



Ministerial Statement to the House of Assembly

---

***RESULTS OF THE 2014 FOLLOW UP MONITORING VISIT  
BY THE UK GOVERNMENT***

**By  
The Hon. Shawn G. Crockwell, JP, MP  
Minister of Tourism Development and Transport**

*Friday, 21<sup>st</sup> March, 2014*

---

**Mr. Speaker**

I rise today to report on the successful completion of the strategic project to stabilize the Bermuda Shipping Registry that is administered and managed by the Department of Maritime Administration. As I had stated during my budget speech, there was an embargo on the growth of the shipping registry imposed by the United Kingdom due to a number of serious deficiencies identified during their audit. Last week a follow up audit was conducted by the UK auditors on the Department of Maritime Administration and it was found to be in full compliance with the relevant standards and as a result the embargo was lifted. This will now, open the doors wide, for the registry to promote and grow in its size and tonnage, earning additional revenue for the country.

**Mr. Speaker**

The growth restriction had been in force for the last two years following the UK Government's Monitoring Visit to the Maritime Administration in 2012. The

Auditors who carried out the monitoring functions had identified a number of serious non-compliances with the required standards stipulated in the Memorandum of Understanding between the UK Government and the Bermuda Government.

**Mr. Speaker**

The deficiencies identified were legitimate and valid, as they were concerned with the safety of life at sea, safety of ships, the passengers who travel on Bermuda ships, pollution prevention from ships, and matters relating to maritime security on board Bermuda ships; all of which are fundamental to operating a safe international maritime administration.

**Mr. Speaker**

The ships engaged in international trade are subject a number of International Treaties and Conventions. In order to operate a shipping registry that can register ships which are entitled to conduct international trade, the country that operates the Shipping Registry must be a Party to each of the relevant International Maritime Conventions. The United Kingdom is the Signatory to these conventions, for itself and its Overseas Territories (OT) and Crown Dependencies (CD). These conventions are subsequently extended to OTs and CDs that operate REG Category 1 shipping registries. However, it must be noted that each convention is extended only after a successful verification by the UK Government that the necessary framework, which includes national legislation, technical resources, training of personnel, and budgetary provisions for giving full effect to that Convention and Instruments, have been properly implemented by the relevant OT/CD requesting the extension.

**Mr. Speaker**

Once these Maritime Conventions are extended to Bermuda, the Department of Maritime Administration (DMA) becomes the custodian for those conventions and it is the responsibility of this Administration to ensure that these conventions are properly implemented on ships flying the Bermuda flag. Also it is the responsibility of the DMA to enforce similar standards on foreign ships arriving in Bermuda waters. In order to implement these international conventions, we need to enact national laws and regulations, and we need resources.

**Mr. Speaker**

These conventions are subject to continuous review and modifications by the relevant International Bodies such as the United Nations (UN), International Maritime Organization (IMO), International Labour Organization (ILO), World Health Organization (WHO), International Telecommunication Union (ITU), in order to address dynamics of the global commerce, finance, banking, political changes, maritime security, piracy, marine disasters, etc., It is important that the Maritime Administration has the necessary technical experts, legal personnel and funding to be able to give effect to such changes through national legislation in a timely manner. The quality and the reputation of a Maritime Administration is often judged by the status and availability of national shipping legislation for implementing the International Conventions.

**Mr. Speaker**

At the time the UK audit was conducted, Bermuda was a number of years behind in enacting the national legislation required for updating with the International Maritime Conventions. This deficiency was identified by the UK Auditors, was a

major concern of the UK Government, and was one of the reasons for imposing the embargo on growth of the registry.

**Mr. Speaker**

Another major deficiency identified by the Auditors was the insufficient number of in-house surveyors to service the number of ships on the Bermuda register. At the time of the audit we had 180 large ships on the register. In order to service 180 ships, DMA was required to have a Chief Surveyor and a minimum of nine (9) surveyors, not counting the additional surveyor requirements for passenger ships on the register.

**Mr. Speaker**

At the time of the 2012 audit, Bermuda Administration had only two surveyors, and no Chief Surveyor. Obviously this surveyor number was grossly below the required capacity, and in no way acceptable under the REG Category 1 standards. During the 2013 audit there was an improvement in the survey numbers but not sufficiently to service the Bermuda fleet. This deficiency in technical resources was a major deficiency and this untenable situation also contributed to the growth restriction.

**STABILIZATION OF THE REGISTER**

**Mr. Speaker**

Irrespective of the findings of the UK Auditors, the DMA had been well aware of the lack of surveyor resources, deficiency in maritime legislation and shortcomings in the infrastructure. Initial attempts made to recruit Surveyors were not

successful due to lower salary scales and employment conditions offered. At present, with the fast developments in the shipbuilding industry, the surveyors are in great demand and the available number is very limited.

Understanding the surveyor recruitment difficulties, under the existing local economic hardship and constraints on creation of new jobs, the DMA was in a challenging situation for meeting the UK recommendation.

### **Mr. Speaker**

At this stage, following a meeting of the Minister, the Permanent Secretary, the Chief Surveyor and a Consultant from the Cabinet Office a decision was taken to put a definitive plan in place to address all the recommendations given in the UK Audit Report and stabilize the DMA.

The following process was adopted towards reaching the goal of stabilizing the DMA:

### **Surveyor Recruitment**

- The Annual budget *2013/2014* was dedicated to stabilization purposes;
- Resources were allocated where they needed to address the deficiencies;
- A system for monitoring the progress of stabilization was developed with Key Performance Indicators (KPIs);
- Working with Department of Human Resources (DHR) alternative salary scales were developed for the prospective surveyors keeping in par with the international salary scales;

- Cabinet approval was sought for the creation of additional surveyor requirements and additional funds for engaging them;
- Cabinet approval was sought for operating a satellite DMA office in the UK and engaging the new surveyors to work from the UK, servicing the UK fleet and the European ports.

### **Merchant Shipping Legislation**

- Regular meetings were held between the Senior Parliamentary Counsel and the DMA to discuss and priorities the legislative process for the DMA;
- Having given priority for the legislation requirements for implementation of the new Maritime Labour Convention 2006, drafting of regulations was completed and subsequently introduced into Bermuda legislation, in time for the convention to be extended to Bermuda;
- Drafting of long outstanding merchant Shipping regulations were completed and now pending legal process;
- During the 2014 follow up audit, the Senior Parliamentary Counsel met with the Audit team and explained the on-going legislation programme, which was accepted by the Auditors as meeting their recommendations.

### **Other Recommendations**

- Most of the recommendations relating to infrastructural requirements were either completed or were on going. Some could not be completed due to lack of resources, however the auditor team was content to accept and recognize the positive steps taken towards addressing the deficiencies highlighted.

## **Results of the 2014 UK Audit**

### **Mr. Speaker**

I am pleased to state that the Department of Maritime Administration has successfully completed the UK Government's Monitoring Visit audit on 13<sup>TH</sup> March 2014. The Audit Team met with me in the morning of 13<sup>th</sup> and discussed their findings and advised me that the embargo on growth of the registry is lifted and the requirement for the annual Monitoring Visits by the UK is removed, and reverted to 4 yearly monitoring visits.

### **Mr. Speaker**

The Chief Surveyor and the DMA team have done a tremendous amount of work to get the standards of the DMA up to the high level required in order to pass this stringent audit, and I thank them for their efforts and contribution. Additionally, I acknowledge the support and resources provided by the Cabinet, Cabinet Consultants, The Attorney General, the Department of Human Resources, the Minister and the Permanent Secretary of the former Ministry of Economic Development who spearheaded the DMA Stabilization programme, and the Permanent Secretary of my own Ministry who had been diligently supporting the DMA stabilization programme.

**Thank you Mr. Speaker.**