

SUMMARY AND ANALYSIS OF SUBMISSIONS

**Maritime NZ Review of
Levies funding for
2024/25 – 2029/30**



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INTRODUCTION

Our Consultation process

On 19 July 2023 Maritime NZ released a consultation document (CD) on the review of Maritime NZ levies funding for 2024/25 to 2029/30. The public consultation period ran for four weeks.

The CD included eight proposals, the first four were related to critical improvements to regulatory performance: addressing a specific set of regulatory risks, building on steps the organisation had already put in place and making provision for further functional improvement.

Of the remaining four proposals two were in response to funding Government commitments and decisions already made: continuing funding for the provision of seafarer welfare services, and for the administration to an international convention (MARPOL Annex VI) to which New Zealand became party in 2019.

A raising of Maritime Levies revenue through increased levies rates was proposed to attend to the matters giving rise to the first six of the eight proposals.

The last two proposals went respectively to a new method for calculating Oil Pollution Levies liability and to raising Oil Pollution Levies revenue to the level needed to deliver the New Zealand Marine Oil Spill Readiness and Response Strategy.

Maritime Levies and Oil Pollution Levies are prescribed under regulations authorised under the Maritime Transport Act (MTA) 1994. The Minister must not make any recommendations to change the regulations unless consultation has occurred. Maritime NZ therefore consulted on its proposals (and considered submissions made) ahead of seeking Ministerial support for any regulation amendments.

The CD was released along with four supporting documents: an initial cost recovery impact analysis; the external economic advice used to prepare a revised (and subsequently proposed) Oil Pollution Levies methodology; an analysis of options for the delivery of seafarer welfare services funding; and an independently produced report setting out international and domestic levy comparisons. This ensured that the information available to those wanting to make a submission on any of the eight proposals was sufficient to support a well-informed position.

The submissions period closed at 5 pm on 16 August 2023. We received 41 submissions. The submitters are listed at Appendix 1.

Two further submissions were received after the deadline. These were not counted as submissions but, as they were both substantive, their position is noted under the analysis of responses to each relevant proposal.

An email enquiry facility was offered to all stakeholders and the public during the consultation period to enable questions and requests for clarification to be addressed directly. We received written enquires from ten interested parties.

Maritime NZ also held two public webinars during the consultation period. These were open to any interested party and were for the purpose of the Director and the senior leaders of the Funding Review to present on the proposals and respond to any questions arising.

Four questions raised during the webinars were answered during the live sessions and expanded on in the Frequently Asked Questions published on our website. Recordings of the webinars were also made available on our website.

The purpose of this document

This document sets out the feedback Maritime NZ received on the proposals consulted and the Maritime NZ response to (analysis of) that feedback.

In accordance with principles of public consultation, this document will be publicly released when decisions on the recommendations have been made by Cabinet. All submissions received, except when the submitter has made a submission in confidence, will also be made public. The visibility of submissions is important to satisfying interested parties that this analysis reflects a fair and accurate representation of those submissions.

PART 1: RECOMMENDATIONS AND SUMMARY

Recommendations

Maritime NZ has given full and careful consideration to every submission received.

Overall, Support the proposals was very high and this gives us further confidence in the appropriateness of the proposals, both in terms of quantum of funding and the purposes for which it will be used if levies increases are agreed by Cabinet. In some respects this was not surprising given the issues being sought to be resolved had come from engagement with the sector in the first place prior to initiation of the funding review. Where grounds relevant to the proposal were set out, we gave full consideration to submissions made that were not in full support or were opposed.

For the reasons set out in the submissions analysis, Maritime NZ does not recommend changes to the proposals impacting Maritime or Oil Pollution Levies rates. No change to the proposed new methodology for Oil Pollution Levies is recommended.

For three of the proposals (Proposals 2, 4 and 6), there was a scaled down option. For the reasons set out in our analysis of feedback on those proposals, we do not recommend the adoption of any scaled down option.

Summary of submissions received

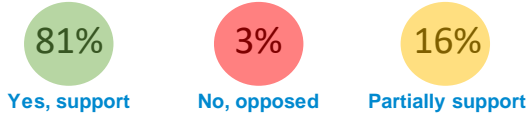
A total of 41 submissions were received through a mix of a designated funding review email channel (14), through submission of an online response form (26) and by standard mail (1).

Some people submitted on behalf of a significant number of operators; for example, Shipping Federation which represents a number of New Zealand shipping operators. We also note that the Marine Transport Association which was a late submission represents a number of smaller domestic operators. We are comfortable that many of the key maritime representative bodies have submitted on the review. Further, the key representative industry bodies- the New Zealand Shipping Federation, Marine Transport Association and Port Chief Executives support the proposals in the funding review, with the Cruise Industry Association supporting in principle because they prefer a 1 July 2025 implementation date. The Federation of Commercial Fishing, also a late submission, supported the intent of the proposals, but wanted many of the proposals to be funded in other ways, in particular via fees.

The numbers at a glance

Proposal 1 (31 responses)

Building our capacity to identify and deal effectively with substandard shipping



Proposal 5 (26 responses)

Supporting the administration of MARPOL Annex VI



Proposal 2 (30 responses)

Improving management of Maritime and Marine Protection Rules



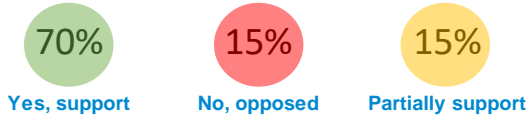
Proposal 6 (40 responses)

Supporting the provision of seafarer welfare services



Proposal 3 (27 responses)

Improving our performance in responding to notifications and regulatory licensing



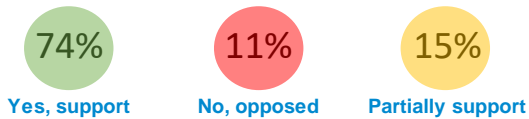
Proposal 7 (29 responses)

Revising the Oil Pollution Levies allocation methodology



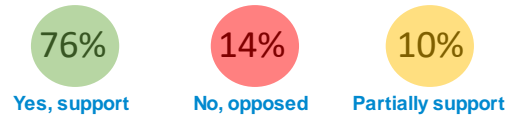
Proposal 4 (27 responses)

Maintaining oversight of those outside of Maritime NZ who undertake critical regulatory functions



Proposal 8 (29 responses)

Supporting marine oil spill readiness and response



PART 2: ANALYSIS OF SUBMISSIONS

A note on the bracketed numbers. Where a statement is attributed to a submitter the submitter is identified by a number in brackets []. The number links to the submitter's number in the list in Appendix 1.

A note on our approach

Maritime NZ gave interested parties the option of making their submission through an online form, and this was utilised by the majority of submitters (65%). The form gave three response options for each proposal; "Yes" if a proposal was supported; "Partially supported" if the submitter had reservations or conditions on full support; and "No" if a proposal was not supported. In four submissions, the submitter gave reason for their 'partially supported' or 'no' response and it became clear that 'no' or 'partially supported' was not an accurate representation of their position, or in fact did not represent their position at all. In such cases, we either did not count the response, or we treated 'partially supports' as 'supports'. For example:

- a submitter from the seafarer welfare sector signalled 'no' or 'partially support' to a number of proposals, but in their commentary advised that they had no view on either the source or quantum of funding proposed and wished to limit their feedback to Proposal 6 only;
- another submitter from the seafarer welfare sector did not provide commentary on any proposal other than proposal 6: seafarer welfare services however ticked 'partially support' to all other proposals with no commentary as to why;
- a submitter from the Ports sector signalled 'partially support' however commentary emphasised that Maritime NZ must provide this service.

There was also a submission which supported raising significantly *more* maritime levies than proposed under Proposal 1 and on that basis recorded a 'partially support'. We treated this as a submission in support of the proposal. The same submitter recorded a 'No' against proposal 8, but on grounds that OPL revenue should be raised significantly over and above the proposed increase. We treated this response as in support of the proposal, because their position was to go further than the uplift proposed.

Proposal 1: Building our capacity to identify and deal effectively with substandard shipping

The Proposal was to increase Maritime Levies revenue by \$1.9m from 1 July 2024 to fund the maintenance and expansion of the Maritime Inspections team (ref page 10 of the CD).



RECOMMENDATION

The proposal was strongly supported and the single opposing submission gave no grounds. Of those in partial support the grounds in two cases were not about the proposal itself, but the timing of levies increases; and in another case suggested a misunderstanding of our work across both domestic and foreign vessels, as well as how the maritime levies system works. These matters are outlined further in the analysis below.

There were no grounds given in any submission to give cause for a reconsideration of this proposal and we recommend it is adopted as proposed.

ANALYSIS

Do not support or partially support the proposal

Among the five submitters who expressed partial support for the proposal, two asked that the associated increase in Maritime Levies revenue required should not take effect until 1 July 2025 (that is, a full year after the increase as proposed) [24,25]. These same submitters sought a delay to all proposals on the grounds that there is insufficient time between now and 1 July 2024 to factor increased levies liability into their business operating model. A response to these particular submissions is set out under Part 3 as they relate equally to all of the proposals.

Of the other submitters who expressed partial support, one was from the seafarer welfare services sector and was to the effect that to the extent better compliance, more inspections and an on board presence leads to safer shipping (and better conditions for seafarers), the proposed additional funding was supported [39].

One partially support submitter questioned the fairness of the levies liability for his passenger ferry and suggested that the licencing of ALL vessels would reduce that burden [11]. The consideration of a universal domestic vessel licencing schema is outside the scope of this Funding Review; but, as licencing is a private good (and therefore cost recovered through fees) any such scheme would not affect either the levies funding required for club good activities or the size of the domestic fleet to which levies liability attaches.

Another submitter partially supporting the proposal took issue with domestic operators having a levies increase to fund an inspections team with a foreign, rather than domestic vessel focus [40]. We note however that the Maritime NZ's inspections team undertakes both Port State Control (inspections of foreign vessels) and Port State Control (inspections of domestic SOLAS vessels). In reality while the Maritime Inspections team has less New Zealand flagged vessels to inspect, the requirements on flag states, and the regularity and types of inspections required for New Zealand flagged vessels (e.g. ISM and regular inspections) is higher and still requires significant effort.

The Maritime Levies system is based on all of those who have levies liability contributing toward the cost of all services / functions that levies revenue funds. The model sees liability (the amount of levies payable) distributed according to the risk each vessel brings to the overall system rather than on the extent to which an individual vessel or vessel operator (or a particular levies paying sector) uses or benefits from levies funded services or functions. This "all pay for all" approach is considerably more efficient and administratively simple than a system that attempts to calculate liability according to actual or potential usage or benefit.

It is also relevant to note that foreign vessels have a collective levies liability of over 93% (based on the risk they bring to the system) and therefore pay considerably more toward the cost of maritime inspections than do domestic vessels. Levies from foreign vessels are also used to fund functions and activities that are not relevant to the foreign vessel sector (for example, seafarer licencing which is partially cost recovered through maritime levies, and domestic regulatory system reform activity).

There was just one submission made in opposition to the proposal and grounds were not given [12].

Support the proposal

Of the 25 submissions made in support of the proposal, grounds given included:

The ability of MNZ to have sufficient maritime expertise to effectively ensure that ships arriving in NZ waters comply with the minimum international safety and environmental standards ensures the protection of NZ waters, and it's tangata whenua [2]

NZ continues to experience an increasing number of sub-standard ships plying the international and domestic trades, to improve safety and environmental risks in ports and around the coast an increased regime of inspection and compliance is crucial [8]

Strong inspection and response to sub-standard or high risk ships is important to protect port operations and environmental concerns. As well as reducing the demand for rescue or support services [22]

Intentions and good policy are only as effective as our ability to monitor and enforce compliance. The consequences of an accident in this sector are significant, and many accidents we have seen both in NZ and around the world are not a result of lack of regulation, but a lack of adherence to those regulations [27]

The Shipping Federation supports the need to ensure international and domestic ships (both cruise and cargo) comply with international and domestic approved standards. We note there are clear indicators of increased workload on MNZ inspection teams, that support the need to increase training and capability [33]

This is a worthy initiative and one that supports a safe national maritime network [10]

In one case, a submission in support of the proposal questioned whether the proposed additional funding is sufficient to achieve a significant change in outcome, and expressed a view that the level of funding should be increased further [6]. In respect to this, in costing the additional capacity required to enhance our maritime inspections function, Maritime NZ sought to strike a balance between critical functional uplift requirements and the commensurate increase in Maritime Levies revenue needed. We believe that the increased levies revenue as proposed is sufficient to make an impact but this will be closely monitored over the period between July 2024 and the next full funding review in three years.

Of the two late submitters, both expressed strong support.

Proposal 2: Improving management of Maritime and Marine Protection Rules

The Proposal was to increase Maritime Levies revenue by \$1.0m per annum from 1 July 2024 to increase Maritime NZ's policy, rules drafting and technical advice capacity in order to make faster progress in regulatory reform.



A scaled down option (delaying any increase for this purpose until 1 January 2026) was also noted for feedback.

RECOMMENDATION

The proposal was well supported and in our consideration of the grounds raised in opposition (or as the basis for partial support) we have come to the view that they do not justify a change in approach.

On this basis, we recommend the proposal is adopted as proposed.

ANALYSIS

Do not support the proposal

Of the three opposing submissions, the grounds given were as follows. In one case it was the will of the submitter that there are no levies increases [12]. In another, the submitter suggested that the problem lies in dealing with the complexity of rules and regulations rather than investing more resource in rules management [11]. The third suggested that rather than increasing capacity Maritime NZ should focus on education, upskilling the staff involved in rules reform work, and more investment in technology-based systems [40].

In respect to dealing with the complexity of maritime regulations, it is acknowledged that many of the maritime and marine protection rules (of themselves, and in relation to each other) are complex. Some rules were made over 20 years ago, and while amended at various intervals, many are not fit for purpose and are imposing significant cost on operation of the sector as well as leading to strange outcomes. Increased rules reform capacity as proposed will enable Maritime NZ to attend more quickly to rules, identified by many in the sector as a priority, to address removal of complexity, out dated provisions and other regulatory quality issues.

The suggestion that the organisation should invest in upskilling and educating existing regulatory reform staff rather than employing more, is noted. Maritime NZ selects staff based on their relevant education, experience, proven competence, and ability to effectively perform in their designated role; including the regulatory policy, technical and drafting skills needed to develop rules. The issue the organisation is facing is the quantum of rules reform demand that exceeds the supply of existing skilled staff.

Submitter 22 supported the proposal but suggested a lesser capacity increase (employing three instead of five new staff). In response to that suggestion we note that the proposal was developed in careful consideration of additional resource needed across three areas (drafting, policy, technical) to make a material difference. Limiting the increase to three staff would require Maritime NZ to choose between more drafting capacity, more policy analysis capacity or more technical capacity, and whichever configuration selected the net gain would be compromised by having only part of the required additional staff complement.

Partially support the proposal

Of the four 'partially support' submissions, one suggested fewer additional staff [22 – and as discussed above]; another commented that rules are overly complex [2]; a third suggested policy development and technical advice capability is a standard government agency function and should be Crown-funded [25], and that same submitter and another [24] asked that the proposed levies increase should be delayed for 12 months on grounds of inability to absorb increased costs.

As submitters 24 and 25 have both asked that increased levies to effect *any* of the proposals should be delayed until 1 July 2025, their submissions are responded to separately in Part 3.

In relation to the statement that policy development and technical advice capability in a government agency should be Crown-funded: along with other transport sector Crown Entities Maritime NZ receives an annual appropriation of \$800k via Te Manatu Waka for the delivery of its regulatory reform programme. For some time that funding has been supplemented by Maritime Levies funding. This Crown / Levies funding arrangement is consistent with the Transport Regulatory System Funding Principles 2018 which hold that regulator activity in relation to regulatory settings can be both a public (Crown funded) and club (levies funded) good. The Principles reflect and align to the Treasury and Office of the Auditor General (OAG) guidelines in relation to cost recovery, fees and charges in the public sector.

Support the proposal

Among the 23 submissions made in support of the proposal, the following are indicative of grounds given:

We recognise that the regulatory and compliance burden has increased over the last decade and continues to do so. We support Maritime NZ increasing its levies to fund this increased workload required by the policy department [6]

To ensure maritime and protection rules are fit-for-purpose there needs to be a more efficient review and drafting process that enables shorter timeframes for regulatory reform [8]

...supports the need to progress a review and reform of maritime and marine protection rules. As we and others in the wider maritime sector have raised with MNZ, a number of these rules are unnecessary or inconsistent, and some are applied in such a way as to cause unnecessary compliance and/or cost. A programme of reform should be commenced with urgency [33]

The sector is not static. The ability of Maritime NZ to respond to needed changes in policy quickly needs to go hand in hand with the capacity to make that response in an informed way [27]

The shipping industry globally is governed by rules and related policy and technical advice. New Zealand needs to keep up to date [28]

Another supporting submitter commented that the increased funding would assist with the development of an Approved Code of Practice (ACOP) for cargo handling at ports and implementing Maritime NZ's recently extended Health and Safety at Work Act designation to commercial ports [7]. It is important to note that Maritime Levies cannot be used for such purpose (Maritime NZ receives dedicated HSWA Levies funding for HSWA related activity) and would not be used for this purpose if the proposal is given effect.

Of the two late submissions, one supported the proposal (Marine Transport Association), the other's response reflected partial support (Federation of Commercial Fishermen). The submission reflecting partial support supported some increase in the levy but sought improvements in current resources and processes to speed up the pace of regulatory change. However, the submission made on the understanding that no rules changes had progressed in 2023; when, in fact, a number have done so.

Scaled down option

Submitter [40] supported the scaled down option (delaying by 18 months any levies increases needed to give effect to the proposal) and a submitter [12] supported it as their 'will'. Otherwise, the submitters who supported the main proposal did not support the scaled down option. One submitter explicitly opposed the scaled option [11].

Proposal 3: Improving our performance in responding to notifications and regulatory licensing

The proposal was to increase Maritime Levies revenue by \$1.3m per annum from 1 July 2024 to fund the maintenance of a Notification and Enquiries Team (NET) and to maintain increased regulatory licencing improvements,



RECOMMENDATION

The proposal was well supported, and among those who expressed partial support the grounds in only one instance went to the proposal per se. Of the four opposing submissions only one gave relevant grounds and of those grounds, one was based on a miscalculation of the relevant levies increase.

We do not consider there to be any matters raised in submissions on this proposal that give rise to its reconsideration, and recommend it is adopted as proposed.

ANALYSIS

Do not support the proposal

Only one of the four submissions not in support made a substantial response [40], with the balance giving no reason, stating it to be their will that maritime levies do not fund bureaucracy, and citing rules complexity as grounds for opposition.

In respect to submission 40, the first point of issue was that while acknowledging the benefits of increased regulatory licencing capacity, "a 33% increase in levies is too high, particularly for the size of our (the submitters) fleet". The 33% increase is if all six maritime levies proposals are adopted and does not relate specifically to this one single proposal. In addition, in relation to licensing the funding sought is to recover enough to maintain current capacity and improvements, not increase.

The same submitter suggested that improved technology, not increased personnel capacity, would be more beneficial (including a technology-based application system as proposed as part of the 2010 Funding Review). Maritime NZ acknowledges the role of IT systems in improving regulatory licencing efficiency and user experience and developing a fit for purpose front end application receipt system is part of our IT programme and remains a priority. However with or without an ideal IT functionality, there is and will be an increased quantum of manual regulatory licencing and workflow administration capacity required to maintain our licensing performance over the next four years at least, particularly as licensing numbers will increase with MARPOL Annex VI and MOSS certification renewals

Partially support the proposal

As with the other proposals, submitters 24 and 25 asked that any levies increases for this purpose are delayed until 1 July 2025. This is responded to in Part 3.

Submitter 25 also asked that there is greater transparency around Maritime NZs expenditure across vessel types so as to allow industry to better understand how our programmes directly support the cruise sector. While these are not questions or matters of obvious relevance to this particular proposal, it is helpful to address them (the same submitter raised this matter in relation to several other proposals but it will be addressed here). Maritime NZ is publicly accountable for its expenditure of funding received from all sources; its financial accounts are independently audited each year and both the accounts and audit results are published in our Annual Report. Where Maritime NZ undertakes activity, or delivers programmes targeted to a particular sector (for example safer boating programmes for the recreational boating sector, or targeted compliance campaigns for a particular commercial sector) this is noted in our annual reports and made visible on our website. Most of the funding received (including from maritime levies) is not however expended or reported according to vessel type.

As it stands, it is not relevant to an individual vessels levies liability whether that vessel (or indeed the sector in which the vessel operates) uses or benefits from or is specifically supported by the services or activities that maritime levies fund. Liability is based only on risk brought to the system (with the different leviable elements of a vessel being proxies for that risk) and all of those who bring that risk (the club that is levies payers) share the cost of all that the levies fund.

Support the proposal

A number of those in support of the proposal did not give their grounds, but among those who commented, the following reflects their feedback:

We believe it is crucial that licencing capacity is adequately funded [5]

Better event notification and enquiries handling will further assist MNZ to deliver on the improved partnership they are developing across the port sector [7]

There is a need to ensure the NET function is not only achieved but is effective so as to ensure a reliable and response service to the sector [8]

This has the ability to reduce frustration and delays throughout the industry [22]

A logical move, nothing more frustrating than having to wait on slow responses [28]

Regulatory functions need to be adequately funded if they are to be effective [36]

Another of the supporting submitters [33] agreed that there needs to be an uplift in Maritime NZ's licencing capability and noted the significant improvements made in processing times through investment already made in this function. The same submitter noted that Maritime NZ needs to be able to appropriately respond to events, risks or other matters that need to be notified. However, a view was expressed that Maritime NZ's expectations in respect to notifications are not reasonable and that the burden of notifying to the extent expected (and what a notification involves) acts as a disincentive. During the consultation period this submitter raised an enquiry to Maritime NZ on this and other matters. Our response clarified that notification requirements are legislated (and therefore not only an expectation of Maritime NZ).

One submitter [5] supported the proposed increase in levies to maintain improvements in our regulatory licencing function but considered the additional levies funding proposed for a NET team to be excessive. As elaborated in the initial cost recovery impact statement released alongside the CD, less than half of the \$1.3m proposed increase would be invested in the notifications and enquiries function. That investment (2.75 FTE) proposal was based on a detailed assessment of the nature, scale and complexity of incoming enquiries and notifications and the quantum of effort likely to be required in their receipt, triage, and response. Other elements of the NET function (as would be performed by those same staff) were also factored in and included trend analysis, and insights into where guidance and education is needed across the maritime sector.

Of the two late submissions one supported the proposal (Marine Transport Association), the other did not (Federation of Commercial Fishermen). The submission in opposition did so on the basis that the backlog in licenses had already been addressed; so that there was no need for further resourcing. However, this submitter did not understand that the backlog and timeliness of licenses was only possible because of the use of temporary resources made available through Crown liquidity funding, and that without the levy increase to maintain this position we would have to reduce capacity and timeliness would go backwards and backlogs would occur again, something that had previously been raised as a significant issue by the submitter

Proposal 4: Maintaining oversight of those outside of Maritime NZ who undertake critical regulatory functions

This proposal was to fund, through a \$0.8m increase in Maritime Levies revenue from 1 July 2024, the establishment and maintenance of a small team to lead the delivery of the organisation's third party oversight activity.



A scaled down option of delaying any maritime levies increase for this purpose until 1 July 2026 was also included for comment.

RECOMMENDATION

The proposal was well supported and among those in partial support, half did not reject the proposal per se, but the proposed timing of the associated levies uplift.

We consider, on the basis of submissions received (both those for and against) that there is no reason to revise or not recommend it.

ANALYSIS

Do not support the proposal

Of the three opposing submitters, one made no comment [9], one advised it was their will that there should be no levies increase for this purpose [12], and the third submitted that Maritime NZ needs to simplify its rules and regulations [11]. In respect to [11] it was not clear if the comment was in relation to the various provisions in the legislation Maritime NZ administers and operates under that enable third parties to undertake regulatory functions, but as to which, part of what a third party oversight function would enable is a first principles review of the various third party arrangements created under legislation to ensure they remain appropriate.

Partially support the proposal

Of those in partial support, one gave no reasons [10]; two sought a one year delay in effecting the proposal [24 & 25]; and the last submitted that the proposed \$0.8m was too high a cost for industry and for a small team [40]. The submissions of 24 & 25 are responded to in Part 3.

In respect to 40, it is not clear if the principal issue is cost to industry or what we have calculated it will cost to operate a small team. These are clearly different matters, but in respect to the cost of the proposed team the initial cost recovery impact statement released alongside the CD breaks down the cost into operating (\$0.6m) and overhead (\$0.2m). The 25% overhead cost is widely recognised as a sign of organisational efficiency, and \$0.6m for four staff, reflecting an average cost per FTE of \$150k, is not considered unreasonable. That amount is a combination of salary, superannuation, insurance, and ACC levies.

Submitter 40 also suggested the focus should be on staff competency and the use of technology rather than on employing more staff. As explained in the CD, while Maritime NZ works closely with third parties, it does not have the capacity (quantitatively, not qualitatively) to oversight third parties to the extent needed to remove regulatory risk at a systemic level. Investing more in existing staff (who are already fully engaged in their substantive roles) would not resolve the issue, and there is no technological substitute for the technical expertise, auditing and operational policy expertise required.

Support the proposal

Among the 18 submissions made in support of the proposal, the following extracts reflect the basis for that support:

A robust system to ensure the commercial bodies that are offering statutory survey and certification processes are effective is the only way to ensure that all operators are maintaining a high standard [2]

We often see some very low standards of inspections carried by, for example, MNZ approved medical practitioners. There are numerous examples of this, so greater oversight by MNZ will only be beneficial [6]

The need of resources to apply appropriate supervision of third parties [15]

It is hard to undertake an oversight role without resources such as staff to do the work [28]

Good governance requires that the regulator monitors the performance of third-party regulators, and has clearly defined pathways for addressing or remedying any deficiencies should they be found [33]

Regulatory functions need to be adequately funded if they are to be effective [36]

Of the two late submitters one (Marine Transport Association) expressed strong support and the other (Federation of Commercial Fishermen) support in part. The late submission supporting in part did so on the basis that the cost of the proposal should be borne through third-party providers through approval fees. However, it is not possible to recover the costs of third party oversight in this way.

Scaled down option

Three submitters responded to the scaled down option (an 18 month delay in levies increases for this purpose). Of those, two supported it [12 & 40] and one signalled partial support [11]. Only one submitter gave a reason for their position:

We do not believe that all the additional resource required for this team would actually be in place by 1 July 2024, therefore delaying this until 2026, would assist in keeping the levy increase to a minimum [40]

In response to this, we note that maritime levies invoices for all domestic vessels are sent out before the end of the financial year and are payable by the 20th of July in the next financial year. Within a few weeks of the 2024/25 financial year Maritime NZ will have generated sufficient levies revenue to put in place the new team as described. Delaying the associated levies uplift would mean the team could not be established before 1 January 2026 as there would be no available funding.

Otherwise, the submitters who supported the main proposal did not support the scaled down option.

Proposal 5: Supporting the administration of MARPOL Annex VI

Proposal 5 was to raise Maritime Levies revenue by \$1.8m per annum from 1 July 2024 to fund Maritime NZ's administration of MARPOL Annex VI. If adopted, this proposal would transfer the recovery of cost for the administration from the Government to levies payers.



RECOMMENDATION

While it appeared that a number of submitters understood the proposal to be about an increase in funding (rather than a change in funding source) this does not detract from a clear signalling that MARPOL Annex IV administration activity (as detailed in the CD) is important to New Zealand meeting its obligations and reducing pollution from ships. No submitter challenged the appropriateness of maritime levies (not Crown) being the funding source and the opposing grounds appear either moot or contestable.

We consider that there was no matter raised in submissions on this proposals that give cause to revise it.

ANALYSIS

Do not support or partially support the proposal

There were three submissions opposing this proposal.

Submitter 40 raised concerns about the efficiency of spending an additional \$1.8m each year on this function, implying it could be performed for less. The proposed amount reflects what the Government has to date contributed, and that contribution in turn was based on a detailed implementation cost analysis. In preparing the proposal to shift the funding source the previous cost analysis was scrutinised and there were no elements where adjustment was appropriate or justified.

Submitter 33 raised opposition to how MARPOL Annex VI is applied in New Zealand, arguing that the Convention excludes domestic ships operating only in New Zealand waters. This is relevant to the proposal only insofar as the administration costs include activity relating to the domestic sector, but is moot given that Ministers and Cabinet have approved the policy settings and it is Maritime NZ's responsibility to implement them as agreed. The same submitter posited that moving cost recovery from the Crown to maritime levies constitutes double levying (maritime levies and the Emissions Trading Scheme (ETS)) for the same emissions. This is also a moot point given that the ETS does not fund the regulatory activity that Maritime NZ must undertake under MARPOL.

The third opposing submitter gave no reason beyond that the proposal was not supported [5].

Partially support the proposal

Two submitters [24 & 25] were not against the proposal per se but asked that the timeframe for an associated increase in maritime levies be extended to 1 July 2025. Our response to this is set out in Part 3.

The other submitter [10] partially supporting the proposal gave no grounds.

Support the proposal

Among the 20 submissions made in support, only half made further comment, as below:

If we sign into these agreements then we must abide by them [1]

The new requirements will require significant oversight, additional inspections, audits and approvals, and so funding should be sought for this [6]

As New Zealand aspires to a low carbon supply this work by MNZ is critical to achieving that aspiration [7]

MARPOL is an important set of directives to avoid pollution [9]

A sustainable funding base ensures that Maritime NZ can give effect to the requirements as intended and as obliged under the convention [15]

As New Zealand has now signed up to MARPOL Annex VI, the resulting administration requirements should be funded [28]

One supporting submitter [29] suggested that Maritime NZ should invest more in the work of the IMO and have a permanent presence at the organisation (with the increased cost met by a levies increase). Maritime NZ is aware of the benefits and efficiencies of such investment but it is outside the scope of the proposal.

The two late submissions supported the proposal in one case (Marine Transport Association) but not in the other (Federation of Commercial Fishermen). The submission opposing the proposal considered that funding should be recovered through fees. However, fee-based is not possible in respect of this set of regulatory activity; which mostly relates to Port and Flag State Control.

Proposal 6: Supporting the provision of seafarer welfare services

Proposal 6 was to raise an additional \$1.5m Maritime Levies revenue per annum from 1 July 2024 to fund a specified quantum of seafarer welfare services. The additional \$1.5m pa of maritime levies funding under this proposal is about maintaining the level of support currently provided by the Government and reflective of what is appropriate and sufficient support to fulfil its obligations.



For this proposal we also sought feedback on a scaled down option of an additional \$1 million Maritime Levies revenue each year for this same purpose.

RECOMMENDATION

This proposal received both the largest number of submissions and proportionally, the highest support. While the majority of those submitting (24 of the 40 submissions) were from the seafarer welfare sector (which has a strong interest in this funding), most of the other submitters also expressed support. Among the grounds given for opposition or partial support several reflected a misunderstanding of either how the maritime levies allocation methodology works or the activities it is permitted, under law, to fund.

No opposing grounds to our view justify a recommendation to revise the proposal as consulted.

ANALYSIS

Do not support the proposal

Those who did not support the proposal took that position on the following grounds: there should not be an increase in maritime levies for this purpose [12]; maritime levies funds raised from domestic maritime operators should not be used to fund MNZ international maritime responsibilities [40]; and other funding models should have been explored and any levies increase for this purpose should be delayed until 1 July 2025 [24 & 25].

In respect to the submission that domestic maritime operators should not be funding Maritime NZ's (and New Zealand's) international maritime responsibilities, we note that the New Zealand Parliament specifically amended the Maritime Transport Act to enable maritime levies funding to be used for the purpose of "the facilitation of, or support for, seafarer welfare services" (MTA s191(2) (c) refers). This was in full knowledge that the funding of such support and facilitation was part of meeting New Zealand's obligations under the Maritime Labour Convention (MLC).

Further, the Maritime Transport Act's Maritime Levies provision notes that whether or not persons levied, or the ship in respect to which the levy arises, use such services, regulations providing for the payment of maritime levies may specify persons liable for levies (paying for those services) (ref s191(3) MTA).

As noted in the analysis of proposal 1: The Maritime Levies system is based on all of those who have levies liability contributing toward the cost of all services / functions that levies revenue funds. The model sees liability (the amount of levies payable) distributed according to the risk each vessel brings to the overall system rather than on the extent to which an individual vessel or vessel operator (or a particular levies paying sector) uses or benefits from levies funded services or functions.

In respect to the submission that other funding options for seafarer welfare services have not been explored by Maritime NZ, there are three reasons why only maritime levies funding is proposed. The first is that this is the expectation of the Government; further, there is clear statutory authority to raise maritime levies for such purpose; and thirdly, maritime levies as a funding source for what is a club good is consistent with established cost recovery principles and guidelines.

The suggestion from submitters 24 and 25 to delay any levies increase for this purpose (and for all others proposed) until 1 July 2025 is responded to in Part 3 of this analysis.

Partially support the proposal

In two instances of partial support no comment was made as to grounds [10 & 11]. In the third instance, the submitter expressed a view that the amount of funding proposed was disproportionate to the \$1.8 million proposed for increased maritime inspections capability [6]. However, we note that the monetary value of the various proposals is not comparable in this way as they each go to a different purpose and to a different nature and set of costs.

Support the proposal

There were 32 submissions in support of the proposal with the following extracts characterising submitter's views:

NZ is dependent on reliable shipping, domestically and internationally and the safety of these vessels, their cargoes and crews is dependent on the crews being safe and able to concentrate on their roles [39]

We fully endorse proposal 6 and believe that a scaled down option would be inconsistent with meeting the requirements set by MLC 2006 [32]

The reason we support what would essentially be a continuation of the current levels of funding nationally is because we have seen what having employed Ships Welfare Officers on ships can achieve for seafarer welfare [36]

Because of the funding received, and the professional approach with which it has been utilised, the welfare of seafarers has directly benefited. As such The Mission to Seafarers Oceania & Pacific Region fully endorses proposal 6 [31]

Two of the submissions in support of the proposal included a suggestion that the funding should be increased in line with inflation [5 & 16]. Maritime NZ has taken the position that the amount of funding provided by the Crown since the inception of its funding support, together with what we know about the adequacy of that funding, makes \$1.5m per annum an appropriate Maritime Levies contribution. Any need for increased funding as a result of cost pressures can be considered as part of a future funding review.

Of the two late submissions received one was in support (Marine Transport Association) of the proposal and the other (Federation of Commercial Fishermen) opposed. The submission in opposition considered that the that seafarer welfare services should be funded by vessel operators, port operators or other social service providers and should not be delivered via Maritime NZ.

Scaled down option

There were three submissions in partial support of the scaled down option (that being to raise \$1.0m rather than \$1.5m each year for this purpose).

In two cases no comment was made [24 & 25] and in the third the scaled option was supported only in the event the full option could not be adopted.

Otherwise, the submitters who supported the main proposal did not support the scaled down option.

Four submitters expressly opposed the scaled down option [5, 12, 35 & 36]. As submitter [12] opposed all of the proposals, the unqualified opposition to the scaled down option was not read as support for the full option. Of the remaining three submitters two reiterated the importance of retaining the current level of funding [5 & 35] and the third [36] made no other comment but had previously indicated support for the full option.

Delivery model

As part of the description for the proposal (refer page 15 of the CD) we noted that we had considered options for how this funding, which is currently provided by the Crown, could in future be most effectively and efficiently distributed (that is, the delivery model). We indicated a preferred model (a Maritime NZ grants system) but also set out three other potential options.

A number of submissions were made that included comment on the delivery model and as this is a different issue to whether Maritime Levies (and at the proposed quantum) should be raised for this purpose, we have separated our analysis of the funding source and funding level feedback (that being the feedback on Proposal 6) from our consideration of the delivery model comments. We continue to carry out separate engagement and analysis on delivery models with the sector.

Proposal 7: Revising the Oil Pollution Levies allocation methodology

The proposal was that a proposed new methodology be applied to allocating relative Oil Pollution Levies liability by sector and by extension, form a new basis on which OPL rates are set under regulations.



The methodology has been applied to the calculation of new OPL rates proposed to raise an additional \$0.8m per annum from 1 July 2024 (Proposal 8).

RECOMMENDATION

This proposal received very strong support (82%). The two submitters (24 & 25) who did not support it, were not opposed to a change in methodology per se, but supported a different option. The option proposed was carefully considered against other options and its advantages over that supported by submitters 24 & 25 are set out in analysis below. In summary, it is optimally cost efficient to administer; scores very highly on the criterion of equity, and economic efficiency, and scores highly on the certainty criteria. Maritime NZ has no choice but to change the model, given the nature and scale of change in the operating environment, and is satisfied that the methodology proposed remains the best option.

To our view, no submissions received gave rise to a reconsideration of the OPL allocation methodology proposed, and this will be recommended to the responsible Minister.

ANALYSIS

Do not support or partially support the proposal

One submitter [12] did not provide a specific reason for not supporting the proposal, and the other supported another of the methodology options set out in the Sapere report as follows:

CLIA does not support the proposed changes to the Oil Pollution Levies allocation methodology. We believe the modified status quo model (option 1 as proposed in the Sapere review) provides continuity and certainty until a full review of the Strategy and MOSRA can be carried out [24]

This same ground was given by submitter [25] who expressed partial support as follows:

Carnival Australia believes the modified status quo model provides greater continuity and stability if it is to be introduced in FY2024-25.

It must be noted that this model scored strongly in the Sapere review, with particular focus on the equitable sharing of the additional cost burden.

The proposed changes recommended by MNZ are wholesale in nature and would be better suited to be investigated in the process of a full review of the Strategy and MOSRA [25]

One submitter [41] did not support the proposal because it would result in a levy rate that, in the view of the submitter, is not justified given the measures it takes, or is required to take, to mitigate the likelihood and consequence of an oil spill. It also considers its current liability appropriately reflects Maritime NZ's oil pollution preparedness and response effort in relation to the offshore oil and gas sector, and that the modelling on which its proposed liability is based applied incorrect production assumptions.

OMV does not agree with the methodology that has been applied to the newly proposed calculation of the levy applied to Offshore oil and gas (FPSO) as provided in the Sapere "Oil Pollution Levy Methodology Review" preferred Option 2, because it will result in a grossly disproportionate levy being imposed.

The assumption (Sapere Report p6) in the FPSO calculation, that it handles 45,000bbls of persistent oil per day, is not correct. Further, whilst it is noted under Option 2 that a 28% discount has been applied due to proximity to the territorial waters, this does not sufficiently reflect the actual risk associated with a spill event, nor the management of such an event, [xyz]

One submission partially supporting this proposal did not provide any comment, and the other was:

Only if this money is spent at the coal face and not administration office work [11]

The option preferred by submitters 24 and 25 is the revised status quo (or Option 1) as set out in the Sapere report. That option involves reweighting MOSRA 18 by applying relative (oil) volume changes in each sector to the current weightings (or sector shares) and rebasing. In terms of the criteria against which this option and that which was proposed were assessed, the scores were almost the same. Both scored very highly on equity and economic efficiency. Option one score slightly higher on certainty. Option 2 scored higher on administrative simplicity. It is acknowledged that both options have merit.

However, as noted in the Sapere report, under Option 1 the OPL rates changes (read increases) would all be significant because one sector of MOSRA 18 – persistent fuel deliveries by foreign tankers, which was assessed as representing 35% of the total risk in 2018 - has dwindled to insignificance. This significant change (applying the MOSRA methodology) would spread the burden to other areas (not because of actual changes in those areas but because of the 35% risk gap needing to be filled by raising risk or liability across all sectors).

The proposed option (Option 2), is to move entirely away from the MOSRA methodology and instead treat all marine oil (bunker and cargo) in New Zealand coastal waters on a similar basis. As Sapere advised, this option offers consistent treatment across sectors, but has the further advantages (over Option 1) of requiring minimal adjustment over time and being cost effective to implement. It is also preferred given increasing changing context and difficulties in reliably modelling these shifts.

The proposed option (Option 2) is intended to move away from complex and unreliable calculations of risk mitigation. It is based on the risk brought to the system by a particular sector or operator involved in a particular scale of activity within a particular operating environment. The levy pays for the “club good” capability and equipment to respond should these mitigation measures fail for any particular operator. Modelling was based on capacity to carry or store oil, derived from publically available documentation, not on actual carriage or storage. It would be difficult and costly to calibrate the levy depending on individual operator capacity at a particular time given how regularly it varies for operators.

In having responsibility for giving effect to the OPL regulations, cost effectiveness and ease of administration are very important to Maritime NZ; but also relevant to those who pay the levies. What is not spent on administration (and that includes the MOSRA assessments on which the current methodology and Option 1 rely) can be invested in the business of marine oil spill response and preparedness. We note that one of the “partially support” submissions [11] only supported the proposal if “money is spent at the coal face and not on administrative work”. While the proposal is not about OPL revenue per se, Option 2 would have the effect of enabling more investment “at the coal face” and requiring less on administration.

Submitters 24 and 25 support the modified status quo (Option 1) *until* a MOSRA 24 is conducted and a new Marine Oil Spill Readiness and Response Strategy is in place. If Option 1 was adopted it would not be altered by a fresh MOSRA, and nor by a new Strategy, but levies rates may need to be altered pending both the MOSRA outcome and the nature and scale of the revised Strategy. If Option 2 is adopted as proposed, the revised Strategy (if it requires additional or less OPL revenue to implement) might also require new levies rates. The Strategy and associated plan, (both of which have been agreed by the Oil Pollution Advisory Committee) are not due for renewal until 2026.

Support the proposal

Of those who submitted on this proposal 82% were in support of it. Half of those made no comment as to the reason for their support, with the balance expressing views such as that the methodology seems fairer [9], appropriate [7], supportive of changes in the operating environment and associated risk [8], a replacement for out of date levies (read allocation methodology) [12], providing simplification and clarity, and a positive shift to a risk-based approach [22], a logical development given changes to the risk profile (of the levies paying sector) [28], and shifting the burden (of liability) toward those representing the now greater share of risk [33].

The two late submissions received also supported the proposal.

Proposal 8: Supporting marine oil spill readiness and response

The Proposal is to raise an additional \$0.8m Oil Pollution Levies revenue per annum from 1 July 2024 to generate the full quantum of funding needed to deliver the Marine Oil Spill Readiness and Response Strategy (as per the associated implementation plan).



RECOMMENDATION

There were no matters raised or opposing grounds given in submissions received that appear to present strong reasons for the proposal as consulted to be revised.

That the proposal was very well supported adds further weight to a conclusion that a maritime levies uplift of \$0.8m each year from 1 July 2024 should be recommended to the responsible Minister.

ANALYSIS

Do not support the proposal

There were four submissions opposed to the proposal. One submitter gave grounds that it was not his will that marine oil spill readiness and response is supported through oil pollution levies [12], and another submitted that while supportive of the overall function of marine oil spill plans, there should be more efficiencies rather than higher spend [40].

We support the overall function of the marine oil spill plans to protect the marine environment. However we believe that the current set/layers of plans is onerous and unnecessarily administratively costly [40]

In response, we note that the Marine Oil Spill Readiness and Response Strategy is a statutory requirement, and its associated implementation plan (something that is not adopted unless it has been agreed by the Oil Pollution Advisory Committee) is an essential roadmap for giving effect to the strategy. Further, under the proposed new allocation methodology (Proposal 7) there is no need for a MOSRA or the costs associated with its regular updating.

The third submitter believes that the...

OPL should be raised significantly to enable the funding and investment into developing fit for purpose emergency towing vehicle (ETV) capabilities across New Zealand [6]

In 2023 Ministers agreed to receive advice on potential options to increase New Zealand's ocean-going emergency towage capability, with a focus on potential solutions for the Cook Strait, in the first instance. Any decisions in relation to this, including funding sources is a matter for Ministers.

The fourth submitter [41] opposed the proposal on the same grounds that they did not support proposal 7; that it would lead to a levy rate that, in the view of the submitter, would not be justified given the measures it takes, or is required to take, to mitigate the likelihood and consequence of an oil spill; or that reflects actual production.

Whilst acknowledging that MNZ need to be able to continue to deliver an effective New Zealand Oil Spill Readiness and Response strategy, OMV does not support this significant increase in fixed fee annual levy paid from \$858.66 to \$82,055.19 (p18 Table 2). This increase is not justifiable when taking into consideration the points raised under Proposal 7 above,

These arguments are addressed above under the commentary on proposal 7

Partially support the proposal

Of the three partially support submissions, no grounds for the position were given [10], a submitter supported the proposal but not the proposed change in the allocation methodology [24], and the proposal was supported on the proviso that the additional levies revenue was spent "at the coal face" and not on "administration office work" [11].

In respect to [11], giving full effect to the Marine Oil Spill Readiness and Response Strategy requires a combination of capital expenditure (equipment and dispersants), and operational expenditure such as the contract management, training and preparedness exercises and the organisation of such. Readiness and response preparedness for this reason we do not believe is unnecessary administration but frontline capabilities

required to be able to effectively respond to an event initially, and then depending on seriousness get support from international parties.

Support the proposal

There was strong Support the proposal (82%) however a number of those in support of the proposal (13 submitters) made no other comment. Where there was comment, this is provided below:

A significant uncontrolled oil spill would be catastrophic to our ecology. A well-resourced response strategy is critical to protecting NZ unique ecology [7]

It is a must that the gap in the current funding is bridged to enable MNZ to deliver the strategy [8]

Costs are rising year by year. We need to keep up with equipment and manpower [9]

Keeping the Oil Spill readiness and response up to date is a no brainer [28]

The current OPL is not raising the revenue required .. additional funding is required...and this shortfall needs to be addressed [33]

While not included in the submissions count, we also note that both of the late submissions (received from the Maritime Transport Association and the NZ Federation of Commercial Fishermen) were in full support of the proposal.

While supportive, submitter 33 also made the following comment, which we feel it is important to address.

One issue raised by some Shipping Federation members is that they now use gas-oil, which naturally disperses, and has planning and resourcing for dispersing spillages changed to reflect this? For gas-oil, it is recommended that any spill is not treated with chemical dispersants. This raises whether different, or less, equipment or capability is required [33]

Response capability is required for the full range of oils to which New Zealand is exposed, and these include but are not limited to, crude oils, heavy oils, gas oil; diesel waste oil (sludge), lubrication oils, hydraulic oils and petrol. Incidents involving any of these oils could occur in a range of environmental conditions (waves, water and air, high or low tides, varying currents etc.) and in a range of environments (harbour, close to shore or off shore).

The oil spill risk profile has changed over time (and will continue to do so) but this will continue to be an incremental rather than overnight shift and the existing stockpile and plans for future capital expenditure (as outlined in the strategy) are considered to remain valid for the foreseeable future.

Maritime NZ will of course continue to monitor changes in industry and spill response technology to ensure the appropriate capability is in place going forward.

PART 3: OTHER MATTERS RAISED

In this section we respond to matters raised in submissions that were not particular to any specific proposal but of more general relevance to this funding review.

Timing of increase in levies

The first is a matter raised in two submissions received from the foreign cruise industry sector, and goes to the timing of increases to maritime and oil pollution levies if agreed by government. The submitters sought a one year delay in any levies rates increases until 1 July 2025 on grounds that their ticket pricing for the 2024/25 cruise season is already advertised, tickets have been sold, and it is not possible to revise the pricing model to accommodate what for the sector would be a relatively large overall levies liability increase from 1 July 2024.

This issue is not particular to this funding review, given in all previous reviews consultation on proposed levies increases has never occurred over a year ahead of when it was proposed those increases would take effect. Nor have funding reviews previously proposed levies increases to take effect at such distance from the consultation timeframe.

Maritime NZ recognises that all of those impacted by actual levies increases need as much notice as possible ahead of the same taking effect. However, a year to 18 months' notice of *potential* levies increases would require us to commence funding reviews almost two full years ahead of the period to which the review pertains. This would affect the relevance of the review and potentially, the costing accuracy of the proposals.

As noted in the CD the government has signalled to Maritime NZ that the organisation needs to move to full cost recovery by 1 July 2024. Recommending delaying levies rates increases until 1 July 2025 would create several issues:

- Such advice would be in direct contradiction of the expectation of government
- Maritime NZ would need to rely on a Crown liquidity funding facility for another year (assuming this would be available) and this Crown funding could not be returned to the Crown accounts
- If the government does not agree to a continuation of Crown funding, Maritime NZ would need to make very significant cost savings (including a large number of redundancies, a reduction in regulatory activity that is levies funded, and suspension of programmes of work or projects in train) with significant impacts on the sector's efficient and effective operation. In part it is for this reason that many of the submissions in the funding review support the increase in funding for Maritime NZ. Further, the regulatory risks and performance improvements that need to be attended to, would need to be put on hold. The consequences of inactivity in these areas has been set out in both the CD and the associated Cost Recovery Impact Statement.

On the basis of the above, we do not support the cruise industry submissions to delay levies increases until 1 July 2025 and will not be recommending such a delay to government.

New Zealand Shipping Federation (NZSF)

During the consultation period, the New Zealand Shipping Federation (NZSF) asked for further detail around three of the proposals.

The NZSF also made a number of general comments and asked a series of questions as part of their submission. We have extracted the questions and respond to them below, noting that in part some of these were answered in our earlier response to the NZSF.

The impact of each individual proposal on levies rates increases should have been made visible and in the absence of this detail each proposal cannot be fully assessed.

At Table 5 in the initial Cost Recovery Impact Statement we set out the operating and personnel costs by proposal and how those, together with additional funding to cover cost pressures, added up to the total additional levies revenue proposed. The costs pressures element are not attributed to or split across the proposals as these relate to existing maritime levies activities.

Information on current levels of funding for each activity should have been provided. NZSF suggest that knowing how much we are already spending is important in consideration of the proposed increase under each proposal.

There is no current level of funding for five of the proposals (4, 5, 6, 7 & 8), nor in one of those (7), any levies increase sought.

Proposal 4 goes to the establishment of a new team/function, for which there is no currently budgeted expenditure. Proposals 5 and 6 are to shift all of the funding for that activity from Crown to Maritime Levies.

Proposal 7 is not funding related. Proposal 8 is to raise oil pollution levies revenue to an amount already agreed as required to give effect to the Marine Oil Spill Response Strategy.

The operational efficiency improvements referred to in the CD give no assurances given that the efficiency is reflected as a percentage of total expenditure and total expenditure has increased.

Organisational efficiency (the amount of funding spent on general running costs) is not measured in the amount spent, but in the *proportion* of total funding required to cover those costs. By that measure, our efficiency has increased and changes in the quantum of funding we receive are not relevant.

More information is sought on what operational costs cover.

Operational costs cover everything other than personnel costs. Personnel costs cover salaries, recruitment, ACC levies, and the organisation's superannuation contribution.

The additional funding proposed for each new FTE appears to be \$150K, and if this is a proposed salary, it appears high.

\$150K per FTE is not all attributable to salary. As above, other costs have been factored into the funding required to employ each of the proposed new staff.

APPENDICES

Appendix 1: List of submitters

Ref	Name	Organisation	Method
1	James Baker		Online
2	Josh Smith		Online
3	Pieter Borsje	Seafarers Welfare Board for New Zealand	Online
4	Marja Van Der Helm	SWB	Online
5	Larry Robbin	International Sailors Society NZ Incorporated	Mail
6	David Bishop	Port of Tauranga Ltd	Online
7	Roger Gray	Ports of Auckland	Online
8	Jon Moore	Northport Ltd.	Online
9	Christopher Barradale	Mission to Seafarers (Auckland)	Online
10	Ben Martin	Port Taranaki Ltd	Online
11	Bruce Robertson	The Ferry	Online
12	Wayne Antoni	Natural born	Online
13	John Blunden	South Canterbury Seafarers Welfare Committee	Email
14	Mike Lunnon	Stella Maris Apostleship of the Sea NZ	Online
15	Kevin McFetridge	SWBNZ	Online
16	Alex Lang	Nelson Port Welfare Committee	Online
17	Joel Pearce	SWB	Online
18	Angela McFetridge	SWBNZ	Online
19	Anthony Delaney	CentrePort	Email
20	Peter Carrell	Anglican Diocese of Christchurch	Online
21	Steve Jordan	Port Nelson Mission to Seafarers	Email
22	Grant Nalder	Greater Wellington Regional Council	Online
23	Phil de Joux	Lyttelton Port Company	Online
24	James Larsson	Carnival Australia	Online
25	Hugh Cavill	CLIA	Online
26	Tim Tovey-Raruve	The Mission to Seafarers	Online
27	Jolyon White	Anglican Advocacy	Online
28	Morris van Voornveld	Seafarers Welfare Board	Online
29	Charles Finny	New Zealand Port Company CEO Group	Online
30	Allan D'Souza	Ports of Auckland Limited	Online
31	Lance Lukin	Mission to Seafarers Oceania & Pacific Region	Email
32	Lance Lukin	Sub-Committee Seafarer Welfare Board NZ	Email
33	John Harbord	New Zealand Shipping Federation	Email
34	Noel Rivett	Galilee Mission	Email
35	Marcus Wilkins	Port Welfare Committee – Port of Tauranga	Email
36	Clark Houltram	Missions to Seafarers Society (Port of Tauranga) Inc	Email
37	Terry Arnold	United Seafarers Mission Tauranga	Email
38	Terry Arnold	Stella Maris	Email
39	Grant Nalder	Wellington Port Welfare Committee	Email
40	Paul Norris	RealNZ Group	Email
41	Kevin Goulet	OMV New Zealand Ltd	Email

Note that the Marine Transport Association and Federation of Commercial Fisherman came in late but that their views are reflected under the proposals.