

## Summary: Intervention & Options

<b>Department /Agency:</b> MCA	<b>Title:</b> Impact Assessment of proposed Regulations to implement Directive 2006/87/EC on technical requirements for Inland Waterway vessels.	
<b>Stage: Public consultation</b>	<b>Version: 9</b>	<b>Date: 01 March 2010</b>
<b>Related Publications:</b> Directive 2006/87/EC (as amended) on Technical requirements for inland waterway vessels		

**Available to view or download at:**

<http://www.mcga.gov.uk/Guidance and Regulations/Inland Waterways/EC Directive...>

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What is the problem under consideration? Why is government intervention necessary?

As an EC Member State, the UK is obliged to implement the above Directive, but may derogate in respect of certain vessels because the UK's designated inland waterways are unlinked to those of other EU Member States.

What are the policy objectives and the intended effects?

The UK intends to implement this Directive, as per option C below. The effect of this will be that:

- vessels that operate only within the UK, and meet UK requirements, will be unaffected by the Directive;
- the UK's existing safety regime for domestic passenger ships (developed as a result of the Marchioness disaster) is retained and safeguarded;
- passenger vessels with Community (or Rhine) certificates will have to satisfy certain additional (UK) safety requirements in order to operate within the UK, which match the current requirements under existing regulations.

What policy options have been considered? Please justify any preferred option.

- A. Derogate fully from the Directive requirements, and take no further action.
- B. Derogate fully from the Directive, and notify Commission of additional UK requirements for passenger vessels with community certificates, and UK Regulations deemed equivalent to Directive.
- C. Implement the Directive but derogate in respect of specific classes of vessels on UK inland waterways. Apply additional requirements to passenger vessels with Community certificates.
- D. Implement the Directive, and require individual vessel owners/operators to apply for exemption from the requirement for their vessels to hold a Community certificate.

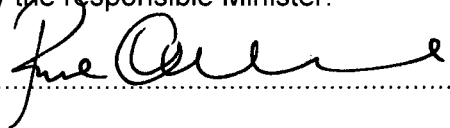
**Option C** is the preferred policy option as it is believed to satisfy the two main criteria, that of maintaining the UK domestic safety regime and meeting our obligation to transpose EU directives.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Directive 2006/87/EC will be subject to an ongoing review, and amendment at two-yearly intervals. The UK will keep a watch on that process and participate in the relevant forums as appropriate.

**Ministerial Sign-off** For consultation stage Impact Assessments:

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

Signed by the responsible Minister:



..... Date:

## Summary: Analysis & Evidence

Policy Option: C

Description: Implement the Directive but derogate in respect of specific classes of vessels on UK IWs. Apply additional requirements to passenger vessels holding Community certificates.

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' No monetised costs
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£ N/A	N/A	
	<b>Average Annual Cost</b> (excluding one-off)		
	£ N/A	N/A	<b>Total Cost (PV)</b> £ 0
Other <b>key non-monetised costs</b> by 'main affected groups' 1) Compliance, survey and certification costs could arise for UK vessels that are to operate on Community Inland Waterways on mainland Europe. However, few commercial vessels are expected to transfer either way at present, and such vessels would be expected to be subject to the Community requirements regardless of the proposed Regulations.			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' No monetised benefits
	<b>One-off</b>	<b>Yrs</b>	
	£ N/A	N/A	
	<b>Average Annual Benefit</b> (excluding one-off)		
	£ N/A		<b>Total Benefit (PV)</b> £ 0
Other <b>key non-monetised benefits</b> by 'main affected groups' 1) Implementing the proposed Regulations would allow the UK to meet its European obligations and avoid the risk of infraction proceedings. 2) There could be a benefit to the operators of inland waterways passenger vessels from other member states, which would be subject to inspections rather than surveys under the proposed Regulations.			

**Key Assumptions/Sensitivities/Risks** 1.) Few UK inland waterway commercial vessels are likely to operate in other EU countries at present, although a number of private pleasure vessels may do. 2.) Few vessels from EC States are expected to come to the UK currently, although some vessels are expected to come to the Thames towards the 2012 Olympics. 3.) There is no effect on, or additional costs for, those operating vessels only in the UK, due to UK exemptions. 4.) Given uncertainties and the limited available evidence base, it has not been possible to monetise the costs and benefits identified in the IA.

Price Base Year 0	Time Period Years 0	<b>Net Benefit Range (NPV)</b> £ 0	<b>NET BENEFIT (NPV Best estimate)</b> £ 0
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What is the geographic coverage of the policy/option?		UK - National	
On what date will the policy be implemented?		[30/06/2010]	
Which organisation(s) will enforce the policy?		MCA	
What is the total annual cost of enforcement for these organisations?		£ insignificant	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		No	
What is the value of the proposed offsetting measure per year?		£ N/A	
What is the value of changes in greenhouse gas emissions?		£ N/A	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium      Large
Are any of these organisations exempt?	No	No	N/A      N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)	
Increase of £ 0	Decrease of £ 0	<b>Net Impact</b>	£ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

# Evidence Base (for summary sheets)

## 1 Background

### 1.1 General

EU Directive 2006/87/EC lays down technical requirements for inland waterway (IW) vessels, including passenger ships (those carrying more than 12 passengers). The UK did not meet the transposition deadline of 30 December 2008, but we envisage that implementation will be complete by the middle of 2010. There is some risk of infraction proceedings within that period.

### 1.2 UK Scope to derogate

Because its inland waterways are not linked to other Community waterways, the UK is utilising the provision for derogation from the Directive, under Article 7(1). This means that vessels which operate only on inland waterways within the UK, and meet applicable UK requirements, will be exempted from the requirement to obtain a Community inland navigation certificate. They will continue to be covered by the relevant UK legislation.

## 2 Rationale for Government Intervention

As an EC Member State, the UK is obliged to implement Directive 2006/87/EC, but may derogate in respect of certain vessels because the UK designated inland waterways are unlinked to those of other EU Member States. Government intervention is therefore required to implement Directive 2006/87/EC in the UK.

## 3 Options

There are four possible options:

A. Do Nothing. Derogate fully from the Directive requirements, and take no further action.

B. Derogate fully from the Directive, and notify Commission of additional UK requirements for passenger vessels with community certificates, and UK regulations deemed equivalent to Directive.

C. (Proposed) Implement the Directive but derogate in respect of specific classes of vessels on UK inland waterways. Apply additional requirements to passenger vessels with Community certificates.

D. Implement the Directive, and require individual vessel owners/operators to apply for exemption from the requirement for their vessels to hold a Community certificate.

**Option C** is the preferred policy option as it is believed to satisfy the two main criteria, that of maintaining the UK domestic safety regime and meeting our obligation to transpose EU directives. By adopting this policy, it is hoped that the Commission will consider our obligations met, and therefore cease the infraction proceedings that UK is currently subject to on Directive 2006/87/EC.

## 4 Benefits of the proposed Regulations (Option C)

The UK's implementation of this Directive, and associated derogation for specific classes of vessels operating on IWs, are being put in place to:-

- avoid infraction proceedings;
- respect EU Single Market principles;

- safeguard the UK's safety regime for inland waterway passenger vessels (enhanced following the MARCHIONESS disaster;
- avoid substantial compliance costs that would arise if non-passenger (eg freight) vessels that operate only within the UK were required to comply with the standards laid out in the Directive; and
- potentially reduce costs for EC passenger vessels coming to the UK with a Community (or Rhine) Certificate, because they will not normally have to undergo full survey and certification procedures.

The technical requirements of the Directive are substantially based on those developed for vessels operating on the Rhine, and reflect the scale of vessels and operations on that and similar waterways, as well as an historically different approach to inland waterway vessel standards.

A similar case exists in relation to the standards laid out in the Directive for non-passenger vessels. These standards relate to the much larger operations and vessels that operate on mainland Europe, and the requirements of the standard are proportionally higher. The standards of the UK need not be so onerous due to the size and extent of our inland waterways. Requiring the UK fleet to comply with the standards laid out in the Directive would incur substantial costs to our operators, as they brought their vessels up to the level required in the Directive.

The UK's national safety regime for inland waterway passenger vessels (developed post-Marchioness) will be unaffected by the Directive. However, UK passenger vessels will need to obtain and carry a Community (or Rhine) certificate in order to operate on the (non-UK) Community waterways of mainland Europe, as listed in Annex I of the Directive. Vessel owners/operators will need to arrange this with the relevant authority/ies in one of the member State in which they are to operate.

In the UK, there is currently no parallel safety regime for non-passenger vessels on inland waterways. The only regulations that currently apply cover basic requirements for the carriage of life saving, and fire safety, appliances. Those requirements are not underpinned by any survey regime, although these vessels may be inspected by MCA. It is intended that UK non-passenger inland waterways vessels will be covered, in due course, by separate regulations underpinning a set of bespoke National Standards, developed to suit the scale of vessels and operations, and the navigational environments, encountered on UK inland waterways. There will be a separate IA for those regulations.

## **5 Costs of proposed regulations (Option C)**

### **5.1 UK passenger vessels (i.e. those carrying more than 12 passengers)**

Due to the UK's derogation, the technical requirements laid down in the Directive will not be applied to inland waterway passenger vessels operating only in the UK, provided they comply with applicable UK requirements. There will thus be no additional costs incurred by the owners and operators of those vessels.

However, the relevant requirements of the Directive will apply to vessels that are to be operated on the designated inland waterways of other EC Member States (as listed in Annex I of the Directive). The additional cost to UK inland waterway passenger vessels seeking to operate in other member States would be insignificant in most cases, because the UK's requirements for these vessels are comparable with, and more onerous in some respects than, the Community requirements. In addition, such vessels would be expected to be subject to the Community requirements regardless of the proposed regulations, as the remaining member states in Europe are expected to transpose the Directive.

## **5.2 UK non-passenger vessels**

Due to the UK's derogation, the technical requirements laid down in the Directive will not be applied to inland waterway non-passenger vessels (e.g. freight vessels and workboats) operating only in the UK, provided they comply with applicable UK requirements. There will thus be no additional costs incurred by the owners and operators of those vessels.

For UK non-passenger inland waterway vessels seeking to operate on the designated waterways of other EC Member States, however, the additional compliance costs are potentially much greater. This is because, the range of requirements (including construction standards) that have to be satisfied for a non-passenger vessel to obtain a Community certificate is very much wider than the requirements that currently apply to such vessels within the UK. The MCA expect, however, that few commercial UK vessels, passenger or non-passenger, would seek to operate in other EC Member States in the near future. In addition, such vessels would be expected to be subject to these requirements regardless of the proposed regulations, as the remaining member states in Europe are expected to transpose the Directive.

## **5.3 UK private pleasure vessels**

Private pleasure vessels operating only on UK inland waterways will be unaffected by the proposed regulations, on a similar basis to commercial vessels.

As the Directive applies, however, to such vessels over 20m in length, they will need to satisfy the relevant "recreational craft" requirements for a Community certificate if they are to operate on Community waterways within mainland Europe. However, such vessels would be expected to be subject to these requirements regardless of the proposed regulations, as the remaining member states in Europe are expected to transpose the Directive.

## **5.4 Passenger vessels wishing to operate in the UK with Community certificates**

The UK will recognise Community, and Rhine, certificates carried by inland waterway passenger vessels from other EC Member States. However, in order to operate within the UK, these vessels may have to meet certain additional technical requirements in line with the existing UK Domestic regime and requirements. This is because some of the UK safety requirements concerning the carriage of Life Saving Appliances, and wheelhouse visibility, are higher than those laid down in the Directive.

Currently, the MCA subjects incoming passenger vessels from another member State to a full survey. This is resource-intensive, and a fee is levied on the vessel owner/operator at the current statutory rate of £94 per hour. However, under the proposed Regulations, passenger vessels holding Community (or Rhine) certificates will be inspected by MCA to determine whether they meet those additional UK requirements. Such inspections will not attract the statutory fee, and are less intensive and time consuming than a full survey. This change could thus represent a benefit to some vessel operators.

The MCA expect the number of such vessels seeking to operate on UK inland waterways to be low currently, but that this will probably increase during the run-up to the 2012 Olympics, when it is expected that some EC passenger vessels may wish to operate on the Thames.

## **5.5 Non-passenger vessels wishing to operate in the UK with Community certificates**

Non-passenger vessels from other EC Member States, that hold Community certificates, will have had to satisfy a far wider range of requirements (including construction standards) than UK non-passenger vessels. Currently, the latter are subject only to basic requirements for the carriage of life saving, and fire extinguishing, appliances. A non-passenger inland waterway vessel with a Community (or Rhine) certificate will be accepted as fully satisfying UK

requirements, and MCA will not inspect these vessels in order for them to operate in the UK. They will however be subject to occasional inspection under the same terms as corresponding UK vessels (of Class IX(A) or IX(A)(T)). There will consequently be no additional costs to non-passenger vessels seeking to operate in UK inland waterways, with Community certificates.

## **5.6 The MCA**

Because the UK is utilising the derogation provisions in the Directive, inland waterway vessels that meet applicable UK national requirements will not have to meet the technical requirements laid down in the Directive, and hold a Community certificate. The UK safety regime for domestic passenger ships (developed following the MARCHIONESS disaster) will therefore be unaffected. Similarly, the (basic) UK requirements for inland waterway non-passenger vessels will remain. Therefore, the Directive will not cause any change to the MCA's cost burden of surveying, certifying or inspecting UK inland waterways vessels that operate only on UK inland waterways.

In line with the UK's derogation, MCA will not carry out surveys under the Directive, or issue Community certificates. Therefore, MCA's current survey and certification regime will be unaffected and there is no change to the current associated cost burden for MCA.

For passenger vessels holding Community Certificates and wishing to operate in the UK, there is a difference between action taken by MCA before, and after, implementation of the Directive. Currently, the MCA subjects incoming passenger vessels from another member State to a full survey. This is resource-intensive, and a fee is levied on the vessel owner/operator at the current statutory rate of £94 per hour. Under the proposed Regulations, if the incoming passenger vessel holds a Community (or Rhine) certificate, it will not be surveyed. It may however be inspected (a less intensive exercise) specifically in respect of those UK passenger vessel safety requirements identified as additional to those laid down in the Directive .

Such inspections will not attract the statutory fee, and are less intensive and time consuming than a full survey. Therefore, implementation of the Directive could represent a resource saving to the MCA and a cost saving to the owners/operators of incoming inland waterways vessels from other Member States.

For non-passenger vessels, implementation of the Directive represents no change to the current survey or inspection regime, and so no change to costs incurred by the MCA. The MCA may inspect such vessels as it does corresponding UK ("Class IX(A)" or "IX(A)(T)") vessels. If they hold Community (or Rhine) certificates, these EC vessels will already have met a much wider range of requirements than the UK currently has in place for such vessels.

## **5.7 Summary of costs of the proposed Regulations (Option C)**

Given the low, but uncertain, numbers of vessels from other Member States expected to seek to operate on UK inland waterways, insignificant cost to owners/operators of UK passenger vessels seeking to operate in the designated waters of other Member States, and no change to the certification regime of UK vessels operating solely on UK waters, the costs of implementing the Directive have not been quantified for this consultation stage Impact Assessment.

## **6 Future review of the Directive**

The Directive has a built-in facility for review and amendment on an ongoing basis. This is to ensure that harmonisation with the Rhine rules is maintained, and it reflects advances in vessel technology, safety and accepted best practice. There have so far been three sets of amendments to the technical Annexes of the original Directive 2006/87/EC: 2008/87/EC; 2008/126/EC; and 2009/46/EC. It is expected that future amendments will be issued at two yearly intervals. The UK will keep a watch on the development of those amendments to ensure that UK commercial interests are safeguarded.

## **7 Specific Impact Tests**

### **7.1 Small firms impact test**

A large proportion of inland waterway operators are small firms. However, the proposed Regulations would apply to all operators in the inland waterways sector, and no one area of the industry is penalised over others. There will be no changes in respect of vessels that only operate on inland waterways within the UK, and therefore no negative impact on UK operators.

The Directive applies to all vessels operating on the inland waterways of Europe. The specific requirements will have to be met by each vessel regardless of the company operating it. Consequently no specific impact on small firms is envisaged in implementing these regulations.

### **7.2 Competition assessment**

The inland waterway industry is highly fragmented, and includes individual operators as well as larger concerns. The proposed Regulations would apply to all operators in the inland waterways sector. There will, however, be no changes for vessels operating only within the UK. Equally the status quo will be maintained for vessels temporarily operating within the UK, as our Domestic standards must still be met but as applied through the requirements of the Directive. The MCA therefore consider that the proposed Regulations will not have a significant impact on competition.

### **7.3. Race Equality, Gender Equality, Disability Equality**

The MCA believes that the proposed regulations will have no negative impact on race, gender or disability equality. Please see Annex 1 for further information.

## Specific Impact Tests: Checklist

<b>Type of testing undertaken</b>	<b><i>Results in Evidence Base?</i></b>	<b><i>Results annexed?</i></b>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No

# Annexes

## Annex 1:

<b>Name of the function, policy or strategy – Current or proposed: Implementation of Directive 2006/87/EC – Laying down technical requirements for inland waterway vessels</b>							
<b>Person completing the assessment: Richard Bone, MCA, Policy Advisor –Inland Waterways</b>					<b>Date of assessment: January 2010</b>		
<b>Purpose of the function, policy or strategy: UK Implementation of Directive 2006/87/EC (as amended)</b>							
<b>Questions – Indicate Yes or No for each group</b>	<b>Gender</b>	<b>Religion or belief</b>	<b>Age</b>	<b>Disability</b>	<b>Ethnicity and race</b>	<b>Sexual Orientation</b>	<b>Transgender</b>
<b>Is there any indication or evidence that different groups have different needs, experiences, issues or priorities in relation to the particular policy?</b>	No	No	No	Yes <sup>1</sup>	No	No	No
<b>Is there potential for, or evidence that, this policy may adversely affect equality of opportunity for all and may harm good relations between different groups?</b>	No	No	No	No	No	No	No
<b>Is there potential for, or evidence that, any part of the proposed policy could discriminate, directly or indirectly? (consider those who implement it on a day-to-day basis)</b>	No	No	No	No	No	No	No
<b>Is there any stake holder (staff, public, unions) concern in the policy area about actual, perceived or potential discrimination against a particular group(s)?</b>	No	No	No	No	No	No	No
<b>Is there an opportunity to better promote equality or opportunity or better community relations by altering the policy or working with other government departments or the wider community?</b>	No	No	No	No	No	No	No
<b>Is there any evidence or indication of higher or lower uptake by different groups?</b>	No	No	No	No	No	No	No
<b>Do people have the same levels of access? Are there social or physical barriers to participation (e.g. language, format, physical access/proximity)?</b>	No	No	No	Yes <sup>2</sup>	No	No	No

<sup>1</sup> The very nature of the small, commercially orientated vessels in the UK IW non-passenger vessel fleet may mean that the needs of a disabled person might not be met readily by the vessel's arrangement.

<sup>2</sup> The close confines, and various access ways onboard IW vessels may present physical barriers to disabled people that would prevent them from working onboard.