertaken by around 700 Ships' Cooks as a result of the Regulations.

On the basis of the above assumptions, the total fees for existing Ships' Cooks on UK registered ships to undertake the "top-up" qualification have been estimated at around £73,000 over the five year transition period (2012 prices). However, it should be noted that both the fees for the "top-up" qualification and the number of Ships' Cooks that would need to undertake the "top-up" qualification over the five year transition period are uncertain, and that consequently the size and direction of bias as a result of these assumptions is also uncertain.

Cost of staff time to attend training course

As noted above, it is assumed that the "top-up" qualification would take Ships' Cooks between 16 and 24 hours to undertake. Therefore, the operators of UK registered ships would face a further cost due to the staff time that would be required for existing Ships' Cooks on UK registered ships to undertake the "top-up" qualification.

The Department has been unable to locate any evidence on the hourly pay of Ships' Cooks on UK registered ships. However, it is estimated that the mean gross hourly pay in the water transport sector

² The £100 estimate quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.
<https://www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013>

was around £16.03 per hour in 2012³. For the purposes of this impact assessment, in the absence of specific evidence on the hourly pay of Ships' Cooks on UK registered ships, the hourly pay of Ships' Cooks on UK registered ships is assumed to be equal to this amount. To estimate the cost of staff time for Ships' Cooks on UK registered ships, this amount has been uplifted by 30% to account for overheads in line with the Standard Cost Model⁴. Consequently, for the purposes of this impact assessment, the cost of staff time for Ships' Cooks on UK registered ships is assumed to be around £20.84 per hour (2012 prices). This may, however, be on the high side for seafarers from developing countries whose wage levels are likely to be lower than those applicable to UK seafarers. It is also higher than would be the case if it was assumed that the hourly pay of Ships' Cooks on UK registered ships is the same as that of cooks and chefs employed ashore in the UK⁵. Hence, it is considered that this is a conservative assumption. These assumptions have been updated following the consultation to bring this impact assessment into line with other more recent MLC impact assessments, particularly the impact assessment for the 'Merchant Shipping (Maritime Labour Convention)(Health and Safety) Regulations'.

On the basis of these assumptions, the costs in terms of staff time has been estimated at between around £333 and around £500 per Ships' Cook, with a Best estimate of around £417 per Ships' Cook⁶ (the mid-point of the range) (2012 prices).

As above, it is assumed that 700 Ships' Cooks would need to undertake the "top-up" qualification (see Table 2). Therefore, on the basis of these assumptions, the total cost in terms of staff time of existing Ships' Cooks undertaking the "top-up" qualification has been estimated at around £233,000 to £350,000 over the 5 year transition period, with a Best estimate of around £292,000 (the mid-point of the range) (2012 prices). However, it should be noted that the time it would take to undertake the "top-up" qualification, the cost of staff time for existing Ships' Cooks on UK registered ships and the number of Ships' Cooks that would need to undertake the "top-up" qualification are all uncertain, and that consequently the size and direction of bias as a result of these assumptions is uncertain.

Total Costs

The total costs of requiring existing Ships' Cooks on UK registered ships to be trained to the standards of the MLC are therefore estimated at between £306,000 and £423,000 over the five year transition period, with a Best estimate of around £364,000 (the mid-point) (2012 prices).

It is assumed that these costs would be evenly spread over the 5 year transition period. Therefore, with a discount rate of 3.5%, the present value of these costs has therefore been estimated at £286,000 to £395,000, with a Best estimate of around £341,000 (the mid-point of the range) (2012 prices). However, it should be noted that the distribution of these costs over the 5 year transition period is uncertain, and that consequently the size and direction of bias as a result of this assumption is uncertain.

6.3.2. Costs of requiring existing catering staff on UK registered ships to be trained to the standards of the MLC

The Regulations would require that on sea-going ships operating commercially beyond 60 miles from a safe haven, existing catering staff are trained in basic food hygiene, preparation and storage. To achieve this, it is expected that existing catering staff would be required to undertake a training course if they do not already have the necessary training.

Two options were identified for catering staff to undertake this training course when preparing the consultation-stage impact assessment.

Firstly, the training course could be undertaken on land. Based on estimates provided by training colleges prior to the public consultation, it is assumed that the fees would be £45 to £60 (2010 prices) for each member of the catering staff who would require the training. Furthermore, based on an estimate

³ Office of National Statistics, Annual Survey of Hours and Earnings, 2012 Provisional results.

<http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2012-provisional-results/index.html>

⁴ Better Regulation Executive, Measuring Administrative Costs: UK Standard Cost Model Manual

<http://www.berr.gov.uk/files/file44503.pdf>

⁵ The Annual Survey of Hours and Earnings (see Footnote 6) estimates the mean hourly pay of Chefs at £8.63 and the mean hourly pay of Cooks at £8.17.

⁶ The low end of the range assumes that the "top-up" qualification takes 16 hours to undertake, and the high end of the range assumes that the "top-up" qualification takes 24 hours to undertake.

from the Seafarer Training and Certification Department in the MCA which was provided prior to the public consultation, it is assumed that the training course would take between 12 and 16 hours to complete.

Secondly, the training course could be provided whilst onboard the vessel, by a provider running the approved course as specified in the Merchant Shipping Notice (MSN) and referenced as approved in the Marine Information Note (MIN) of accepted courses. The MCA considers that this would reduce the cost of the training course to the price of a Computer based training programme, which is assumed to be £30 (£25 + VAT) per trainee (2010 prices) based on information obtained from the Internet prior to the public consultation. Furthermore, based on an estimate from the Seafarer Training and Certification Department in the MCA which was provided prior to the public consultation, it is assumed that it would take around 3 hours to complete this training.

Table 2 estimates that there are currently around 900 catering staff working on UK registered ships that would be affected by the Regulations. Evidence received from industry prior to the public consultation (including the questionnaire responses received from Chamber of Shipping members which has been referred to previously) indicates that around 80% of catering staff on these UK registered ships already have the necessary basic food hygiene qualification (see Table 4). This evidence suggests that only around 20% of existing catering staff could be required to undertake the basic food hygiene training course. For the purposes of this impact assessment, this percentage is assumed. On the basis of the estimates in Table 2, it is therefore assumed that around 180 catering staff would need to undertake the basic food hygiene training course under Option 1.

In the ‘Low’ scenario, it is assumed that the training course would be undertaken on board using a Computer based training package. The total cost would be the sum of the cost of the Computer based training package (which is assumed to cost around £31 for each member of the catering staff (2012 prices)⁷) plus the cost of staff time (which is assumed to be around 3 hours as above). For the purposes of this impact assessment, it is assumed that the cost of staff time for Catering Staff on UK Registered Ships is the same as for Ships’ Cooks on UK registered ships. It is therefore assumed to be around £20.84 per hour (2012 prices). Therefore, for the ‘Low’ scenario, the costs in terms of staff time have been estimated at around £63 per member of the catering staff, so the total cost per catering staff is estimated at around £94 per catering staff (i.e. Fees + Staff Time Cost) (2012 prices). Assuming that 180 catering staff would need to undertake this training course, the total costs in the ‘Low’ scenario have been estimated at around £17,000 (2012 prices).

For the ‘High’ scenario, it is assumed that the training course would take place on land. The training course fees are assumed to be around £47 to £62 per person (2012 prices)⁸, and it is assumed that the time required to complete the course would be between 12 and 16 hours. For the ‘High’ scenario, the upper ends of these ranges are assumed. As above, it is assumed that the cost of staff time for Catering Staff on UK Registered Ships is around £20.84 per hour (2012 prices). Therefore, for the ‘High’ scenario, the cost in terms of staff time to undertake the training course has been estimated at £333 per catering staff, and the total cost of undertaking the training course has been estimated at around £396 per catering staff (i.e. Fees + Staff Time Cost) (2012 prices). Assuming that 180 catering staff would need to undertake this training course, the total costs in the ‘High’ scenario have been estimated at around £71,000 (2012 prices).

For the reasons given in Section 6.3.1, the assumed cost of staff time may be an overestimate.

For the purposes of this impact assessment, the Best estimate is that the training course would be undertaken on board the ship using a Computer based training package as it is assumed that ship operators would wish to minimise costs and disruption. Therefore, as for the ‘Low’ scenario above, the Best estimate of total cost has been estimated at around £94 per catering staff and the Best estimate of total costs has been estimated at around £17,000 (2012 prices).

However, it should be noted that the training course fees, the staff time required to attend the training course, the cost of staff time for catering staff that work on UK registered ships and the number of catering staff who would need to undertake the training course are all uncertain, and that consequently the size and direction of bias as a result of these assumptions is uncertain.

⁷ The £30 estimate quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.

⁸ The £45 and £60 estimates quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.

The above estimates suggests that the total cost of existing catering staff on UK registered ships acquiring the food hygiene certificate would be between £17,000 and £71,000, with a Best estimate of around £17,000 (2012 prices). It is assumed that these costs would be incurred within a year of the Regulations being introduced.

6.3.3. Costs of requiring new catering staff on UK registered ships to be trained to the standards of the MLC

The Regulations would also entail ongoing costs in the form of training requirements for new catering staff members - on sea-going ships operating commercially beyond 60 miles from a safe haven - that are more stringent than required under current legislation (note – the impacts on new ships cooks are discussed in Section 6.4.2. below).

For the purposes of this impact assessment, it is assumed that the cost of training new catering staff would be the same as the estimated cost of training existing catering staff (High, Low and Best estimates) as described above. Therefore, it is assumed that the cost per catering staff member would be the same as in Section 6.3.2 of this impact assessment. In addition, a staff turnover rate of the order of 10% per year has been assumed for the purposes of this impact assessment (this is based on the estimate for Ships' Cooks discussed in Section 6.4.2 of this impact assessment as no evidence is currently available for catering staff). Furthermore, the proportion of new catering staff that would obtain the necessary training in the absence of the Regulations is uncertain. For the purposes of this impact assessment, it is assumed that between 0% and 100% of new catering staff would obtain the necessary training in the absence of the Regulations, with a Best estimate that 80% of new catering staff would obtain the necessary training in the absence of the Regulations, based on the proportion of existing catering staff that are assumed to have this training (in the absence of the Regulations) at present (see Section 6.3.2).

Therefore, based on the estimates in Table 2, it is assumed that the additional number of new catering staff that would undertake the training each year as a result of the Regulations would be between 0 and 90 additional catering staff per year, with a Best estimate of around 18 additional catering staff per year.

On the basis of these assumptions, the additional costs resulting from requiring new catering staff on UK registered ships to be trained to the standards of the MLC has been estimated at between £0 and around £36,000 per year, with a Best estimate of around £2,000 per year (2012 prices). However, it should be noted that the number of additional catering staff that would undertake the training each year as a result of the Regulations is uncertain and that the uncertainties identified in section 6.1.3 of this impact assessment would also apply to these estimates, and that consequently the size and direction of bias as a result of these assumptions is uncertain.

On this basis, the present value of this cost over the 10 year appraisal period has been estimated at around £0 to £307,000, with a Best estimate of around £15,000 (2012 prices).

6.3.4. Costs of requiring additional Ships' Cooks to be employed on UK registered ships

Under the Regulations, UK registered ships (other than fishing vessels or pleasure craft) operating more than 60 miles from a UK safe haven with more than 10 crew on board would be required to have a Ships' Cook, whereas current UK legislation specifies that a Ships' Cook is only required where a UK ship (other than a fishing vessel or pleasure craft) of 1000 Gross registered Tonnage or over operates outside the Near Coastal Trading Area and the majority of crew are domiciled in the United Kingdom. Therefore, the Regulations could impose the need for some operators of UK registered ships to employ a Ships' Cook where none is currently required under existing UK legislation. This could increase the number of UK registered ships which require a Ships' Cook, potentially resulting in additional costs to some ship owners. However, it is not possible to identify accurately how many additional ship's cooks will be required because of this change. This is due to the limitations of the available evidence base. Firstly, MCA does not have reliable data on the area of operation of ships. The pattern, and where relevant, the area of operation may, where relevant, be included in the shipowner's application for a Safe Manning Document, and is considered by MCA in approving or commenting on the application, but the information stored in the database in order to issue the Safe Manning Document does not routinely include the area of operation. Area of operation may be mentioned as part of a special condition on the Safe Manning

Document. However, in that case, it would be entered in free text and therefore would not be searchable. (Note - The information in Table 2 below makes assumptions based on MCA knowledge of the industry.)

Nonetheless, there is evidence that some ships are operating within the Near Coastal Trading Area but outside the 60 mile limit. For example, one of the companies which responded to the Chamber of Shipping questionnaire in March 2010 reported that they have ten ships operating outside the 60 mile limit imposed by the new regulations, which currently carry no cook (i.e. they must be operating within the near coastal area, where a cook is not currently required), and two of these ten ships carry ten crew and so would require a ship's cook under the new Regulations, because of the new, more limited exemption on the basis of area of operation. However, there is nothing to suggest that this proportion would be representative of the UK fleet as a whole.

Secondly, for ships under 500GT, there is no Safe Manning Document, which is MCA's source for identifying which ships are required to carry a ship's cook under the existing UK legislation described above.

Thirdly, in addition, some ships which are not currently required to carry a ship's cook but which will be required to do so under the new regulations, may already voluntarily carry a qualified ship's cook or equivalent. One example is large yachts, which because they carry passengers will have a chef on board, who would more than meet the training requirements for ship's cooks. Another example is ships where a majority of crew are not domiciled in the UK, but the company nevertheless employs a ship's cook.

Fourthly, where the Safe Manning Document requires one ship's cook, there may be ships which carry more than one cook.

While MCA is aware of examples such as this, it is not possible to obtain accurate data from the Safe Manning Database of the total number of ships falling into these categories.

Therefore, MCA has no data on the total number of ships that would be required to employ a ship's cook as a result of the Regulations. Given the limitations of the available evidence base described above and the factors discussed in Section 7, it has not been considered proportionate to seek to monetise this cost. Nonetheless, it is assumed that this change would not have a major effect because many ships operating in this particular range would be smaller ships, and ships with fewer than ten crew would be exempt from the requirements of the Regulations.

6.3.5. Costs of provisions regarding the provision of food and water and the organisation and equipment of the catering department for vessels subject to the Regulations

In relation to the provision of food and water and the organisation and equipment of the catering department, industry currently follows Marine Guidance Notice MGN 397 (M+F) - 'Guidelines for the provision of food and fresh water on Merchant Ships and Fishing Vessels'. Upon the making of the Regulations, MCA is proposing to take the guidance contained in MGN 397, which is accepted industry standard practice based on the standards applied in catering ashore, and change it into a 'Merchant Shipping Notice' which has the effect of making certain existing guidelines mandatory. Fishing vessels and pleasure vessels will however be exempt from these requirements. This could potentially result in additional costs to some ship operators. However, since MGN 397 was published, MCA has been promoting compliance through ship inspections. Port Health Authorities also inspect ships to ensure that they comply with standards of hygiene and food safety. It is therefore considered likely that the majority of merchant ships are in fact already using and applying the guidance contained in it. Changing it to a mandatory requirement is therefore not anticipated to result in significant changes being required to be made by shipowners to existing provisions. It would also be very difficult to quantify the costs of compliance, since the requirements are mainly goal-setting rather than prescriptive, and the degree to which different ships comply, and the changes required to ensure compliance, could vary widely from ship to ship. Given the limitations of the available evidence base described above and the factors discussed in Section 7, it has not been considered proportionate to seek to monetise this cost.

6.3.6 Cultural and Religious needs of Seafarers.

The Regulations would also introduce requirements for the Ships' Cook to consider the religious and cultural needs of the seafarers (since this could determine the foods they choose to eat); without this

consideration, seafarers could potentially face restrictions on the amount of choice they have over their diet whilst working at sea. Since many ships have multi-cultural crews, this new statutory duty could potentially impose additional burdens on some shipowners, to meet particular religious dietary needs and to provide a range of options. Some concern was raised by consultees about the possible implications for hardware and fittings on board ships to fully meet this requirement, but no evidence of costs was provided. Indeed, the majority of responses which commented on this provision suggest that this reflects current good practice. In addition, the new assessment framework for UK ship's cooks will also ensure that ship's cooks understand and are able to meet these needs. Given the limitations of the available evidence base described above and the factors discussed in Section 7, it has not been considered proportionate to seek to monetise this cost.

6.3.7. Summary of Costs of the Regulations (Option 1)

On the basis of the above estimates, the present value of the above monetised costs of the Regulations is estimated to be around £0.30 million to around £0.77 million over the 10 year appraisal period, with a Best estimate of around £0.37 million (2012 prices). Table 1 shows the profile of the Best estimates of the monetised costs. It should be noted that estimated present value for the high scenario shown on the 'Summary: Analysis & Evidence' sheet includes another cost (see Section 6.4.2).

Table 1 – Summary of Monetised Costs (Best estimates)

Year	PV	0	1	2	3	4	5	6	7	8	9
Costs £1000s (2012 Prices)											
Costs of Top-Up Qualification for Existing Ships' Cooks	341	73	73	73	73	73	0	0	0	0	0
Cost of Existing Catering Staff Qualification	17	17	0	0	0	0	0	0	0	0	0
Costs for New Caterers	15	2	2	2	2	2	2	2	2	2	2
Total	372	91	75	75	75	75	2	2	2	2	2

6.3.8. Background evidence underpinning the illustrative estimates of the costs of the Regulations (Option 1)

Estimates of the number of existing Ships' Cooks and Catering Staff that are currently employed on the UK registered ships that would be affected by the Regulations are presented in Table 2.

The estimates of the number of UK registered ships that would be affected by the Regulations are based on MCA data on the number of UK registered ships in April 2013. Except where noted, the average number of crew has been estimated using information obtained following a MCA questionnaire sent out to Chamber of Shipping members in March 2010 prior to the public consultation. The percentage of vessels operating more than 60 miles from a UK safe haven has been assumed based on MCA staff knowledge of the operating patterns of the UK fleet and has been updated following the public consultation to bring it into line with the assumptions made in the impact assessment for the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' (DfT00193). Except where noted, the number of cooks and catering staff has been estimated on the basis of the information supplied by the Chamber of Shipping members who supplied returns based on their own operations. For the purposes of this impact assessment, the estimates of the average number of crew, cooks and catering staff determined on the basis of the information supplied by the Chamber of Shipping members are assumed to be representative for the UK fleet as a whole.

Consultees were invited to provide any additional evidence on the estimates. However, no quantified evidence was submitted.

Table 2 –Estimated Number of Cooks and Catering Staff working on UK registered ships that would be affected by the Regulations

Vessel Category	Number of UK Registered Ships	Estimated Number of Crew (Average)	% Operating more than 60 miles (Assumed)	Estimated Ships' Cooks per ship	Estimated Catering staff per Ship	Estimated Number of Ships' Cooks that would need training	Estimated Number of Catering staff that would need training
Bulker	38	25	100%	1	2	38	76
Cargo	78	30	100%	2	3	156	234
Container	149	18	100%	1	1	149	149
Offshore	141	15	100%	1	1	141	141
Other (including Tugs, barges, workboats etc)	311	<10	See paragraph below				
Passenger Ships (excluding Cruise Ships)	121	30	40%	1	2	48	97
Tanker	104	15	90%	1	1	94	94
Ro Ro cargo vessels ⁹	43	7-25 (Average 14-17)	100%	1	2	43	86
Totals	985	Not applicable	Not applicable	Not applicable	Not applicable	669	876

On the basis of the estimates presented in Table 2, the estimates in this impact assessment assume that around 700 Ships' Cooks on UK registered ships would need to undertake the relevant training under Option 1 and that around 900 catering staff on UK registered ships would need to have the relevant training under Option 1.¹⁰

It should be noted that the estimates presented in Table 2 exclude Ships' Cooks and Catering Staff working on UK registered ships that the MCA assume would not be affected by the Regulations.

Firstly, whilst tugs and barges would be covered by the Regulations, it is assumed that no Ships' Cooks and Catering Staff working on these vessels would need to undertake training as a result of the Regulations. This is because it is assumed that the majority of these vessels would operate with fewer than 10 crew members (therefore the requirement for a Ships' cook does not apply), or will only undertake domestic voyages from a UK port during which they will be no more than 60 miles of a safe haven in the UK, and will therefore be exempted from the requirement for training for catering staff. In addition, following discussions with the towage industry, MCA understand that such vessels have small crew numbers and often each crew member prepares their own food, so a designated member of the crew with food safety training would not be required. They would not therefore need to comply with the training requirements of 2014 Regulations.

Secondly, it is assumed that no Ships' Cooks and Catering Staff working on cruise liners or yachts would need to undertake training as a result of the Regulations. Cruise liners differ significantly from the other

⁹ The estimates for Ro Ro cargo vessels were supplied by UKSR and STC Branch.

¹⁰ The estimates from Table 2 have been rounded up to the nearest 100 when they are used in the analysis to be conservative.

types of vessels that are considered in Table 2 and typically have a much larger number of catering staff and Ships' Cooks on board. Yachts do not have large crew sizes but the ships' cook and catering staff will provide meals for both crew and passengers which will be a very high standard. However, whilst cruise liners and yachts would be covered by the Regulations, based on the information received in response to the questionnaire sent out to Chamber of Shipping members and the views of MCA surveyors, it is assumed that cruise liners and yachts would not tend to be affected by the requirement that Ships' Cooks would need to be trained in the standards of the MLC under the Regulations. This is because cruise liners and yachts usually employ a chef or other similarly qualified person(s) (and so already meet a higher standard). In addition, those catering staff preparing food for passengers (who are therefore qualified to the basic standard) would also tend to prepare food for the crew as well. Therefore, the MCA consider that the impact of the Regulations on cruise liners, and yachts would be likely to be minimal. For the purposes of this impact assessment, it is therefore assumed that cruise liners and yachts would not have to provide any additional training for existing staff or new staff members as a result of the Regulations.

The information in Table 3 that has been supplied by one major cruise liner company. The figures in Table 4 for yachts were supplied by UKSR and STC Branch.

Table 3 – Estimated Number of Cooks and Catering Staff working on UK Cruise Ships

Vessel Category	Tonnage	Crew size	No. of Catering Staff	No. of Ships' Cooks
Cruise Liners	63,524-148,528	640 - 1240	60 - 250	50 - 160

Table 4 – Estimated Number of Cooks and Catering Staff working on UK Yachts

Vessel Category	Number of ships on UK Ship Register	Tonnage	Crew size	No. of Catering Staff	No. of Ships' Cooks
Yacht	93	102-1,031	6-9	93 (1 catering staff per yacht)	93 (1 Chef per yacht)

Table 5 summarises the estimates and assumptions underpinning the estimated monetised costs presented above.

Table 5 - Estimates for UK Seafarers undertaking their training in the UK

	£ / Days	Source	Comment
SHIPS' COOK			
How much does it cost to undertake the current Ships' Cook course?	Around £1000 to £1500 (2010 prices)	UK based Training Institutes	Undertaking the examination by itself can cost as low as around £100 (2010 prices).
How long does the current Ships' Cook course take to complete?	Around 6 to 12 Weeks (full time)	UK based Training Institutes	
Is there any financial assistance that could be offered towards the current Ships' Cook course (applicant and or company)?	£Unknown	MCA / UK based Training colleges	The course will be eligible. However, this depends on the application for funding and how much funding is in the pot.
How much would the new Ships' Cook course cost?	Estimated to be around £800 (2010 prices)	Seafarer Training and Certification Department (MCA)	£700 for NVQ level 2 training and £100 for MLC bolt-on module (2010 prices).

	£ / Days	Source	Comment
How long would the new Ships' Cook course take to complete?	Estimated to be around 1 year (part time)	Seafarer Training and Certification Department (MCA)	
CATERING STAFF			
How many existing seafarers employed in the Catering Department would now need to be trained in the basic food preparation, handling and food storage course?	Estimated to be around 900	Table 2	
How many of the above catering staff will be responsible for preparing food for the ships' crew?	Estimated to be around 100%	Cos Members	On passenger vessels catering staff are interchangeable. Whilst they may usually prepare food for passengers, they may at some time need to prepare food for the crew.
How many of the above catering staff are estimated to already be trained in basic food and hygiene?	Estimated to be around 80%	CoS Members	A large number of the catering staff will be employed on passenger ships and it is expected that they would already be trained to the required standard.
What would be the cost per catering staff of undertaking the basic food preparation, handling and food storage training course?	Estimated to be around £45 to £60 on land, or £30 on board (2010 prices).	Training colleges and Internet	
How long would this training course take to complete?	Estimated to be around 12 to 16 hours on land, or 3 hours on board.	MCA Training and Certification	Training providers are invited to consider the course content proposed in the Annex to the Draft MSN
Would there be any financial assistance that could be offered towards this training course (applicant and or company)?	No	MCA / UK based Training Institute	
TRANSITIONAL ARRANGEMENTS FOR SHIPS' COOKS			
How many existing seafarers who currently hold a Ships' Cook Certificate would be required to undertake the "top-up" qualification required by the MLC?	Estimated to be around 700	Table 2	
How much would it cost to undertake the "top-up" qualification per Ships' Cook?	Estimated to be around £100 (2010 prices)	Seafarer Training and Certification Department (MCA)	
How long would the "top-up" qualification take to undertaken?	Estimated to be around 16 to 24 hours	Seafarer Training and Certification Department (MCA)	
Would be there any financial assistance that could be offered towards this training course	Unknown	MCA / UK based	The course would be eligible for funding, subject

	£ / Days	Source	Comment
(applicant and or company)?		Training Institute	to approval of an application.

6.4 Benefits of the Regulations

Consultees were invited to submit any evidence on the benefits of the Regulations (Option 1). No quantified evidence was provided of the benefits of the Regulations.

The benefits explored below are therefore those identified by MCA in the consultation-stage version of this IA. In relation to UK registered ships, two potential benefits of the Regulations have been identified in this impact assessment. For ease of understanding, each of these potential benefits is dealt with separately under separate headings below.

- Potential to enhance seafarer living and working conditions (see section 6.4.1 of this impact assessment); and
- Potential benefits from requiring new entrant Ships' Cooks to take an NVQ qualification with the MLC bolt-on module (see Section 6.4.2 of this impact assessment).

6.4.1. Potential to enhance seafarer living and working conditions

The additional requirements which would be put in place by the Regulations would plug the gap between existing UK requirements and those required by the MLC, with the potential to enhance living and working conditions for seafarers.

Seafarers could benefit from the Regulations as a result of better food provision. Possible impacts could include health and in turn productivity benefits from improved nutritional content, greater choice and variety, especially in respect of seafarers' cultural or religious values, and reduced probability of adverse health incidents and associated costs resulting from poor hygiene. However, it should be noted that there is no evidence currently available on this potential benefit.

6.4.2. Potential benefits from requiring new entrant Ships' Cooks to take an NVQ qualification with the MLC bolt-on module.

The Regulations will require that sea-going ships operating commercially beyond 60 miles from a safe haven with more than 10 crew must carry a Ships' Cook onboard; and that these Ships' Cooks must be trained to the standards acceptable to the UK under the MLC.

Under the current Regulations, Merchant Shipping Notice 1482 sets out the requirements for seafarers to be certified as a Ships' Cook. Ships' Cooks must hold a certificate of competency as a Ships' Cook. To qualify for a certificate, seafarers need to pass an approved examination, and satisfy one of a number of other criteria, which includes:

- Attending an approved training course or;
- Holding a specified certificate issued by the City & Guilds of London Institute; and
- Serving a minimum time at sea in a specified role.

On the basis of the available evidence from training providers when preparing the consultation-stage impact assessment, the cost of undertaking the approved existing course and examination is assumed to be up to £1500 per entrant and the cost of undertaking the examination only is assumed to be as low as £100 per entrant (2010 prices). However, it should be noted that these costs appear to vary significantly between training providers.

Under the Regulations, all new entrant Ships' Cooks would need to undertake an NVQ qualification and the MLC bolt-on module. Based on an estimate received from the Seafarer Training and Certification Department when preparing the consultation-stage impact assessment, the total cost of the NVQ and the MLC bolt-on module is assumed to be around £800 (comprising around £700 for the NVQ and around £100 for the MLC bolt-on module) (2010 prices).

This suggests that there would be the potential for some seafarers to benefit from this change if they would otherwise undertake the existing approved training course and examination in the absence of the Regulations. However, some seafarers could also incur additional costs if they would otherwise only need to undertake the examination in the absence of the Regulations. The net impact is not easily quantified. Given this uncertainty, a range of scenarios have therefore been considered below.

In terms of the number of new seafarers that would need to undertake the new training under the Regulations, a review of Ships' Cooks certificates issued over the previous 38 years that was undertaken when preparing the consultation-stage impact assessment suggested an average of 80 new certificates being issued each year. However, this figure is not restricted to those Ships' Cooks working on UK registered ships that would be affected by the Regulations, and would include Ships' Cooks working on other vessels registered with other administrations such as cruise liners. Furthermore, it should be noted that no evidence is available on how these seafarers have qualified (e.g. whether they undertook the current approved training course or just the examination).

Around 700 Ships' Cooks are assumed to work on UK registered ships that would be affected by the Regulations (see Table 2). If it is assumed that all 80 new Ships' Cooks per year would work on these ships, an approximate estimate of turnover rate of Ships' Cooks on these ships would be of the order of magnitude of around 10% per year¹¹. It is considered that this appears to be a reasonable assumption of the upper limit of the number of new Ships' Cooks that would undertake the new training each year in the absence of any other evidence. Therefore, for the purposes of this impact assessment, it is assumed that up to around 80 new Ships' Cooks would undertake the new training in each year in the future.

As noted above, it is possible that there could be additional benefits or additional costs as a result of this change.

Under the Regulations, it is assumed that all new entrant Ships' Cooks would need to undertake an NVQ qualification and the MLC bolt-on module at a cost of £830 (2012 prices)¹².

As a high estimate of the potential benefits, it is assumed that all new Ships' Cooks would undertake the current approved existing course and examination at a cost of around £1557 per entrant in the absence of the Regulations (2012 prices)¹³. Under this assumption, it is estimated that each new Ships' Cook would save around £727 under the Regulations (2012 prices). Assuming that around 80 new Ships' Cooks would undertake the training each year, the maximum total benefit each year has been estimated at around £58,000 per year (2012 prices).

As a high estimate of the potential costs, it is assumed that all new Ships' Cooks would only undertake the examination at a cost of around £104 per entrant in the absence of the Regulations (2012 prices)¹⁴. Under this assumption, it is estimated that each new Ships' Cook would incur additional costs of around £727 under the Regulations (2012 prices). Assuming that around 80 new Ships' Cooks would undertake the training each year, the maximum total cost each year has been estimated at around £58,000 (2012 prices).

In the absence of any evidence on how seafarers are currently qualifying for the certificate, the mid-point of this range (£0) is selected as the Best estimate. This effectively involves assuming that on average each new Ships' Cook would incur costs of around £830 in the absence of the Regulations (the mid-point of the range between £104 and £1557) (2012 prices). Therefore, on average, the Best estimate effectively involves assuming that there would be no additional costs or benefits to new Ships' Cooks as a result of this change.

On this basis, the net present value of the impact of this change over the 10 year appraisal period is estimated to be between around -£500,000 (a cost) and around +£500,000 (a benefit), with a Best estimate of around £0 (2012 prices).

¹¹ This estimate is rounded to the nearest 5% given the uncertainty.

¹² The £800 estimate quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.

¹³ The £1500 estimate quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.

¹⁴ The £100 estimate quoted above has been converted from 2010 prices to 2012 prices using the GDP Deflator.

However, it should be noted that both the number of Ships' Cooks that would undertake this training in each year in the future and the impact of the Regulations on the costs of this training are very uncertain, and that consequently the size and the direction of bias as a result of these assumptions is uncertain.

Furthermore, the amount of time that would be involved in undertaking the new course in comparison to the existing course is not known with certainty as they may be of different formats. Therefore, it has not been possible to determine how this would change the impact of the Regulations on the costs that would be faced by new Ships' Cooks in the future.

With regard to the training requirements, the MCA has used the course set by the Learning Skills Committee in order that it be eligible to attract funding – which may be applied for by the colleges and training institutes. This could reduce the costs to seafarers and ship operators, although to the extent that funding is received, this would represent a cost to the Government.

Table 5 – Summary of monetised benefits (Best estimates)

Year	PV	0	1	2	3	4	5	6	7	8	9
Benefits £2012 million											
Benefits from new Ship's Cook Course	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total	£0										

6.5 Familiarisation Costs

MCA will publish information about the proposed changes. The Agency has consulted with seafarer and shipowner representatives on the Tripartite Working Group on the MLC, the NMOHSC for the merchant fleet, and the Domestic Passenger Ship Steering Group. There have been a number of events publicising the changes resulting from the MLC as a whole. Indeed, the MLC itself has been available for public scrutiny since 2006. These actions will minimise the costs for shipowners, seafarers of becoming familiar with the new requirements of the proposed 2014 Regulations, the residual cost of which is considered to be too small to quantify for this element alone.

6.6 Costs for Non-UK registered ships

As the UK has ratified the MLC, once these regulations are made, the MCA would have the authority to enforce these minimum global standards for food and catering on non-UK registered vessels that call at UK ports under the no more favourable treatment clause. This could potentially lead to additional costs for the owners and operators of non-UK registered ships registered in countries which have not ratified the MLC both in terms of costs of complying with the MLC and the potential to face delays when calling at UK ports. However, the extent that the Regulations will contribute to such costs is uncertain. Furthermore, such costs would only represent a cost to the UK if they fall on UK entities (e.g. UK businesses or consumers). The extent to which this would be the case is uncertain. The costs for non-UK registered ships are discussed in detail in the impact assessment for the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' (DfT00193).

At public consultation, consultees were invited to provide additional evidence on these costs. However, no such evidence was submitted.

6.7 Benefits of UK Ratification of the MLC

Section 3 and Annex 2 discuss the overall benefits of UK ratification of the MLC. The Regulations will be necessary in order for these benefits to be realised. However, it is not possible to determine the precise contribution of the Regulations to realising these benefits.

At public consultation, consultees were invited to provide additional evidence on these benefits. However, no quantified evidence was provided of the benefits of the ratifying the MLC.

6.8 Monitoring and Enforcement

The requirements contained in the Regulations will be monitored and enforced by the Maritime & Coastguard Agency (MCA) in the UK, and other maritime safety administrations when UK ships visit ports in other countries, as part of their maritime labour inspections. The Survey and Certification costs will apply across all requirements of the MLC and are investigated in the impact assessment for the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' (DfT00193). Those regulations also include a complaints procedure for seafarers who feel they are not receiving their entitlements under the MLC, including the provisions on food and catering.

7. RATIONALE AND EVIDENCE THAT JUSTIFY THE LEVEL OF ANALYSIS IN THIS IA

The MLC was developed on a tripartite basis and is strongly supported by UK shipowner and seafarer representative organisations, which also supported UK ratification of the MLC. Discussions on the proposals for implementing the MLC provisions on food and catering at the MLC Tripartite Working Group and the National Maritime Occupational Health and Safety Committee have been non-controversial, with both sides of industry stating that they reflect current good practice. Consultation responses have confirmed that implementation of the MLC provisions on food and catering are supported by industry, reflecting current best practice.

The complex nature of the provision of food and catering, and the fact that there is considerable variation across types of ships, their operations, crew and training qualification routes affected, mean that where costs are significant, the deep level of detail included in this IA is justified. However, where costs are not significant, or where reliable data is not available, the magnitude of the implications of non-ratification of the MLC (albeit that these may not be quantifiable) mean that efforts to identify very small cost implications and/or achieve spurious accuracy, would not be in line with the government policy and IA Guidance which require a proportionate approach in order to make prudent use of taxpayer resources.

7.1. Assumptions

(a) Existing Ships' Cooks will undertake the additional "bolt on" modules, which will include:

1. Understand the importance of health and safety in catering in the maritime industry, this is already covered to a certain extent in existing qualification however specifically it will now also include :
 - Being able to identify the groups who have responsibilities in current legislation
 - Identification of the legal responsibilities of employers and employees
 - Discussing and understanding the power of enforcement officers
 - Identifying the action available to the enforcement officers in the event of non compliance
 - Stating regulations covering specific safety issues
2. Be able to identify hazards in the catering workplace onboard ship, this is already covered to a certain extent in existing qualification however specifically it will now also include :
 - Being able to identify hazards associated with working onboard a ship
 - Being able to identify and state the methods to control hazards associated with working onboard a ship
3. Understand how to plan and provide the dietary requirements for people from different cultural and religious backgrounds.

This is a new additional module and will include:

- Being able to identify the major cultural and religious groups and make up the seagoing community and
- Describe catering practices to be considered when planning and providing meals for the major cultural and religious groups making up the seagoing community.

Ships' Cooks holding existing certificates will need to **bring their qualification up to the MLC Standard** to include the above and this could be done either on board, where the size of the crew

facilitates this, or whilst on leave at some point over the 5 yrs following the MLC coming in to force for the UK.

(b) The Ships' Cook qualification will be listed on the LAD (Learning Aims Database) course and therefore enable colleges / training centres to apply for funding from the Learning Skills Council, depending on the fund awarded, this may then **reduce the course cost** to the vessel operator.

(c) Ship Owners will be able to reduce the costs of training for their catering staff to **undergo the basic food hygiene, preparation and food storage course whilst on board** by applying to MCA to run a recognised course, as run by one of the approved institutions or they can apply for approval themselves to deliver the course.

(d) **Training needn't be restricted to the UK** - training can be undertaken anywhere - in another MLC ratifying state or on board the ship - providing the syllabus follows the framework described in the MSN. The cost of providing training might be reduced compared to the estimates presented in this impact assessment if training is available at lower cost in other countries.

(e) Many of the **Passenger Ships hold a Ships' Cook exemption** because they employ a Chef who holds a higher qualification to that of a Ship's cook. For the purposes of the analysis presented in this impact assessment, it has been assumed that under the Regulations, all cruise ships and yachts will continue to operate with a chef with a higher qualification or training than a Ship's cook, and this will be accepted as a "substantial equivalence" under the Regulations.

(f) **Demonstrating equivalence** - Ship owners would also be allowed to apply for a "substantial equivalence" where they are able to demonstrate there are a number of catering staff on board who hold between them the requisite individual components equivalent to that of a Ships' Cook. This could also have the effect of reducing the cost of the Regulations.

(g) These Regulations would have very **little impact on the Passenger Ship operators**, since they ensure their catering staff are trained in basic food preparation and food storage, since the threat of a claim being made by a passenger against the operator for something like food poisoning, if it had resulted due to the catering staff not being appropriately trained, would significantly impact on the company's reputation and business.

8. RISKS

The Regulations need to be implemented in order that the UK legislation fully complies with the Maritime Labour Convention, 2006 which it has ratified on 7 August 2013.

The risks of ratifying the Convention and of not ratifying the Convention are explored in Annex 3.

9. SPECIFIC IMPACT TESTS

9.1. Equalities Assessment

The Regulations would be applicable to all seafarers working on UK sea-going vessels to which the Regulations apply, irrespective of their age, ethnic origin, gender, nationality, race, sexual orientation or disability. The Maritime Labour Convention, 2006 is based on the fundamental rights and principles of workers (Article III):

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

These proposals are therefore considered to have no adverse impact as regards statutory equality duties.

9.2 Competition Assessment

The Regulations would primarily bring existing UK legislation into line with the requirements of the MLC. The MLC aims to provide a benchmark for the decent employment of seafarers globally, and it is expected that the MLC would be very widely implemented internationally.

By introducing a set of minimum standards that apply internationally, the MLC should promote a more level competitive playing field internationally and reduce the ability of ship operators to gain a competitive advantage through poor treatment of seafarers.

It is likely that this would reduce the competitiveness of ship operators that are currently less compliant with the requirements of the MLC and improve the competitiveness of ship operators that are currently more compliant with the requirement of the MLC. However, the magnitude of this impact is uncertain.

By supporting the ratification of the MLC in the UK, it is possible that the Regulations could have an impact on competition. The precise impact would depend on how the Regulations affect relative costs.

Internationally, it is considered that the MLC is more likely to provide a competitive benefit to UK firms. Ratification of the MLC allows the MCA to issue MLC certification, which will ensure that UK flagged vessels are not subject to unnecessary delays when visiting ships in ports of ratifying states. This should ensure that UK flagged vessels do not suffer a competitive disadvantage as a result of the introduction of the MLC globally.

Consultees were invited to provide additional evidence on the impact on competition. However, no evidence was submitted.

9.3. Small Firms Impact Test

It is appropriate that the working conditions for all workers should be underpinned by common minimum standards regardless of the size of the company for which they work. Any costs arising from these proposals would inevitably have the greatest impact on small firms with a small turnover. As the MLC sets minimum standards for “decent work”, it does not generally make concessions in those standards. The UK is making use of any flexibility in the MLC designed for smaller vessels or likely to apply to small companies.

In the case of regulations on food and catering, existing legislation already applies to all ships where workers are employed, regardless of size and to all sizes of business.

For the public consultation exercise on the draft regulations, consultees included micro, small, medium and large businesses.

MCA's consultees on the Regulations include small, medium and large businesses. In addition a number of consultees including the British Chamber of Shipping, RYA and BMF have small business members, and a number of the specific consultees would be classified as small or medium enterprises.

Consultees were invited to provide additional evidence on the potential impact on small firms. However, no evidence was submitted.

More recently some concerns have been raised regarding the requirement for crew on small vessels to have basic food and hygiene training. Whilst some vessels that are not currently required to carry a Ships' Cook, or trained catering staff, may be required to do so under the Regulations, it is anticipated that the impact should be limited in respect of small vessels. The reason for this is that many small vessels operated by small businesses are considered likely to operate within 60 miles of a safe haven in the UK with less than 10 crew and to not undertake international voyages. On that basis, the requirement to have a Ships' Cook will not apply. Additionally even such vessels which operate internationally often have a small crew numbers and each crew member prepares their own food, so a designated member of the crew with food safety training may also not be required.

9.4 Health Impact Assessment

The objective of the MLC is to provide all seafarers with decent employment by setting minimum global standards for living and working conditions, providing an effective regime to ensure that those standards are enforced, and a framework for continuous improvement.

The Regulations that are the subject of this impact assessment address potential welfare issues arising from inappropriate, unhealthy or unhygienic food provision on board ships. These issues could otherwise compromise both short-term and long-term health impacts on seafarers

The MCA has also noted a growing trend in the number of obesity cases which have come to light through the UK Seafarer Medical Certification (ENG1) medical regime. Information obtained through the MCA Approved Doctor Annual Statistical analysis¹⁵ indicates the total number of those seafarers failing their medical or being restricted due to obesity and other such related conditions has significantly increased over the years. Obesity can also be linked to other conditions, most commonly those associated with the heart. Therefore, it is important that meals provide seafarers with a healthy, well-balanced diet, which will assist them in maintaining their long-term health and continued "employability". Those seafarers with weight issues tend to be monitored through time limited certificates for less than the maximum 2 year validity. Failure to lose weight may ultimately result in a failure to meet the medical standards and therefore can end any career at sea prematurely.

9.5 Human Rights

The Regulations implement provisions of the International Labour Organization's Maritime Labour Convention, 2006 which requires respect for the following fundamental rights and principles of workers (Article III):

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

There are no Human Rights compatibility issues arising from these Regulations.

9.6 Justice System

The main enforcement mechanism for these Regulations will be through the inspection and certification of UK ships under the MLC by MCA surveyors. There is however also offences and penalties laid down in the existing Regulations amended by these proposals. In the current proposals those will remain unaltered. MCA has reviewed these offences and penalties with the Ministry of Justice as part of the Gateway Clearance process ensure a consistent approach in all sets of regulations implementing the MLC.

10. REDUCING REGULATION POLICY

10.1 Direct costs and benefits to business calculations (following OILO methodology)

As these requirements are international in origin, and the proposals do not gold plate the requirements (i.e. not going beyond the minimum necessary), the measure is outside the scope of OILO.

For the purposes of estimating the EANCB, it is assumed that all monetised costs would fall on business in the absence of any evidence on the precise split between different groups.

10.2 Copy out

In preparing the Regulations, Government policy on "copy out" has been applied as a means of transposing international legal requirements wherever possible. However, the Convention was not always drafted in a manner which facilitates this approach, and further elaboration is required in some cases. Particular difficulties are:

- Requirements which are set by reference to existing "national laws, regulations and other measures", and
- Provisions which require the Member to determine a particular standard in consultation with

¹⁵ http://www.dft.gov.uk/mca/eng_1_annual_medical_report_and_summary_2012

shipowner and seafarer representative organisations.

In addition, where existing UK legislation is considered to meet Convention standards, changes to adopt the language of the Convention have not always been made to avoid costs to business from dealing with unnecessary changes.

10.3 Alternatives to regulations

Introducing the proposals without recourse to legislation has been considered but would not adequately implement the Maritime Labour Convention itself or EC Directive 2009/13 which includes the provisions of the Social Partners agreement on the MLC relating to food and catering requirements. Moreover, the Convention explicitly requires ratifying States to take action to deliver the measures. Therefore no satisfactory alternative mechanism has been identified at this stage.

10.4 Review clauses

The Regulations include a clause which requires a Ministerial review five years after they are made, and every five years thereafter in line with the “policy review” on introducing international obligations.

The basis of this review will be the “Article 22 report” required by the International Labour Organisation (ILO). Parties to the Maritime Labour Convention, 2006 will be required to submit a report to the ILO, under Article 22 of the ILO constitution, providing evidence of effective implementation of the Convention. Preparing for this review will enable the UK to establish the effectiveness of the policy (enforcement action taken) and identify any necessary amendments to UK legislation or to the Convention.

The review will examine UK MLC inspection reports and any enforcement action taken under the regulations, and port state control record of UK ships in non-UK ports. In addition, complaints from seafarers on UK ships to the UK as flag state, and from seafarers in non-UK ships in UK ports, and the results of MCA investigations will be analysed.

A continuously reducing number of serious breaches and deficiencies in UK MLC inspections and Port State inspections, and complaints to MCA would demonstrate that the regulations were improving the standards on ships.

Successful resolution of complaints would also demonstrate that the regulations were having a positive impact.

11. SUMMARY AND PREFERRED OPTION

The Regulations will implement the minimum changes required to ensure that the food and catering requirements for seafarers on UK ships fully comply with Regulation 3.2 and Standard A3.2 of the MLC. They require adequate, nutritious, varied food to be provided, which consideration to the cultural and religious needs of the crew, and will introduce new requirements for the training of ship's cooks and catering staff on board ships.

Although these changes have relatively minor impacts on UK ships, they will contribute to allowing the UK to ratify the MLC, which in turn will enable the UK to enforce the same food and catering standards on all ships calling at UK ports, whether or not they fly the flag of a country which has ratified the MLC.

12. IMPLEMENTATION PLAN

The Regulations are part of a package of Regulations that are required to allow the UK to ratify the MLC. The MLC came into force internationally on 20 August 2013.

Merchant Shipping Notices on provision of food and water and on training requirements [for Ships' Cooks and Catering Staff] will be published to accompany the Regulations which will explain the provisions and give guidance on their practical interpretation. Information will also be available on the DfT/MCA website.

The primary enforcement mechanism for these Regulations on UK ships will be through Flag State inspections for issue or renewal of a Maritime Labour Certificate. MCA surveyors will check the provisions for food and catering in the shipowners' declaration of maritime labour compliance Part II and in seafarer employment agreements. Further details about this regime are given in the impact assessment for the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' (DfT00193).

Furthermore, shipowners must have published procedures to deal with seafarers' complaints about their working and living conditions and seafarers will also have the right to complain to an MCA surveyor in the UK or to any port state control officer in other countries, if they are not receiving their entitlements. This requirement is implemented in UK law by the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' and is therefore not assessed in this impact assessment.

13 CHANGES TO CONSULTATION STAGE IA TO ADDRESS RPC OPINION

The RPC commented that it was essential that the MCA worked proactively with industry during the consultation period to develop robust monetised costs and benefits for this measure. Further information was sought through the public consultation exercise, but no quantitative evidence was provided by consultees. Following the public consultation, the analysis in the impact assessment has been reviewed and updated where possible.

The RPC also asked for clarification regarding whether there would be transition costs associated with training enforcement staff on the new requirements of this measure. MCA surveyors have already been inspecting for compliance with current food and catering regulations under the inspection of UK ships in compliance with ILO Convention 178. The cost of training surveyors to undertake MLC inspections is considered in the impact assessment for the 'Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013' (DfT00193). Given the limited changes to food and catering requirements as a result of these regulations, and the integration of the inspection process with inspection of other MLC requirements, it would not be possible to disaggregate the cost of training surveyors to inspect for this item in isolation.

13 CHANGES TO FINAL STAGE IA IN RESPONSE TO THE RPC OPINION

The RPC concluded that "The IA is fit for purpose."

However, the RPC commented that "The two proposals that could require some ships to employ a Ship's Cook and which make existing guidelines in relation to food and water provision mandatory have not been monetised. The IA explains why the impact of these proposals would be limited (ships with fewer than ten crew would be exempt from the requirement to have a Ship's Cook and the majority of ships already follow the existing guidance on food and water provision). However, the IA should have provided specific justification for why it is not proportionate to monetise the impacts of these proposals."

In addition, the RPC commented that "In addition, the IA could have explained further the potential impacts on business of the "*requirements for the Ship's Cook to consider the religious and cultural needs of the seafarers*" (page 23)."

Some changes have been made to the explanation of the above impacts in this IA in response to the RPC's comments. In addition, when making these changes, some further minor changes have been made to the IA. In particular, as the UK has now ratified the MLC, the IA has been updated to reflect this; and some other minor drafting changes have been made for consistency with other MLC IAs

Annex 1

References

No.	Legislation or publication
1	Maritime Labour Convention, 2006 http://www.ilo.org/global/standards/maritime-labour-convention/WCMS_090250/lang--en/index.htm
2	ILO (2001) The impact of seafarers' living and working conditions of changes in the structure of the shipping industry. Report JMC/29/2001/3 http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221122379_EN/lang--en/index.htm
3	European Commission (2006) Communication from the Commission under Article 138(2) of the EC Treaty on the strengthening of maritime labour standards. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0287:FIN:EN:PDF
4	ILO (2011) Advantages of the Maritime Labour Convention, 2006. http://www.ilo.org/global/standards/maritime-labour-convention/WCMS_153450/lang--en/index.htm
5	ILO (2012) Maritime Labour Convention, 2006: Frequently asked questions. http://www.ilo.org/global/standards/maritime-labour-convention/WCMS_177371/lang--en/index.htm
6	Merchant Shipping Act 1995 S.54 www.legislation.gov.uk/ukpga/1995/21/contents
7	MGN 397 Guidelines for the Provision of Food and Fresh Water on Merchant Ships and Fishing Vessels www.dft.gov.uk/mca/397.pdf
8	The Merchant Shipping (Provisions and Water) Regulations 1989 – www.legislation.gov.uk/uksi/1989/102/contents/made
9	The Merchant Shipping (Certification of Ships' Cooks) Regulations 1981 www.legislation.gov.uk/uksi/1981/1076/made

Annex 2: Background on the Maritime Labour Convention (2006)

At its 94th (Maritime) Session in February 2006 the International Labour Conference adopted the Maritime Labour Convention 2006. The Convention will come into force internationally on 20 August 2013.

The ILO's Maritime Labour Convention 2006 (MLC) provides comprehensive rights and protection at work for the world's more than 1.2 million seafarers. The Convention is a major tool in the furtherance of the Better Regulation objective of consolidation of existing legal instruments, as it consolidates and updates more than 65 international labour standards related to seafarers adopted over the last 80 years. The Convention sets out seafarers' rights to decent conditions of work on a wide range of subjects, and aims to be globally applicable, easily understandable, readily updatable and uniformly enforced. It has been designed to become a global instrument known as the "fourth pillar" of the international regulatory regime for quality shipping, complementing the key Conventions of the International Maritime Organization (IMO) (Safety of Life at Sea (SOLAS), prevention of marine pollution (MARPOL), and training and certification (STCW)).

The Convention's provisions are arranged in 5 Titles, as follows:

Title 1: Minimum requirements for seafarers to work on a ship (minimum age; medical certification; training; recruitment and placement).

Title 2: Conditions of employment (employment agreements; wages; hours of work; annual leave; repatriation; compensation for ship's loss; manning; career development).

Title 3: Accommodation, recreational facilities, food and catering.

Title 4: Health protection, medical care, welfare and social provision (medical care on board and ashore; shipowners' liability; health and safety; welfare facilities; social security).

Title 5: Compliance and enforcement

There were two criteria to be met before the MLC could come into force internationally. The first was that the Convention should be ratified by countries representing at least 33% of the world's tonnage. The second was that at least 30 countries should ratify the Convention. On 20 August, the Philippines became the 30th country to ratify the MLC, which between them represent nearly 60% of the world's fleet. Both criteria have therefore now been met.

In the UK, decisions on whether or not legislative changes are desirable and should be introduced in order to comply with a particular Convention will depend on a number of factors, including their costs and benefits, impact on other government policies, the commitment of resources and whether ratification would lead to an improvement in the level of protection for the workers concerned.

In this case, the UK played an active role in developing the Convention and fully supported the measures it contains. Command White Paper 7049 indicated the UK's commitment to ratification. Order in Council 2009/1757 declares that the MLC is ancillary to the existing Community Treaties and the MLC is considered itself to be a Community Treaty under section 1(2) of the European Communities Act 1972. The European Union has exhorted member states to ratify the Convention in full. Ratification and implementation of the Convention do not constitute any surrender of sovereignty, and do not extend European Union competence.

The UK government's social partners, the shipping industry and the seafarer's Trades Unions (see Annex 4), support prompt ratification of the Convention, so the policy of UK ratification is non-controversial. The social partners wrote jointly to Mark Prisk, then Minister for Business and Enterprise, in August 2012 pressing for rapid progress on implementation of the MLC.

Resolution 17 of the Maritime Labour Conference in February 2006 provides a two year phase in period after the Convention reaches its ratification criteria. In the first year, high priority ships (passenger ships, tankers and bulk carriers) must be issued with Maritime Labour Certificates. Within two years, all other ships must be compliant and (where appropriate) certificated. The UK will not now be among the first 30 nations to ratify and so will not benefit from this transitional period. However, the MCA has introduced early voluntary inspection of ships against MLC standards, so that both industry and unions can prepare for compliance with the Convention, and the MCA can issue documentation for UK ships in preparation for issuing certificates under the Convention when the necessary UK legislation is in place.

Annex 3: Impacts of UK Ratification of the Maritime Labour Convention (2006)

A.3.1. Context

There would be two sets of impacts from introducing the package of legislation that is necessary to implement the Maritime Labour Convention (MLC) in the UK. Firstly, there would be the costs and benefits which would be directly attributable to each of the Regulations that are necessary to implement the specific requirements of the MLC. Secondly, there would be additional costs and benefits that would arise from UK ratification of the MLC once the entire package of legislation is in place.

The costs and benefits which would be directly attributable to each of the proposed implementing Regulations for UK registered ships are considered in their respective impact assessments. Non-UK registered ships calling at UK ports may also be subjected to the requirements of MLC due to the “no-more-favourable treatment” regime. This means that a port state which has ratified the MLC will apply the same MLC standards to all ships visiting their ports, whether or not the ship's flag state has ratified the MLC. The overall costs and benefits to the UK that would arise from the package of legislation necessary for UK ratification of the MLC are the sum of the costs and benefits of each of the implementing Regulations, plus the additional costs and benefits that would arise from UK ratification of the MLC.

This annex contains a full qualitative description of the additional benefits of UK ratification of the MLC. However, due to various uncertainties and the limitations of the available evidence base, it has not been possible to monetise any of these benefits. A full qualitative description of each of the additional benefits to the UK has been provided. These additional benefits include:

- The general promotion of decent living and working conditions for seafarers;
- Contributing to the creation of a more level global competitive playing field for the shipping industry, which would reduce the competitive advantages gained by shipowners that operate substandard ships;
- Enabling UK registered ships to benefit from the system of MLC certification when operating internationally; and
- Avoiding the potential costs to UK registered ships of not ratifying the MLC

The key factors that have prevented the monetisation of all of the additional costs and additional benefits of UK ratification of the MLC include the uncertainty and limitations of the available evidence base surrounding the extent that UK ratification of the MLC would contribute to realising these costs and benefits (e.g. several of the impacts would depend upon which other countries ratify the MLC) and the extent that the impacts on UK registered and non-UK registered ships and the seafarers working on them would represent costs and benefits to the UK.

Despite the uncertainty around the scale of potential overall costs and benefits of UK ratification of the MLC, and the limitations of the available evidence base which mean that it has not been possible to monetise any of the additional costs and benefits of UK ratification of the MLC, it should be noted that the Chamber of Shipping and Seafarer's unions consider the costs of implementing the MLC to be manageable and expect that the overall benefits to the UK of UK ratification of the MLC and the package of legislation necessary to implement the MLC in the UK would significantly outweigh the overall costs to UK shipowners of UK ratification of the MLC and the package of legislation necessary to implement the MLC in the UK.

A.3.2. Scope of impacts

In considering the impacts of the MLC, the international nature of the shipping industry must be considered. Whilst impact assessments should assess all of the impacts of the policy options that are being considered, the focus of the impact assessment process is assessing the impacts of the policy options that are being considered on the UK, which includes the impacts on the public sector in the UK, the impacts on UK businesses and the third sector in the UK, and the impacts on UK consumers.

The proposed UK implementing Regulations would primarily apply to ships that are registered on the UK flag. However, UK ratification of the MLC would give the UK the right to inspect non-UK registered ships for compliance with the minimum global standards provided for by the MLC when they call at ports in the UK, and each set of regulations would therefore allow the UK to enforce these minimum global standards on non-UK registered ships visiting UK ports on a “no more favourable treatment” basis. It should also be noted that the costs of the MLC Survey and Certification regime would also result from UK ratification of the MLC; these costs are considered in the impact assessment pertaining to the Regulations necessary to implement the MLC Survey & inspection regime in the UK.

Data from the UK Ship Register (UKSR) has been used to assist in monetising some of the impacts of some of the proposed UK implementing Regulations on UK registered ships.

However, the nationality of the registration of a ship does not necessarily relate to the nationality of its owner or operator, the geographical locations that it operates, and the origins and destinations of the goods and passengers that are carried. Therefore, it should be noted that ships registered on the UK flag are not necessarily “UK owned”, and “UK owned” ships are not necessarily registered to the UK flag, and it should be noted that UK imports and exports and passengers are not necessarily transported on UK registered ships. Similarly, when considering the impacts on seafarers, it should be noted that both UK nationals and non-UK nationals work on UK registered ships, and that UK nationals also work on non-UK registered ships.

Therefore, it should be noted that the extent that the impacts on UK registered ships and non-UK registered ships and the seafarers working on them would represent costs and benefits to the UK is uncertain. For example, costs to the owners and operators of UK registered ships would not necessarily represent costs to the UK, and some of the costs to the owners and operators of non-UK registered ships could potentially represent costs to the UK.

Estimating the overall costs and benefits of UK ratification of the MLC is further complicated by the fact that the scale of potential costs and benefits depends upon the number of other countries who ratify the MLC. The main impacts on UK registered ships of UK ratification of the MLC and ratification of the MLC in other countries are illustrated in Table 1. This table also illustrates the impacts on non-UK registered ships. For the purposes of interpreting Table 1, as explained above, it should be noted that:

- UK registered ships may be UK owned or non-UK owned;
- Non-UK registered ships may be UK owned or non-UK owned; and
- Seafarers working on UK registered ships and non-UK registered ships may be UK nationals or non-UK nationals.

Table 1 – Main impacts of MLC ratification

Impacts of...	Impacts on...	Type of impact	Direct impact falls on...
UK Ratification of the MLC	UK registered ships	Survey & Certification Costs Compliance Costs Benefits of MLC provisions	Shipowners, MCA Shipowners Seafarers and Shipowners
	Non-UK registered ships	Costs of PSC inspections in UK ports, and potential compliance costs if non-compliant Benefits of PSC inspections	Shipowners, MCA Seafarers and Shipowners
Ratification of the MLC in other countries	UK registered ships	Benefits of MLC certification when calling at ports in these countries	Shipowners
		Cost of delays caused by PSC inspections in ports in these countries if not MLC-certified	Shipowners
		Costs of compliance if non-compliant with MLC standards	Shipowners
	Non-UK registered ships	Survey & Certification Costs Benefits of MLC provisions Compliance Costs	Shipowners Seafarers and Shipowners Shipowners

Whilst it is expected that the MLC will indeed be widely ratified internationally, it is not possible to predict precisely to what extent it will be ratified. Consequently, the scale of the costs and benefits of UK ratification is uncertain. For example, the benefits to UK registered ships of the system of MLC certification would mainly apply to UK registered ships that call at ports in MLC-ratifying states.¹⁶ Monetising this impact would require additional evidence on which to base assumptions regarding the operational patterns of UK registered ships, and the extent of MLC ratification amongst the port states that these ships call at. The associated risks are discussed in section A.3.4 of this annex.

A.3.3. Additional benefits of UK ratification of the MLC

This section outlines the key additional benefits that it is expected would arise as a result of UK ratification of the MLC.

1.) UK ratification of the MLC would promote decent living and working conditions for seafarers globally.

- Employment conditions for seafarers vary across the world, with some seafarers working under unacceptable conditions.
- ILO (2001) discusses some of the problems faced by seafarers globally, including poor standards of crew accommodation, nutritionally inadequate food, and not receiving the same quality of medical care as available to land-based workers.
- By providing minimum rights for all seafarers that are globally applicable and uniformly enforced, the MLC promotes decent working and living conditions for seafarers globally, with the European Commission (2006) suggesting that the MLC “can help to bring about more homogeneous employment conditions for the benefit of seafarers”.
- One of the ILO fundamental rights and principles on which the MLC is based is to eliminate discrimination in respect of employment and occupation (MLC Article III(d)). One of the underlying principles of the MLC is therefore to ensure that seafarers, as far as practicable, are not discriminated against but enjoy the same living and working conditions as employees ashore

¹⁶ The MLC Certification regime, together with the “no more favourable treatment” clause, will bring competitive benefits to all UK ships to the extent that they are competing globally, as explained in A3.3. section 3.

enjoy. This benefit would mainly accrue to seafarers whose current employment conditions fall short of the MLC standard, and would therefore have to be improved as a result of the MLC.

- ILO (2011) discusses the mechanisms that would ensure that the benefits of the MLC for seafarers would be realised, including that the MLC provides improved “enforcement of minimum working and living conditions” and the right “to make complaints both on board and ashore”.
- As UK registered ships already broadly comply with most of the standards required by the MLC, it is expected that seafarers working on non-UK registered ships would benefit to a greater extent. UK nationals working on non-UK ships would be among those to benefit in this way, although no data is available to quantify the magnitude of this potential benefit.
- The MLC requires wide international implementation (which it is expected to get) in order to be fully effective for all seafarers, and hence UK ratification could drive further benefits by providing additional incentives for other countries with ships calling at UK ports to ratify the MLC.

2.) UK ratification of the MLC would enable UK registered ships to benefit from the system of MLC certification.

- ILO (2011) notes that one of the benefits of the MLC is that it protects “against unfair competition from substandard ships through ‘no more favourable treatment’ for ships of non-ratifying countries”.
- Regardless of whether the UK ratifies the MLC, UK registered ships would still be subject to the provisions of the MLC on a ‘no more favourable treatment’ basis when visiting foreign ports in countries that have ratified the MLC. This means that UK registered ships operating internationally would be required to comply with the standards of the MLC when visiting ports in ratifying countries whether the UK has implemented the MLC or not.
- The ILO Guidelines on Port State Control state that possession of a valid Maritime Labour Certificate should be considered as *prima facie* evidence that the ship complies with the MLC. MLC certification is only available through a vessel’s flag state administration, hence non-ratification of the MLC in the UK would be expected to put UK Registered ships at a disadvantage as they would lack MLC certification which is a deficiency under the MLC even if they are otherwise in compliance with the MLC standards.
- Under the ILO Guidelines on Port State Control, failure to hold such a certificate, and the accompanying documentation, would give the Port State sufficient reason to subject the vessel to a more detailed inspection – although if conditions on board are found to be good then the inspection may not need to be extensive (this would be at the discretion of the PSC officer). Part of the documentation is a record of the national legislation applying to the vessel concerned. Where there is no documentation, the Port State Control inspectors may apply inappropriate standards from their own national interpretation of the MLC standards – particularly where the MLC standards are expressed in general terms.
- Therefore, the absence of an MLC certificate could potentially subject UK registered ships to longer delays in port than they would otherwise face as port states verify compliance with the MLC through port state control procedures. The benefits of UK ratification, in terms of the costs of non-ratification thereby avoided, would only apply when calling at ports of MLC-ratifying states.
- Furthermore, it should be noted that serious or repeated non-compliance with the MLC could also result in UK registered ships being detained in foreign ports in countries that have ratified the MLC.
- When the new EC directive on port state control is fully in force, ships would be considered as high, medium or low risk. UK ships are currently considered as low risk, minimising the frequency of inspection under PSC in Europe. If the UK does not ratify the MLC and so UK ships have no MLC documentation, this may over time affect the ranking of UK ships for PSC purposes, potentially leading to increases in the frequency of inspections.

3.) UK ratification of the MLC would promote a more level competitive playing field for shipping globally.

- At present, ship operators which operate substandard ships can gain a competitive advantage. This is because shipowners operating substandard ships can potentially gain a cost advantage and undercut shipowners which provide seafarers with decent conditions of work.
- UK ships generally have reasonably good employment conditions, and therefore operate with higher operating costs than ships registered on many other flags. UK ratification of the MLC would therefore benefit UK shipowners by ensuring that ships registered on other flags that call in UK ports would need to apply the minimum global standards of MLC and so lose some of their competitive advantage on costs.
- ILO (2011) reports that a benefit of the MLC would be a “more level playing field to help ensure fair competition and to marginalize substandard operations”.
- By enabling countries that ratify the MLC to enforce the minimum global standards provided for in the MLC on foreign registered ships that call at their ports on a “no more favourable treatment” basis, the MLC will help to create a more level competitive playing field and help to ensure fairer competition by limiting the scope for ship operators to gain a competitive advantage through operating substandard ships.
- As a consequence, the European Commission (2006) suggests that the MLC “should help to stabilise the maritime transport sector in the face of global competition and reduce the double gap between, firstly, European and third country operators and, secondly, between the different flags which favours *de facto* those maritime nations and operators with the least stringent social legislation.”
- The impacts of each set of proposed UK implementing Regulations on competition are fully discussed in the competition assessment contained in their respective impact assessments.

A.3.4. Risks of UK ratification of the MLC

The MLC will come into force in August 2013, after ratification by 30 flag states representing at least 33% of the world fleet tonnage. The benefits arising from ratification of the MLC will depend on how widely the MLC is implemented. Therefore, the main risk associated with ratifying the MLC is that the UK introduces new legislation to implement the MLC, but that subsequently the MLC only achieves a low take-up internationally. This would reduce the potential benefits and could potentially put UK-registered ships at a competitive disadvantage. However, it is likely that the MLC will be widely ratified internationally due to the high level of commitment from all sides.¹⁷

A.3.5. Risks to the UK of not ratifying the MLC

There are a number of risks to the UK associated with not ratifying the MLC. These include:

- The risk of EU infraction proceedings;
- The risk of negative impacts on the competitiveness of UK registered ships; and
- The risk of negative impacts on the competitiveness of the UK Ship register.

Failure to implement the Social Partners Agreement on the MLC which is annexed to Council Directive 2009/13/EC within 12 months of the coming into force date of the MLC would leave the UK open to infraction proceedings. This risk would apply to most of the UK implementing Regulations. The Social Partners Agreement covers the MLC provisions on minimum age, medical certification, seafarer employment agreement (SEAs), repatriation, hours of work, annual leave, shipowner liability and

¹⁷ See Question A18 in ILO (2012).

And : ILO Maritime Labour Convention, 2006 A Guide for the Shipping Industry Page 8, Coverage

seafarer compensation, food and catering, medical care, health and safety, and complaint procedures. However, it should be noted that the Social Partners Agreement does not cover all of the MLC provisions, such as on wages, social security and most of the technical standards relating to crew accommodation.

If the UK does not ratify the MLC, there would be some short term cost savings to shipowners and to government by not having to implement the revised standards in the MLC. However, regardless of whether the UK ratifies the MLC, UK registered vessels would still be subject to the provisions of the MLC on a “no more favourable treatment” basis when operating in foreign ports in countries that have ratified the MLC. Consequently, there could potentially be a risk that UK ships operating in foreign ports would be inspected for MLC compliance as part of Port State Control regime inspections in countries that have ratified the MLC, and would be unable to evidence their compliance with MLC due to the UK not being able to issue MLC Certificates of Compliance.

Since 2006, MLC has been widely recognised in the shipping community as the fourth pillar of quality shipping (alongside the IMO Conventions on Safety of Life at Sea (SOLAS), prevention of marine pollution (MARPOL), and training and certification (STCW)). It is anticipated that MLC certification would become a sign of quality for shipowners in the early years of international implementation. There could be a disincentive to shippers to charter non-MLC certified ships, thus potentially damaging the business won by ships on the UK ship register if the UK does not ratify the MLC.

There would also be an impact on the reputation of the UK’s shipping industry and the UK ship register if the UK does not ratify the MLC, as this could be seen as a rejection of modern standards agreed by the global shipping industry. Since both the UKSR and UK shipping market themselves on grounds of quality, this impact could be severe.

Over time, the UK’s inability to issue statutory MLC documentation may discourage shipowners from registering their ships with the UK, and they may be more likely to choose a flag which can provide them with a certificate of MLC compliance, particularly if their ship already broadly meets the requirements of the MLC. Existing UK shipowners may also transfer to other flags if the UK cannot issue them with the documentation they need to operate efficiently, and to demonstrate that they operate quality ships.

Delay in the UK’s ratification of the MLC continues to reduce the time available to UK shipowners and to the UK and Red Ensign Group administrations to ensure that ships are prepared for and certified in accordance with the MLC before it comes into force internationally.

As the UK is not among the first 30 flag states to ratify the MLC, the transitional period between UK ratification and the MLC coming into force, which is the time available for UK shipowners to bring their ships into compliance with the MLC, is very limited. This also limits the time available for the MCA, as the competent authority, to survey and certify UK flagged ships, putting a strain on limited resources. There is a risk that, if the period between UK ratification and the international coming into force of the MLC is short, the MCA will be unable to complete certification within the time available.

A.3.6. Conclusion

1. Due to various uncertainties and the limitations of the available evidence base, it has not been possible to monetise any of the overall costs and benefits of UK ratification of the MLC.
2. Key additional benefits of UK ratification of the MLC include promoting decent living and working conditions for seafarers globally, enabling UK registered ships to benefit from the system of MLC certification and promoting a more level competitive playing field for shipping globally.
3. Despite the various uncertainties and limitations of the available evidence base, the UK Chamber of Shipping and Seafarer’s unions expect that the benefits to the UK of ratification of the MLC would significantly outweigh the costs to the UK.
4. The key risk to the UK of ratifying the MLC before it comes into force internationally is that the UK introduces new legislation to implement the MLC but that subsequently the MLC only achieves a low take-up internationally. This would reduce the potential benefits and could potentially put UK-registered ships at a competitive disadvantage. However, this is thought to be a low risk.

5. The key risks to the UK of not ratifying the MLC include the risk of EU infraction proceedings, the risk of negative impacts on the competitiveness of UK registered ships and the risk of negative impacts on the competitiveness of the UK Ship register.

Annex 4 - Shipowner and seafarer representatives

As the MLC, 2006 is an ILO Convention, it was negotiated on a tripartite basis between Governments, and representatives of the two sides of industry (shipowner and seafarer representatives).

In implementing the Convention, governments are also required to work in a tripartite manner. In the UK, the MCA has consulted with a Tripartite Working Group (TWG) to develop policy for its regulations and guidance.

The members of the TWG are:

Government Representatives

Department for Transport (Maritime Employment, Pensions and Training Branch)

The Maritime and Coastguard Agency

A representative of the other administrations of the Red Ensign Group (UK Crown Dependencies and UK Overseas Territories)

Shipowner representatives

The British Chamber of Shipping

The British Tugowner Association

Seafarer representatives

Nautilus International

National Union of Rail Maritime and Transport Workers

Unite

Other organisations have been invited to attend on an ad hoc basis.

P&I Clubs

P&I stands for Protection and Indemnity. P&I is insurance in respect of third party liabilities and expenses arising from owning ships or operating ships as principals. An insurance mutual, a Club, provides collective self insurance to its Members. The membership is comprised of a common interest group who wish to pool their risks together in order to obtain "at cost" insurance cover.

Annex 5 - Glossary of Terms

This glossary defines terms as they are used in this Impact Assessment and may not fully align with any legal definition. Where the definition is an exact legal definition, the source is quoted.

Ship includes any description of vessel used in navigation (*Merchant Shipping Act 1995 s.313*) other than one which navigates exclusively in inland waters or waters within, or closely adjacent to, sheltered waters or areas where port regulations apply. (*Article II.1(i)*) The Convention applies to all ships which are ordinarily engaged in commercial operations (*Article II.4*)

The UK therefore proposes to apply the provisions of the Convention to:

- all UK vessels which operate either on international voyages, or from a foreign port; and
- all UK vessels operating on UK domestic voyages which operate more than 60 miles from a safe haven in the UK;

UK ship [also UK-registered ship, UK flagged ship] : a ship on the UK Ship Register or an unregistered ship which is wholly owned by British or British Dependent Territories citizens or British Overseas citizens, or by a body corporate established under the laws of any part of the UK. (*Merchant Shipping Act 1995 s.85(2)*)

Non-UK [registered, flagged] ship: a ship registered to or flying the flag of a country other than the United Kingdom.

Shipowner: means the owner of a ship or another organization or person, such as the manager, agent or bareboat charterer, who has assumed the responsibility for the operation of the ship from the owner and who, on assuming such responsibility, has agreed to take over the duties and responsibilities imposed on shipowners in accordance with this Convention, regardless of whether any other organization or persons fulfil certain of the duties or responsibilities on behalf of the shipowner (*Maritime Labour Convention Article II .1(j)*)

UK shipowner means the shipowner of a UK registered/flagged ship.

Seafarer means any person who is employed or engaged or working in any capacity on board a ship.

UK seafarer means a seafarer of any nationality working on a UK ship.

Fishing vessel: means any ship or boat, of any nature whatsoever, irrespective of the form of ownership, used or intended to be used for the purpose of commercial fishing.

Fisherman means every person employment or engaged in any capacity or carrying out an occupation on board any fishing vessel, including persons working on board who are paid on the basis of a share of the catch, but excluding pilots, naval personnel, other persons in the permanent service of a government, shore-based persons carrying out work aboard a fishing vessel and fisheries observers.

Flag State: the authority under which a country exercises regulatory control over commercial vessels operating under its flag.

Port State: the authority under which a country exercises regulatory control over commercial vessels operating under the flags of other countries which call at ports in its territory.

The International Labour Organization (ILO): the tripartite UN agency which brings together governments, employers and workers of its members states in common action to promote decent work. (*From ILO website: www.ilo.org*)

The Maritime and Coastguard Agency (MCA): an Executive Agency of the Department for Transport, responsible for implementing throughout the UK the government's maritime safety policy. The MCA is responsible for implementing the legislation required to allow the UK to ratify the MLC, and will have the primary role in enforcing MLC standards on UK ship and on non-UK ships calling at UK ports.

Gross Tonnage: a measurement of volume (not weight) relating to a ship's enclosed spaces

Draught: the depth of water necessary to float a ship, or the depth a ship sinks in water

PSC deficiencies : Where specific aspects of the living and working conditions on board a ship do not conform to the requirements of the MLC and deadlines for their rectification have been set by an inspecting officer.

PSC (Flag State) detention : Where conditions on board a ship are clearly hazardous to the safety, health or security of seafarers or the non-conformity constitutes a serious or repeated breach of the requirements of the MLC, including seafarers' rights.

ISM : International Safety Management Code is the SOLAS system for managing the safe operations of ships and for pollution prevention.

Paris MOU : A memorandum of understanding signed by 27 participating maritime Administrations who cover the waters of the European coastal States and the North Atlantic basin from North America to Europe. It seeks to eliminate the operation of sub-standard ships through a harmonized system of port State control inspections.

"sea-going" in relation to a UK ship:

(a) a ship in respect of which a certificate is required to be in force in accordance with-

- (i) the Merchant Shipping (Load Line) Regulations 1998
- (ii) the Merchant Shipping (Vessels in Commercial Use for Sport or pleasure) Regulations 1998 or
- (iii) the Merchant Shipping (Small Work boats and Pilot Boats) Regulations 1998,

(b) a passenger ship of class I,II,II(A), III, VI or VI(A) in respect of which a certificate is required to be in force in accordance with the Merchant Shipping (Survey and Certification) Regulations 1995, or

(c) a high speed craft in respect of which a permit to operate outside waters of Categories A,B,C or D is required to be in force in accordance with the Merchant Shipping (High Speed Craft) Regulations 2004(5). (*Merchant Shipping (Maritime Labour Convention)(Medical Certification) Regs 2010*)