

FAQs – Funding Review consultation

see updated FAQs starting from page 3 – 9 August 2023

General

Q. Why does Maritime NZ do funding reviews?

A. Transport sector agencies are required to carry out a full review of fees, levies and Crown funding every six years, with a mid-point review every three years.

Funding for Maritime NZ comes from a combination of:

- levies (Maritime Levies, Health and Safety at Work Act Levy (the Working Safer Levy), Fuel Excise Duty (FED), Oil Pollution Levies)
- direct fees
- Crown funding

Q. What is this funding review for?

A. The purpose of this mid-point funding review is to ensure Maritime NZ is sustainably funded for the range of regulatory and response activities and functions required under current legislation, over 2024-2030. This includes Maritime Levies and Oil Pollution Levies.

The focus of this review is on:

- ensuring we can deliver our regulatory functions effectively and minimise risks
- meeting Government commitments since the last full funding review, like providing funding for Seafarer Welfare services and MARPOL Annex VI
- ensuring we can we can maintain our marine pollution capabilities.

Q. Why is Maritime NZ doing a funding review right now?

A. A review of maritime levies rates was originally scheduled to occur during 2021/22. Government agreed to delay this review due to the disruption from COVID-19 impacts, and the interim funding they have been providing Maritime NZ to cover this will finish on 30 June 2024.

We're now working within a timeframe to ensure any levies changes needed could go through legislation in time to take effect from 1 July 2024, as well as within the perimeters of this being an election year.

Q. Why doesn't Maritime NZ just reassign existing roles/budget to meet the regulatory needs?

A. It's important that we are able to address gaps that currently exist, without creating safety risks in other areas, so that overall progress to address regulatory risks continues.

Simply moving people, resources or funding from one area to another would then create safety risks in other areas. There are also roles that require specific training and expertise, and cannot be filled in from other areas.

Levies

Q. Do Maritime Levies apply to me and what are they used for?

A. Maritime Levies apply to all commercial ships (New Zealand and foreign) operating in New Zealand waters, whether on a permanent, temporary, or occasional basis.

Funding from Maritime Levies allows us to maintain important functions critical to maritime safety and protection of the marine environment.

Q. Do Oil Pollution Levies (OPL) apply to me and what are they used for?

A. The OPL funds New Zealand's oil spill preparedness and response functions. It applies to all commercial vessels over 100 gross tons and more than 24 metres in length (except those operating in fresh water) that use oil as fuel and/or carry oil as cargo, offshore oil installations, exploration wells and oil pipelines.

Q. How much would levies increase and when would this happen?

A. The proposed changes have varying percentages of increases, and there are also scaled options included as part of some of the proposals. Please have a look at the consultation document for more details. You can also get an estimate for your Maritime Levies from 1 July 2024 by using the 'Estimate your levy' online tool: www.maritimenz.govt.nz/funding.

Any confirmed changes from this review are expected to take effect from 1 July 2024. In the interim, the levy rates currently set out in legislation continue to apply.

Q. How do I know what I will pay from 1 July 2024?

A. You can estimate your Maritime Levy charge by using the 'Estimate your levy' online tool here: www.maritimenz.govt.nz/funding. This should give you an estimation of what your Maritime Levies charge could be. This is only an estimation, as we are consulting on the proposed increases.

Q. Why are Maritime Levies going to be used for seafarer welfare services?

A. As a founding member of the International Labour Organization (ILO), New Zealand needs to ensure it meets its obligations under the IMO's Maritime Labour Convention (MLC) and promote seafarer welfare. Maritime NZ is looking to develop a sustainable funding and delivery package for seafarer welfare to enable this work.

Throughout the COVID-19 pandemic, Government was providing direct funding to ensure seafarers were supported when they couldn't leave the ships. There is now a need to return to a future-focused view of services, delivery and funding arrangements.

Under a 2021 amendment to the Maritime Transport Act, seafarer welfare services can be funded out of maritime levies, which are administered by Maritime NZ and apply to commercial vessels operating in New Zealand waters. Provision of seafarer welfare will involve resourcing from both maritime levies, and from charitable and volunteer efforts.

See the [Options for Delivery of Seafarer Welfare Services](#) for more details.

Consultation

Q. How long is the consultation period open until?

A. This consultation is open from Wednesday, 19 July – Wednesday, 16 August 2023.

Q. How can I make my submission?

A. This is a public consultation, and submissions can be made via our online form, via email or post, or verbally if required for accessibility. Please go to our website for more information: www.maritimenz.govt.nz/funding

Q. When are the webinars and how can I register?

A. These webinars were held on Friday, 4 August and Monday, 7 August. You can watch the recordings from these sessions on our website: www.maritimenz.govt.nz/funding

Q. Where should I send questions about the Funding Review consultation?

A. Please have a look over these FAQs to see if we have answered your question, or the other information available on our website: www.maritimenz.govt.nz/funding

If you have specialist or more detailed queries, please send these to our project team: Funding.Review@maritimenz.govt.nz

Q. What happens after the consultation closes?

A. We will carefully review and analyse all submissions, then prepare advice and recommendations on levies changes to the Associate Minister of Transport before the end of 2023. Following this, the Associate Minister and then Cabinet will determine if and when the process for making changes to levies regulations is advanced.

Updated 9 August 2023: additional FAQs from webinars and email queries

Q. Will the levies go up at the next full funding review?

A. The primary purpose of Funding Reviews is to look ahead at whether existing levies rates (and in full term reviews, the hourly rate for fees) remain at the level needed to effectively and efficiently perform our regulatory functions over the period, until the next review. We cannot anticipate what that assessment (timeframe not known) will find, or whether it will find that increased levies are needed. Most importantly, we can only propose increases or other changes in levies. The decisions on whether increases (or decreases) should occur are made by the Government at the time.

Q. Can you provide more information on the methodology around the OPL levy increases for foreign passenger vessels vs domestic passenger levies?

Context: The proposed foreign vessel OPL increase is 387% and a significant increase in risk allocation vs other sectors.

A. The 387% increase for foreign passenger bunker fuel is the proposed change of the rate from 0.54 cents to 2.63 cents per gross ton of vessel per port visit. In the example shown in the Consultation Document, this is a total of \$2,893 (up from \$594) per port visit for a foreign cruise vessel of 110,000 GT and carrying 2,500 passengers.

The change in proposed levies rates is due to three factors:

- The first is a significant change in contributing vessel activity patterns, volumes and oil types, and volumes carried and used. For example, the impacts of the Covid-19 pandemic, the closure of the Marsden Point Refinery (and its transition to a storage facility) and the departure of two domestic oil tankers.
- The second is a change in the method used to allocate the risk each sector brings to the system. The proposed methodology works on the principle that all oil that enters New Zealand waters is liable for a levy. Oil on the water consists of bunker fuel, fuel as cargo, and some stationary facilities. This mirrors the maritime levies methodology where the rate is determined in a unifying way by the total value of what is put at risk, implying that all fuel oil in vessels is liable and all fuel as cargo is liable.
- The third is the \$0.8 million increase in total amount of revenue raised to deliver the New Zealand Marine Oil Spill Readiness and Response Strategy 2022-2026. A copy of the strategy is available at <https://www.maritimenz.govt.nz/public/consultation/new-zealand-marine-oil-spill-response-strategy>.

There is also more detail on the levy method in the complementary report on our website: <https://www.maritimenz.govt.nz/media/zgigzu42/mnz-funding-review-2023-opl-methodology-options-report.pdf>.

Q. Do the proposed increases spoken about in the webinar include funding for COVID recovery?

A. No. The funding that Government provided for COVID recovery was one off funding, provided by the Crown. What we are proposing to recover now through levies is to maintain the efforts that we've already started in implementing MARPOL Annex VI, and Seafarer Welfare.

Q. At the recent NZ Commercial Fishermen's Conference the Maritime team said that there would be a new Maritime website being made in the future to make processing of certificates, etc. easier. Does this funding review cover this new website or will you be seeking extra funding over and above these levies for this?

A. Our current funding and a proportion of future funding will cover the costs of developing and implementing the new website, which will provide opportunities for better digital engagement and products for certification and other areas. Part of proposal three in the consultation document includes these improvement plans.

Q. In the webinar, it sounded as if the \$1.5 million levy proposal for the purposes of welfare funding would result in a service reduction. What scale of service provision reduction does that amount to?

A. The \$1.5 million levy for proposal six in the consultation document maintains the status quo. The scaled option, noted on Page 19 of the consultation document, would reduce the funding to \$1 million per annum.

Q. Since most of the welfare provision seems to be under the Maritime Labour Convention (MLC), and Fishers are not under the MLC, is there explicit scope in the terms of reference for welfare organisations to be able to undertake service/welfare/human rights work for Fishers if funding is primarily about NZ government MLC obligations?

Is there an additional funding stream for MNZ from the likes of Employment NZ or WorkSafe to ensure welfare provision for Fishers also?

A. Maritime NZ has no funding stream for the provision of welfare services to fishers. Since 2016, fishing vessels have been required to be flagged to New Zealand in order to operate within our waters and seafarers on those vessels must be employed under New Zealand employment conditions.

This provides them with the same labour conditions and employment relations rights, and health and safety protections as those that apply to other New Zealanders working on commercial fishing boats. You can see the announcement about this here:

<https://www.beehive.govt.nz/release/foreign-charter-vessels-reflagged-new-zealand-today>

The government considers that fishers, as domestic seafarers, are able to access the general welfare support services available to all New Zealanders.

As is the current situation, government also recognises that seafarer welfare organisations often offer support to domestic seafarers as well as those employed on foreign vessels. Provided that any contracted seafarer welfare services are delivered effectively, funded organisations are free to continue to do so, including providing support to fishers.