

*Contract*

*between*

*The Faroese Shipmasters and Navigators Association (FSN)*

*and*

*The Shipowners' Association for Cargo Vessels  
(RFF)*

*1st March 2009*

## **Main contract**

### **§ 1. Contract area**

Sub-article 1. This contract is only valid for members of the Faroese Shipmasters and Navigators Association (FSN) and the Shipowners' Association for Cargo Vessels (RFF).

Sub-article 2. This contract shall not by itself be applicable for vessels in the offshore industry, but the special conditions of such a contract shall be based on this contract.

### **§ 2. Employment**

Sub-article 1. Masters and mates shall be employed according to the terms and conditions as determined by law, and in addition as set forth in this contract.

Sub-article 2. Those who become employed in accordance to this agreement shall receive engagement letter informing:

Name of employer

Date of engagement

Location of employment

Field of employment

Seniority

Current agreement

Possibly other arrangements connected to the appointment

Sub-article 3. This contract shall not precede existing pay and holiday arrangements for any member of FSN in the event that these arrangements are superior to what is contained herein.

### **§ 3. Health and Accidents and Pension**

Sub-article 1. If the master/mate has to sign off due to ill-health or accident for which the ship owner is liable in accordance with the Sailor's Act (Parliamentary Act on Sailors, No. 4 of 15 January 1988 with later amendments) any such person is entitled to his full wage and sick leave according to sub-article 2.

Sub-article 2. Sick leave will be paid as stated below:

Less than 5 years' employment period	3 months
After 5 years' employment period	4 months
After 7 years' employment period	5 months
After 10 years' employment period	6 months

Sub-article 3. If master or mate die in service, the spouse or children under the age of 18, which it is his duty to support, shall receive a pension for up to 3 months. If he has been in the service of the company for 5 years as an officer, the pension shall be paid for up to 4 months. After 7 years for 5 months, and after 10 years for 6 months. Accumulated holidays shall be considered as being in addition to the above mentioned.

#### **§ 4. Insurance of personal effects/belongings**

By shipwreck or other damage, as for instance fire and the like, the insurance company of the owner will pay to the master/mate compensation for lost effects according to the Seamen's Act.

#### **§ 5. Notice of discharge**

Sub-article 1. Masters and mates can receive notice during the first year with the shipping company at a three months notice. After 5 years of service the term of notice is 4 months. After 7 years the term of notice is 5 months and after 10 years of service the term of notice is 6 months. If master or mate give notice will be 1 month.

Sub-article 2. If a master or mate is given notice from the company while abroad, the company shall pay his home voyage to his place of residence. If he has not failed to fulfil his contract of service, he is entitled to 3 monthly wages after termination of employment. This will not apply if he has received notice because he has failed to fulfil his contract of service.

Sub-article 3. When notice is given because the ship is laid up, delayed or because of dock repairs or the like, the term of notice for masters or mates, who have been in the service of the company for more than 1 year, will not be effective until the vessel or the officer concerned has arrived to his place of residence.

Sub-article 4. Master and mate are bound to sign on to any vessel as decided by the company, and to be transferred from one vessel to another.

Sub-article 5. In case a master or mate who is home gives notice to quit before he will sign on again, the time of employment ceases and with that the right to pay when his outstanding holidays have been settled, unless it is possible for the company to transfer him to another of the company vessels within the remaining period of the term of notice stipulated in sub-article 1 above.

Sub-article 6. In case the stipulations of sub-articles 4 and 5 should involve travelling expenses to and from a vessel, the company shall pay the costs.

Sub-article 7. Continual notice of discharge, i.e. notice that is repeated e.g. every 3 months or every month shall not be valid.

Sub-article 8. The use of intoxicants while working and while travelling to the vessel can result in an immediate notice of discharge and the forfeiture of any wage demands.

## **§ 6. Professional Secrecy**

A master and a mate are bound to secrecy regarding all matters concerning the shipping company, as for instance freight, shipper, consignee and other matters. Breach of secrecy may result in a notice of discharge.

## **§ 7. Spouse**

Sub-article 1. In the event a master or mate has been employed within the same shipping company for more than 6 months, any such person can according to agreement made with the shipping company have his or her spouse onboard for up to 3 months a year.

Sub-article 2. In the event a spouse exceeds the 3-month stay onboard, the vessel is entitled to full board reimbursement for the exceeding period. Travel expenditure, responsibility and insurance are of no relevance to the vessel owner.

Sub-article 3. The above mentioned is conditioned by circumstances onboard allowing it, and that the ship is not involved in business requiring special qualifications for all those onboard.

## **§ 8. Working hours**

Sub-article 1. The permanent monthly wage for masters and mates is based on 10 working hours in 24 hours.

Sub-article 2. Working hours are arranged by the master.

Sub-article 3. During loading and discharging one navigator shall always be on duty.

## **§ 9. Days off and holidays**

Sub-article 1. The master/mate is entitled to 28 holidays after 30 working days with the same fixed monthly wages as when signing on, and 1 January 2004 30 holidays after 30 working days.

Holidays according to law no. 30 from 7th April 1986 included.

Sub-article 2. The master and the mate are entitled to 26 continuous days off per 30 days signing on.

Sub-article 3. The master and mate are entitled to days off in lieu of holidays which have not been taken. In agreement with the ship owner holidays which have not been taken, can be paid out.

Sub-article 4. If the number of holidays according to Act No. 30 is changed the change should be calculated to number of holidays per working days and added or subtracted to/from the sum of holidays.

Days off are calculated as:

Days off = + - number of days off/ (average sign on days per year) x 30

Sub-article 5.

The owner will arrange for holidays in such a manner that after 10 weeks signing on, the person concerned has the right to free travel and holidays according to sub-article 1, with the same fixed monthly wages as during the period of signing on. In case of more frequent transfer, it will be without costs for the shipowner.

Sub-article 6. When sailing in Faroese waters the time of signing on may be shorter according to arrangement with the owner.

Sub-article 7. The first holiday is the day after arrival at home, and the last holiday is the day before departing the home.

Sub-article 8. Holidays shall be agreed between master/mate and the owner no later than 20 days before the intended signing off.

## **§ 10. Overtime**

Sub-article 1. For work that master/mate carry out which exceeds 11 hours in a 24-hour period, the overtime hourly wage is calculated as monthly wage/173 x 1.15.

Sub-article 1a. Ships in group 1, 2 and 3 refer to § 13, Sub-article 2.

Sub-article 2. Overtime earned may in consultation with the owner be converted into holidays in the following manner:  $2/3 \times 8$  overtime hours = 8 ordinary hours = 1 holiday.

Sub-article 3. Accumulated holidays may in consultation with the owner be paid out.

## **§ 11. Courses and Seminars**

Master and mate are bound to, by notification from the ship owner during the calendar year to use up to 5 holidays to attend courses. If the ship owner has not notified before 1 December, the holidays shall not be used for course activity that year.

Sub-article 2. This does not apply to inspections in connection with shipbuilding, meetings with the ship owner and any such business which cannot directly be called course/education.

Sub-article 3. If master/mate by the end of the year has not asked for the ship owner's permission to use possible surplus days (of the 5) to relevant educational purposes the following calendar year, these surplus days shall lapse as course days but shall be kept as holidays.

Sub-article 4. Master and mate make an agreement with the ship owner about the surplus days mentioned in sub-article 3. Such days shall be used before the end of the following calendar year.

Sub-article 5. The ship owner pays the course fee. The ship owner also pays the travel expenses and board and lodging either by agreement or by account.

Sub-article 6. If the ship owner wants the master or mate to attend a course which exceeds 5 days the following rules shall apply:

- If the course lasts for more than one week Saturdays and Sundays shall not be taken off the holidays.
- If the course lasts for more than 4 continuous weeks followed by a course during the first four days of the next week, the fifth day is not taken off the holidays.

Sub-article 7. The parties agree on a new repayment contract in connection with non-compulsory courses and seminars with a total value exceeding DKK 30,000.

In connection with the said courses and seminars the employee can sign a voluntary written educational agreement (contract) on the repayment conditions for course or seminar expenses paid by the ship owner to discourage the employee within a period of maximum 12 months to terminate his or her employment with the ship owner.

The contract shall as a minimum contain information on the total course, if it is split into several modules, the name of the course, the tota

l course price, the repayment agreement in case the employee gives notice to quit the job with the ship owner as well as other relevant information.

The parties agree that the employee under the repayment agreement during the first two months shall pay 100% of the amount that the ship owner under the terms of the agreement has paid. Subsequently the total amount will be depreciated by 10% at the commencement of each new month. The contract/repayment agreement will automatically terminate 12 months after the final parts of the education or course have been completed.

## **§ 12. Wages scala**

Sub-article 1. The Table of Wages is shown in the covering letter of this contract and is a part of this Contract.

Sub-article 2. The permanent monthly wage is calculated for normal working periods pursuant to article 8, sub-article 1.

Sub-article 3. The master shall be the highest paid individual onboard, receiving a wage which shall be a least 5% higher than the second highest paid position onboard.

Sub-article 4. Increments will be calculated from the date of appointment until the day of receiving notice. However, increments which have been earned with the ship owner, will be included if the person concerned has left the company on grounds, which he is not to be blamed for or in case of school attendance and the like.

Sub-article 5. A mate or master who through no fault or wish of his own experiences a waiting period when his days off have come to an end, shall receive his normal pay.

Sub-article 6. When on call, DKK 27 shall be paid for each hour on duty. If mat is called on duty, overtime pay is paid for a minimum of 2 hours. Call duty means that the master shall meet at the place of work within no more than 20 minutes.

### **§ 13. Supplements**

Sub article 1. For sailing in groups 1, 2 and 3 these monthly increments will be given instead of overtime, since normally there are only two navigators onboard these ships.

	Master	Chiefmate	1st mate
Group 1	2.100 kr.	1.900 kr.	1.700 kr.
Group 1	2.300 kr.	2.100 kr.	1.900 kr.
Group 1	2.500 kr.	2.300 kr.	2.100 kr.

Sub article 2. For sailing-out will be granted kr. 500 per month in extra wages for the time he has been outside the Faroes. Sailing-out means a man being more than 3 months outside the Faroe Islands.

### **§ 14. Pension**

The shipowner will from 1. March 2009 pay 7% as business company wage into a pension fund agreed upon by both parties. On March 1. 2010 the pension payment rises to 8%. Pension granting is the basic wage according the wages scale in addition to the increments mentioned in §2 sub article 3 in the special contract for offshore industry (Multi purpose standby, supply- and anchorhandler vessels)

### **§ 15. Board wages**

Sub-article 1. During service on board when the vessel is home and when no board is received, DKK 110 shall be paid per day.

Sub-article 2. During service away from home and when no board is received, DKK 210 shall be paid per day.

Sub-article 3. If a master/mate is unable to stay at home or on board under appropriate circumstances while the vessel is undergoing repairs, suitable board shall be paid by the owner ashore.

## **§ 16. Transfer of vessel**

Sub-article 1. In connection with transferral from one vessel to another, the master/mate receives normal wages during the waiting time.

Sub-article 2. When an individual is absent from home, he is entitled to full board and lodging, which shall be paid for by the vessel owner.

## **§ 17. Declared areas of war**

If vessels arrive in areas declared as war danger area, the matter shall be discussed immediately between the Faroese Shipmasters and Navigators Association (FSN) and the Shipowners' Association for Cargo Vessels (RFF).

## **§ 18. Replacement**

When a mate performs a higher nominated position, he is entitled to the wage and days off as commanded by that position.

## **§ 19. Payment of wages**

Sub-article 1. masters and mates are entitled to have their wages paid at the latest on the first day of the month preceding the month when the wage was earned.

Sub-article 2. If the wage is paid after the tenth of a month, 1.5 percent shall be added to the amount, in addition 1.5 percent shall be added for each commenced month that the remaining wage has not been paid.

## **§ 20. Association membership fees**

FSN and RFF agree that the shipping company shall deduct the membership fees from the wages of the shipmaster and mate, and to transfer these fees to FSN upon settlement.

## **§ 21. Security Fund**

FSN shall notify RFF if parts of the wage shall be transferred to the Security Fund. Such notification shall indicate the percentage of the wage payable to the Security Fund.

## **§22. changes in the conditions**

If conditions upon which this agreement is based change considerably, one party can bring up the matter in question to the other party.

## **§ 23. Court of Arbitration**

Sub-article 1. If the parties disagree on the interpretation of the contract, the parties shall first of all try to solve the disagreement by direct negotiations. If these negotiations end without an agreement, the disagreement shall be brought before a court of arbitration which shall have five members. Each party nominates two members for the court of arbitration, and the four members of the court of arbitration shall before the hearing commences nominate a fifth member. If the court of arbitration cannot agree on the fifth member, he shall be appointed by the judge.

Sub-article 2. If one of the parties has nominated its member for the court of arbitration and the other party at least eight days after knowing about the appointment has not nominated its members for the court of arbitration, the first mentioned party has the right to nominate members of the court of arbitration on behalf of the other party. The award shall however be binding for both parties.

Sub-article 3. The court of arbitration makes its own decision about the procedure of the hearing and shall in its award come to a decision as to who should pay costs etc.

Sub-article 4. The court of arbitration shall pronounce its award at the latest eight days after the hearing.

Sub-article 5. The award of a court of arbitration is final, meaning that the case cannot be brought before the court of justice.

## **§ 24. Special Contract**

Sub-article 1. The Faroese Shipmasters and Navigators Association and the Shipowners' Association for Cargo Vessels agree that officers/mates can sign a special contract directly with the ship owner.

Sub-article 2. The terms and conditions for such a special contract are:

- a) That the basic rules follow those of the principal agreement.
- b) That the agreement which is made in total is not unfavourable compared to the principal agreement.
- c) That even if the members are under a special contract they are obligated to pay the at any time applicable membership fee to The Faroese Shipmasters and Navigators Association.
- d) That a termination of the contract follows the rules and regulations of the principal agreement.”

## **§ 25. Validity**

This contract comes into force on 1 March 2009 and can be terminated by both parties with a 3 month notice, the first time 1 March 2011.

Tórshavn, 18 March 2009.

The Faroese Shipmasters and Navigators Association

The Shipowners` Association for Cargo Vessels

### **Entry 1**

The Shipowners` Association for Cargo Vessels and the Faroese Shipmasters and Navigators Association recommend ship owners and navigators to ensure that the education of the navigators at all times is kept up to date by attending internal and external courses of both management and technical/professional type.

Regarding the choice of relevant supplementary training according to article 22 of this contract, the parties can recommend supplementary training within the following areas: administration/management, communication, computing, financial/legal issues, languages, working environment and technical courses. In addition courses offered by the Danish Maritime Authority and AMU.

Tórshavn 18 March 1999

The Faroese Shipmasters and Navigators Association

The Shipowners` Association for Cargo Vessels