Mid-point Review of the Oil Pollution Levy

Consultation Document

November 2018

Contents

Purpose of the Oil Pollution Levy

The Oil Pollution Levy (the Levy) is used to fund New Zealand's oil spill preparedness and response function, which Maritime New Zealand's Marine Pollution Response Service (MPRS) delivers. The Levy ensures that New Zealand has the capacity to:

- meet our international obligations for readiness and response in regards to marine oil spills
- maintain current equipment and capabilities to respond to oil spills
- protect in-shore and near-shore areas in the event of a spill, thereby reducing the consequences of the spill and reducing response costs
- manage oil spills further out to sea closer to the source, thereby better protecting the shoreline from spill impact and reducing response costs
- support more effective oil spill responses through improved technical and scientific knowledge.

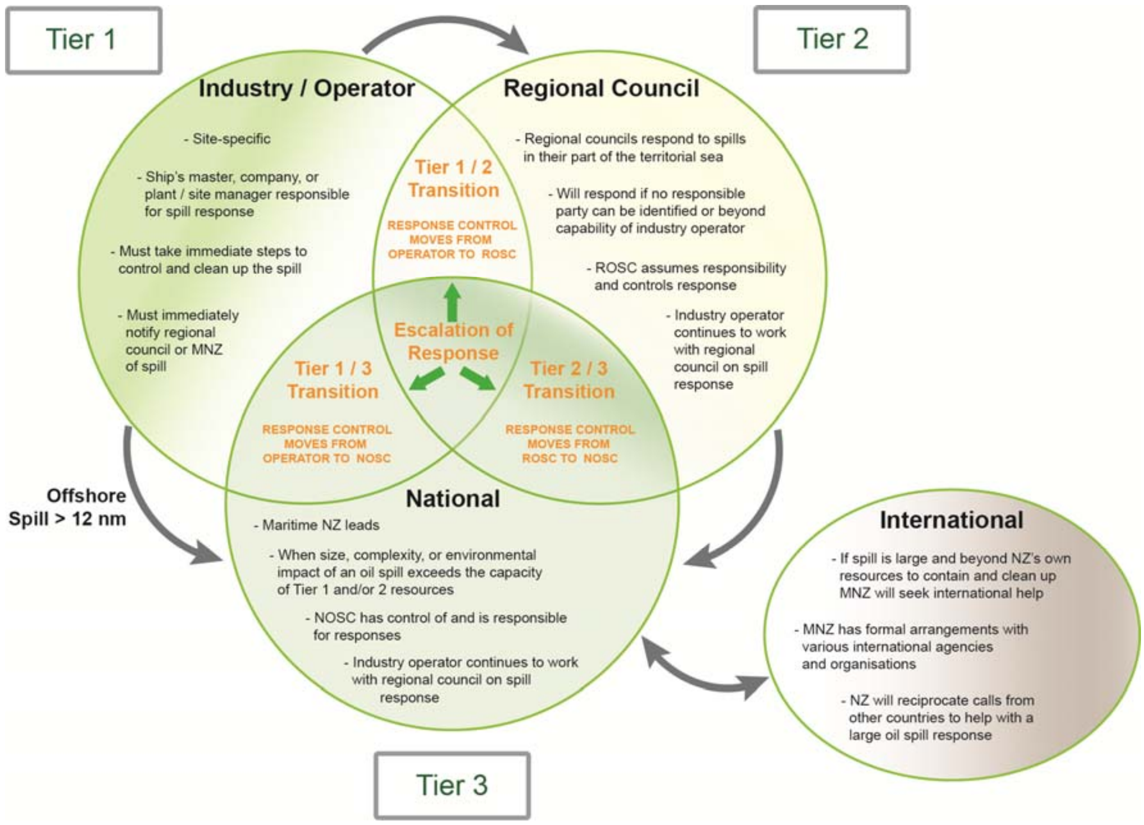
Background to the proposals

Maritime New Zealand is a key player in the regulatory, compliance and response framework that is designed to manage the risk of marine oil pollution, and ensure that New Zealand is prepared to respond effectively to any oil spills that occur in the marine environment.

The framework for marine oil spill prevention, preparedness and response activities includes the Maritime Transport Act 1994 (MTA), the Resource Management Act 1991, the Health and Safety at Work Act 2015, the Hazardous Substances and New Organisms Act 1996, and the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012.

Internationally, New Zealand is a signatory to a number of conventions relating to oil spill liability for those operating in the marine environment. New Zealand is also a signatory to the Oil Preparedness, Response and Co-Operation Convention which enables us to call on other signatories to assist in the event of a major marine oil spill.

Maritime New Zealand is mandated under the MTA to ensure that New Zealand has a comprehensive marine oil spill readiness and response capability. This capability is arranged in three Tiers – Tier One provided by industry and operators, Tier Two by Regional Councils and Tier Three by Maritime New Zealand. Maritime New Zealand, through its Marine Pollution Response Service (MPRS), provides oversight for Tier One and Tier Two preparedness and response activities, and maintains and delivers Tier Three capability.



To guide the development and implementation of readiness and response capabilities for marine oil spills the MTA also requires the Director of Maritime New Zealand to have a New Zealand Marine Oil Spill Readiness and Response Strategy (the 'Strategy'), which must be reviewed at least every five years. The most recent version is the New Zealand Marine Oil Spill Readiness and Response Strategy 2018-2022.

The cost of oil pollution preparedness is met by operators in the maritime sector either directly (Tier 1) or through the Oil Pollution Fund (the Fund) which is administered by Maritime New Zealand. The Fund is financed by the Oil Pollution Levy, which is paid by the commercial maritime industry - those who use oil as fuel, transport oil, and the offshore oil industry.

The Levy is set for six years, and a mid-point review is undertaken after three years to determine whether the share of the levy contributed by the various sectors of the commercial maritime industry requires recalibration in light of any changes identified to capability requirements, sectors' level of activity, and risk assessment.

In 2015 Maritime New Zealand developed the Capability Plan for Marine Oil Spill Readiness and Response 2016/17–2018/19 (the Capability Plan) to detail how the Strategy in effect at that time would be delivered, including how additional capabilities and equipment were required to address obsolescence issues and to implement the latest best-practice in marine oil spill response. Government decided to implement the plan over a period of six-years (from 2016/17 to 2021/22) by revising the extant Levy. Following implementation processes the revised Levy entered into force on 01 January 2017 – six months later than originally planned.

The mid-point review of the current Levy is being conducted during 2018, three years into the current Levy period. Core proposals set out in this consultation document arise from a revised risk assessment and re-forecast sector activity levels identified during this process; in addition there is an option to raise a small amount of additional revenue to enable the Capability Plan to be fully delivered within the original timeframes.

Introduction

The Oil Pollution Levy (Levy) was last reviewed in 2015/2016. As a result of that review, which involved public consultation, the Levy was revised to comprise two components - a Baseline Levy and a Capability Levy. Government decided to deliver the Capability Plan over six years (rather than three) so rates were put in place for six years at a level aimed at raising an average of $8.049 million per annum for each of the six years (being an average of $7.775 million for the first three years and an average of $8.354 million for the second three years), with a commitment to review the rates at the three year point. This commitment is the trigger for the current mid-point review, and the public consultation which will inform it. In 2015/16, as in previous reviews, the Levy revenue required was allocated across a number of different sectors within the pool of levy payers based on a detailed, comprehensive, statistical risk analysis.

Several pieces of work have provided input into this mid-point review of the Levy, and have shaped the new levy allocation proposals and provided the basis for the calculations and assumptions made in this discussion document:

- A refresh of the New Zealand Marine Oil Spill Readiness and Response Strategy to the 2018 – 2022 version (the Strategy);
- A refresh of the Marine Oil Spill Risk Assessment (MOSRA 18) incorporating the latest data and improvements in modelling capabilities to re-assess risk matters and consequently sector shares of risk;
- A review of the Capability Plan, to ensure it remains valid and appropriate
- A re-forecast of expected activity levels (projecting forward the latest data available) for the period from July 2019 to June 2022.

All of these steps are intended to ensure that the levy paying sectors and individual levy payers are paying appropriate amounts based on risk and that we neither over, nor under recover revenue against the target amount.

As a result of the above work this consultation document makes proposals to amend the amount of the Levy collected and (for Options Two and Three) the allocation of the Levy between sectors. The fundamental aim is to, as a minimum, maintain the current levels of regulatory, compliance, readiness and response services (as at 2015/16) in relation to marine oil spills and to complete the implementation of the Capability Plan. The focus is on how to continue to implement the Strategy and the Capability Plan, taking into account the updated activity information and risk assessments that underpin the setting of the Levy.

The proposals in this document are made up of:

- **How the Levy is calculated**: This review proposes to continue to use a risk based methodology derived from the data in MOSRA 18 for determining the risk share of each sector.
- **The financial proposals**: This review proposes to retain the two components of the current Levy: Baseline and Capability. Two options are presented that take into account revised risk share and revised activity levels with slight differences in total target revenue, and a third option that retains the current risk share between sectors and estimates what revenue that would collect going forward (i.e. a status quo option).

This consultation document sets out the three options for the second-half of the six year Levy period. All three options have been developed on the basis that the refreshed Strategy does not require any fundamental changes to capability components or levels, and that the Capability Plan remains valid.

- Option One (Status Quo) proposes no changes to Levy rates or the percentage risk share allocated to each sector of the maritime industry, notwithstanding changes to the risk assessment. It uses a revised activity forecast and accordingly generates a forecast revenue total, rather than us setting target revenue. In essence it shows what will likely result in terms of revenue if we make no changes.

- Option Two (Revised Levy Rates A) proposes changes to the Levy rates based on the refreshed risk share work and the revised activity forecast. Rates are set to raise the same target revenue for years Four, Five and Six of the Levy period, as was consulted on in 2015/16.

- Option Three (Revised Levy Rates B) proposes changes to the Levy rates based on the refreshed risk share work and the revised activity forecast. Rates are set to raise the same target revenue for years Four, Five and Six of the Levy period as was consulted on in 2015/16 with the addition of a small amount of revenue to allow the capability plan to be completed within the original six-year period planned despite the Levy starting six months later than originally planned.

Note that only Options Two and Three would reflect the revised risk assessment and change the percentage share allocated to each sector of the contributing maritime industry parties.

Maritime New Zealand favours Option Three as this would position us to raise the necessary revenue to complete the full six year Capability Plan as approved by the Government in the original time period (30 June 2022).

Revised Levy rates and share allocations arising from Options Two and Three would take effect from 1 July 2019, and would be in force until 30 June 2022.

Context

New Zealand's current marine oil spill response capability

New Zealand requires the capability to manage the likelihood and consequences of a marine oil spill; the capability must be efficient, effective, affordable and proportionate to the risks.

Prevention, through high quality regulation and compliance activities, helps to reduce the likelihood of an oil spill occurring. Adequate readiness and response capabilities ensure an effective response and thus minimise the consequences when a spill occurs.

Current capability is generated through four principal service components:

- The development, maintenance and administration of the *national marine oil spill readiness and response strategy, including international cooperation*

- Ensuring that *tiered contingency oil spill response plans* are developed and maintained at the national, regional government and operator level to give effect to the strategy, including the development and maintenance of a national training plan for oil spill responders, and the implementation of that plan in accordance with the strategy

- The regular training for and exercising of *contingency response plans* at the national, regional and operator levels

- The *provision of sufficient resources* to effectively implement the strategy and associated contingency plans, including response equipment.

Maritime New Zealand delivers these services primarily through the MPRS with a core team of 11 Full Time Equivalent (FTE) staff – covering planning, exercises, training, logistics and operations. In addition there is significant involvement from policy, legal, environmental and technical specialists across the organisation.

Significant equipment and material stockpiles are held, maintained and supported for use by Maritime New Zealand in the event of a marine oil spill. Overall holdings are valued currently at around $20 million and include stocks of chemical dispersants, booms, skimmers and storage tanks for the protection of shorelines and the on-water collection of oil in sheltered areas, pumping systems, small harbour and estuary vessels, vehicles, and support systems and equipment such as communications and storage.

At the start of the six year period of the Capability Plan much of the equipment was quite old. Capability was focused on sheltered waters capability and shoreline protection. In implementing the Capability Plan we have been able to begin addressing obsolescence issues and have increased the emphasis on further from shore response capability. Equipment has been updated, replaced and augmented and we have enhanced our capacity to undertake readiness and response activities at all Tiers with our local, regional national and international partners.

The revised Strategy

In 2017 Maritime New Zealand undertook a refresh of the 2015 Strategy to ensure it remained valid for the next three years. The refreshed Strategy and its key issues and objectives have not altered fundamentally from the 2015 version; there have been some limited updates (such as reordering goals and objectives to emphasise the priority in respect to capability to respond to significant spills).

A copy of the full Strategy document is available at:

https://www.maritimenz.govt.nz/public/environment/responding-to-spills/response-strategy.asp

The Capability Plan

The Capability Plan detailed the capabilities and equipment required to support the delivery of the 2015 Strategy. It took into account the findings of the 2015 MOSRA (MOSRA 15), and was informed by lessons from the ***Rena*** incident and response, and lessons from international incidents, as well as trends in shipping. It also addressed the need for significant asset replacement in the equipment inventory and the sustainability of additional capabilities established since 2013. The Plan was developed using expert technical input as well as dialogue with equipment and service suppliers.

Government directed that the Capability Plan be implemented over a period of six years; we are currently in Year Three (mid-point).This mid-point review considers how to take forward the plan for Years Four, Five and Six. Progress to date on implementing Years One to Three of the plan has been generally strong and we are on track to meet the majority of the capability enhancements and improvements and the asset replacements that were planned for the first three year period.

We have had to delay some aspects of the programme due to a later (approximately six months) than planned introduction of the revised Levy rates. The delay has caused a reduction in actual revenue against forecast in that first six months, and to some softening of revenue in the early period as actual activity was a little below the forecast.

In total across the first three years we expect to be approximately $1.3 million below the target revenue for those three years. Through careful phasing, and making use of monies available in the Fund above mandated reserves at the start of the Levy period, we have been able to cover approximately $520,000 of the gap between actual and target revenue.

This has minimised the overall impact of the shortfall on the Capability Plan both in terms of acquiring and introducing capabilities and the full programme timeline. Capability enhancement and asset replacement targets have been largely achieved to date.

Overall, we consider that the Capability Plan remains valid and appropriate. The three options under consideration reflect this premise in that there are not any significant changes to capability over and above the original Capability Plan. The options do, however, vary in their effect on our ability to deliver the plan both in terms of time and of delivering the planned capabilities. This is summarised below.

Levy Options – Baseline capability and the Capability Plan

- Option One (Status Quo) - Using a revised activity level forecast but retaining current sector risk share and current levy rates results in a forecast revenue below that required to complete the Capability Plan within the six year target. The shortfall is estimated to be $2.52 million in total over the three years. This would have a significant impact as we would have to slow down the programme of work and scale back the planned equipment procurement. We could not meet our commitments to replace essential assets and equipment, including flurometry equipment, components of the coastal system, workboat replacement, and inshore and shoreline booms. We would need to carry forward work into the next period. In addition, we would not be matching revenue raised to sector risk share.

- Option Two (Revised Levy Rates A) - Setting the same target revenue for Years Four, Five and Six as in 2016 allows us to maintain baseline capability and to deliver the next three years of the Capability Plan. The revised rates are generated by the revision to sector shares as the risk profile has changed and by the re-forecast of activity levels. The target revenue does not allow us to recover the time and revenue lost by the later than planned start to the six-year programme and slight softening of early revenue in Year One. As a result this option means that we will fall a little short on delivering the Capability Plan within the planned period (some equipment obsolescence, the acquisition of flurometry capability) or need to extend the completion date for the plan into the next period. The capability impact is relatively minor and could be managed.

- Option Three (Revised Levy rates B) - A slightly increased target revenue from the 2016 consultation (an additional $0.26 million per year) allows us to maintain baseline capability and to fully deliver the agreed Capability Plan to the original timeline. Under this option we are not seeking to recover the full amount of revenue below the original target revenue ($1.3 million) as we have managed to cover a significant part of this through prudent programme management and optimising the use of reserves. Through this option, by the end of the six year period, our essential assets and equipment will have been replaced, modernised or improved, and we will have benefited from significant improvements in training of readiness and response teams. The enhanced and improved assets will be available for response and equipment obsolescence will have been significantly reduced.

A copy of the full Capability Plan is available at:

https://www.maritimenz.govt.nz/public/consultation/OPL

The Maritime New Zealand Full Funding Review

Although a separate exercise, we note that this consultation on the mid-point review of the Oil Pollution Levy is being undertaken at around the same time as a consultation on a wider funding review being carried out by Maritime New Zealand to ensure it is funded for the range of other (non-oil spill related) functions and activities it is required to carry out under current and future legislation from 2019/20 to 2024/25.

Further information of the full funding review can be found on the Maritime New Zealand website.

The Current Levy

The current Oil Pollution Levies Order 2016 provides for a levy with two separate components:

- The 'Baseline Levy', which aimed to generate an average of $5.18 million per year for six years, to maintain business as usual in terms of meeting Maritime New Zealand's obligations to maintain oil pollution preparedness and response capability at the level considered appropriate at the time the levy was set; and

- A 'Capability Levy', which aimed to generate an average of $2.89 million per year for the six years, as an additional component to give effect to the Capability Plan. This additional capability component allows us to replace and update obsolescent equipment, provide better training for response personnel, and develop faster more effective responses to larger national level spill incidents and incidents occurring further out to sea. The greater the ability to prevent oil reaching the shoreline, the less the consequences will be, thereby reducing impacts on communities and saving time and money.

The target average annual total amount of funding ($8.05 million) for the six years was divided amongst industry levy payers based on the MOSRA 15 assessment of each industry sector's contribution to New Zealand's overall risk of a marine oil spill[1].

The Consultation Document for the current levy was comprehensive and proposed four options; each with detailed descriptions of the capabilities to be delivered. Following the consultation, Government directed that Option C be implemented, over six years rather than the three originally proposed in the Capability Plan. A copy of the 2015/16 Consultation Document is available at;

https://www.maritimenz.govt.nz/public/consultation/OPL

Revenue

As noted, at the mid-point of the six year period, total revenue to date is less than originally forecast. This is due to introducing the new Levy rates six months later than originally planned, and to slightly lower activity levels than forecast at the start of the period. The forecast total shortfall in revenue for Years One to Three is $1.3 million.

The reduced revenue would have had a significant impact on our ability to fully implement the first three years of the Capability Plan but has been mitigated by the use of $520,000 from operating reserves. The net shortfall at the end of Year Three is forecast to be $0.78 million.

Proposals on the Methodology for the revised Levy

Proposed method of allocation of funding required to sectors

We propose no change to the core methodology for allocating the Levy target amount to contributing sectors, however, for Options Two and Three we propose to use an updated version of the risk assessment undertaken in MOSRA 15. MOSRA 18 uses the latest available data and takes into account improvements in oil spill modelling (see below).

This approach is consistent with the one we have followed for many years. Updating the risk model and the data that drives the model and considering the changes to the activity of parties that contribute to the risk (more/less vessels and voyages, different routes, different cargo types and volumes etc.) ensures the fairest, most objective and accurate alignment between activity that generates the risks and the payment of the levy.

For Options Two and Three the final revenue target (the total amount that it is proposed the Fund collects per year) will be divided into the sector risk assessment allocation percentages derived from MOSRA 18 to calculate the Levy contribution required from each sector.

Levy Calculation within each sector

Having determined what share of the Levy revenue should be raised from each sector, a method is required to translate this overall sector share into a practicable, collectable and equitable rate for individual vessels or operators within the sector.

[1] All figures are taken from the document "Review of the Oil Pollution Levy 2015/16 - Consultation Document March 2016", Option C (as approved by Government), table at pages 46 and 47.

The MOSRA system details for each sector how much of the sector's risk share comes from oil carried as cargo (persistent and non-persistent) and how much is from oil carried as bunker fuel. This breakdown allows the sector's total revenue to be broken down into one of these three risk areas.

The next step is to model the expected level of activity in the sector during the period of the proposed levy. With this data a calculation is then made of how much to charge per tonne of oil carried as cargo (split into persistent and non-persistent) and, using 'Gross Tonnage' as a proxy for bunker fuel capacity how much to charge for oil as bunker fuel.

We propose to continue to follow this methodology to calculate the rates required from individual Levy contributors – for Options Two and Three using risk data from MOSRA 18 to determine sector share, and the breakdown into oil as cargo and bunker fuel and taking into account forecast activity levels for the period July 2019 to June 2022.

Note that for Option One, we would leave the sector risk shares as currently calculated and the Levy rates as currently set. Doing this means we cannot set target revenue but we can estimate what total revenue the extant rates would generate. It also means that under this option the payment of the Levy is not aligned to the latest risk assessment which is why we do not recommend this option.

MOSRA 18

Assessments of New Zealand's oil spill risk profile have taken place at regular five year intervals since 1992, with each version of the modelling building on the one before. The profile is built using national and international accident and incident data, activity levels, volume and type of oil carried as cargo and environmental impact information to apportion the share of overall risk amongst those that generate the risk, on a sector basis.

The sectors are: Foreign Tankers, Domestic Tankers, Foreign Passenger and Cargo, Domestic Passenger and Cargo, NZ Fishing Vessels and Offshore Oil and Gas. Rates are set to raise the revenue required from each sector using data on oil carried as cargo (persistent and non-persistent) and vessel weight (as a proxy for oil carried for fuel).

The last full risk assessment was carried out by Navigatus Consulting Limited[2] in 2015 (MOSRA 15). A refresh of this assessment was completed by Navigatus in May 2018 (MOSRA 18). The primary reason for this refresh was to ensure that the risk analysis that underpins the Levy-setting process reflects the current situation and activity across the maritime industry.

MOSRA 18 builds on the MOSRA 15 report, while incorporating significant advances. These include better quality data on oil types and volumes being carried, improved modelling of consequences and improved vessel activity and routing. MOSRA 18 revisits assumptions regarding standards of pilotage across each large vessel sector, ferry schedules and for tankers, takes into account vessels' compliance with IMO Regulation 13G (double hulls and bunker protection).

Risk Allocation

It is important to note that the MOSRA process looks at risk in terms of likelihood (probability) and consequence and uses both domestic and international data. The use of international data, from a statistical analysis perspective, is necessary due to the very small sample sizes for purely New Zealand based activity. The MOSRA approach takes these results, and for the sector share analysis considers the relative risk between sectors, i.e. which sector has the greatest risk when compared to the other sectors. This can be thought of as the total risk being 100 units and determining how much of this total is allocated to each sector. As such, although the MOSRA work considers risk arising from marine activities, the sector share allocation is not concerned with whether there has been an increase or decrease in the total marine oil spill risk but rather apportions a share of New Zealand's total marine oil spill risk to each sector, based on their contribution. It is a relative measure.

[2] Navigatus provides risk assessments for the New Zealand government across transport domains, using statistical methodology representing international best practice.

As the sector share is based on a total of one hundred percentage points, a decrease in the relative risk of one sector must mean an increase in the relative risk of others and vice versa. This means that as well as changes in the likelihood (probability), better and more comprehensive data, better modelling of impacts, and better understanding of actual oil amounts carried changing the risk for individual sectors, the sector share percentages will also change in relation to other sectors' changing share of risk.

Results from MOSRA 18

This consultation document proposes a number of changes to the risk percentages for the sectors for Options Two and Three. Table 1 shows the MOSRA 18 results and for comparison the MOSRA 15 results. The MOSRA 18 report and the full MOSRA 15 and its appendices are available on the Maritime NZ website at:

https://www.maritimenz.govt.nz/public/environment/risk-assessment.asp

Table 1: Comparison of MOSRA results 2015 and 2018

Sector	MOSRA 18 %	MOSRA 15 %	Change
Domestic Passenger, Cargo, and Tanker Bunker (includes tugs)	**16.69**	**10.36**	**6.33**
Domestic Tankers - Oil as Cargo	**11.31**	**18.66**	**(7.35)**
Persistent	3.06	4.91	(1.85)
Non-persistent	8.25	13.75	(5.5
NZ Fishing	**1.05**	**0.91**	**0.14**
Foreign Passenger and Cargo, Foreign Tanker Bunker	**26.77**	**11.22**	**15.55**
Foreign Tanker - Oil as Cargo	**44.15**	**58.82**	**(14.67)**
Persistent	34.91	44.39	(9.48)
Non-persistent	9.23	14.42	(5.19)
Offshore Oil and Gas - total	**0.03**	**0.03**	**0**
Total	**100**	**100**	

As noted, these changes reflect changes to the risk assessment for each sector, based on significantly improved data on volumes and types of oil carried, better tracking of routes, and reduced risk arising from improved safety features on domestic and international tankers.

See the above link for a more detailed analysis of the differences between the MOSRA 18 sector contributions and previous risk assessments.

Bunker fuel carried by tankers

The per-sector risk assessment, as determined by MOSRA 18 (Table 1 above), will be slightly revised into a final sector shares table that will be used to calculate each sector's share of the Levy. This is because an adjustment needs to be made to the risk percentages to acknowledge that the risk of carrying bunker fuel is the same, irrespective of whether it is being carried by a tanker or a passenger vessel.

This adjustment supports the practicable application of the levy as rates are set for oil as bunker fuel via the proxy of Gross Tonnes.

This approach is the same as that used in the current Levy. Using MOSRA 18 data, the risk for bunker fuel carried by domestic tankers has been combined with the risk for domestic passenger and cargo vessels, and the risk for bunker fuel carried by foreign tankers has been combined with the risk for foreign passenger and cargo vessels. Table 2 shows the impact of these changes.

Contribution from oil and gas sector

The MOSRA sector risk analysis includes off-shore oil and gas activities as one of the sectors. This sector includes the production platforms, the Floating Production and Storage and Off-Loading platforms, associated sub-sea pipelines and any exploration activity.

Historical analysis suggested that this sector should contribute approximately 4% of the total revenue based on the risk assessment at that time. In 2015, the comprehensively updated MOSRA analysis indicated that statistical risk from the off-shore oil and gas sector's share of the total oil spill risk was extremely low, at around 0.03%. This was a result of the very small size of the sector overall, and the very low likelihood of an oil spill from operations in that sector.

The 2015 MOSRA analysis represented a significant change in the share percentage for the off-shore oil and gas sector: reducing it from approximately 4% to 0.03% (as in Table 1). Government at the time of the 2015/16 review directed that the share paid by the off-shore oil and gas sector would remain at the same level as the 2012 assessment (4%, rather than being reduced in line with the 2015 analysis. The sector representatives on the Oil Pollution Advisory Committee are aware of this previous decision.

The MOSRA 18 update indicates the statistical risk share for the off-shore oil and gas sector is still in the order of 0.03%. Applying this figure would result in a significant reduction in the dollar value of that sector's contribution going forward. A 4% share, as at present, would be approximately $0.322 million per year; a share of 0.03% would result in effectively zero revenue (approximately $2,400 per year) from the sector.

As we propose for Options Two and Three to base the Levy on the updated risk assessment overall we are also proposing that the off-shore oil and gas sector contribution under these options is set in line with the refreshed assessment, i.e. at 0.03%.

The resulting final sector shares proposed to be used for setting the Levy going forward for Options Two and Three are detailed in Table 2 below with a comparison to the 'as implemented' MOSRA 15 shares after bunker fuel adjustments and, for MOSRA 15, offshore oil and gas adjustments.

Table 2: MOSRA 18 Sector Shares (Adjusted for Bunker Fuel Risk Component) Compared to MOSRA 15 Sector Shares (as implemented)[3]

Sector	MOSRA 18 Sector Contribution	MOSRA 15 As implemented Sector Contribution	Change from MOSRA 15 as implemented
Foreign Tankers	**45.51%**	58.34%	(12.83%)
Domestic Tankers	**11.91%**	18.87%	(6.96%)
Foreign Cargo and Passenger Vessels	**25.40%**	9.05%	16.35%
Domestic Cargo and Passenger Vessels	**16.09%**	9.05%	7.05%
Domestic Fishing Vessels	**1.05%**	0.84%	0.21%
Offshore Oil and Gas	**0.03%**	3.85%[4]	(3.82%)

Note: the percentages in the MOSRA 18 column do not add up to 100 due to rounding differences.

[3] The sector share applies to target revenue for each option; it does not change between options.

[4] MOSRA 15 Sector Shares were adjusted for bunker fuel and then amended by Government decisions on from original MOSRA 15 result.

Components of the revised Levy

We propose to retain two components for the revised Levy for each of the three options:

- A Baseline Levy; and
- A Capability Levy.

Baseline Levy

The current Baseline Levy was set at rates to raise an average target of $5.18 million per year across the six years.

It was expected that average revenue would be lower in Year One and higher in Year Six, reflecting forecast growth in the volume of activity across the sectors. In this consultation document, Maritime New Zealand is considering two scenarios for revising the Baseline Levy.

- Under Option One we would leave the Baseline Levy rates as they are, i.e. maintain the status quo sector risk share and Levy rates. Revenue raised would be a result of these rates combined with the revised activity forecast (an outcome amount rather than setting a target amount).
- Under Options Two and Three, the baseline Levy rates would be reset to ensure that we raise the same target revenue as set out for Years Four, Five and Six in the 2016 consultation given the use of a revised risk assessment and a revised activity level forecast (average of $5.366 million per year).

Option One (Status Quo)	**Advantages**	**Disadvantages**
This option proposes no change to Levy rates or to the share allocation amongst sectors. It would not make adjustments to reflect revised risk assessment and re-forecast activity levels in MOSRA 18. Revenue generated: average $4.9m per annum for the Baseline Levy component.	This option would result in changes to the Levy amounts paid by each sector only as a result of the revised activity level forecast. No changes to the way the share of the Levy is allocated amongst sectors.	As this would not reflect changes in risk level arising from the revised risk assessment this option would result in a misalignment between the latest sector risk assessment and the amount paid by each sector, i.e. the wrong sectors paying the wrong risk share. It would also (based on the activity forecast) not generate sufficient revenue to implement the planned programme in Years Four to Six.

Options Two and Three (Revised Levy rates A and B)	**Advantages**	**Disadvantages**
Both options propose to seek revenue that matches the expected original forecast revenues for Years Four, Five and Six (totalling $16.1 million over Years Four, Five and Six). This gives an average figure of $5.366 million per annum for the	Both options would support the continued delivery of the baseline component elements of overall capability. As these options allow for adjustments reflecting the changed risk assessment for each sector, they would also	Some sectors, and individual vessels, would pay a higher sector share and/or Levy rate than they are currently.

Baseline Levy component. Both options allow for adjustments to the current Levy rates and share allocation amongst sectors to take into account the revised risk allocations to each sector, as outlined in MOSRA 18, and the revised forecasts of the volumes of activity for Years Four, Five and Six.	ensure that the right Levy payers are paying the appropriate amount. Some sectors, and individual vessels, would pay a lower Levy sector share and/or rate than they are currently.	

Explanation of the Baseline Levy

The Baseline Levy component continues to provide for the on-going operational services detailed in the 2016 consultation on the overall six year plan, including the following capability elements:

- Staff at MPRS to undertake compliance, readiness and response activities at 2016 levels;
- Logistics and maintenance support for the 2016 equipment and material stockpiles (booms, skimmers, pumps, storage tanks, small vessels, vehicles, support systems);
- Regional training to support Regional Councils in provision of Tier 2 readiness and response capability;
- A regional exercise programme to support the provision of Tier 2 readiness and response capability;
- Provision of the 2016 services by the National Oiled Wildlife Response Team, and
- $650,000 per year of depreciation funding to meet current depreciation costs and support a very limited procurement programme.

The Baseline Levy component **does not:**

- Fund the vast majority of the asset replacement required to sustain the current equipment-based response capabilities[5];
- Fund any capability enhancements, developments or improvements; proposals in this regard are covered under the Capability Levy component options.

If the Baseline Levy component were not funded Maritime New Zealand would not be able to meet its statutory requirement to provide a comprehensive marine oil spill readiness and response capability.

Capability Levy

The current Capability Levy was set at rates to raise an average target of $2.89 million per year across the six years.

It was expected that average revenue would be lower in Year One and higher in Year Six, reflecting forecast growth in the volume of activity across the sectors.

In this consultation document, Maritime New Zealand is considering three scenarios for revising the Capability component of the Levy.

- Under Option One we would leave the Capability Levy rates as they are, i.e. maintain the status quo sector risk share and Levy rates. Revenue raised would be a result of these rates combined with the revised activity forecast (an outcome amount rather than setting a target amount).

[5] Equipment and material replacement is covered under the Capability Levy component.

- Under Option Two the Capability Levy rates would be reset to ensure that we raise the same target revenue as set out for Years Four, Five and Six in the 2016 consultation, with sector and party contributions calculated using the revised risk assessment and a revised activity level forecast (average of $2.988 million per year).
- Under Option Three the Capability Levy rates would be reset to ensure that we raise the target revenue as set out for Years Four, Five and Six in the 2016 consultation, with sector and party contributions calculated using the revised risk assessment and a revised activity level forecast. In addition the revised rate would include the amount of revenue lost given the later than planned introduction of the 2016 levy coupled with a slight revenue softening in Year One (average of $3.248 million per year).

Option One (Status Quo)	**Advantages**	**Disadvantages**
As for the Baseline component, this option proposes no change to Levy rates or to the share allocation amongst sectors. Changes arising from the revised risk assessment in MOSRA 18 would not be reflected. Revenue generated: Average $2.618 million per annum for the Capability Levy component.	This option would result in changes to the Levy amounts paid by each sector only as a result of the revised activity level forecast. No changes to the way the share of the Levy is allocated amongst sectors.	This option would result in a significant revenue shortfall and does not reflect changes in risk level arising from the revised risk assessment.

Option Two (Revised Levy Rates A)	**Advantages**	**Disadvantages**
This option sets target revenue that matches the original expected forecast revenues for Years Four, Five and Six ($8.964 million in total over Years Four, Five and Six average of $2.988 million per annum) for the Capability Levy component. This option allows for adjustments to the current Levy rates and share allocation amongst sectors to take into account the revised risk allocations to each sector in MOSRA 18 and the revised forecasts of the volumes of activity for Years Four, Five and Six.	This option supports the delivery of the Capability Plan for Years Four, Five and Six. This option, by adjusting the Levy rates and share allocations to reflect the revised risk assessment, ensures that the right levy payers are paying the appropriate amount. Some sectors, and individual vessels, would pay a lower sector share and/or Levy rate than they are currently.	This option would not allow revenue from Years One to Three to be recovered. Some sectors would pay a higher sector share and/or Levy rate than the current Levy setting.

Option Three (Revised Levy Rates B)	**Advantages**	**Disadvantages**
This option sets target revenue of $9.744 million in total over Years Four, Five and Six (average of $3.248 million per annum for the capability Levy component).	This option supports the delivery of the Capability Plan for Years Four, Five and Six and the ability to recover the time lost (and hence delayed capability	Some sectors would pay a higher sector share and/or Levy rate than the current Levy setting.

This is a moderate increase in the per annum target over Option Two of $0.26 million) to make up the $0.78 million deficit as additional revenue over the next three years, thereby allowing the Capability Plan to be fully implemented within the original six-year period. This option allows for adjustments to the current Levy rates and sector share allocation to take into account the revised risk allocations to each sector in MOSRA 18 and the revised forecasts of the volumes of activity for Years Four, Five and Six.	development) from Years One to Three, together ensuring full implementation of the Capability Plan within the original timescale planned in 2016. This option, by adjusting the levy rates and share allocations to reflect the revised risk assessment, ensures that the right levy payers are paying the appropriate amount. Some sectors, and individual vessels, would pay a lower sector share and/or Levy rate than they are currently.	

Explanation of the Capability Levy

The Capability Levy component continues to provide for the implementation of the Capability Plan as originally consulted in 2016. The plan has two areas of focus with five aspects being considered for each area:

- Area: asset replacement (for equipment – including dispersant – that is at or beyond end-of life;
- Area: capability development and enhancement (focused on filling in gaps or shortfalls in capability).
- Aspects:
  - Equipment - the replacement and possible enhancement and distribution of response assets (physical equipment and chemical dispersants) to implement or facilitate a response to a marine oil spill;
  - Training - the preparation of response personnel;
  - Exercises - the use of simulated reality to mould responders into a cohesive and effective response unit and to test plans, personnel, and training;
  - Organisation - the internal systems, processes, and knowledge that support the Marine Pollution Response Service (MPRS) to deliver its services in a sustainable and well-informed manner, and
  - People - additional staff necessary to undertake the increased volume and complexity of readiness and response activities resulting from the components of the Capability Plan in the areas of planning, auditing, monitoring, training, exercising, advising and supporting on environmental matters, coordinating the National Response Team, and managing equipment.

If the Capability Levy component were not funded Maritime New Zealand would not be able to meet its obligations to complete the full six year programme as set out in the Capability Plan.

The Capability Plan[6] provides comprehensive details on the methodology used to develop options and proposals for a revised Levy. This current review, at the mid-point of the Plan's three year programme, provides an opportunity to ensure that its approach remains valid, and to recalibrate if necessary to ensure that the Levy amounts and sector shares are allocated fairly.

6 The plan can be found on the Maritime NZ website at: https://www.maritimenz.govt.nz/public/consultation/OPL

Proposed options for a revised Levy

The following section combines the proposed Baseline Levy and Capability Levy components to show three options for the total Levy. For Option One the figures result directly from the use of a revised forecast activity level as there is no change to rates. For Options Two and Three the variation comes from the different Capability Levy component options. Comparisons are provided showing the proposed Levy rates that would result from Options Two and Three as compared to the current Levy rate, as well as examples for what individual vessels may expect to pay under each of the proposed options. There would be no change to the current Levy rates paid by individual vessels under Option One.

The options are made up of the following components:

Option One (Status Quo): Baseline Levy + Capability Levy (no change to current Levy rates or sector risk shares)

Option Two (Levy Rates A): Baseline Levy + Capability Levy (revenue targets from 2016 plus Levy rates and sector risk shares adjusted)

Option Three (Levy Rates B): Baseline Levy + Capability Levy (revenue targets from 2016 plus additional revenue to allow completion of Capability Plan to original timescales plus Levy rates and sector risk shares adjusted)

Cost of proposed options

Option One – Status Quo (forecast revenue of $7.518 million per year)

This option is comprised of the following, over a period of three years:

- Baseline Levy - average $4.9 million per year; and
- Capability Levy - average $2.618 million per year

Total levy: average $7.518 million per year

Option One generates revenue significantly below that originally planned and consulted on for Years Four, Five and Six of the Capability Plan period. This will impact baseline capability and the ability to fully implement the Capability Plan.

In all of the tables that follow the proposed rates given have been rounded to two decimal places for ease of comprehension. The rounding decisions will cause some minor differences between the rate increase as described in this table, and the percentage increase.

Table 3: Comparison of current and proposed Levy rates

Sector	Current total levy rate per MT of oil - per visit	Option One- Proposed total levy rate per MT of oil - per visit	Increase / (Decrease) in Levy
Foreign Tankers Oil carried as cargo: persistent oil	49.09 cents	49.09 cents	-
Foreign Tankers Oil carried as cargo: non-persistent oil	20.72 cents	20.72 cents	-

Sector	Current total levy rate per MT of oil - per year	Option One - Proposed total levy rate per MT of oil , per year	Increase / (Decrease) in Levy
Domestic Tankers Oil carried as cargo: persistent oil	57.43 cents	57.43 cents	-
Domestic Tankers Oil carried as cargo: non-persistent oil	59.03 cents	59.03 cents	-

Sector	Current total levy rate per GT - per port visit	Option One - Proposed total levy rate per GT, per port visit	Increase / (Decrease) in Levy
Foreign Passenger, Cargo and Tanker Bunker Fuel	0.40 cents	0.40 cents	-

Sector	Current total levy rate per GT - per year	Option One- Proposed total levy rate per GT, per year	Increase / (Decrease) in Levy
Domestic Passenger, Cargo and Tanker Bunker Fuel	413.19 cents	413.19 cents	-
NZ Fishing Vessels	97.74 cents	97.74 cents	-

Sector	Current total levy rate per site, per year[7]	Option One -Proposed total levy rate per site, per year	Increase / (Decrease) in Levy
Platforms	9,169.89 Dollars	9,169.89 Dollars	-
FPSOS	105,000.00 Dollars	105,000.00 Dollars	-
Pipelines	9,114.89 Dollars	9,114.89 Dollars	-
Exploration wells	8,951.89 Dollars	8,951.89 Dollars	-

[7] This levy rate was based on the continued use of the 2012 risk assessment of four per cent rather than MOSRA 15

Individual vessel examples[8]

Foreign tankers: example charge calculations		**MT of oil carried**	**Current Levy** Charge per MT of oil, per visit	**Option One** Charge per MT of oil, per visit	**Increase / (Decrease) in charge**
Foreign Tankers Oil carried as cargo: persistent oil	Vessel 1	37,959	18,634	18,634	-
	Vessel 2	124,843	61,285	61,825	-
Foreign Tankers Oil carried as cargo: non-persistent oil	Vessel 1	96,381	19,970	19,970	-
	Vessel 2	128,310	26,586	26,586	-

Domestic tankers: example charge calculations		**MT of oil**	**Current Levy** Charge per MT of oil, per year	**Option One** Charge per MT of oil, per year	**Increase / (Decrease) in charge**
Domestic Tankers Oil carried as cargo: persistent oil	Vessel 1	201,600	115,779	115,779	-
	Vessel 2	294,000	168,844	168,844	-
Domestic Tankers Oil carried as cargo: non-persistent oil	Vessel 1	816,000	481,685	481,685	-
	Vessel 2	894,817	528,210	528,210	

Foreign passenger and cargo vessels: example charge calculations		**GT of vessel**	**Port visits**[9]	**Current Levy** Estimated total charge	**Option One** Charge per port	**Increase / (Decrease) in charge**
Foreign Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	121,878	1	488	488	-
	Vessel 2	50,657	1	203	203	-

Domestic passenger, cargo and fishing vessels: example charge calculations		**GT of vessel**	**Current Levy** Charge per year	**Option One** Charge per year	**Increase / (Decrease) in charge**
Domestic Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	12,735	52,620	52,620	-
	Vessel 2	22,365	92,410	92,410	-
NZ Fishing Vessels	Vessel 1	4,407	4,307	4,307	-
	Vessel 2	323	316	316	-

[8] These examples will show no change in charge as they are for individual vessels. The amount paid by each sector will vary from the present amounts as the activity levels will increase or decrease.

[9] Vessels may have multiple port visits so the charge per port may occur more than once

Option Two – Revised Levy Rates A (average revenue of $8.354 million per year)

This option is comprised of the following, over a period of three years:

- Baseline Levy – average $5.366 million per year; and
- Capability Levy – average $2.988 million per year

Total levy: average $8.354 million per year

Option Two sustains baseline capability and delivers Years Four, Five and Six of the Capability Plan as per the 2016 programme but will mean the plan is not fully completed to the original timescales.

Table 4: Comparison of current and proposed Levy rates

Sector	Current total levy rate per MT of oil - per visit	Option Two- Proposed total levy rate per MT of oil - per visit	Increase / (Decrease) in Levy
Foreign Tankers Oil carried as cargo: persistent oil	49.09 cents	56.27 cents	7.18 cents
Foreign Tankers Oil carried as cargo: non-persistent oil	20.72 cents	11.83 cents	(8.52) Cents
Sector	**Current total levy rate per MT of oil - per year**	**Option Two - Proposed total levy rate per MT of oil , per year**	**Increase / (Decrease) in Levy**
Domestic Tankers Oil carried as cargo: persistent oil	57.43 cents	46.64 cents	(10.79) cents
Domestic Tankers Oil carried as cargo: non-persistent oil	59.03 cents	41.65 cents	(17.38) cents
Sector	**Current total levy rate per GT - per port visit**	**Option Two - Proposed total levy rate per GT, per port visit**	**Increase / (Decrease) in Levy**
Foreign Passenger, Cargo and Tanker Bunker Fuel	0.40 cents	0.84 cents	0.44 cents
Sector	**Current total levy rate per GT - per year**	**Option Two- Proposed total levy rate per GT, per year**	**Increase / (Decrease) in Levy**
Domestic Passenger, Cargo and Tanker Bunker Fuel	413.19 cents	645.57 cents	232.38 cents
NZ Fishing Vessels	97.74 cents	114.51 cents	16.77 cents
Sector	**Current total levy rate per site, per year**	**Option Two -Proposed total levy rate per site, per year**	**Increase / (Decrease) in Levy**
Platforms	9,169.89 Dollars	16.71 Dollars	(9,153.18) Dollars
FPSOS	105,000.00 Dollars	1,336.73 Dollars	(103,663.27) Dollars
Pipelines	9,114.89 Dollars	0	(9,114.89) Dollars

Exploration wells	8,951.89 Dollars	0	(8,951.89) Dollars

Individual vessel examples

Foreign tankers: example charge calculations		MT of oil carried	**Current Levy** Charge per MT of oil, per visit	**Option Two** Charge per MT of oil, per visit	Increase / (Decrease) in charge
Foreign Tankers Oil carried as cargo: persistent oil	Vessel 1	37,959	18,634	21,359	2,725
	Vessel 2	124,843	61,285	70,248	8,963
Foreign Tankers Oil carried as cargo: non-persistent oil	Vessel 1	96,381	19,970	11,405	(8,565)
	Vessel 2	128,310	26,586	15,183	(11,403)

Domestic tankers: example charge calculations		MT of oil	**Current Levy** Charge per MT of oil, per year	**Option Two** Charge per MT of oil, per year	Increase / (Decrease) in charge
Domestic Tankers Oil carried as cargo: persistent oil	Vessel 1	201,600	115,779	94,018	(21,761)
	Vessel 2	294,000	168,844	137,110	(31,734)
Domestic Tankers Oil carried as cargo: non-persistent oil	Vessel 1	816,000	481,685	339,836	(141,849)
	Vessel 2	894,817	528,210	372,661	(155,549)

Foreign passenger and cargo vessels: example charge calculations		GT of vessel	Port visits	**Current Levy** Estimated total charge	**Option Two** Charge per port	Increase / (Decrease) in charge
Foreign Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	121,878	1	488	1,024	536
	Vessel 2	50,657	1	203	426	223

Domestic passenger, cargo and fishing vessels: example charge calculations		GT of vessel	**Current Levy** Charge per year	**Option Two** Charge per year	Increase / (Decrease) in charge
Domestic Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	12,735	52,620	82,213	29,593
	Vessel 2	22,365	92,410	144,382	51,972
NZ Fishing Vessels	Vessel 1	4,407	4,307	5,046	739
	Vessel 2	323	316	370	54

Option Three – Revised Levy Rates B (average revenue of $8.615 million per year)

This option is comprised of the following, over a period of three years:

- Baseline Levy - $5.366 million per year; and
- Capability Levy - $3.248 million per year

  Total levy: $8.614 million per year

Option Three sustains baseline capability, delivers Years Four, Five and Six of the Capability Plan as per the 2016 programme plus recovers the revenue deficit from Years One to Three, and so supports the delivery of the overall six-year plan within the original timeframe.

Table 5: Comparison of current and proposed Levy rates

Sector	Current total levy rate per MT of oil - per visit	Option Three- Proposed total levy rate per MT of oil - per visit	Increase / (Decrease) in Levy
Foreign Tankers Oil carried as cargo: persistent oil	49.09 cents	58.02 cents	8.93 cents
Foreign Tankers Oil carried as cargo: non-persistent oil	20.72 cents	12.20 cents	(8.52) cents
Sector	**Current total levy rate per MT of oil - per year**	**Option Three - Proposed total levy rate per MT of oil , per year**	**Increase / (Decrease) in Levy**
Domestic Tankers Oil carried as cargo: persistent oil	57.43 cents	48.09 cents	(9.34) cents
Domestic Tankers Oil carried as cargo: non-persistent oil	59.03 cents	42.94 cents	(16.09) cents
Sector	**Current total levy rate per GT - per port visit**	**Option Three - Proposed total levy rate per GT, per port visit**	**Increase / (Decrease) in Levy**
Foreign Passenger, Cargo and Tanker Bunker Fuel	0.40 cents	0.87 cents	0.47 cents
Sector	**Current total levy rate per GT - per year**	**Option Three- Proposed total levy rate per GT, per year**	**Increase / (Decrease) in Levy**
Domestic Passenger, Cargo and Tanker Bunker Fuel	413.19 cents	665.70 cents	252.51 cents
NZ Fishing Vessels	97.74 cents	118.08 cents	20.34 cents
Sector	**Current total levy rate per site, per year**	**Option Three -Proposed total levy rate per site, per year**	**Increase / (Decrease) in Levy**
Platforms	9,169.89 Dollars	17.23 Dollars	(9,152.66) Dollars
FPSOS	105,000.00 Dollars	1,378.40 Dollars	(103,621.60) Dollars

Pipelines	9,114.89 Dollars	0	(9,114.89) Dollars
Exploration wells	8,951.89 Dollars	0	(8,951.89) Dollars

Individual vessel examples

Foreign tankers: example charge calculations		MT of oil carried	Current Levy Charge per MT of oil, per visit	Option Three Charge per MT of oil, per visit	Increase / (Decrease) in charge
Foreign Tankers Oil carried as cargo: persistent oil	Vessel 1	37,959	18,634	22,025	3,391
	Vessel 2	124,843	61,285	72,438	11,153
Foreign Tankers Oil carried as cargo: non-persistent oil	Vessel 1	96,381	19,970	11,760	(8,210)
	Vessel 2	128,310	26,586	15,656	(10,930)

Domestic tankers: example charge calculations		MT of oil	Current Levy Charge per MT of oil, per year	Option Three Charge per MT of oil, per year	Increase / (Decrease) in charge
Domestic Tankers Oil carried as cargo: persistent oil	Vessel 1	201,600	115,779	96,949	(18,830)
	Vessel 2	294,000	168,844	141,384	(27,460)
Domestic Tankers Oil carried as cargo: non-persistent oil	Vessel 1	816,000	481,685	350,431	(131,254)
	Vessel 2	894,817	528,210	384,279	(143,931)

Foreign passenger and cargo vessels: example charge calculations		GT of vessel	Port visits	Current Levy Estimated total charge	Option Three Charge per port	Increase / (Decrease) in charge
Foreign Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	121,878	1	488	1,056	568
	Vessel 2	50,657	1	203	439	236

Domestic passenger, cargo and fishing vessels: example charge calculations		GT of vessel	Current Levy Charge per year	Option Three Charge per year	Increase / (Decrease) in charge
Domestic Passenger, Cargo and Tanker Bunker Fuel	Vessel 1	12,735	52,620	84,776	32,156
	Vessel 2	22,365	92,410	148,883	56,473
NZ Fishing Vessels	Vessel 1	4,407	4,307	5,204	897
	Vessel 2	323	316	381	65

Comparison of options

The following table below compares the total levy rate that would result from each of the three options against the current total rate.

Table 6: Comparison of all options against current Levy rates

Sector	Current total levy rate per MT of oil - per visit	Current	Option One	Option Two	Option Three
Foreign Tankers Oil carried as cargo: persistent oil		49.09 cents	49.09 cents	56.27 cents	58.02 cents
Foreign Tankers Oil carried as cargo: non-persistent oil		20.72 cents	20.72 cents	11.83 cents	12.20 cents
Sector	**Current total levy rate per MT of oil - per year**	**Current**	**Option One**	**Option Two**	**Option Three**
Domestic Tankers Oil carried as cargo: persistent oil		57.43 cents	57.43 cents	46.64 cents	48.09 cents
Domestic Tankers Oil carried as cargo: non-persistent oil		59.03 cents	59.03 cents	41.65 cents	42.94 cents
Sector	**Current total levy rate per GT - per visit**	**Current**	**Option One**	**Option Two**	**Option Three**
Foreign Passenger, Cargo and Tanker Bunker Fuel		0.40 cents	0.40 cents	0.84 cents	0.87 cents
Sector	**Current total levy rate per GT - per year**	**Current**	**Option One**	**Option Two**	**Option Three**
Domestic Passenger, Cargo and Tanker Bunker Fuel		413.19 cents	413.19 cents	645.57 cents	665.70 cents
NZ Fishing Vessels		97.74 cents	97.74 cents	114.51 cents	118.08 cents
Sector	**Current total levy rate per site, per year**	**Current**	**Option One**	**Option Two**	**Option Three**
Platforms		9,169.89 Dollars	9,169.89 Dollars	16.71 Dollars	17.23 Dollars
FPSOS		105,000.00 Dollars	105,000.00 Dollars	1,336.73 Dollars	1,378.40 Dollars
Pipelines		9,114.89 Dollars	9,114.89 Dollars	0	0
Exploration wells		8,951.89 Dollars	8,951.89 Dollars	0	0

Benefits delivered by each option

The table below summarises the benefits delivered under Options One, Two and Three to New Zealand in terms of capability of responding to marine oil spills in terms of capability at responding to marine oil spills for the remaining three years of the six year period.

Key:

1	The option fully delivers the benefit
2	The option substantially delivers the benefit
3	The option partially delivers the benefit
4	The option delivers a limited benefit
5	The option does not deliver the benefit

Table 7: Benefits achieved by each option

Spill response objectives	Achieved by	Option One	Option Two	Option Three
The current equipment and capabilities to respond to oil spills is maintained	Out-of-date equipment is replaced, current contracts are maintained (aerial response, modelling), current staffing and training levels are retained	3	2	1
New Zealand's in-shore and near-shore areas are protected in the event of a spill so reducing the consequences of the spill and reducing response costs overall	Sub-sea oil plumes and gas clouds can be modelled, to predict where oil or gas may go and so support more effective measures to prevent it from reaching the shoreline	2	1	1
	Oil spill control agents can be used to disperse oil before it reaches the New Zealand shoreline through aerial dispersant application reducing the costs of the response by preventing or reducing shoreline impact	3	1	1
	Oil can be contained and recovered on-water in shallow areas close to the shore, preventing a large amount of oil from reaching the shore reducing the costs of the response	1	1	1
	Tracking of oil spills and the effects of dispersant through tracking buoys/flurometry allows response measures to be better tailored to the specific circumstances	5	5	1
	Additional stocks of dispersant allow for longer periods of continuous operations before relying on overseas stockpiles, enabling more rapid dispersal of oil for dispersible oils, reducing the volumes that might reach the shoreline	3	2	1

New Zealand's oil spill response is effective and efficient so reducing spill impacts on people and the environment and reducing overall spill response costs	National Response Team Training is delivered at 2015 levels maintaining a baseline capability for major, national level spills	2	1	1
	National Response Team Training is enhanced to meet the Goals and Objectives of the revised National Marine Oil Spill Response Strategy giving improved readiness for response and more effective spill responses at the national level	3	1	1
	Incident Management System maintenance and improvements support effective response planning and efficient financial management of large-scale, enduring responses	2	1	1
Oil spills can be managed farther out to sea, close to the source so better protecting the shoreline from spill impact and reducing response costs overall-	Coastal on-water containment and recovery systems enable the management oil spills farther from shore in less-sheltered waters and even offshore in benign weather conditions reducing the costs of the response by preventing or reducing shoreline impact	3	1	1
	Contracts with ‘vessels of opportunity’ provide the ability to deploy equipment far from the shore when necessary significantly increasing latent capacity to undertake response measures away from the shoreline	3	1	1
Technical and scientific knowledge about oil spill response is improved supporting more effective responses	Additional positions established supporting the improvement of international relationships and core technical and scientific knowledge plus maintenance of new equipment items improving skills and knowledge and thus response effectiveness	2	2	2

Overall the assessment indicates that Option One has substantial and significant shortfalls in capability delivered. Maritime NZ does not recommend Option One.

Option Two allows for almost the full Baseline capability to be maintained and the majority of the capability plan to be delivered to the original six-year timeline, i.e. by 30 June 2022.

Option Three fully supports the delivery of Baseline capability and allows the Capability Plan to be fully delivered to agreed levels within the original six-year timeline.

Maritime NZ recommends Option Three be implemented.

Public feedback sought

Maritime New Zealand is interested in your views as to the best option for funding oil spill response capability overall. You are invited to comment on any issues or concerns you have arising from the proposed options, and to indicate your preferred option.

How to submit

The deadline for making comments on the proposed Levy is **5.00pm, Friday 18 January 2019.**

Please send your submissions to:

oilpollution@maritimenz.govt.nz

or:

Oil Pollution Levy Consultation
Maritime New Zealand
PO Box 25620
Wellington 6146

Maritime New Zealand will acknowledge all submissions that we receive and once a final decision about levy rates has been made, a summary of submissions received will be placed on the Maritime New Zealand website.

Submissions should indicate whether it would be acceptable for officials from Maritime New Zealand to contact you to discuss your submission as required.

Submissions are public information

Submissions are public information. Please indicate clearly if your comments are commercially sensitive, or if, for some other reason, you consider they should not be disclosed. In addition, if you are an individual (i.e. your comments are made personally and not on behalf of a company or an organisation) please indicate if you consider for some reason that your identity should not be disclosed.