

## Newsletter No 4 – Seafarers Wages

In Newsletter No 4 we are following on from Seafarers Employment Agreements to the next regulation in MLC – Wages. As you will be starting to discover in these newsletters most of the MLC requirements require little change to your current practices, but there are some areas that you should be aware of where changes may be required. We are hoping that the payment of seafarer's wages will require little change for shipowners; however this MLC regulation does require some areas of the Ship Registry's legislation to be updated.

The basic MLC requirements for seafarers whose wage includes separate compensation for any overtime worked are for a basic wage not to exceed 8 hours a day and 48 hours per week. Rates of overtime shall not be less than one and one-quarter times the basic pay, or hourly rate. Payment shall be at monthly intervals and there shall also be a monthly account of the payment the seafarer is due. The Ship Registry already has existing legislation regarding the monthly payment which takes into account overtime and how payments should be made when the SEA terminates. This can be summarised as:-

The seafarers basic wages are to be payable up-to-date at specified intervals not exceeding one month, any additional amounts of wages (e.g. overtime) can be paid in the next monthly pay cycle. When the SEA is terminated any remaining wages shall be paid no later than the date on which the next payment of the basic wages would fall if the SEA had continued and any additional amounts shall be paid no later than the next monthly pay cycle.

### Monthly accounts

All seafarers shall receive a monthly account of their wages and this should contain the following:-

- Name of the seafarer
- The number of the seafarer's current discharge book (if any)
- Name of the ship and its IMO number
- Capacity in which the seafarer was employed
- Dates when employment commenced and ceased and total period of employment in which wages were earned, showing separately the dates of the beginning and end of any period in which wages were not earned
- Sums payable under each allotment note, date when the first payment was due, the intervals between payments, and the total of all such sums.
- Total amount of gross wages earned in respect of:-

- i) the wages at the rate provided
- ii) overtime
- iii) any other earning during the period of employment
- Deductions, specifying the nature of the deduction and showing the total amount in respect of each deduction.
- Total amount of net wages.

## Allotment notes

Allotment notes are one area where changes may be required as MLC requires that shipowners take measures to provide seafarers with a means to transmit all or part of their earnings to their families or dependants or legal beneficiaries. Our research indicates that some shipowners currently limit the amount that can be allotted. This will not be permitted once MLC comes into force. The Ship Registry's existing legislation also limits the amount that can be allotted and limits the number of persons who can receive allotments. These limits will be removed from our legislation.

The form that the allotment notes take can be determined by the shipowner but must contain the following information:-

- Seafarers name
- Vessel the seafarer is employed on
- Employers name and address
- Names and addresses of persons to whom the allotment is made
- Sum to be transferred
- Date of first payment, and intervals of subsequent payments
- Date when payments shall be terminated, allowing 7 days after the seafarer has given notice, cancelling the allotment notes
- Signature of the seafarer
- Signature of master or of other person on behalf of the shipowner.

## Deductions from a seafarer's wages

MLC permits deductions from wages when there is a provision in national laws or regulations. We are currently amending our legislation to allow for the following deductions, which are in addition to any deduction authorised by any provision of any other enactment.

- On board purchases
- Radio or telephone calls
- Cash advances

- Allotments
- Contributions by the seaman in relation to any pension fund, charity, or in respect of membership of a body to any trade union and friendly society.
- NO DEDUCTIONS should be made from a seafarer's wages in respect of obtaining or retaining employment.

There is a provision in existing legislation for employers to make deductions from a seafarer's wage in respect of expenses or losses incurred as a result of the absence of a seafarer without permission, or for other breaches of a crew agreement. The maximum deduction permitted is £300. However this will not be included in the new regulations as any acts of misconduct by the seafarer should result in disciplinary action in accordance with the Merchant Navy Code of Conduct and we consider this should not result in a fine.

## Minimum wage

We are proposing a minimum wage to be in accordance with the ILO minimum wage scale that is set periodically by the Joint Maritime Commission.

## Principles of wages

Wages should be paid in legal tender and may be paid by bank transfer, bank cheque, postal check or money order directly to the seafarers designated bank accounts unless the seafarer has requested otherwise in writing. If a shipowner fails to make a payment of all remuneration due then the penalty shall be the wages payable to a seafarer shall carry interest at a rate of 20% per annum. There will not be a penalty if the failure was due to a mistake or a reasonable dispute as to liability.

As can be seen, the requirements of MLC Regulation 2.2 are consequently resulting in changes to the Ship Registry's legislation. For shipowners we are anticipating the main changes will be to allotment notes and ensuring seafarers are paid no less than the minimum stated in the ILO minimum wage for seafarers.

Further updates will show how our legislation is progressing and once finalised we will be producing Maritime Labour Notices on MLC titles.