EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (LIGHT DUES) (AMENDMENT) REGULATIONS 2017

2017 No. 543

1. Introduction

1.1 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 The Merchant Shipping (Light Dues) (Amendment) Regulations 2017 ("the Regulations") reduce the rate of light dues levied on shipping calling at ports in the United Kingdom. Light dues pay for the work of the General Lighthouse Authorities[1], which have a statutory duty to provide marine aids to navigation, such as lighthouses and buoys, and respond to new wrecks or other dangers to navigation. For most types of ship, light dues are calculated according to their net registered tonnage (cargo-carrying capacity) up to a maximum weight, currently set at 40,000 net registered tons.

2.2 Since April 2016 light dues have been set at 38 pence per net registered ton; these Regulations reduce that rate to 37½ pence per net registered ton, with a corresponding reduction in the maximum amount payable in respect of any one voyage from £15,200 to £15,000.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Under section 211 of the Merchant Shipping Act 1995, the Secretary of State for Transport is required to administer the General Lighthouse Fund (which was originally created in 1898). The Fund is used to pay for the expenses of the three General Lighthouse Authorities incurred in the discharge of their statutory duty to provide marine aids to navigation around the British Isles and any administration costs incurred by the Department for Transport.

4.2 The principal source of income for the General Lighthouse Fund is light dues, a tax levied on commercial ships and large leisure vessels calling at UK and Irish ports. Under section 205(5) of the Merchant Shipping Act 1995, the Secretary of State for

[1] Trinity House for England, Wales, the Channel Islands and Gibraltar, the Northern Lighthouse Board for Scotland and the Isle of Man and the Commissioners of Irish Lights for Northern Ireland.

Transport has the power to make regulations to set the light dues rate for the United Kingdom and to specify the situations in which light dues are to be applied or exempted. These matters are set out in the Merchant Shipping Light Dues Regulations 1997[2]. Subsequent alterations in the light dues rate, and sundry rules applicable to it, have been made through a series of amending regulations.

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

5.3 Light Dues levied in the Republic of Ireland are set by the Minister for Transport, Tourism and Sport in 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 Department for Transport works with the General Lighthouse Authorities and the Lights Advisory Committee, as the representatives of the shipping industry, to review planned expenditure on an annual basis with the aim of ensuring that light dues can be set to meet any sanctioned expenditure.

7.2 In recent years, the General Lighthouse Authorities have significantly improved the efficiency of their operations through, for example, greater partnership working, harnessing new technology and the development of in-house innovations. The General Lighthouse Authorities are also subject to on-going stretching cost reduction targets. The Department for Transport has implemented an agreement with the Irish Government so that the cost of the Commissioners of Irish Lights' work in Republic of Ireland waters is now met fully from Irish sources.

7.3 The success of these, and other, measures mean that it is possible to reduce the level of light dues for the fourth year in a row so that income more closely matches the lower level of expenditure. Consequently, this instrument provides for a half penny reduction in light dues to 37½ pence per net registered ton.

Consolidation

7.4 The instrument amends the Merchant Shipping (Light Dues) Regulations 1997 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 for Transport 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) have provided formal advice to the Department for Transport

[2] S.I. 1997/562

on the level of light dues for 2017-18. Since 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 £1 million.

10.2 There is no impact on the public sector.

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

11. Regulating small business

11.1 This legislation applies to small businesses, although only the rates applicable to commercial vehicles and large leisure vehicles are being amended. To the extent that small businesses are affected, they will 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 cost of the work of the General Lighthouse Authorities. The level of light dues is reviewed on an annual basis and set following consideration of advice from the General Lighthouse Authorities and the Lights Advisory Committee.

13. Contact

13.1 Chris Angell at the Department for Transport Telephone: 0300 330 3000 or email: christopher.angell@dft.gsi.gov.uk can answer any queries regarding the instrument.