

GUIDANCE NOTE 05/2024 Rev 01

EMPLOYMENT CONTRACTS FOR SEAFARERS ON PLEASURE VESSELS

To: SEAFARERS (INCLUDING MASTERS) SERVING ON PLEASURE VESSELS AND THEIR EMPLOYERS

1. BACKGROUND

- 1.1 The Merchant Shipping Act 2024 (the Act) entered into force during March 2024. Section 90 of the Act requires that a written employment agreement (or employment contract) is in place between every seafarer serving on a Cayman Islands ship and their employer. This agreement is to be signed by both the seafarer and the employer.
- 1.2 This section applies to all seafarers employed to work on a Cayman Islands ship, including those employed to work on pleasure vessels, and their employers.
- 1.3 Additional requirements apply when a seafarer is employed to work on a Cayman Islands ship subject to the Maritime Labour Convention 2006 (MLC). Such seafarers must be employed under a Seafarer Employment Agreement that complies with MLC.
- 1.4 This Guidance Note is intended to avoid any confusion that may arise over the differences between the employment contract required when employed to serve on a pleasure vessel and the Seafarer Employment Agreement required when a seafarer is employed to serve on a ship subject to MLC.

2. SEAFARERS SERVING ON PLEASURE VESSELS

- 2.1 The requirement for written employment contracts has been extended to those serving on pleasure vessels in order to bring security and clarity to both the seafarer and employer. With a written contract in place, all parties have agreed on key employment terms and conditions at the start of employment. Without an employment contract in place, these matters often become the subject of dispute both during and at the end of employment.
- 2.2 A seafarer employed to serve in a pleasure vessel must have a signed employment contract in place which meets the minimum requirements contained in section 90(2) of the Act. These minimum requirements are –

- 2.2.1 the amount of wages and method of payment;
- 2.2.2 the production of monthly wage accounts;
- 2.2.3 any wage deductions permitted by the Act;
- 2.2.4 the entitlement to repatriation and medical expenses;
- 2.2.5 any entitlement to leave;
- 2.2.6 any notice period required;
- 2.2.7 the agreed place for the return of the seafarer; and
- 2.2.8 the governing law.

All of the above are to be included in the employment contract, even if the agreed entitlement is “zero”. For example, if there is no entitlement to earn paid leave during the employment, the employment contract must state this,

- 2.3 Sections 90(5) and 100(1) of the Act make clear that no seafarer’s right or employer’s obligation under the Act can be renounced or disapplied by an employment contract.
- 2.4 No “pre-approval” or “review” of an employment contract for a seafarer serving on a pleasure vessel is required. The format of the employment contract is left to the employer and no template or example employment contract has been prepared by the Cayman Islands Shipping Registry. However, employment contracts will be checked during routine surveys and inspections and as part of any dispute resolution process.
- 2.5 It is in the best interests of all parties to ensure that an employment contract is put in place at the start of the employment of every seafarer.
- 2.6 Under section 90(4) of the Act, both the master and the shipowner commit an offence if a pleasure vessel goes to sea without employment contracts being in place for all seafarers.

3. SEAFARERS SERVING ON SHIPS SUBJECT TO MLC

- 3.1 The requirements for a Seafarer Employment Agreement for those serving on ships subject to MLC can be found in the Merchant Shipping (Maritime Labour Convention (Seafarer Employment Agreement, Shipowners’ Liability and Wages) Regulations, 2014. These regulations do not apply to seafarers serving on pleasure vessels.