EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (LIGHT DUES) (AMENDMENT) REGULATIONS 2015

2015 No. 458

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

2. Purpose of the instrument

2.1 These Regulations reduce the rate of light dues levied on shipping calling at ports in the United Kingdom by a General Lighthouse Authority. For most types of ship, light dues are levied according to its net registered tonnage (a measure of its cargo-carrying capacity), up to a maximum weight (currently 40,000 net registered tons). Since April 2014 the rate has been 40p per net registered ton; these regulations reduce that rate to 39p per net registered ton, with a corresponding reduction in the maximum amount payable in respect of any one voyage from £16,000 to £15,600.

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

3.1 None.

4. Legislative Context

4.1 The General Lighthouse Fund dates from 1898 but is now administered under section 211 of the Merchant Shipping Act 1995 ("1995 Act") by the Secretary of State for Transport, who is required 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 the Republic of 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 light dues. The amounts of light dues are currently set by the Merchant Shipping (Light Dues) Regulations 1997 (S.I. 1997/562 as amended), which the present instrument will further amend.

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, Tourism and Sport in the Irish Government.

6. European Convention on Human Rights

6. 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 Department for Transport works with the General Lighthouse Authorities and the Lights Advisory Committee, as the representatives of the shipping industry, to review the

planned expenditure of the General Lighthouse Authorities and the level of light dues required to supply the income necessary to meet the sanctioned expenditure.

7.2 In recent years, the General Lighthouse Authorities have improved the efficiency of their operations through, for example, greater joint working, the harnessing of new technology, and the switch of more aids to navigation to be solar powered. At the same time, the Department for Transport has taken steps to address the General Lighthouse Authorities' pension liabilities and reach agreement with the Irish Government that the work of the Commissioners of Irish Lights in the Republic of Ireland will be met fully from Irish sources from 1 April 2015.

7.3 These measures mean that it is possible to reduce the level of light dues levied on ships in the UK so that income more closely matches the lower level of expenditure. Consequently, this instrument provides for a one penny reduction in light dues to 39p per net registered ton.

• ***Consolidation***

7.4 The instrument amends another instrument only in terms of the rate at which light dues are levied and, consequently, the maximum amount payable in respect of any one voyage. The Department has no plans to consolidate the amended instrument.

8. Consultation outcome

8.1 The General Lighthouse Authorities and the Lights Advisory Committee (representing the shipping industry) provided formal advice to the Department on the level of light dues for 2015-16. As light dues are classified as a tax, no wider public consultation has been held.

9. Guidance

9.1 None

10. Impact

10.1 The impact on business, charities or voluntary bodies is to reduce the total amount of light dues paid annually by around £2m.

10.2 The impact on the public sector is nil.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not regulate small business; they may, however, benefit from the reduction in light dues levied on ships.

12. Monitoring & review

12.1 The Department for Transport and the General Lighthouse Fund Accountant monitor on a continuous basis the level of the General Lighthouse Fund to ensure that it is in a position to meet the costs of the work of the General Lighthouse Authorities. The General Lighthouse Authorities and the Lights Advisory Committee provide formal advice to the Department on the level of light dues annually.

13. Contact

13.1 Michael Read-Leah at the Department for Transport, Tel: 020 7944 2559 or email: michael.read-leah@dft.gsi.gov.uk, can answer any queries regarding the instrument.