

Briefing for the Incoming Minister

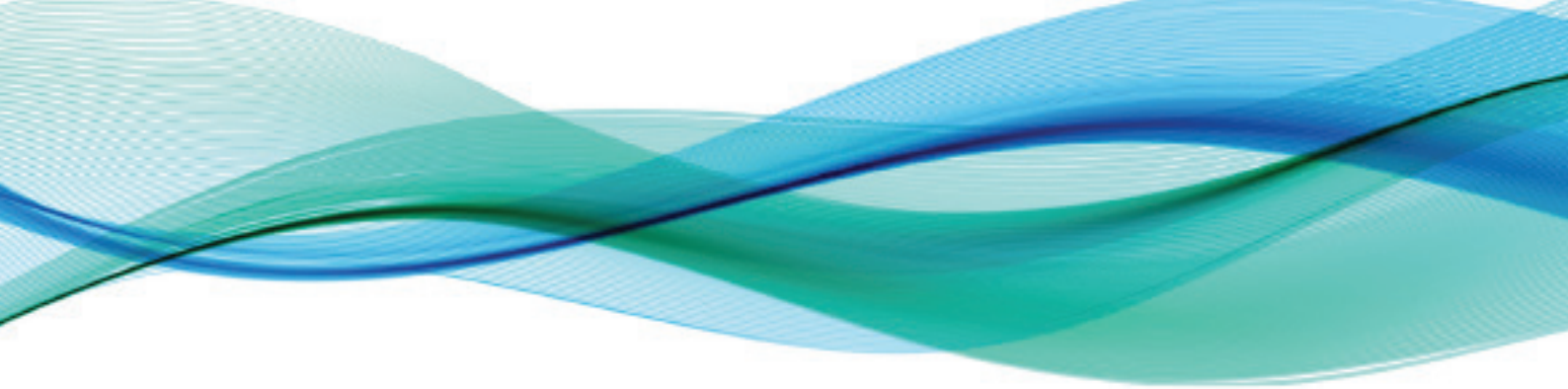
Maritime New Zealand

2023



Nō te rere moana Aotearoa

 **MARITIME**
NEW ZEALAND



Briefing for the Incoming Minister
November 2023
Maritime New Zealand



Welcome

to the Maritime Transport portfolio

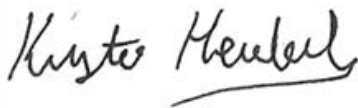
Congratulations on your appointment. We look forward to working with you.

This briefing:

- Introduces the maritime sector and Maritime New Zealand as an organisation; and
- Sets out the key issues and opportunities available to achieve significant outcomes for New Zealand through the maritime sector, with a focus on the critical areas where we need your assistance over the next six months.

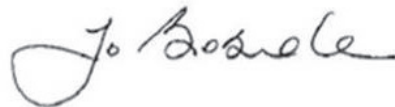
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Ngā mihi nui



Kirstie Hewlett

Director and Chief Executive,
Maritime NZ



Dame Jo Brosnahan,
DMNZ QSO

Chair, Maritime NZ





THE MARITIME SECTOR

IS CRITICAL FOR NEW ZEALAND

The maritime sector is critical for New Zealand's economy. Ninety-nine per cent of our imports and exports by volume and 81% by value are moved by sea. As a relatively small, geographically isolated economy a significant distance from our major markets, we are exposed to disruptions to maritime supply chains. Even minor disruptions could result in major damage to New Zealand businesses and communities, causing price increases and difficulty accessing critical international markets.

The importance of the sector goes beyond our international supply chains. Our domestic maritime sector plays an important role in our regions, supporting local communities and employing more than 40,000 people. Our ports are essential for the entry and exit of goods but they also generate flow-on benefits to non-marine businesses that are worth billions of dollars every year.

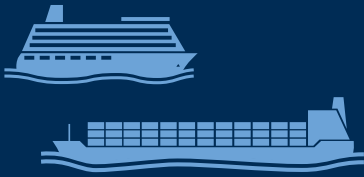
Our domestic maritime sector is highly diverse. Coastal shipping plays an increasingly important role in supporting resilient local supply chains, moving about a quarter of goods around New Zealand. The failure of land transport routes following the recent cyclones highlighted the significance of this. Over a million people and nearly five million tonnes of freight cross the Cook Strait each year. Approximately 289 ferries take millions of people to work or other destinations annually.

Fishing, aquaculture, and domestic maritime tourism operators play critical roles in our export economy. Cruise ship visits, while still returning to pre-covid numbers, bring thousands of tourists to New Zealand each year (122 voyages from 44 vessels in 2022/23) providing positive economic benefits for regions. Over 1.9 million people used recreational craft in the last year. The marine environment is being looked at as an increasingly important and diverse resource, with offshore wind farms being a good example.

New Zealand's search and rescue area, spanning over 30 million km², is one of the largest in the world. Like all nations with a significant coastline, we have a long history of maritime incidents and accidents. Some of these have led to significant loss of life or environmental damage costing tens or hundreds of millions of dollars.



WHY THE MARITIME DOMAIN MATTERS TO NEW ZEALAND



Port visits

754
passenger ships
5,178 non-
passenger ships

(A ship can visit multiple times per year and stop at multiple ports).



NZ marine economy contributed

\$6.5 billion
to New Zealand's economy made up of
\$3.9 billion
directly and
\$2.6 billion
indirectly in non-marine industries

About

39,500
people employed within the marine
economy earned a total of
\$2.3 billion

Marine economy's contribution
to total GDP:

1.2%



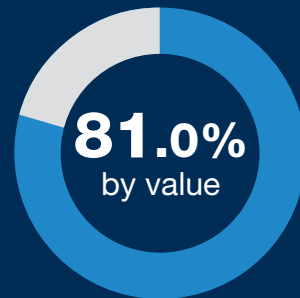
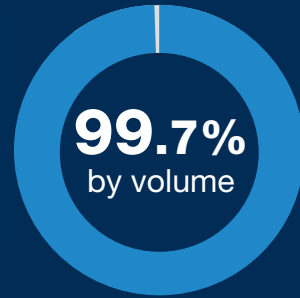
NZ EXPORTS

\$65.8
billion



NZ IMPORTS

\$70.7
billion



is carried by sea



NZ's Exclusive Economic Zone is

15x
the size of
the country

not including Tokelau,
Niue, Cook Islands and
Ross Dependency

Spanning over

30 million km²

New Zealand's search and rescue
region is one of the largest in
the world



MARITIME NEW ZEALAND

AT A GLANCE

Maritime NZ has a wide regulatory and systems leadership role across the maritime sector. We are the regulator for maritime and port safety, security and the environment. Maritime NZ is also a response agency and coordinates broader search and rescue activities across land, sea and air. We lead on New Zealand's considerable interests in Maritime issues internationally, including in the International Maritime Organisation (IMO) and on Maritime safety and security issues in the Pacific.

We are a risk-based regulator. We work closely day to day and collaborate with the maritime sector and other stakeholders to find and deliver the most effective ways to prevent harm (to people, the environment, the economy and national security). We are the government's only maritime-focussed agency. This means that, with the support of the sector, we have a key influencing role in delivering wider outcomes across the maritime system and act as an important source of insight, facilitation, and advice to wider government policy on maritime issues.

Maritime NZ's vision is Preventing Harm, Saving Lives, and Securing our Future. Our strategic intent is focused on delivering our core roles to achieve our outcomes:

- sustainable supply chains and sectors
- safe people and operations
- secure ports and ships, and
- clean seas and waterways.

We have a wide range of functions that support delivery of our outcomes, pictured on the next page.

Supporting international supply chains enabling movement of 99.7% of freight by mass between us and our international trade partners

Partnering with the sector through multi-year harm prevention programmes

Expanded HSWA designation beyond ships and boats. From July 2024, Maritime NZ will become the primary health and safety regulator for our 13 commercial ports


Leading work in international forums to support New Zealand's interests

Creating Maritime Rules and other regulatory standards

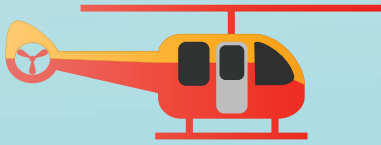
Ensuring maritime security in ports and on vessels so supply chains are not interrupted, and safety and national security is maintained

Working with owners of recreational craft so they can meet their obligations to protect our people and our environment

Providing critical safety infrastructure such as aids to navigation, and distress and safety communication services to get our people home safely



What we do
Preventing harm
Saving lives
Securing our future



Coordinating search and rescue operations over our 30 million km² search and rescue area. This area covers parts of the Pacific and the Ross Dependency

Leading readiness, response and recovery for maritime incidents

Enabling innovation to stay future ready while minimising risk

Partnering to ensure a safe and secure Pacific

Monitoring and enforcement of Maritime Rules

Certifying, licensing and enforcing to ensure we have a competent workforce and operators who are meeting their obligations, and are qualified to operate safely in our maritime system

Protecting the marine environment by preventing harmful discharges from the maritime sector to the air and sea

Overseeing oil spill contingency planning, and responding to major spills to prevent pollution events and minimise the impact of oil on our environment



Risk-based regulation, working closely with the maritime sector and other stakeholders to find and deliver the most effective ways to prevent harm.

We are the government's only maritime-focused agency, with a key influencing role in delivering outcomes across the maritime system, and an important source of insight, facilitation, and advice on maritime policy issues.

Engaging internationally as lead agency on maritime issues for New Zealand through the International Maritime Organization and International Labour Organization.

We negotiate binding commitments that align with our strategic objectives and we assist our Pacific partners to implement these.



WE ARE ENTERING A PERIOD OF CHANGE

POSING MAJOR OPPORTUNITIES AND RISKS

One of the biggest challenges we face is that, despite its significance, the maritime sector is often not a key focus of government. Both internationally and domestically we are entering a dynamic period of significant change, including (non-exhaustively):

- Rapid changes in technology
- A combination of factors making major maritime incidents and associated supply chain disruptions more likely
- Increasing complexity and threats in maritime security
- Increasingly inadequate port and supply chain infrastructure, and
- Significant pressure on the maritime workforce.

This all sits against a backdrop of wider global development, including increased potential for conflict and the impacts of climate change – both of which could impact on our international maritime supply chains.

Given the role of this sector in our economy and society, this period of change could present significant risks and opportunities for New Zealand. From the perspective of our role as a risk-based regulator, we have worked closely with the sector over the last couple of years to understand these opportunities and risks, and what could be done to maximise the positive outcomes for New Zealand. This thinking has influenced the priorities set out in the sections below.

In responding to the changes and opportunities outlined above, there are **five key issues and decision points that will arise over the next six months that will need your attention**. These decisions are key building blocks that will enable wider opportunities to be realised.

A summary of these decisions is set out on the table on the next page, with the detail below.

Key issues and opportunities - first 6 months

1

Return to financial stability and cost recovery

ISSUE

The bulk of Maritime NZ's funding comes from the maritime and oil pollution levies.

The rates for these levies are regularly considered under a Funding Review.

The previous review was deferred due to COVID-19. Since then Maritime NZ has been dependent on Crown Liquidity funding to undertake its core functions.

The previous government required us to go back to cost recovery from 1 July 2024.

We have recently completed our Funding Review consultation, which looks to fund inflation, implement new priorities and resolve risks/issues identified by us and the sector.

The consultation demonstrated strong support from the sector for our proposals, given the sector raised many of the issues the included in the consultation.

OPPORTUNITIES

Enable Maritime NZ to return to being largely funded by the sector.

Approximately **\$14 million multiyear Crown appropriation goes back to the Crown in 2024/25.**

Address key regulatory risks and impacts on efficient operation of the sector that Maritime NZ and the sector identified.

Certainty for Maritime NZ and sector.

ACTION

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2

Maritime incident readiness, response, and resilience

ISSUE

Increase in maritime incidents and detentions, driven by an increase in the number of poor quality vessels, the number of significant weather events and the increasing uptake of recreational boating.

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Some key assets not in place (emergency towage) or nearing end of contract life cycle (distress radio).

System for recreation safety and search and rescue not as efficient as it could be.

Risk of increased supply chain disruption, loss of life and environmental impacts.

Risk of more people and vessels requiring rescue. Increased clean-up costs.

OPPORTUNITIES

More efficient and effective systems.

Deterrence meaning lowered risk of major incident.

Greater capability to respond meaning lowered risks of loss of life, environmental damage or ongoing supply chain disruptions.

ACTION

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3

Supporting our harm prevention focus partnering with the sector

ISSUE

Harm prevention programmes including partnership with the sector are a key focus to reduce risks to safety, the environment, security and the economy.

The Port Health and Safety Leadership Group (Port CEs, unions, stevedores and regulators) which Maritime NZ chairs is one programme.

Maritime NZ is working with the Leadership Group to implement an action plan.

One of the actions is the extension of the Maritime NZ Health and Safety at Work Act designation onto the land side of ports. Another is an Approved Code of Practice on loading and discharging of cargo.

Another key programme is with the Recreational Boating Forum, which aims to improve safety of those recreating on our waterways.

OPPORTUNITIES

Delivery of packages of work that significantly improve safety on Ports and those recreating on our waters.

Increased trust between partners and between the sector and the regulator leading to more enduring outcomes.

ACTION

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4

Regulatory settings and systems that will reduce costs, increase productivity and deliver better outcomes

ISSUE

Maritime regulatory framework is complex and outdated, which increases costs for the sector, creates or exacerbates other risks and inhibits innovation.

Maritime sector transitioning to alternative fuels – new technology is arriving quickly.

Legislation does not take into account new technologies, provides limited response and security tools, creates confusion and overlap in local and national regulations.

Risk of increasing costs, lack of productivity/innovation and even market access (lack of availability of new fuels) over time.

OPPORTUNITIES

Enabling of innovation, with productivity and market access benefits.

Lower costs for operators.

Significantly better outcomes across safety, environmental protection, supply chains and security.

ACTION

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5 5

Taking the first steps to address long-term threats to our maritime supply chains

ISSUE

Significant short- and long-term pressure on Maritime workforce with impacts on supply chains, public transport and tourism.

Ageing port infrastructure and issues with land infrastructure connecting ports.

Risk of major supply chain disruptions over time if ports cannot cope with volumes of new technology, green corridors, or if associated costs rise.

Lack of dry dock capacity in New Zealand increasing incident and supply chain risks.

Changes to and emerging risks to maritime security.

OPPORTUNITIES

Chance to ensure future resilience of key drivers for maritime supply chain.

Key ports that are critical for international supply chains are fit for the future.

Adequate and sustainable workforce for maritime sector.

Opportunities to address security risks on ports.

ACTION

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ISSUE ONE

Enabling us to return to financial stability, so that we can reduce our dependence on the Crown, deliver outcomes, and support efficient operation of the sector

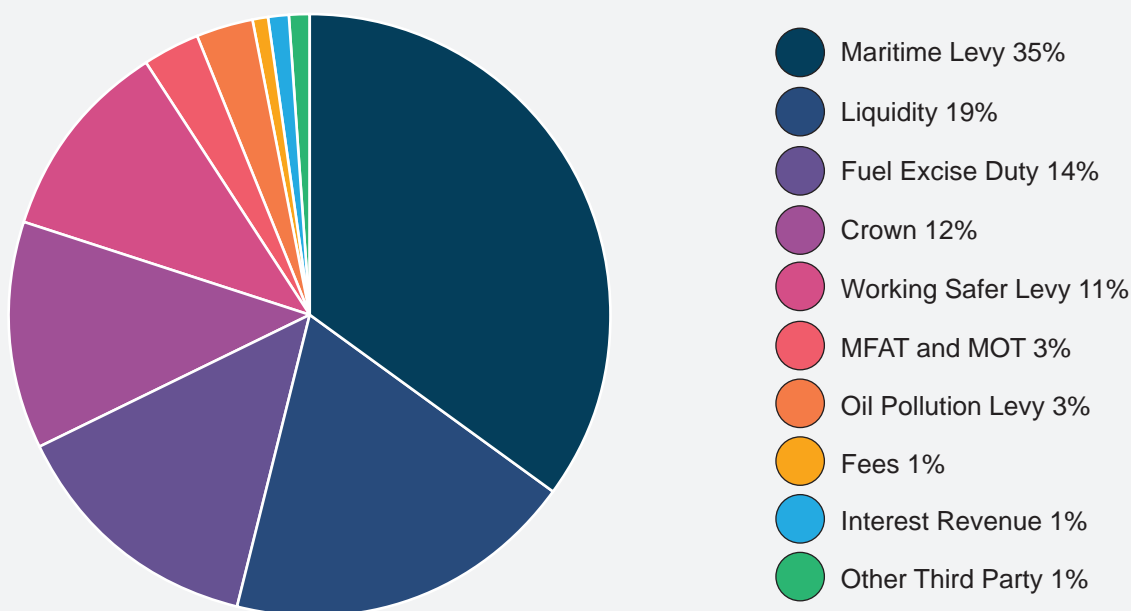
Maritime NZ has been supported by a complex funding structure which in part is due to the broad role we play and the different people we regulate and work with. Each funding stream funds activities relevant to those it is collected from and funding cannot be moved across funding sources. The bulk of Maritime NZ's funding comes from levies on the commercial maritime sector through the Maritime Levy and the Oil Pollution Levy, but for the last few years Maritime NZ has been supported by Crown liquidity funding (discussed below).

Levy rates are regularly considered under a Funding Review. However, the previous Government deferred our last scheduled Funding Review due to the impact of COVID-19. In the meantime Maritime NZ remains dependent on Crown Liquidity funding to undertake its core functions.

The Government also provided Letters of Support indicating that it would provide financial support until Maritime NZ could recover any funding from the sector through a levy review by 1 July 2024. During this period the Government introduced MARPOL Annex VI (standards for emissions to air from ships) and a fund for Seafarer Welfare services. These were also funded by the Liquidity Fund and expected to be recovered from levies.

Maritime NZ has undertaken an organisational review to reassure itself, stakeholders, and Ministers that we are as effective and efficient as possible so that any potential levy increases are reasonable. This review involved talking to stakeholders in the maritime sector, staff, and other regulators about what good looks like in relation to our frontline regulatory functions; where we were at; and what the gap was in relation to capability, capacity, resources, practice and processes. This resulted in organisational change, led to improvements in our regulatory performance,

Maritime New Zealand Funding Structure



and allowed us to make savings we could re-invest in higher-priority areas, as well as other efficiencies.

However, despite our efforts we cannot address the significant funding gap arising from not having inflationary increases for a number of years and the costs of government priorities we have been given to implement. Importantly, reprioritisation by Maritime NZ cannot address some of the key regulatory risk areas the sector has identified as important for both delivery of outcomes and more efficient operation of the sector.

For this reason we have undertaken a levy review to address the gap in our baseline and to address the risks. Cabinet agreed to the release of a consultation document on the levy increases, which was consulted on with the sector. The maritime sector expressed strong support for the proposals and the levy increase. The proposals also meet the criteria of Cost Recovery Impact Statement (CRIS).

Approving the funding review will not impact Crown accounts and will release approximately \$14 million back to the Crown in the Multi-Year Appropriation for 2024/25 for other Government pressures. Early decisions would provide certainty for Maritime NZ and the sector and enable us to make progress on a number of the other key areas outlined in this briefing.

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We will need your support to get the final Cabinet agreement on the review and have attached a fuller briefing on these issues (appendix 1).



ISSUE TWO

Enabling us to respond to increasing pressures on maritime incident readiness, response and resilience, reducing the associated safety, environmental and supply chain risks

We are facing a growing series of drivers that are increasing the likelihood of major maritime incidents. Over the last 18 months, five large vessels in New Zealand have suffered significant engine failures and mechanical issues that could have led to catastrophic impacts for people, the environment and economy.

In 2022/23 we had to detain 11 vessels for serious maintenance issues – more than the previous three years combined. Of the vessels we inspect we are seeing higher numbers of deficiencies, requiring more follow-up inspections. Poor quality vessels are also leading to a higher number of safety incidents and near misses for those working with these ships. Alongside the above issues, we are experiencing more adverse weather events, an increasing number of recreational craft and a higher rate of location devices being activated.

These factors have compounded to result in the highest demand for search and rescue Maritime NZ has recorded in the last decade. To address these increasing pressures we will need your support over the next six months on the following:

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- *Maintaining our oil response capability:* since the Rena oil spill occurred, Maritime NZ (through the Oil Pollution Response Strategy and Plans and working with the Oil Pollution Advisory Committee) has built sufficient first responder capabilities to manage small and larger oil spills, and to develop relationships and contracts with international players which are operationalised should a large event occur. We have just consulted on a change to the oil pollution funding model and a small levy adjustment to maintain this capability, which was largely supported by the sector.

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- *Renewing our distress radio system.* Distress radio is a core tool for incident response and search and rescue. The system enables us to hear calls for help and keep in contact with vessels involved in the response. Our current distress radio assets are now end of life, and our contract with Kordia is up for renewal. It will require replacement of equipment and the costs of running the maritime distress radio system will increase. To continue to deliver the system, we will need money through section 9 fuel excise duty.
- *Considering the right approach to emergency towage capability.* New Zealand currently has limited capability to tow large ships, such as cargo vessels or interislander ferries. The risks posed by such vessels losing power or having other maintenance issues is considerable, particularly in areas like the Cook Strait and the upper north-east of the North Island. Currently, we rely on being able to call on a small number of vessels servicing the oil and gas industry off Taranaki; but these vessels may not always be available or in the right place for an urgent response. Maritime NZ has undertaken work on options for towage capability,

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We will provide advice on these options to you shortly.

- *Enabling efficient and effective recreational water safety and search and rescue system.* There has been an ongoing review of the recreational safety and search and rescue system led by Te Manatū Waka. Maritime NZ agrees with the intent of the review to make the system more efficient, effective and sustainable, and to have a system strategy and policy lead in the Ministry. We believe as part of this, Maritime NZ needs to have a clearer and expanded operational mandate around search and rescue and recreational water safety working with partners like Coastguard New Zealand and Surf Life Saving New Zealand. We would welcome the opportunity to brief you on this.



ISSUE THREE

Supporting our harm prevention focus, particularly as we pick up our new HSWA designation for Ports

Maritime NZ is a risk-based regulator, focussed on the most effective ways to prevent harm. We are in the process of making harm prevention a more consistent and deeply integrated part of our operating model. Harm prevention is an approach underpinning programmes of work for key sub-sectors or strategic areas that are designed in partnership with the sector.

Our work on Ports is a key example. Maritime NZ has been leading work with the sector and WorkSafe over the last two years under the Port Health and Safety Leadership Group (a group of port CEs, unions, stevedoring companies, Maritime NZ and WorkSafe) on an ongoing programme of work that will increase safety on ports. The work is guided by a Port Sector Insights and Action Plan. Examples of key actions being implemented jointly by ourselves and the sector include:

- the implementation of fatigue risk management systems and good practice; and
- the design of an Approved Code of Practice on loading and unloading of cargo, which will come to you in early 2024.

There is currently much disruption in the port sector, with ownership changes and restructuring. Now, more than ever, it is important to keep a focus on safety. The Port Sector Leadership Group has asked us to reinforce in this brief the importance of the Government supporting both the work of the action plan, and the tri-partite nature of this group of businesses, regulators and workers, which has been successful in achieving broad buy-in and change.

Earlier this year, Cabinet agreed to extend Maritime NZ's designation as a health and safety regulator to New Zealand's 13 commercial Ports. This decision acts on advice from the Port Health

and Safety Leadership Group that this should happen to ensure a more effective and strategic approach to health and safety on Ports that is well joined up with the approach to health and safety on board ships (where Maritime NZ is already the regulator). Cabinet agreed that this transition should occur by 1 July 2024. We are engaging in significant planning and capacity building, working with the ports and WorkSafe, to ensure that this transition is seamless. We will keep you informed as this occurs.

We also have a well-developed harm prevention programme for recreational craft, in partnership with a range of organisations (national and local, government and sector) working on recreational boating safety under the Safer Boating Forum; and are developing a programme for smaller domestic operators (including fishing). The recreational sector is challenging as, unlike the commercial sector (and other transport modes), no competency or vessel standards apply. Over the past 10 years, 18 people on average have died in recreational craft incidents annually. Failure to wear a life jacket, or wearing of an ill-fitted life jacket, is the number one cause of death in recreational crafts but there is no national requirement to wear a life jacket at all times.

The Safer Boating Forum recently launched its new Recreational Craft Strategy, which aims to reduce per capita preventable fatalities by 25 percent by 2025. The strategy has a key focus on influencing significant year-on-year increases in recreational craft users using lifejackets, carrying two forms of waterproof communication, and checking the marine forecast.





ISSUE FOUR

Supporting us to get regulatory settings and legislation that will reduce costs, increase productivity and deliver outcomes

The Maritime regulatory system is complex. There are many components: the legislation, the regulations, how the regulatory tools are applied and the systems behind how they are implemented and enforced. As is often the case with regulatory systems, this reflects the relatively ad hoc way in which it has been built over the years. New rules and small scale ‘tweaking’ to legislation and regulations have sometimes been made without any new resourcing to deliver them effectively. Systems have not always kept up with the changing environment they are regulating.

As a result, the system is not meeting the needs of maritime operators who often face additional costs because of this complexity and outdated requirements. The regulatory system is far less efficient than it could be in achieving outcomes for the sector and preventing harm for New Zealand.

These issues mean that we are prevented from properly enabling new technologies. New Zealand domestic operators are very much at the forefront of wanting to develop and operate the range of new technologies arising in the Maritime sector to stay competitive domestically and globally. We already have:

- electric ferries operating in Auckland and Wellington
- ‘wing in ground’ vessels (Sea Gliders) proposed to operate as fast passenger and small cargo vessels operating between regional centres
- operators developing hydrogen powered passenger vessels
- operators piloting autonomous vessels; and
- large international shipping companies wanting to operate methanol powered cargo ships.

Some maritime rules and legislation are heavily based on conventional technologies and will need to be adjusted. This means that operators have to seek expensive exemptions or pay fees to go through safety case processes to operate their new technologies. We work closely with these operators to support them. Additionally, the legislation does not allow for full cost recovery when a safety case is submitted. Depending on the nature of the technology, applications can be complex and require significant resources to process. Ultimately, the rules and legislation will need to change to become more enabling, and it will be necessary to provide more support for processing applications as the number increases.

Over the coming few months, we will be seeking your support on a number of key decisions that could address this.

- *Supporting investments that will improve systems, processes and rules to reduce costs and complexity.* As noted above, our funding review proposals contain a large number of investments in improvements to systems and processes that will cut time, cost and complexity for the system. This includes locking in improvements to seafarer certification and notifications systems as well as ensuring we have the resources to continue to work through our outdated rules.
- *Approval to critical changes to Maritime Rules that will modernise them and reduce costs and complexity.* We are developing changes to Maritime Rules aimed at simplifying and reducing costs, including changes to our seafarer certification processes and to our highly outdated vessel design and construction rules. We will need your approval over the next six months to progress these changes.
- *Supporting reform of Maritime Legislation.* Most of the risks and opportunities mentioned in this briefing require changes to our underpinning legislation, particularly the Maritime Transport Act and Maritime Security Act, which are aging and no longer fit for purpose. For example, our legislation: does not anticipate or enable new technologies; provides inadequate tools to manage maritime incidents, poor quality vessels or maritime security risks; and creates considerable confusion around the differing roles of national and local regulation. With Te Manatū Waka, we have been scoping changes to this legislation to provide practical and transformational benefits. Reform of our legislation has strong support from the maritime sector. We are keen to avoid lengthy, drawn out processes that have accompanied other reform. To do this, we would welcome an early discussion with you about your priorities for reform.



ISSUE FIVE

Taking the first steps to address long term threats to our maritime supply chains

A number of the key risks and opportunities facing New Zealand in the Maritime sector require a long term response. Some of the risks, neglected for some time, could worsen significantly if opportunities are not taken to ensure they are properly reflected in wider government priorities at the start of this term. This would have significant implications for safety, the environment and security.

Maritime NZ is the regulator for **maritime security**. We play a lead role in ensuring the security of our supply chains and ports to minimise risk of economic and societal harm.

We have been building our capability to address New Zealand's national maritime security needs and to meet the base level requirement of our role. This includes changes to our security team focus and structure. A particular focus has been on building our capability to manage new and emerging risks, such as:

- new technologies (like drones, digitalisation and automation technologies)
- transnational organised crime (TNOC) (a common characteristic of TNOC is the use of trusted insiders, such as port employees); and
- crowded places (where ports or ships could become a location for mass violence).

But our maritime security system will need some revision to adapt to new types of threats, including legislative change as outlined above. It will also require ongoing support work on security in the Pacific and the implementation of a national security card for ports.

Port infrastructure is a contributor to safety, environmental and economic outcomes. Lack of space and modern infrastructure on ports increases risks to health and safety, and our ports lag

behind international competitors in areas like automation. As the size of international cargo ships increases, some ports will soon be unable to safely service international shipping due to poor infrastructure or navigational constraints. The arrival of new fuels and technologies, and the need to provide the infrastructure to service these safely, will add more pressure, as will the increasing need to provide sufficient processing of goods and people by border agencies. Many of our ports are poorly connected by road and rail. To address this, we will need your support to:

- *Ensure that any medium- to long-term infrastructure planning considers the important role ports play in supply chains (internationally and domestically).* In particular this should identify which ports are of national significance as international supply chain hubs and ensure there are sufficient land transport connections to them. We also believe that these nationally significant ports should be included in any plans for fast tracking of consents to enable key infrastructure projects to start and be completed quickly. Taking this view on ports of national significance and investing appropriately in supporting infrastructure such as road and rail links does not mean that we are discounting the importance of the other ports, which are all exploring their niches in future supply chain systems.
- *Supporting the development of dedicated dry dock capability in New Zealand.* Currently New Zealand-flagged vessels must cross to Australia or Singapore to access dry dock facilities. These facilities are often in strong demand and booked out well in advance. This means that the fleet operating in New Zealand, and vessels facing issues here, have fewer options to address maintenance issues, leading to safety concerns. The sector considers dry docks a critical piece of infrastructure for New Zealand. We are aware that Northport is seeking to develop such facilities and we recommend that the Government seriously consider a dry dock as a key piece of infrastructure. We know a business case is being considered and encourage the Government to take a broad look at the safety benefits as well as economic benefits, and to talk to a wide range of both New Zealand and foreign operators about the value.
- *Supporting international discussions on Green Supply Lanes and associated infrastructure.* Just as domestic operators are increasing their interest in transitioning to alternative fuels and technologies, interest in their use on international supply chains is also growing significantly. This trend is being encouraged by jurisdictions such as the EU, which is moving to price-embedded transport emissions in products. It will be crucial for New Zealand to participate in this space in the next few years or we may risk access to markets over time. Safe use of these new fuels and technologies will need significant investment in infrastructure on ports as well as feedstocks and production facilities. With Te Manatū Waka, we have already started work with other countries, such as Australia and Singapore, to ensure that our standards and approaches are aligned across supply chains. We are also heavily involved in discussions at the IMO on mechanisms to support the uptake of new fuels, and a signatory to the Clydebank declaration for Green shipping corridors. Over the next few years this engagement will need to continue and will likely need your support at a Ministerial level. We will also need to ensure that associated energy policy decisions appropriately consider the needs of the sector.

Finally, globally, the **maritime workforce** faces significant shortages. New Zealand faces particular challenges in this regard, given its dependence on the sector and competition for our trained people from Australia and elsewhere. These shortages are creating significant issues and risks across all aspects of the maritime sector. This will present a significant risk to safety, economic and environmental outcomes as operators face difficulties in sourcing competent people to undertake activities safely and effectively. In turn, this will create significant risks for the regulatory outcomes we are responsible for.

We have already begun working with cross-sector groups and training organisations on a package of work that would make it easier to attract and retain capable people into the maritime sector. This includes changes to our rules and systems that will make it easier for people to enter the industry and provide more flexibility for seafarers to build attractive careers.

But this, alone, will not be sufficient. Areas where we will need your support over the next six months include:

- *Ensuring that the immigration system gives proper consideration of maritime skills gaps.* We have worked hard with Immigration New Zealand over the last year to get Maritime roles properly reflected. However, it has not always been possible to make the progress required.
- *Ensuring any changes made to the vocational training system make the sector attractive, and support the needs of seafarers and Maritime operators.* This is likely to include more emphasis on opportunities to learn on the job and on board ship.



EARLY ADVICE

FOLLOWING THIS BRIEFING

Following this briefing, there are some critical pieces of advice we will be providing you over the next few weeks and months. We will need your steer on the following matters:

- Redacted - withheld under section 9(2)(f)(iv) of the Official Information Act 1982
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BOARD MEMBERS

AND CHIEF EXECUTIVE

Maritime NZ has a six-member board appointed by the Minister of Transport. The Board has a governance role in accordance with the Crown Entities Act 2004, and appoints the Director of Maritime NZ, who has independent statutory powers under the Maritime Transport Act 1994.

Annabel Davies participates in the MNZ Board meetings as part of the Institute of Directors Future Director programme.



Dame Jo Brosnahan, DMNZ QSO

Maritime NZ Chair

Jo is an experienced Chair and Director who is also Chair of Harrison Grierson Ltd and Principal of Leaders for the Future. Founder and Chair of Leadership New Zealand, she is now Chair of the Ambassadors and she was founding Chair of the Taitokerau Education Trust in Northland, supporting digital learning in low decile schools. Her governance career has included Chair of Northpower Fibre, Chair of Landcare Research, Director of Housing NZ and of HLC.

Previously CEO of the Northland and Auckland Regional Councils, Jo has experience in the port and maritime sectors, infrastructure, housing and urban development, transport, and environmental management. She is a Chartered Fellow of the Institute of Directors and develops and facilitates leadership and governance programmes, and of the Chartered Institute of Logistics and Transport, of which she was national President. As a Harkness Fellow and Aspen Scholar, Jo researched leadership in the US.



Roy Weaver

Deputy Chair

Roy brings to the Board table extensive port and maritime experience. During his 18 years as Chief Executive at Port Tamaru and Port Taranaki, he chaired the Boards of a number of industry-related organisations, including the New Zealand Chartered Institute of Logistics and Transport.

A Chartered Director since 2015, Roy's expertise includes governance, commerce, strategy, business development, leadership, health and safety, infrastructure, energy, transport and logistics, ports and shipping, contracts, Iwi liaison, industrial relations and public relations.

Roy was appointed by the NZ Port Company CEO Forum as a representative for developing and implementing the New Zealand Port and Harbour Safety Code (2003 – 04). This was later extended to include the review of the Code and port company compliance (2013 – 2015). Roy was also part of the Port and Harbour Marine Safety Code review team that assessed the port Safety Management Systems (SMS) for Lyttelton and Tamaru Ports in 2015. Roy was appointed to the Maritime NZ Board in February 2019.



Ross Wilson

Ngāi Tahu and Scottish descent.

Ross is a former union leader, lawyer and president of the New Zealand Council of Trade Unions. His governance experience includes Chair of the Accident Compensation Corporation and WorkSafe New Zealand and director of CentrePort Limited Wellington and KiwiRail.

He is currently Chair of the Unions Aotearoa International Development Trust and the Major Arc Media Trust, and a Trustee of iti Kōpara – Public Governance Aotearoa.



Danny Tuato'o

Danny is a Partner with MWIS Lawyers in Whangarei.

He has a particular interest in water safety and was the Chair of Water Safety New Zealand for five years until 2021. He has significant experience as a Chairperson, Director and trustee and is currently a Board member with Fire and Emergency New Zealand, Board member with Coastguard New Zealand and a Panel Member of Air Navigation System Review. He was an independent advisor to the Northland Regional Council Audit & Risk Committee.

Danny is a Member of the Institute of Directors and was appointed to the Maritime NZ Board in August 2020.



Lesley Haines

Chair (Audit and Risk Committee)

Lesley has an extensive public sector background, including leadership of advisory and regulatory functions in the Treasury, the Ministry of Business Innovation and Employment and the Department of the Prime Minister and Cabinet.

As a director she serves on the board of BRANZ (Building Research Association of New Zealand), and as a trustee of Motu, New Zealand's premier economic research organisation.

Lesley holds a Masters in Economics from Australian National University.



Parke Pittar

Parke Pittar has over 40 years' experience in ports and logistics throughout New Zealand. He is a Chartered Accountant and has held senior positions in various port related entities such as Chief Executive of C3 (NZ on-port logistics and stevedoring service provider), Chief Commercial Officer at Port Nelson and most recently Chief Executive of AVA Timber, one of New Zealand's largest exporters.

The experience of being at the most senior levels of a port company, on-port service provider and exporter, provides a broad insight into the practical considerations of undertaking business and operations on port in New Zealand and the importance of well-functioning health and safety systems and cultures.

Parke has a Bachelor and Diplomas in Business Studies from Massey University, is a Fellow of Governance New Zealand and a member of Chartered Accountants Australia and New Zealand.



Annabel Davies

Future Director

Annabel has a Bachelor of Resource Studies (BRS) from Lincoln University, she later trained as a management system auditor, and attained a post-graduate Certificate in Risk Management and Human Potential for a Digital Economy. Annabel has over thirty years of experience working across a range of sectors including local government, infrastructure, energy, and the private sector.

Annabel's most recent roles were at Trustpower where she led transformational projects, risk, stakeholder relations, climate change strategy, and drove the company's Environmental, Social, Governance ('ESG') improvement initiatives at a senior level.

Prior to joining Trustpower in 2013, Annabel ran her own successful consultancy practice, offering environmental and audit services for a range of clients, including those in infrastructure and water projects. She was also involved in the start-up of the global environmental company ERM in NZ where she developed and led the sustainability and assurance practice. She also spent some years working for Watercare Services Ltd on large consenting projects.



Kirstie Hewlett

Director and Chief Executive

Kirstie Hewlett joined Maritime NZ in May 2021. Before joining Maritime NZ, Kirstie was Deputy Chief Executive, System and Regulatory Design, at the Ministry of Transport and held a range of senior leadership roles in WorkSafe NZ, the Ministry of Business, Innovation and Employment, and the Ministry of Economic Development.

Before joining the public sector Kirstie worked in commercial litigation in Australia and New Zealand.

Career highlights include undertaking extensive health and safety and financial sector reforms, establishing WorkSafe NZ, and the building of new functions within the regulator, design of the Ultra-Fast Broadband initiative and restructuring of telecom, and work on improving regulatory frameworks and systems in the public sector. She also led the design and implementation of an international air freight scheme which kept planes flying to and from New Zealand during COVID-19.

APPENDIX ONE

Redacted - Appendix One is withheld under section 9(2)(f)(iv) of the Official Information Act 1982



Briefing for the Incoming Minister
Maritime New Zealand
2023