

Charter for Jobs



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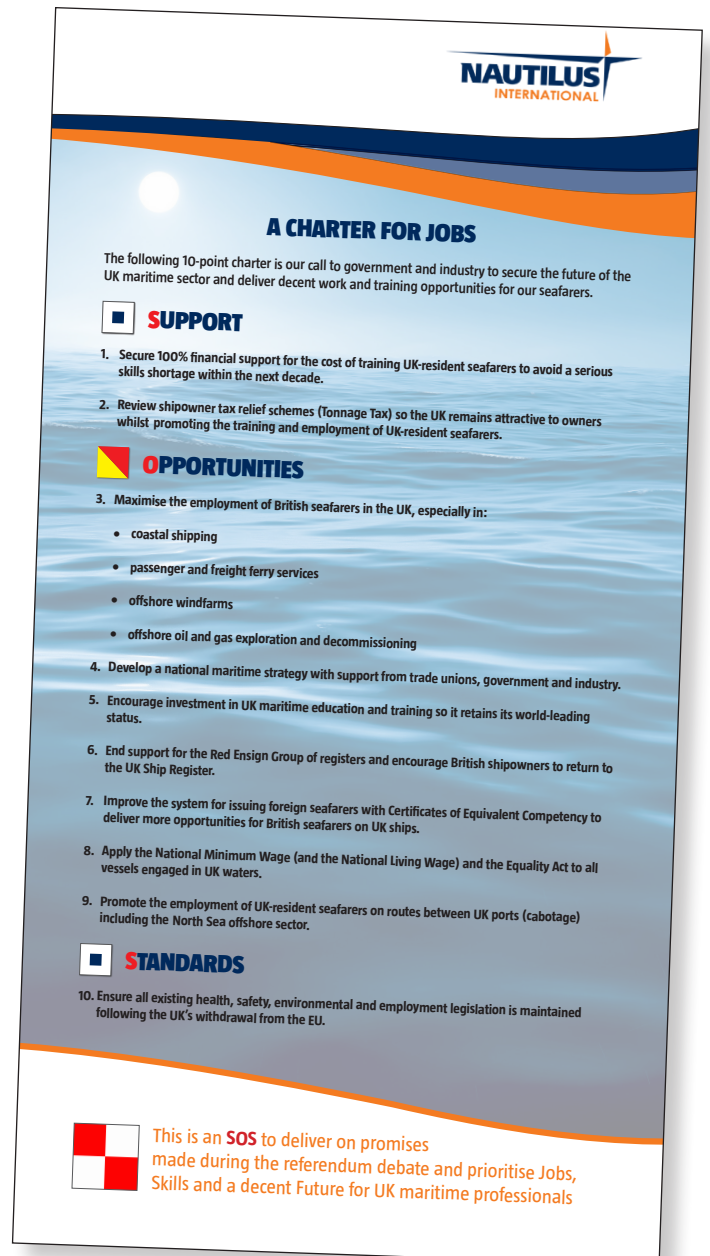
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INVESTOR IN PEOPLE



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Charter for Jobs

Nautilus International believes the UK referendum vote to leave the European Union provides a unique opportunity to set ambitious goals for the future of the country's maritime industries.

Maritime organisations and the UK government must work together to deliver decent work for British seafarers in the interests of the nation's strategic and economic needs, and deliver on promises made in the run-up to the referendum.

Nautilus believes this 10-point Charter for Jobs must be at the forefront of any strategy or manifesto to promote the UK's maritime sector and ensure the delivery of decent work and training opportunities for our seafarers. Without the essential component of British seafarers the continued success of the UK's Maritime Cluster is under threat.

This document sets out the background to each of the Charter's 10 points.

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General Secretary's address

Dear Member

The initial shockwaves following the outcome of the EU referendum may have died down but the new mantra of 'Brexit means Brexit' offers little insight into the government's plans. What we do know, though, is that there is much to be negotiated before the UK can begin a future outside the EU.

One of the key challenges we face is the uncertainty created by the outcome. The UK is now faced with the prospect of renegotiating dozens of trade deals with its neighbours and seeking new deals with countries as far afield as Australia. Without British shipping those trade deals simply won't deliver for vast majority of British people.

Seafarers are the glue that keeps UK trade together. They start by delivering professional services onboard their vessels, and when they decide to leave the sea and move ashore, that talent, skill, knowledge and work ethic moves with them into the wider maritime cluster.

Those who campaigned to leave the EU made very big promises about the future and the opportunities Brexit would bring to British workers, but now is the time for politicians to deliver on those promises.

Yet how many of those in Westminster really understand the scale of this island nation's dependence upon shipping? Do they realise that more than 90% of everything we use, consume and eat is delivered to our shores by sea?

Nautilus fears that too many do not, meaning shipping will not be at the heart of those new trade



deals; and the sector changes that need to happen today, to allow the trade deals of tomorrow to materialise, will also be forgotten.

This is why we have created this charter to outline 10 clear ways in which the UK can ensure that its maritime industry is fit for a future outside the EU.

We will monitor each point closely and seek to ensure that our message is heard and the support, opportunities and standards at the heart of our SOS are delivered.

A handwritten signature in black ink, reading 'Mark Dickinson'.

Mark Dickinson
General Secretary

Support

1. Secure 100% financial support for the cost of training UK-resident seafarers to avoid a serious skills shortage within the next decade.

The government support for the training of UK seafarers must be dramatically increased if the nation is to avoid a serious maritime skills shortage within the next decade.

The real-terms value of the Support for Maritime Training scheme (SMarT) means that it now covers only around 36% of the costs of training, making the UK the second most expensive country in which to train officers.

If the high cost of training UK seafarers remains, shipping companies will train cadets from other countries and will continue to reduce the number of UK cadets they take on. This creates a downward spiral that poses disturbing questions for maritime safety, the economy and the UK's long-term survival as a global maritime centre.

The average age of a UK seafarer is 58. Nearly 50% are over 50 and due to retire in the next 15 years. Research from Oxford Brookes University predicts a net decline of UK seafarers from 75,000 to 61,000 between 2014 and 2050.

The combined issues of an ageing seafaring workforce in the UK and insufficient training of young people for careers in shipping mean that UK officer numbers will continue to decline. Therefore, clear targets need to be set to rejuvenate our maritime skills base and offset the risks posed by shortfalls in new training opportunities.

By understanding the depth of the issue the UK maritime sector can ensure that sufficient targets are set to maintain and grow the UK's maritime skills base over the next 10 years. These training targets, alongside revised Tonnage Tax Core Training Commitments, can drive an increase in the numbers of officers and ratings being trained and create a highly skilled workforce for the future which reflects the needs of the industry.

Government and industry must then show a clear commitment to achieving these targets. There are no shortages of young people wanting to embark on a career at sea, with many companies reporting over-applications for cadet training opportunities of three or four times the number of vacancies. Caledonian MacBrayne reported 1,000 applicants for 10 apprenticeship places in 2014.

During its membership of the European Union, the UK government has failed to capitalise on the opportunities available under the State Aid Guidelines, which allow the state to cover 100% of the cost of training British seafarers.

This has given a clear advantage to those other EU member states that have used the provisions of the guidelines to the full. In order to remain competitive, the UK government should act immediately to fully fund maritime training within the full allowances of the Guidelines.

Industry statistics show that UK officers are highly sought after in higher ranks, and enhanced SMarT support will enable UK seafarers to gain the qualifications they need to take up these job opportunities.

The 2016 BIMCO/ICS Manpower Report found a significantly higher proportion of European and US nationals at the officer management level (more than 40%), compared with only 12% of Filipinos and just over 25% of Chinese seafarers at this level.

With ships getting larger, technology more advanced, and regulatory requirements more demanding, it is high levels of skills and training that will set UK officers apart. Quality and professionalism are not only essential to the safety and efficiency of international shipping; they also have profound implications for the standard of shore-based management and support of the world merchant fleet in the future.

Support



The magnificent nine: first graduates of the DFDS apprenticeship scheme Picture: Phil Medgett

Once the UK is out of the EU, the government will be free of the restrictions laid down by the State Aid Guidelines, providing an opportunity to support officers once they have achieved their first certificate and enabling them to take full advantage of the sector's desire for UK-trained senior officers.

Many changes to the SmarT scheme are already being discussed between unions and industry as part of the 'SmarT-Plus' initiative. This 'value-added' proposal to extend the current scheme includes a commitment from employers to guarantee a period of employment on completion of a cadetship in return for a higher level of government funding.

This will allow UK officers to compete on a level playing field, addressing the competitive advantage shipping companies derive from employing low-cost labour, particularly from Asia.

In contrast, if the decline in British seafarers is allowed to continue, the long-term effects of insufficient numbers of British seafarers and British-registered vessels could be severe and far-reaching.

Without home-grown merchant seafarers and UK-flagged vessels the nation's security is at risk.

During the Falklands conflict, without merchant shipping to supplement the Royal Fleet Auxiliary, Britain would not have been successful. There would not have been sufficient vessels to transport forces and then support them 8,000 miles from home. If Britain were to enter a similar conflict today, there would not be sufficient British ships and seafarers to assist.

If the UK is forced to rely on foreign-flagged ships and seafarers to undertake the supply and support of British troops, then those countries may be seen to have chosen a side in the conflict and could ultimately refuse permission to use their vessels.

Without a strong UK shipping industry and a healthy number of seafarers, the nation becomes dangerously dependent on the fleets of other nations for the supply of 90% of everything, including food, oil and gas for heating, and building materials.

Those countries would then have the power to hold us to ransom by controlling the volume and price of goods entering or leaving UK ports through the manipulation of shipping rates or ocean carrier services, a hostile strategy known as 'sea strangulation'.

2. Review shipowner tax relief schemes (Tonnage Tax) so the UK remains attractive to owners whilst promoting the training and employment of UK-resident seafarers.

There is no doubt that the introduction of the tonnage tax scheme and the associated minimum training obligation has had a beneficial effect, reversing and reversed what had appeared to be an inexorable decline in UK seafarer numbers and the number of vessels registered in the UK.

However, the quantity of UK seafarers being trained under the Tonnage Tax scheme is still short of the numbers required to compensate for those due to retire in the next 10 years, to say nothing of building for the long term.

There is a strong case to develop ways to ensure the scheme delivers even greater levels of employment and training for British seafarers and increases the value and return to the taxpayer.

The number of companies participating in the Tonnage Tax scheme has declined from a peak of around 90 to 72 company groups in 2014/15. It is clear that more work has to be done, not only to incentivise companies to train more cadets but also to get them to commit to giving newly-qualified officers their first job, ensuring the government sees a return on its investment.

The Tonnage Tax scheme must be continually re-evaluated, and support measures adjusted to ensure they remain competitive against the 'best of the rest' and respond as required in order to retain the UK's position as the leading international maritime centre.

The lack of continuous evaluation leaves the tonnage tax scheme at risk and unable to react to changing circumstances — relying instead on sporadic reviews called by government.

The Core Training Commitment under Tonnage Tax must be reviewed so that companies are encouraged to train more and employ those they train. There is substantial evidence that some Tonnage Tax companies have no intention of employing British officers once their cadets have obtained their certificates of competency.

By extending the Core Training Commitment to include a qualified period of employment, British officers will enter the labour market with invaluable experience as officers of the watch and will be more able to access the global opportunities for future work.

Continuous evaluation will enable government and industry to identify clear paths of training and development and will help to establish a common core of skills in the maritime sector. In turn this enables smoother transitions between sectors to the benefit of both employers and employees.

There is a clear synergy between the different sectors within the maritime cluster, in particular the relationships between commercial shipping, the offshore services industry and the expanding superyacht sector.

Opportunities

3. Maximise the employment of British seafarers in the UK, especially in:

- coastal shipping
- passenger and freight ferry services
- offshore windfarms
- offshore oil and gas exploration and decommissioning

The government should look for the new opportunities which arise post Brexit. For example, the reintroduction of Duty Free on passenger ferry routes between the UK and the EU would encourage passengers back on to ferries.

To maximise the potential for the UK maritime sector, greater use must be made of waterborne transport, and in particular coastal and shortsea shipping. Alongside this there must be the promotion of domestic employment in those sectors.

There are significant opportunities available to develop the coastal shipping sector by increasing the proportion of domestic freight being moved on water and promoting modal shift.

The European ferry trades are one of the few remaining strongholds of employment for UK seafarers, but the sector has become increasingly exposed to tough competition from lower cost operators employing cheaper foreign crews.

Government policy measures are required to prevent further erosion of terms and conditions, and to increase employment and training opportunities for UK seafarers in the UK ferry sector. Government must also improve existing support mechanisms to combat social dumping in British waters.

The offshore oil and gas sector remains the largest single sector employing UK seafarers but thousands of

jobs in the North Sea have been lost since the downturn in the oil price in 2014. Offshore construction vessels, supply vessels and standby vessels operating in the area have all seen a reduction in the number of seafarers employed.

Seafarers operating in the North Sea possess a unique skillset due to the often unpredictable nature of the waters. Therefore, more must be done to ensure that companies do not use the downturn in the oil price to replace quality British seafarers with lower cost, less skilled seafarers from overseas.

The North Sea has a number of platforms which are approaching the end of their lives. Decommissioning provides a big opportunity for the employment of British seafarers as support vessels will be needed throughout the decommissioning process, as well as vessels for removing subsea structures.

The government must ensure these opportunities are used for the employment of British seafarers and not sold off to the lowest bidder. Local job content must be prioritised both ashore and afloat.

The offshore windfarm sector is largely untapped in the UK and also offers mass employment potential for British seafarers. The skills needed to operate support vessels for windfarms are specialist, and measures should be put in place to ensure that British seafarers are equipped to make the most of the opportunities.

Opportunities

4. Develop a national maritime strategy with support from trade unions, government and industry.

Nautilus is calling for the creation of an organisation comprised of trade unions, government representatives and the shipping and maritime industries. This organisation would be initially tasked with creating a national maritime strategy and then monitoring its delivery to ensure the UK has policies and measures in place to respond to the maritime skills crisis the country faces; responds to the economic and strategic transport needs of the nation; and fully exploits the opportunities of Brexit through the expansion of international, regional and domestic trade.

Competing maritime countries, where similar arrangements exist, have been successful in developing their maritime clusters for the benefit of all. It is important for the UK to follow the example of these countries, not only by clearly identifying of the core sectors of its maritime cluster, but also by creating a coherent framework that recognises the inter-relationship between these sectors.

There has been an absence of overall vision for the maritime sector, and because of this, UK shipping does not appear to be fully integrated within overall UK transport strategies and consistently suffers from the low priority given by government to the industry.

This is of great concern in a time when trade negotiations are taking place following Brexit. Without joined-up thinking from a maritime cluster organisation with the full support of government, any future deals may lack the vital component of shipping, which is potentially disastrous for an island nation.

Other countries have acted well ahead of the UK to identify the value of their maritime clusters and to introduce strategic policies and support measures that

will not only ensure their survival, but also increase their share of the global market.

Whilst no system is perfect, there are good examples to follow: the Netherlands, Singapore and Denmark all have national tripartite maritime cluster organisations working together to formulate national maritime strategies.

In the Netherlands the maritime cluster includes sea ports, maritime services, shipbuilding and repair, maritime supply industry, watersports, fisheries, dredging, offshore, royal navy, shipping and inland navigation.

Maritime by Holland is a privately-funded organisation which links these maritime clusters to government and academia. It facilitates knowledge-sharing to create joint initiatives intended to strengthen the individual sectors and promote the Netherlands as a maritime nation.

At a national level it informs politicians and regulators to ensure the maritime sector remains in the public eye and operates in the best possible climate for business.

As a result of Maritime by Holland, the Dutch government provides tonnage tax incentives, social security and income tax rebates, and 100% support for the training of Dutch seafarers.

In return, Dutch shipowners provide every cadet with a training place onboard and job when they qualify.

It is noteworthy that the Dutch government made these arrangements from within the EU, despite 'problematic' Brussels labour laws being highlighted by leave campaigners in the build-up to the referendum on the UK's continued membership of the EU.

Opportunities

In Singapore, the government invested S\$1.2 million in a programme to train more Singaporean seafarers following a joint initiative by the Singapore Maritime Officers' Union, Singapore Workforce Development Agency, National Trades Union Congress, the Maritime and Port Authority of Singapore, Singapore Shipping Association, and Singapore shipping companies.

As part of the programme cadets are offered training berths with Singapore shipping companies and receive

up to S\$1,400 in training allowances during the 31-month programme.

The organisations in the Singapore maritime cluster work together to redress the imbalance which has seen the Singapore ship register become one of world's top 10 by number of vessels but with only a small minority of seafarers sailing on these ships being Singaporeans.



Opportunities

5. Encourage investment in UK maritime education and training so it retains its world-leading status.

The government needs to commit sufficient investment for maritime education and training institutions to ensure there are sufficient resources of the required quality and capacity to train the required numbers of British seafarers.

British maritime education and training is currently among the best in the world, but unless substantial investment in new technology is made, this position is under threat.

Technology onboard has increased rapidly in the last 10 years and is likely to develop even more in the next 10. In order to ensure that British seafarers are equipped with the skills they need to compete for future jobs, they must to be trained today in new technologies. This will allow them to harness the potential to create better-paid employment, reflecting the increasing scarcity of specialist staff to construct, fit out, operate and maintain the new shipping systems.

In other countries, maritime cadets can be given hours of hands-on experience on state-of-the-art maritime

simulators before they step onboard. They have access to engine room simulators, full mission bridge simulators, Electronic Chart Display and Information System (ECDIS) navigation, and liquid cargo handling simulators — all as part of their continual development. These countries place seafaring skills and competences, and training and education programmes, at the heart of their strategy objectives.

Shore-based demand for experienced seafarers shows no signs of abating in the future, and this further emphasises the importance of good ‘future-proofed’ maritime training for seafarers.

Additionally, remote-controlled vessels are likely to be widely trialled by 2018 and some experts predict autonomous ships coming into service by the end of this decade.

These will not do away with the need for seafarers with traditional maritime skills, but UK seafarers will need additional skills if they are to be in the forefront of the next industrial revolution.



Opportunities

6. End support for the Red Ensign Group of registers and encourage British shipowners to return to the UK Ship Register.



Nautilus head office personnel came out to honour the red ensign on 2 September, the nearest working day to Merchant Navy Day this year – and they were joined in their celebration of shipping by colleagues visiting from the Nautilus Netherlands office.

The Red Ensign Group (REG) is a group of ship registers that adopt the Red Ensign or a defaced version. Category one registers — unlimited tonnage and type — include the UK, Isle of Man, Bermuda, British Virgin Islands, Cayman Islands and Gibraltar. Category two registers — commercial ships and yachts of up to 150 gross tons and vessels which are not operated commercially of up to 400 GT — include Guernsey, Jersey, Anguilla, Falkland Islands, Montserrat, St Helena and the Turks & Caicos Islands.

Bermuda, Cayman Islands and Gibraltar registers are classified as Flags of Convenience (FOCs) by the International Transport Workers' Federation and many of them have been listed on the OECD list of offshore tax havens.

The existence of the REG means the UK register faces significant unfair competition from flags which it actively supports. This undermines the UK Ship Register (UKSR)

and does not encourage the owners of British ship to register in the UK. It is like Tesco supporting Aldi and Lidl and complaining at the same time about unfair competition.

Rather than being encouraged to use the UKSR, British ship owners can instead choose to benefit — via the REG — from all the quality and access to services provided by the UK register, including naval and consular protection, whilst paying lower fees, incurring little or no tax and avoiding UK laws.

It also means the UK is actively involved in supporting the FOC and offshore tax haven system which undermines the desire for a global level playing field.

Meanwhile, many other UK shipping companies continue the move towards other flags including flags of convenience, putting pressure on UK ship register numbers.

Opportunities

7. Improve the system for issuing foreign seafarers with Certificates of Equivalent Competency to deliver more opportunities for British seafarers on UK ships.

A large part of the campaign to leave the EU centred on promises to restrict immigration, take back control and to give preference to home grown workers for jobs.

Whilst Nautilus supported the argument to remain, in the interests of the industry, the referendum result should be respected. Nautilus sees no reason why the shipping industry should be exempted from any efforts to ensure that UK citizens no longer lose out from free and unfettered trade within the European single market.

Thus the drive for more home grown jobs must include a preference for more domiciled seafarers on UK-registered ships. Leaving the EU should not be an excuse for British shipping companies to start looking outside of the EU for replacements for their current UK/EU/EEA workforce. This would have the effect of driving down wages and undermining the job security of the current workforce.

Therefore, the government must task the Maritime & Coastguard Agency (MCA) with improving the system of Certificates of Equivalent Competency (CECs) to non-domiciled officers.

The government should use the abandoned review from 2007 as the starting point for this new review, noting that preliminary agreement had been reached on restricting the numbers of CECs in circulation.

In 2015 there were 11,230 non-UK nationals with valid Certificates of Equivalent Competency. In that same year and the next, around 2,000 UK seafarer jobs were lost due to the downturn in the oil price. These seafarers have struggled to find work due, in part, to the amount of competition from lower-cost EU and third country seafarers, including many working on UK-flagged vessels in British waters.

There are a number of issues surrounding CECs which this review should also investigate. They include:

- the numbers of CECs in circulation, especially at time where there is no shortage of UK officers
- the period of time a CEC is valid for
- certificates being granted to seafarers rather than via a sponsoring company, which creates a pool of non-UK seafarers competing against unemployed UK seafarers for jobs
- the examination process for foreign seafarers — which should meet the same high standards as the examinations for Certificates of Competency in the UK
- the current standards of the English language and legal knowledge tests — a single oral examination conducted by a marine surveyor would give the assurance of both proficiencies in the English language proficiency and comprehensive knowledge of maritime expertise and UK law in the appropriate areas consistent with rank
- the current review of MCA fees which proposes to increase the costs of COCs and reduce the costs of CECs

Alongside this, the government should ensure that the work permit and seafarer visa requirements contribute positively to the employment of UK-resident seafarers. All these permits should be supported by legislative enforcement.

Brexit is an opportunity for the UK government to introduce the principles in the EU Manning Directive of host country conditions applying to all seafarers, and to address safety concerns raised by the employment of multinational crews on UK ferry and cabotage routes including the North Sea and domestic shipping.

Opportunities

8. Apply the National Minimum Wage (and the National Living Wage) and the Equality Act to all vessels engaged in UK waters.

Seafarers are presently the only group of UK workers who are excluded from the full protection of the National Minimum Wage (NMW) and equal pay legislation.

It is clearly wrong that there can be seafarers working on ships running regular services in UK waters who are paid less than one-third of the national minimum wage. This would not be tolerated on land and it must not be at sea.

Promises made during the EU referendum campaign with regards to restricting immigration of unskilled workers must be applied to the shipping industry. Shipping companies have increasingly recruited foreign crews to profit from sub-national minimum wage pay rates and this must end.

The government must act swiftly to address this imbalance and ensure all employee protection legislation applies onboard all vessels engaged wholly or mainly in UK waters.

Regulatory action must be taken to stop unscrupulous ship owners exploiting foreign seafarers and

discriminating against UK seafarers, through effective implementation and enforcement of the Maritime Labour Convention, the National Minimum Wage, the National Living Wage and work permit and visa requirements.

Action must be taken to prevent social dumping of low-paid European and non-EU seafarers in British waters, as this undermines the employment and training of British seafarers.

The government must develop its enforcement strategy for shipping, including the acceptance of the Low Pay Commission's recommendation to increase the effectiveness of third party complaints of minimum wage breaches.

This currently represents the most effective way to tackle pay rates in the shipping industry that fall below the National Minimum Wage and the newly introduced National Living Wage because of the understandable reluctance of the affected seafarers to complain directly to the UK's governmental agencies.



Nautilus helped the Crew of the Malaviya 7 and Malaviya 20 who were being paid India wages whilst working in British Waters

Opportunities

9. Promote the employment of UK-resident seafarers on routes between UK ports (cabotage) including the North Sea offshore sector.

The government should promote UK shipping in domestic trades and create a level playing field in social and employment conditions on vessels trading between the UK and the EU with the objective of ensuring the highest priority is given to the employment of British seafarers.

After leaving the EU, the UK will not be bound by EU policy and should therefore develop an equivalent of the US Jones Act in UK waters.

The Jones Act requires that goods and passengers transported by water between US ports be done on US-made ships, which are owned by US shipping companies, and crewed by US seafarers.

It has helped to maintain a healthy US shipbuilding and repair industry, provided protection to the supply of skilled American mariners for the US marine transportation system, and has helped to stave off the devastation that low-cost shipping can wreak on the maritime industry.

It also supports US security through certainty over the flag and the crew of ships operating in sensitive trades and being available during times of crisis.

A strong Merchant Navy is prerequisite for a strong Royal Navy in the interests of the economic and strategic interests of the UK. A UK version of the US Jones Act would ensure this.



British Merchant Navy supports the security of the UK border Picture: Gary Davies/Maritime Photographic

Standards

10. Ensure all existing health, safety, environmental and employment legislation is maintained following the UK's withdrawal from the EU.

The government should not attempt to undermine any existing health, safety, environmental and employment legislation, particularly that which is EU derived or related.

The Brexit campaign was focused on jobs, workers' rights and investment, and the UK government must include UK seafarers in any improvements it delivers to the UK workforce.

UK workers' rights must not be sacrificed as the government seeks to entice investment into Britain in the years ahead. UK shipping needs an industrial strategy which delivers better jobs, better pay and a plan for building the future.

The government must consider the impact on the UK flag of leaving the EU. The current review of the UK Ship Register should ensure that the highest standards are

maintained whilst also ensuring that a genuine link exists for owners/operators of UK-registered vessels.

The Government should ensure that the UK's application and enforcement of the Maritime Labour Convention (MLC) 2006, as amended, is not impacted upon by the UK leaving the EU. For example, the MLC was ratified and brought into force by using the European Communities Act 1972. If that Act is rescinded, all linked legislation must be protected going forward, to ensure British shipping and all seafarers on UK and Red Ensign Group ships are not left at a disadvantage — and most importantly not left exposed to detention by foreign port states.

All other international convention obligations that are covered by EU Directives should also be considered, and no-EU derived legislation which protects seafarers' rights should be scrapped.

This charter is an SOS to the UK Government and the maritime industry to take action NOW to head off the catastrophic loss of our maritime skills base.

Now is the time to deliver on promises made during the referendum debate and deliver Jobs, Skills and a decent Future for UK maritime professionals.