



The Mexico City policy in action

A guide to implementation for affiliates signing
ITF approved collective agreements



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Foreword

The Mexico City policy was among recommendations from a four-year review of the FOC (flags of convenience) campaign, and was agreed during the ITF congress in 2010.

Among the changes were three new areas of policy relevant to unions signing ITF approved agreements. These were:

- A funding and audit policy, setting out minimum requirements for funding elements that form part of ITF approved agreements;
- A seafarers' charter policy, establishing minimum obligations for ITF affiliates signing agreements to the crew employed under those agreements; and
- A policy position encouraging bilateral arrangements to be concluded between beneficial ownership and labour supply unions, in the interest of providing effective trade union representation to FOC crew.

The purpose of these policies is to improve the lives of seafarers and protect their rights through solid trade union representation. But they are just the theory. To make these gains a reality for seafarers they must be robustly and effectively put into practice by you, the unions on the ground.

The ITF is committed to helping you do that. This booklet contains guidelines, formulated in conjunction with the FPC (fair practices committee) steering group, giving practical advice, along with examples, tips and ideas from ITF maritime unions.

We hope you find it useful as we work towards our common goal: improving seafarers' lives, protecting seafarers' rights.



Stephen Cotton

Acting general secretary

Guidance for affiliates signing ITF approved agreements

Unions signing ITF approved collective agreements are subject to the requirements and obligations set out in the *Mexico City policy*, the *seafarers' charter policy* and the *funding and audit policy*.

Monitoring and compliance

The ITF will be proactive in monitoring affiliates' compliance with this policy. All reported instances of non-compliance with these ITF policies will be recorded, whether the information comes from a seafarer, an ITF inspector, an ITF affiliate union or another party. Data will be gathered and provided to the FPC steering group on a regular basis so that compliance can be effectively monitored.

Guidance for unions

These guidelines provide unions signing ITF approved collective agreements with advice on the practical steps they need to take to fulfil the requirements and obligations set out in the *Mexico City policy*, the *seafarers' charter policy* and the *funding and audit policy*.

Implementing the seafarers' charter policy



The seafarers' charter policy sets out the minimum obligations that must be fulfilled by ITF unions signing an ITF agreement to those seafarers employed under the agreement.

Before signing an ITF agreement a union must consider all the obligations set out in the policy and ensure that it is able to fulfill them all. If it is not able to meet all those requirements, the union should consider entering into a bilateral arrangement with another ITF union as per Mexico City policy, that could provide some of those minimum services.

Details of the crew

The union should make sure that the shipowner or company provides details of the crew, and that this obligation is stated within the collective bargaining agreement (CBA) itself.

Information to the crew

It is the duty of the union(s) holding the agreement to inform the seafarers that they are covered by a CBA.

It is the responsibility of the signatory union(s) to provide crew members with a copy of the seafarers' charter policy and to ensure that they are provided with an individual employment contract and a copy of the CBA.

Duration of membership

Continuous membership is linked to the question of permanent employment. When seafarers are not at work, membership may be limited to the duration of the contract.

Union dues

Dues levied under the ITF agreement should be proportionate to the services provided by the union(s) holding the agreement. Where a bilateral arrangement exists, each union should ensure that the dues it is charging are sufficient for it to meet its obligations to the seafarers under the agreement.

Membership cards

The union should provide each seafarer under the agreement with an appropriate form of membership card.

The purpose of the card is to provide the seafarer and the union with proof of that individual's membership and link to the union.

The membership card could be a physical card, or it could be an electronic membership card.

The membership card should contain the following information, as a minimum:

- a) Seafarer's name
- b) Membership number
- c) Date of birth
- d) Nationality
- e) Contact details of union (appropriate contact person, or department dealing with non-domiciled members)

Other information could also be included, at the discretion of the union, for example:

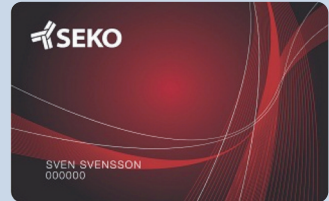
- a) Date of issue
- b) Term of validity

Whatever the format, the union should ensure each crew member receives it within a reasonable time from the agreement being signed or the seafarer joining the ship mid-agreement.

Give an example of your union's membership card. What are the services linked to it?

SEKO (Facket för Service Och Kommunikation), which represents 123,000 workers in the transport, communications and service sectors in Sweden, has built a web based membership database. Every member has online access to their membership record via a unique personal identification code and password. They can build their own personal account and update information that is stored by the union.

A physical SEKO membership card is issued after submission of a membership application. It provides members with the opportunity to get hundreds of money saving deals on travel, cultural events, theatre and concert tickets, insurance, recreational facilities, restaurants, etc. For a small fee members can opt to upgrade it to a credit card, linked to a personal bank account. Protection of personal information is regulated by state law and the union database system is well secured.



National Seafarers' Union of India (NUSI) members, both current and retired, and their families, have access to a broad range of social services and financial help when they hold a valid NUSI membership card. For example:

- reimbursed medical bills, free medical treatments in a union hospital in Goa,
- homes for retired seafarers in need, affordable holiday homes,
- subsidised food programme,
- subsidised maritime training in NUSI Maritime Academy in Goa,
- other education grants to seafarer's children, with particular attention to girls' access to schools,
- interest-free loans for ratings who pursue sea-officer diploma and career.

Membership cards are valid for three years and will be renewed six months after the union's general meeting. NUSI Trusts, which manages the welfare services that are provided for union members and their families, includes trustees from the trade union and organisations of ship owners and ship managers.

Union newsletter or publication

The union(s) should produce a regular newsletter or other publication, or adopt another means of communication with members.

When considering the appropriate format, distribution method, regularity and language(s), the union should consider the number of non-domiciled members they are servicing.

The newsletter or magazine could be provided in hard copy or in an alternative format, but should be accessible to the members. If it is a hard copy it should be sent to the vessel, either by the union or via the company. Before choosing to produce an electronic publication, the union should take into account the seafarers' access to the internet and email on board.

The newsletter or publication should be produced in the language appropriate for the group of non-domiciled seafarers represented, or otherwise in English.

All Japan Seamen's Union (JSU) produces a monthly magazine 'Ocean Gate' for its non-domiciled members, providing union news and other features both in Japanese and in English. Printed magazines are distributed to all ships covered with JSU agreements by JSU staff, visiting the ships in Japanese ports.



visiting the ships in Japanese ports.

Also, a newsletter 'JSU Maritime Journal', published every other month, is available in English. It can be read and downloaded on the JSU website <http://www.jsu.or.jp/eng/>



German affiliate Ver.di produces Schiffahrt-Report, a quarterly journal for its maritime members. The journal is published in German, but each issue includes several articles with a more international focus, printed in English.

It is available online via the union's website: <http://verkehr.verdi.de/schiffahrt/schiffahrt-report>



Nautilus International's monthly newspaper 'Nautilus Telegraph' is distributed to members and all vessels covered by Nautilus agreements, as well as seafarers' centres and maritime colleges. The publication is produced in English, with several pages of content in Dutch as Nautilus represents seafarers in the UK, Netherlands and Switzerland. As well as union news, the paper also has in-depth features on issues affecting seafarers. The Nautilus Telegraph is also available online: <https://www.nautilusint.org/Resources/pages/Telegraph.aspx>



Union contact details

The union(s) representing the seafarers under the agreement should ensure that each of those seafarers are provided with the contact details of the union, including telephone numbers, email addresses and the names of relevant union officials.

These contact details could be included in the newsletter or on the membership card. Alternatively the union could choose to issue the seafarer with a union directory of contacts.

Participatory rights

Seafarers under ITF agreements must have a voice and have their interests represented within the relevant union. Unions should do whatever is possible within their own circumstances to encourage all those seafarers it represents to participate in the union.

Participatory rights will be dependent on the constitution of the union, that of the national federation or national legislation.

Examples of participatory rights are given below. These examples are for illustration purposes only.

- Access to union education
- Involvement in union campaigns and organising activities
- Attending union social events
- Voting rights
- Participation in democratic structures (eg serving on a union committee)

The Norwegian Seafarers' Union has initiated union education programmes for seafarers working on cruise vessels. To date, about 1,000 seafarers have participated in over 20 seminars that have taken place in the Philippines, Jamaica, Indonesia and India. The venues are selected as they are major labour supply countries for key cruise operators. In co-operation with the ITF secretariat and ITF inspectors, an international team of tutors provide interactive sessions to raise awareness about workers' rights, trade unions, collective bargaining, ILO (International Labour Organization) and IMO (International Maritime Organization) conventions, health and safety on board, HIV/Aids, etc. The seminars are very popular among the participants. To increase close contact with workers, a curriculum for training shipboard trade union representatives is currently being developed.

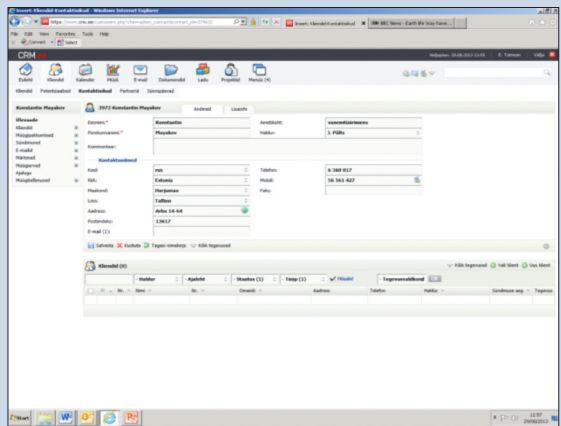
On cruise vessels, where workers from hundreds of different countries work together, representing crew members' interests can only be successful when unions co-operate with each other.

Membership systems

The union should ideally use a system to store membership information, to ensure that it can link members' details to fees received. This type of system can also make it easier to issue membership cards, publications and other communications, and to help engage seafarers in the union.

Unions may wish to consider asking the ITF to hold membership information within the ITF's own membership database.

The Estonian Seamen's Independent Union (ESIU), represents about 2,000 seafarers, including around 300 seafarers on FOC (flag of convenience) vessels. Since 2007 it has been using a membership database, based on CRM (client relationship management). Around 80 per cent of members have mobile phone and email. Via the system the union is able to send SMS texts and emails, either individually or through mass mailing. Using this method, members can be sent e-news, or invitations to union meetings, training and other events.



How does your union deal with membership data (fees, contact information)?

How does it handle data protection for personal information?

Ship visits

When signing agreements, unions should be aware of the obligation to visit covered vessels.

Unions should do everything they can to ensure that a union representative visits the vessel to talk to the crew and to ensure that the agreement is being complied with.

The union should endeavor to ensure that each ship under agreement is visited at least once a year.

If the signatory union is not able to arrange for a union official to visit the ship, the union should consider if one or more appropriate labour supply unions may be in a position to provide this service to the crew. If so, a bilateral or multilateral arrangement should be considered.

Where it would be impossible for any of the unions holding the agreement to visit the vessel, the unions should inform the ITF as soon as possible, so that a visit by an ITF inspector can be arranged as a priority.

How does your union monitor compliance with its CBAs on board the ships?

How often does your union visit the FOC ships it covers? What are the key topics discussed with the crew?

Claims handling

Assisting members with employment issues is among the most important functions that a union performs. It is the fundamental right of any seafarer employed under an ITF agreement to receive assistance with a claim arising under that agreement.

When unions are setting the level of dues for crew on FOC vessels they should consider potential liabilities and ensure they will be able to deal with any valid claim. If a union is unable to meet this obligation, or is unwilling to transfer responsibility for it through a bilateral agreement, the union should not sign the agreement.

Unions should inform the secretariat of the person(s) nominated to deal with their non-domiciled member claims and their contact details. It is the responsibility of the union to keep the ITF up to date with any changes to this information.

Where bilateral arrangements with shared responsibilities exist, the unions should agree which union has responsibility for handling any claims that may arise under the agreement. The ITF and the seafarers themselves should be informed of what is being provided by each union.

The union should keep a record of how the claim has been handled and what the outcome or settlement is.

This information should be provided to the ITF on a regular basis, in order that the ITF can continue to monitor overall compliance with ITF agreements and provide data to the relevant political bodies.

Data should be provided in an appropriate format (preferably an excel document) and should comprise of the following minimum information, to enable it to be analysed alongside claims handled by inspectors and the secretariat:

- Vessel details (name, flag, IMO number)
- Ownership details
- Agreement details (unions involved, agreement term)
- Details of the claim (date reported, who referred it to the union, description of problem, nationality and rank of crew member(s) affected, other relevant information)
- Description of action taken to resolve
- Outcome of claim
- Length of time taken to resolve claims

In the case of a claim being referred to the union by an ITF inspector, or the ITF secretariat, the union should keep the relevant individual informed of progress and let them know the outcome of the claim.

All Japanese Seamen's Union employs three Filipinos as JSU staff and four Filipinos as JSU international service staff (ISS). The main task of the ISS is to provide useful information to non-domiciled special members by using fax-news or magazines. They also visit JSU covered ships in ports of Japan to handle grievances and to collect feedback from special members' and deal with their concerns.

Please give a recent example of a FOC crew claim that was handled by your union (not by an ITF inspector).



Implementing the funding and audit policy

Definition of funding

For the purposes of implementing the funding and audit policy funding is defined as follows: 'Funding elements are the items that form part of an ITF approved CBA for an FOC vessel that are not paid directly to the seafarer but which are used, by unions or companies, to deliver benefits to the seafarer.'

The funding and audit policy *shall apply* for example to:

- All FOC agreements (incl. cruise, etc)
- Union-managed funds
- Shipowner-managed funds (eg training, accommodation during transit, etc)
- Medical for seafarers' dependants
- Insurance for seafarers' dependants

The funding and audit policy *shall not apply* for example to:

- National flag
- Special agreement fees
- ITF welfare fund contributions
- Union dues
- Government-required funds
- Seafarers' employment promotion fund/seafarers' protection fund/seafarers' education fund (International maritime training trust)

Scope of the policy

Reporting obligations and other requirements within this policy apply only to funding elements and do not apply to the union’s own accounts.

Requirements within the policy apply from the date that the policy comes into force. There will be no obligation on unions to report or audit retrospectively.

Wage scale

The wage scale for any ITF approved agreement must comply with the requirements of the *funding and audit policy*. A total crew cost (TCC) model wage scale is attached to these guidelines (see **addendum**, page 15).

The wage scale must clearly show on the **left hand side** those cash elements. It must also show those elements considered as deferred pay. All funding elements must be included on the **right hand side** of the wage scale.

To assist with the formulation of the wage scale, here is some further

	Explanation	Examples
Cash elements	Elements of the salary that are cash payments, to be made direct to the seafarer or (by agreement) to his or her bank account or family via allotments.	<ul style="list-style-type: none">• Basic wage• Leave pay• Subsistence allowance• Guaranteed overtime
Deferred pay	Those schemes that deliver a cash benefit to the individual seafarer after a defined period of time.	<ul style="list-style-type: none">• Provident fund• Pension fund• Savings plan
Government-required funds	Those funds where the government of a particular country requires the company to collect money from the pay packet of any seafarer from that country. The money is then paid into a government scheme	

explanation along with some examples:

ITF policy states that all agreements are subject to a maximum amount of funding per position. For TCC agreements this is agreed by the ITF. For international bargaining forum (IBF) agreements this is agreed within the IBF process. No agreement can include funding elements that exceed the agreed percentage cap.

In TCC, as a guide, here is an explanation of those elements considered as

	Explanation	Examples
Funding elements	These are items that are not paid directly to the seafarer but which are used, by unions and/or companies, to deliver benefits to the seafarer	<ul style="list-style-type: none"> • Medical plan • Dental scheme • Email/internet on board • Shipboard welfare

funding, that must be counted with this cap, along with a list of examples:

Reference of funding elements from *PNO and Navios Shipmanagement Inc IBF collective bargaining agreement wage scale*

D&D = Article 27: Insurance Cover

IMO = Article 35.1: IMO and Training

S/B/W = Article 28.3: Food, Accommodation, Bedding, Amenities etc.

Email = Article 28.4: Food, Accommodation, Bedding, Amenities etc.

TRNG = Article 35.1: IMO and Training

SMA = Article 36: Social Medical and Administration

SEPF = Article 34: Seafarers' Employment Promotion Fund

Continues overleaf

Article 28: Food, Accommodation, Bedding, Amenities etc.

...

28.3 The Company shall ensure the provision of shipboard welfare and entertainment amenities, such as videos, books sports and fitness facilities etc. not less than the value indicated under the heading "S/B/W" in the attached wage scale.

28.4 In times of serious domestic medical emergencies and in such other circumstances as agreed by the company, the seafarer shall be entitled to the provision of free on board communication services, in accordance with the wage scale. Additionally, each seafarer may make free use of the ships email system, where one is fitted, for a reasonable amount of time, as determined by the Master, taking account of the vessels operational requirements, for communication with his family. The cost of providing this benefit, together with the provisions above is recognized as an allowance, not payable to the crewmembers, and is indicated under the heading "EMAIL" in the Table B.

Each column of the wage scale must contain a **'quick find' reference** to the corresponding explanatory text within the CBA.

CBA

All payments and deductions listed in the wage scale must be fully explained within the text of the CBA, so that the seafarer understands what each deduction is, where it goes and what he or she is entitled to.

Discounts

Discounts on funding payments cannot be offered to shipowners signing ITF agreements under any circumstances.

Union dues

Affiliates are responsible for determining the level of union dues charged for or to the seafarers under the agreement. Union dues should not be considered funding elements. Union dues charged under ITF agreements must be transparent.

Agreements vetting and approval

All agreements and corresponding wage scales will be assessed against these criteria by the ITF agreements vetting group, who will make a recommendation to the ITF PFC steering group.

Monitoring compliance with the agreement

Any union representative visiting the ship, as per the requirements of the seafarers' charter policy, should check that crew members have received wages or allotments under the agreement.

Receipt of cash payments by the crew will also be checked during any onboard inspections that may be carried out by ITF inspectors.

Any breach of the agreement found during inspection, or reported by the crew or other parties, will be handled in accordance with the seafarers' charter policy.

Union systems and processes

Unions managing funds under ITF approved agreements can continue with or implement their own financial management processes and systems, provided they are robust and allow the union to meet its reporting and auditing requirements under the policy.

As a guide, the union's own systems and processes should enable the capture, storage and reporting of essential information relating to the funding elements concerned. This information should include, for example:

- a) Company details
- b) Vessel details
- c) Agreement details
- d) Manning information
- e) Funds due for each vessel
- f) Funds collected

Collecting funds and tracking payments

The union may wish to use a system that allows it to issue companies with 'invoices' (where tax exemption applies) or another form of notification of the amounts due.

Systems should allow the union to track payment, non-payment and under-

payment of funds by company/vessel/agreement and to issue reminders (including for the second year of two-year agreements).

When signing an agreement with a company, the union should stipulate what the union will need the company to provide in terms of a payment notification, so payments can be tracked effectively. For example, the union may wish to require the company to supply it with an email notification once payment has been made. The union may wish to stipulate the minimum information that should be supplied, for example:

- a) Amount paid
- b) Date of payment
- c) Name of vessel(s)
- d) Number of crew

Accounting and financial management practices

Each funding union is able to operate its own local processes and should be in compliance with national legislation and other requirements for the accounting of funds.

However, all unions operating funds within the ITF agreements structure are expected to apply good accounting practices and to have in place a rigorous system of checks and balances, such as:

- a) Qualified/experienced bookkeeping staff
- b) Use of professional accounting software
- c) Clearly documented local accounting procedures and processes
- d) Clear reporting lines and structure to ensure segregation of duties and a system of checks and balances

The ITF's role will primarily be to provide advice and support to unions, when requested, through the ITF's internal auditor.

The ITF will also, as necessary, send the internal auditor to check local processes to provide assurances that they are robust and free from risk.

Spending, investments and reporting

When managing how the funds collected are spent (for example on projects or the provision of services to seafarers), unions should use best practice for project management and accounting.

Where a union manages funds under the ITF agreement system, that union

must produce an annual report for each fund. The main purpose of the report is to demonstrate how the fund operated under the agreement has delivered benefits to the seafarers.

The report must be submitted to the other parties to the agreement(s), that is to say the signatory company and any other unions that are party to the ITF approved agreement. The union must also send copies of the reports to the ITF secretariat.

The report must be received by the end of April for the preceding calendar year (ie 2013 report to be received by the end of April 2014).

Where unions already have in place their own financial reporting mechanisms, reports can be provided in the current format, so as not to create additional work. However, all reports must be accompanied by a brief and standardised summary report, containing the following information:

- Union information
- Number of agreements
- Funds raised in the financial year
- Outstanding funds/funds not yet received (debtors)
- Interest earned on funds invested (if applicable)

For each project that has been financed from the funds, the following information is required:

- Project type (eg hospital, resort, training academy) and brief note explaining intended benefit to seafarer
- Funds invested into each project
- Actual expenditure versus budget (with a brief explanation note for any variances)
- Income generated from project (eg hospital may take local patients as well as seafarers and charge for this)
- Supporting data to demonstrate the benefit delivered to seafarers and their families by a particular fund. These may include operational statistics, such as:
 - Number of seafarers using the facility
 - Number of their family members using the facility

For new or pending projects, or those in progress, unions should provide a

brief description of the project, its objectives, the expected completion date and its financial status (eg forecast and budget information).

Where a fund is operated by the company, the union must ensure that at the point of signing the agreement the company is aware of its obligations to provide annual reports to the other parties to the agreements.

Additional costs

Unions should consider what additional costs will arise from the reporting and auditing burden. These costs may need to be born by the funds themselves and accounted for as an item of expenditure.

Disputes

Any dispute arising between unions under this policy, for example the failure of one union to provide an annual report to the other union, should be reported to the ITF secretariat. Where necessary, disputes will be referred to the FPC steering group. Where appropriate, mediation will be arranged.

Bilateral arrangements



Aims and principles

It is ITF policy to encourage bilateral arrangements to be concluded on FOC ships, wherever this is practical.

The aim of having bilateral arrangements is to encourage solidarity and partnership between beneficial ownership unions and labour supply unions, in order to improve trade union representation and services to seafarers on board FOC ships.

Different arrangements exist, depending on unions' own circumstances.

Joint negotiations

Past experience has shown that bilateral arrangements work best where the unions participate jointly in negotiations with the company. Normally, the beneficial ownership (signatory) union would act as the lead partner in these negotiations.

The model that has proven to be the most successful is where the unions are able to negotiate within a national bargaining structure in the beneficial ownership country.

In Norway, the first bilateral agreements were established due to the introduction of the Norwegian International Ship register (NIS) in 1987. In the NIS Act, the Norwegian maritime unions have negotiation rights along with the labour supplying unions. The agreements also covered Norwegian beneficially owned FOC vessels.

Bilateral agreement are entered into when the members of the Norwegian Shipowners' Association (NSA) hire from a certain labour supplying country. The union is, or the unions are selected based on which union organises the seafarers or after recommendations from ITF.

The Norwegian maritime unions and the Norwegian Shipowners Association have a joint administration fee of USD38 per month per seafarers which is divided proportionally between the four parties. The amount is paid by the companies that utilise the agreement. It covers negotiation, revision and enforcement costs. The fee is negotiated between the parties. The labour supplying union has a union due or fee that is regulated by their by-laws and is usually deducted from wages.

Monitoring bilateral arrangements

Implementation of this policy will be monitored by the FPC steering group.

Addendum: TCC wage scale example, with funding elements

Positions*	CASH				TOTAL CASH	DEFERRED PAY		TOTAL PAY	FUNDING ELEMENTS					GRAND TOTAL
	Basic	Daily wage	Leave pay	Overtime		Provident fund	Pension fund		Medical plan	Dental scheme	Internet access	Training	Other welfare	
Master														
Chief officer														
2nd officer														
...														
Chief engineer														
1st engineer														
2nd engineer														
...														
Bosun														
AB														
OS														
Oilier/greaser														
...														
Chief cook														
Steward														
...														

Notes

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