

**EXPLANATORY MEMORANDUM TO
THE MERCHANT SHIPPING (LIGHT DUES) (AMENDMENT) REGULATIONS 2009
2009 No. 1371**

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 These regulations make the following increases in the amount of light dues leviable by a general lighthouse authority in respect of aids to navigation under their management:

| <i>Description</i> | <i>Previous amount</i> | <i>New amount</i> | |
|---|------------------------|---|---|
| | | <i>1st July 2009 to 31st March 2010</i> | <i>On and after 1st April 2010</i> |
| Rate per ton ¹ for ships subject to payment per voyage | 35p | 39p | 43p |
| Maximum charge per voyage ² | £12,250 | £13,650 | £17,200 |
| Maximum number of voyages ³ for which dues may be levied in any one year | Seven | Nine | Nine |

3. Matters of special interest to the Joint Committee on Statutory Instruments and the Select Committee on Statutory Instruments

3.1 Increases in light dues payable by shipping companies into the General Lighthouse Fund are proposed. The increases are expected to raise income by 14% in 2009-10 and by a further 19% in 2010-11 (35% over the two years). This is an above inflation increase but it is the first increase since 1993 and light dues have been reduced four times so they have fallen by over 40% against RPI over that period. Consequently even after the second increase, the light dues rate will be no higher than it was at its peak 16 years ago, and in real terms 32% lower.

3.2 The need for a large increase this year has arisen due to a combination of factors. When the last cut in light dues was made in 2006 the rate was deliberately set at a level that was unsustainable in the long term in order to reduce the level of the Fund. The Fund had been at a higher than normal level due to good investment returns and significant windfall gains from asset sales. It was accepted by the shipping industry at the time that light dues would have to be increased when the Fund had been reduced but the lower rate was agreed in order to keep costs to the industry to a minimum. Since then, the recession has meant that investment income has fallen, the €/\$ exchange rate has increased costs and reduced levels of trade mean that income from light dues is reducing. These economic impacts have amplified the projected shortfall in income for 2009-10 and beyond. Without the proposed increases there is an unacceptable risk of the General Lighthouse Fund falling below its minimum reserve level of £65 million (which is comprised of

¹ Light dues are levied on the net registered tonnage (nrt) of a vessel which is a measure of its cargo-carrying capacity.

² These figures equate to a maximum size of 35,000 nrt until 31st March 2010 and 40,000 nrt thereafter.

³ Light dues are levied on the basis of a rolling month so that only one charge is paid in respect of all voyages in that month.

£44 million staff pension contributions, £5 million to cover uninsured losses and £16m working capital reserve – or two months' requirement).

4. Legislative Context

4.1 The General Lighthouse Fund dates from 1898 but is now administered under the section 211 of the Merchant Shipping Act 1995 by the Secretary of State for Transport who is empowered to meet from the Fund the expenses incurred by the General Lighthouse Authorities in connection with the discharge of their functions in the United Kingdom and Ireland.

4.2 The Secretary of State is empowered by section 205 of the 1995 Act to make regulations with respect to the amounts and the levying of general light dues.

4.3 The regulations implement the changes in light dues by amending the Merchant Shipping (Light Dues) Regulations 1997 (S.I. 1997/562).

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

5.2 Light dues levied in the Republic of Ireland are set by the Minister of Transport of the Irish Government.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- *What is being done and why*

7.1 The General Lighthouse Authorities have improved the cost effectiveness of their services in recent years through fewer ships, light vessels and lighthouses, fewer staff, reduced use of helicopters and revised working practices. Overall their operating costs have been reduced by 25% in the last ten years, and light dues have not had to go up since 1993.

7.2 Despite these efficiency improvements and prudent management of the General Lighthouse Fund, the Fund was facing a shortfall in income of £21m for these essential safety services in 2009-10. This had arisen because, since light dues were last reduced in 2006 (at the request of the light dues payers), the income from dues had not been enough to cover the spending by the General Lighthouse Authorities. The Fund has relied on income from the investment of capital receipts generated by rationalisation to make up the difference, the credit crunch led to the returns on investment from the Fund drying up and the weak pound meant the costs of running Irish Lights (in euros) had increased.

7.3 Faced with a shortfall in funding this year, the Department for Transport consulted on proposed increases in light dues to meet the General Lighthouse Authorities' essential operational requirements. We proposed that the rate of light dues would need to rise from 35p per net registered ton (nrt) to 41p from 1st July 2009. We also proposed raising the tonnage cap from 35,000 to 50,000 nrt so that some of the very biggest vessels would pay more and increasing the number of chargeable voyages from 7 to 9 per year in order to spread the impact amongst different categories of shipping.

7.4 Since these proposals were published, the General Lighthouse Authorities have identified 5.6% further savings in 2009-10 and the position on General Lighthouse Fund income is better

than had been assumed at the start of the consultation. By a careful combination of revised budgets and management of the Fund, it has been possible to avoid some of the increase in dues and defer or reduce the changes which would have had the biggest impact.

7.5 The current proposal is therefore for a lesser increase in light dues from 35p to 39p per nrt from 1st July 2009 and puts off a further increase from 39p to 43p per nrt until 1st April 2010. In recognition of the exceptionally difficult economic climate that the shipping sector is facing this year, it has been decided to reduce and defer the increase in the tonnage cap, so that it will rise only to 40,000 nrt from 1st April 2010. The increase in the voyage cap to 9 per year from 1st July 2009 is still appropriate.

- ***Consolidation***

7.2 There is no requirement for consolidation, this instrument is only intended to insert updated rates into amending the Merchant Shipping (Light Dues) Regulations 1997 (S.I. 1997/562).

8. Consultation outcome

8.1 On 23 February 2009 the Department for Transport published a consultation document on the draft Merchant Shipping (Light Dues) (Amendment) Regulations 2009. That consultation sought views on a proposed increase in non-periodical light dues together with changes to the maximum charge per voyage (the ‘tonnage cap’) and to the number of voyages into ports on which Light Dues may be charged in a year (the ‘voyage cap’), to ensure that there are sufficient funds in the General Lighthouse Fund to meet the essential funding requirements of the three General Lighthouse Authorities (GLAs) operating in the UK and Republic of Ireland. The consultation closed on 18 May 2008.

8.2 The Department logged a total of 47 representations that were treated as responses to the consultation. The majority of the responses came from people and organisations involved in the shipping and ports industries, others were received from the General Lighthouse Authorities. A large majority of the shipping operators and organisations who commented on the proposals (principally representing operators of long distance container lines although many of those also have other interests including short-sea and ferry operations) considered that if an increase in light dues is necessary it should be in the form of an increase to the basic rate of 35p per nrt without any changes to the tonnage and voyage caps. A number of respondents said that any increase in light dues is unacceptable in the current economic situation. Others argued for a longer term solution. Responses by the General Lighthouse Authorities drew attention to the significant operating efficiencies and restructuring that has enabled light dues to be decreased since 1993 and explained the need for an increase in light dues because the positive assumptions that underpinned the sustainability of last reduction in light dues, in 2006, have not materialised.

8.3 The Government has concluded that in order to ensure that the General Lighthouse Authorities have sufficient funds to enable them to carry out their statutory duties in respect of maritime safety and to protect the commitments of the General Lighthouse Fund, including the pension contributions of General Lighthouse Authority staff, it is necessary to increase light dues. Having considered all the representations the view has been reached that it is in the interests of all parties to implement a two-stage increase in light dues that will avoid some of the immediate impact on the shipping industry at a time when they are suffering from the economic recession and downturn in trade and allow them more time to plan for future expenditure. This approach will also help the General Lighthouse Authorities to focus on the need to continue to keep their costs to an absolute minimum consistent with maintaining safety standards.

8.4 A summary of responses is published on the Department for Transport’s website and is available on request.

9. Guidance

9.1 No additional guidance is necessary as the changes only apply to the rates of light dues collected by the General Lighthouse Authorities under existing procedures.

10. Impact

10.1 The impact on business, charities or voluntary bodies would increase the amount of light dues to be paid by the shipping industry but also generate a corresponding increase in the resources available to the General Lighthouse Authorities to be spent on aids to navigation, therefore resulting in a zero net cost to society. Under the changes proposed, the shipping industry would be expected to pay an additional £8.5m in light dues to the GLF in 2009/10, an additional £19.79m in 2010/11 and an additional £19.93m in 2011/12 compared to the projected 'do nothing' scenario. Safeguarding the continuing operation of the General Lighthouse Authorities will generate continued safety, and environmental, benefits. It has not been possible to attach a direct value to these positive impacts.

10.2 There are no cost implications for Government or other public sector organisations as there will be no change to the administration and management of light dues and the General Lighthouse Fund. There are no cost implications for the General Lighthouse Authorities as there will be no change to the provision of marine aids to navigation.

10.3 An Impact Assessment is attached to this memorandum.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 The proposal will revise light dues charged to all commercial vessels calling at the UK. The receipts fund the work of the General Lighthouse Authorities, maintaining maritime safety providing benefits to all vessel owners. Commercial fleets are regularly made up of a variety of vessels with differing configurations and specifications, therefore these proposals will not impact smaller firms.

12. Monitoring & review

12.1 There is an established annual process, involving consultation with representatives of the shipping and ports industries, for monitoring the expenditure proposals of the General Lighthouse Authorities and reviewing the level of light dues needed to fund their work.

13. Contact

Cameron Clark at the Department for Transport, Tel: 020 7944 5455 or email: Cameron.Clark@dft.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

| | | |
|---|--|--------------------------|
| Department /Agency: Department for Transport | Title: Impact Assessment of Changes to Light Dues Rates | |
| Stage: Implementation | Version: Final | Date: 8 June 2009 |
| Related Publications: | | |

Available to view or download at:

<http://www.dft.gov.uk>

Contact for enquiries: Roy Cahill

Telephone: 020 7944 5195

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

A significant budgeted shortfall has arisen in the General Lighthouse Fund (GLF) for 2009/10. The GLF is made up of light dues (LD), employees' pension contributions and commercial/investment income; it is used to fund the General Lighthouse Authorities (GLAs). Intervention is required to address this shortfall in order to ensure that the GLAs can continue their work.

What are the policy objectives and the intended effects?

To ensure:

- 1) that the GLF is sufficient to fund the work of the GLAs; and
- 2) that a GLF reserve level of around £65m is maintained (made up of employee pension contributions of £44m, uninsured losses £5m and working capital of £16m).

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

- 1) No change.
- 2) On 1 April 2009, increase light dues (LD) rate per net registered ton to 45p.
- 3) On 1 April 2009, increase LD rate to 40p, the voyage cap to 9 and the maximum payable per voyage (the 'tonnage cap') to £20,500 (corresponding to 50,000 net registered tons).
- 4) On 1 July 2009, increase LD rate to 41p, the voyage cap to 9 and the tonnage cap to £20,500.
- 5) On 1 July 2009, increase LD rate to 39p, the voyage cap to 9 and the tonnage cap to £13,650 (corresponding to 35,000 nrt as now); on 1 April 2010 increase LD rate to 43p and the tonnage cap to £17,200 (corresponding to 40,000 nrt).

Option 5, which was not consulted upon, was that preferred as it provided the best balance between the needs of the shipping industry and those of the GLAs whilst providing budgetary comfort to the widest number of stakeholders.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The level of the GLF and LD will be reviewed annually.

Ministerial Sign-off For Impact Assessments:

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) the benefits justify the costs.

Signed by the responsible Minister:

Jim Fitzpatrick.....Date: 8th June 2009.

Summary: Analysis & Evidence

Policy Option: 5

Description: Staged Adjustment to LD Rate and Formula on 1 July 2009 and 1 April 2010

| | | | |
|--|---|------------------------|---|
| COSTS | ANNUAL COSTS | | Description and scale of key monetised costs by 'main affected groups' |
| | One-off (Transition) | Yrs | |
| | £ 0 | | Transfer of money from shipping industry to GLF. |
| | Average Annual Cost (excluding one-off) | | |
| £ 16.08m | | Total Cost (PV) | £ 48.23m |
| Other key non-monetised costs by 'main affected groups' n/a | | | |

| | | | |
|--|--|---------------------------|--|
| BENEFITS | ANNUAL BENEFITS | | Description and scale of key monetised benefits by 'main affected groups' |
| | One-off | Yrs | |
| | £ 0 | | Transfer of money from shipping industry to GLF, enabling the GLAs to continue undertaking essential duties. |
| | Average Annual Benefit (excluding one-off) | | |
| £ 16.08m | | Total Benefit (PV) | £ 48.23m |
| Other key non-monetised benefits by 'main affected groups' Safety benefits resulting from the safeguarding of the continued work of the GLAs. | | | |

Key Assumptions/Sensitivities/Risks The model has assumed a small reduction in shipping traffic calling at UK and Irish ports for 2009/10 and 2010/11, as a result of the current economic climate, with traffic returning to 2008/09 levels in 2011/12 .

| | | | |
|--------------------|----------------------|--|--|
| Price Base Year | Time Period Years | Net Benefit Range (NPV) £ 0 | NET BENEFIT (NPV Best estimate) £ 0 |
|--------------------|----------------------|--|--|

| | | | | |
|---|----------------|--------------|---------------|--------------|
| What is the geographic coverage of the policy/option? | UK and Ireland | | | |
| On what date will the policy be implemented? | 1 July 2009 | | | |
| Which organisation(s) will enforce the policy? | DfT | | | |
| What is the total annual cost of enforcement for these organisations? | £ unchanged | | | |
| 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? | £ 0 | | | |
| What is the value of changes in greenhouse gas emissions? | £ 0 | | | |
| Will the proposal have a significant impact on competition? | No | | | |
| Annual cost (£-£) per organisation (excluding one-off) | Micro n/a | Small n/a | Medium n/a | Large n/a |
| Are any of these organisations exempt? | No | No | N/A | N/A |

| | | | |
|---|-----|-----------------------|------------|
| Impact on Admin Burdens Baseline (2005 Prices) | | (Increase - Decrease) | |
| Increase of | £ 0 | Decrease of | £ 0 |
| | | Net Impact | £ 0 |

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

Evidence Base (for summary sheets)

Background

This Impact Assessment (IA) relates to the setting of light dues (LD) levels for 2009/10 and 2010/11. We are hopeful that this revision will mean that LD will not require further adjustments before 2011.

A significant budgeted shortfall in 2009/10 has arisen in the General Lighthouse Fund (GLF), which is made up of LD receipts from ship owners, employees' pension contributions and commercial/investment income. The GLF funds the three General Lighthouse Authorities (GLAs):

- Trinity House (the GLA for England, Wales, the Channel Islands and Gibraltar);
- Northern Lighthouse Board (the GLA for Scotland and the Isle of Man); and
- Commissioners of Irish Lights (the GLA for the whole island of Ireland).

Intervention is required to address this shortfall to enable the GLAs to continue their work providing aids to navigation that make an essential contribution to maritime safety (helping to avoid both loss of life/injury and damage to the marine environment).

Government intervention is necessary given the market failure that results from the public good aspects of aids to navigation, i.e. the provision of aids to navigation such as lighthouses are 'non-rival' in consumption as use by a given ship does not detract from that of other vessels.

It is also difficult to exclude ships from using these services (although since most of the benefits of lighthouses accrue to ships using particular ports, a charge for users can be made via port user fees as is the case with light dues). However, these public good aspects mean that the socially optimal quantity of aids to navigation would be unlikely to be provided by the market and so government intervention is required in order to maintain maritime safety.

The objective of intervention is to ensure that the GLF is sufficient to fund the GLAs and that it is able to maintain a reserve level. In order to achieve this objective changes will need to be made to the current LD scheme in order to increase the level of receipts being paid into the GLF.

The GLF aims to start each financial year with an opening balance, which is close to the Minimum Reserve Fund Level (MRFL). The MRFL is set at around £65m in order to make provision for staff pension contributions (around £44m), uninsured losses (£5m) and working capital (£16m – equivalent to operating costs for around two months). In the initial impact assessment, the GLAs prediction net LD operating requirement was £89.1m for 2009/10; this has now fallen to £84m.

Vessels calling at ports in the UK and Ireland pay LD. The current rate is 35p per net registered ton (nrt) (or 52c per nrt for vessels calling at ports in the Republic of Ireland) up to a maximum of £12,250, corresponding to 35,000nrt (above this level charges are not incurred) and a voyage cap of 7 per year (again, above this level LD are not charged). LD have been set at this level since 2006/07 and have fallen in real terms over the past 15 years. If rates remain at the current level then by March 2010 there will be a shortfall in the fund of around £10m (taking account of the expected opening balance, operating costs and the need to maintain the MRFL). To cover this shortfall a change to the current system of LD is required.

In late 2008 and early 2009, Raven Trading Limited produced reports on the shipping industry for the department as part of the LD review. The reports' findings highlighted that 63 per cent of container ships were less than 35,000 nrt and consequently any revision to the cap would not affect them. The report also suggested that 77 per cent of container ships and 84 per cent of tankers have less than 4 UK/Irish calls per year, as they are on long distance services. Therefore, these vessels would not be affected by any voyage cap increase.

The reports further found that the costs associated with lifting containers on and off vessels on the continent made it prohibitively expensive to tranship cargos in most cases, and that it was extremely unlikely that large intercontinental vessels would re-route away from the UK to avoid the new LD regime proposed.

Another of the reports' findings was that ro-ro ferry operators and smaller LD-paying offshore craft that called regularly at UK and Irish ports benefitted substantially from the voyage cap currently in place. They benefitted most from the provision of aids to navigation yet contributed less as a sector compared to the container market.

These and others of the reports' findings helped to reassure the department that the voyage cap and tonnage cap should be increased as part of the LD review to ensure that the burden of cost was evenly shared. The reports' again helped to provide reassurance that there would be no significant detrimental impact on the number or size of vessels calling at the UK from the new LD levels.

Now that the consultation has ended, we will publish both reports on the department's website and place copies of the reports in the libraries of the House.

Preparation of the IA

This is the final impact assessment for revision of light dues. The option chosen is new and not one initially consulted upon. The option was developed as a direct response to the needs of the shipping industry expressed during the consultation process, and to reflect the current economic trading conditions.

LD will be revised as follows:

Option 5

| Date | LD | Voyage Cap | Tonnage Cap (nrt) | Change |
|-----------|-----|------------|-------------------|---|
| 01-Jul-09 | 39p | 9 | £13,650 (35,000) | LD +4p and voyage cap +2 |
| 01-Apr-10 | 43p | 9 | £17,200 (40,000) | LD +4p (ie +8p over two years) and tonnage cap +5,000 nrt |

Analysis of Impacts

Groups and sectors affected

Commercial shipping industry

As payers of LDs, the commercial shipping industry is affected by the proposals.

GLAs

The three GLAs of the United Kingdom and Ireland have statutory responsibility for the provision of marine aids to navigation around the British Isles.

Government

The Government is ultimately responsible for administration and management of LD and the GLF. The Secretary of State for Transport sets the level of LD to be charged in the UK.

Costs

This section sets out the expected costs of the proposal for each of the affected groups in turn followed by an analysis of net costs from the point of view of society as a whole.

Shipping industry

Under the changes proposed, the shipping industry would be expected to pay an additional £8.5m in LD to the GLF in 2009/10, an additional £19.79m in 2010/11 and an additional £19.93m in 2011/12 compared to the projected 'do nothing' scenario.

There will be no significant change to the administration burdens placed on businesses, as there are no proposed changes.

GLAs

There are no cost implications for GLAs as there will be no change to the provision of marine aids to navigation.

Government

There are no cost implications for Government as there will be no change to the administration and management of LD and the GLF.

Society

As noted above, the shipping industry would be expected to pay an additional £8.5m in LD to the Government in 2009/10, an additional £19.79m in 2010/11 and an additional £19.93m in 2011/12 compared to the projected 'do nothing' scenario. As this is a direct transfer of money from the shipping industry to the GLF, the value of which will be used to fund the GLAs, there will be no net cost to the UK and Irish economy as a whole.

Benefits

This section sets out the expected benefits of the proposal for each of the affected groups in turn followed by an analysis of net benefits from the point of view of society as a whole.

Shipping industry

Users of ports in the UK and Ireland will benefit from the continued provision of aids to navigation, supported by a more sustainable funding position for the GLAs going forward.

GLAs

The GLAs will benefit from the change, as it will provide a more sustainable funding position (it is expected that the fund returns to the MRFL by the end of 2011/12).

Government

The Government will benefit from being able to maintain the GLF close to the MRFL as this will facilitate responsible stewardship of pensioners' interests.

Society

It would be expected that there would be a net safety benefit to society as a whole as a result of the steps being taken to safeguard the continued operation of the GLAs. However, we are not aware of any evidence that would allow estimation of the value of this impact in monetary terms.

Environmental and Social Impacts

No social impacts are expected as a result from the changes to LD. The work of the GLAs to prevent incidents with potential to cause damage to the marine environment would continue as before.

Summary of costs and benefits

Changes to LD for 2009/10 and beyond are required to ensure that the GLF is maintained at a sustainable level, thereby safeguarding the operations of the GLAs for the UK and Ireland. The preferred option is to introduce changes to LD in 2 stages, beginning on 1 July 2009 with a further adjustment on 1 April 2010.

Faced with the shortfall in funding outlined in the evidence base, the government took decisive action and consulted on proposed increases in light dues to meet the essential requirements set out in GLAs' spending plans. We proposed that LD would need to rise from 35p per net registered ton to 41p on 1 July. We also proposed raising the tonnage cap to £20,500 (corresponding to 50,000 nrt) so that the largest of vessels would pay more.

It was very clear from the responses to the consultation that the shipping industry has been suffering during the recent economic downturn and feels that now is the wrong time to be increasing their costs; we were sympathetic to this view.

We worked with the GLAs and considered whether there was scope to avoid or defer GLA spending and to identify other ways of reducing the burden on light dues at this difficult time, without compromising safety. Through this action, we identified 5.6% of further savings in 2009-10. We believe that by a careful combination of revised budgets and careful management of the GLF, we can avoid some of the increase in dues and defer the changes that would have had the biggest impact. We have also asked the three GLAs to identify further savings through rationalisation, better co-operation and integration of their operations.

We are therefore increasing LD by less than initially proposed, from 35p to 39p per net registered ton on 1 July 2009 and putting off a further increase until April 2010 from 39p to 43p per net registered ton. While any increase will be unwelcome to shipping companies at this time, we believe this strikes the right balance between ensuring safety of our shores and giving commercial shipping some respite for the next twelve months. The two stage changes should allow everyone to plan ahead with more certainty about next year.

We have also looked again at how the burden is spread between different types of shipping. Our original proposal was to increase the tonnage cap to £20,500, corresponding to 50,000 net registered tons, so that the very biggest ships carrying most cargo or passengers would pay more. This was considered fair given the continuing trend towards fewer, bigger vessels particularly in the container and bulk sector. In recognition of the exceptionally difficult economic climate this sector is facing this year, we have however decided to reduce and defer that increase, so that the tonnage cap will rise only to £13,650 (*ie*, still corresponding to 35,000 net registered tons) on 1 July, and then to £17,200 (corresponding to 40,000 net registered tons) on 1 April 2010.

With effect from 1 July 2009, we plan to implement the suggested increase in the voyage cap from 7 to 9 contained in some of the consultation's options, as vessels that use aids to navigation most should contribute to their provision most too.

The proposed changes would increase the amount of LD to be paid by the shipping industry but also generate a corresponding increase in the resources available to the GLAs to be spent on aids to navigation, therefore resulting in a zero net cost to society. Safeguarding the continuing operation of the GLAs will generate continued safety, and environmental, benefits. It has not been possible to attach a direct value to these positive impacts however, available data on the estimated costs associated with a major incident (ranging from Sea Empress \$62m (1996) to Amoco Cadiz \$282m (1978)) clearly highlights the significant benefit in terms of potential costs avoided which results from the work of the GLAs.

Impact Tests

Competition Assessment

The preferred option will not place anti-competitive restrictions on the number or range of suppliers within the shipping industry and will not reduce incentives to compete as it will impact on all vessels which call at ports in the UK. Therefore the proposal is unlikely to raise competition issues.

Small Firms Impact Test

The proposal will revise LDs charged to all commercial vessels other than tugs and fishing vessels calling at ports in the UK or the Republic of Ireland. The receipts fund the work of GLAs, maintaining maritime safety providing benefits to all vessel owners. Commercial fleets are regularly made up of a variety of vessel with differing configurations and specifications, therefore these proposals will not impact smaller firms.

Race, Gender and Disability Equality

There are no race, gender or disability impacts to these proposals.

Legal Aid

There are no legal aid implications.

Sustainable Development

The proposal does not conflict with any of the five principles of sustainable development.

Carbon Assessment

There are no significant carbon emissions implications. The changes to the scheme are unlikely to impact on shipping patterns.

Other Environment

There are no significant other environmental implications.

Health Impact Assessment

There are no health and wellbeing, or health inequalities implications.

Human Rights

There are no human rights implications.

Rural Proofing

There are no rural proofing implications.

Consultation

The initial consultation document on the 2009 revision of light dues is at:

<http://www.dft.gov.uk/consultations/closed/lightduesamendment/>

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

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

Annexes

Annex A - Annex to Evidence Base

The following table sets out the light dues income that would be expected to be generated from the shipping industry under the two different scenarios.

LD Income (actual and projected, discounted)

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---|---------|-------------|------------|-----------|
| Option 1 – do nothing | £70.0m | £62.21m | £62.08m | £63.14m |
| Option 5 | - | £71.11m | £81.87m | £83.07m |
| Incremental increase in total revenue to the GLA | - | £8.5m | £19.79m | £19.93m |
| Assumed growth in shipping movements (compared to 2008/2009) | - | -10% | -5% | 0% |

Annex B - Amended legislation

Amendment of the Merchant Shipping (Light Dues) Regulations 1997

1.—(1) These Regulations may be cited as the Merchant Shipping (Light Dues) (Amendment) Regulations 2009.

(2) They come into force on 1st July 2009.

2.—(1) Paragraph 3 in Part II of Schedule 2 to the Merchant Shipping (Light Dues) Regulations 1997⁽⁴⁾ is amended as follows.

(2) For sub-paragraph (1A)⁽⁵⁾ substitute—

“(1A) Subject to a minimum charge of £60, the amount of light dues per voyage shall be—

(a) after 30th June 2009 and before 1st April 2010, 39 pence per ton subject to a maximum charge of £13,650 per voyage;

(b) on and after 1st April 2010, 43 pence per ton subject to a maximum charge of £17,200 per voyage.”.

(3) In sub-paragraph (4), for “seven” substitute “nine”.

⁽⁴⁾ S.I. 1997/562; relevant amendments are in S.I. 2002/504 and 2006/649.

⁽⁵⁾ Sub-paragraph (1A) of paragraph 3 was inserted by S.I. 2006/649, regulation 2(1) and (2) (b).