

Stage 2 Cost Recovery Impact Statement

Maritime New Zealand 2018/19 funding review – changes to the Maritime Levy and fees

27 February 2019

Agency Disclosure Statement

This Cost Recovery Impact Statement (CRIS) has been prepared by Maritime NZ. It relates to the Maritime Levy and fees proposals under the 2018/19 full funding review (which occurs every six years).

There are 20 proposals under the funding review with 16 relating to the Maritime Levy and fees and four relating to Crown and Fuel Excise Duty (FED) funding. The 16 proposals for the Maritime Levy and fees are included in this CRIS. The four proposals for Crown and Fuel Excise Duty (FED) funding are being sought under separate Crown and FED budget bid processes. The outcome from the Crown and FED budget bids will not be known until Q4 2018/19. The funding bid for FED funding to support recreational boating activity was deferred at the request of the Ministry of Transport until the 2019/20 FED funding round.

All of the proposals address the need to ensure that Maritime NZ is appropriately funded to perform its regulatory, compliance and response functions for the next six years. They:

- strengthen areas that contribute to Maritime NZ's statutory responsibilities as a regulatory, compliance and response agency,
- respond to efficiency and cost issues raised by industry
- address Regulatory Review Committee recommendations.

Some of the proposals require additional funding, others do not. The 16 proposals relate to:

- improving capability and capacity in the areas of international engagement, regulatory reform, systemic risk activities, and ICT systems integration, applications development, data, analytics and mobility
- non-discretionary cost pressures for activities funded by the Maritime Levy
- achieving efficiencies through simplifying the fees regime by reducing the number of fees from 279 to 175. This will in turn reduce complexity for stakeholders by having one seafarer certification fee (instead of 6 different fees across 70 certificates and endorsements), one hourly rate (instead of 6) and removing fees for audits and inspections of domestic operators with the cost recovered from the Maritime Levy. In addition, it presents an opportunity for more efficiencies within Maritime NZ as a result of a simplified fee structure and anticipated reduction in stakeholder queries.

To cover the planned activity over the next six years and the fee revenue moved to the Maritime Levy, the forecast total revenue from the Maritime Levy would increase from the 2018/19 budgeted revenue of \$22.4 million to \$32.4 million a year for 2019/20 to 2021/22, then \$35.4 million a year for 2022/23 to 2024/25. The total increase over six years is \$69 million.

The Maritime Levy revenue increase, combined with a change in levy methodology will result in increases in levy liability for most vessel types and considerable increases for some. For domestic vessels, those increases will be offset (in full or in part) by a reduction in fees. For larger scale domestic and foreign vessel operators the increase is not significant in the overall context of their operations.

All changes to the Maritime Levy and fees regulations need to be in place for the next financial year starting on 1 July 2019.

Prepared by:

Sarah Mehrtens, Independent Lead, Maritime NZ 2018/19 Funding Review

Signature

Date

2019

The Regulatory Impact Statement and associated supporting material has been assessed by the Ministry of Transport RIS Panel, and assessed as meeting the quality assurance criteria. The paper thoroughly details the reasoning for the proposed funding changes.

Glossary and definitions

AtoN	Aids to Navigation
BWM Convention	International Convention for the Management of Ships Ballast Water and Sediments, 2004
CAA	Civil Aviation Authority
club good	Activities that a specific group of individuals and organisations either benefit from or cause the need for (whether or not as individuals or organisations the activities are directly used by them)
Crown funding	This is funding from all New Zealanders through general taxation that is provided to meet the cost of activities that have wide public benefits or address risks to the general public General taxation funds activities that are called 'public goods'
DWT	Dead Weight Tonnage
fees	This is funding directly from an individual or organisation for an activity that the individual or organisation directly benefits from or causes the need for Fees fund activities that are called 'private goods'. 'Fee-able' means an activity for which fees can be charged because the activity is a private good. 'Non-feeable' means an activity for which fees cannot be charged because the activity is a club, merit or public good
follow-up visit (for an audit or inspection)	Maritime NZ visiting a domestic operator or foreign vessel subsequently to an initial or periodic audit or inspection because of non-compliance issues as part of the compliance assessment under an audit or inspection
FED	Fuel Excise Duty - a charge levied under the Customs and Excise Act 2018 2003 on every litre of petrol purchased as fuel for commercial and recreational vehicles (including recreational boats with petrol engines)
GT	Gross Tonnage
HSWA	Health and Safety at Work Act 2015
HSWA Levy	Funding for health and safety activities undertaken by Maritime NZ as the designated regulator under the Health and Safety at Work Act 2015
Routine audit or inspection	A routine audit or inspection after an operator's entry application and assessment has been completed
IMO	International Maritime Organization
levy	This is funding from a specific group of individuals or organisations for a range of activities that the specific group benefit from or cause the need for (whether or not they as individuals or organisations actually use the activities) Levies fund activities that are called 'club goods' Levies are commonly used to meet the cost of operating a regulatory and compliance system that applies to an industry
Maritime Levy	Funding from domestic and foreign vessels for the regulatory and compliance system that Maritime NZ is required to provide under the Maritime Transport Act 1994
MBIE	Ministry of Business, Innovation and Employment
MFAT	Ministry of Foreign Affairs and Trade
MPI	Ministry for Primary Industries
MOSS	Maritime Operator Safety System
MTA	Maritime Transport Act 1994
OPL	Oil Pollution Levy – funding from large vessels and offshore oil and gas installations for oil spill preparedness and response
Pax Cap	Passenger Capacity
PCBU	"a person conducting a business or undertaking" under the Health and Safety at Work Act 2015

private good	An activity provided directly to an individual or organisation where the individual or organisation directly benefits or causes the need for the activity
public good	Activities provided for the benefit of, or caused by, the risk to the general public where <i>use by one person</i> does not detract from the <i>use by another</i> (non-rival) and <i>excluding people</i> from the benefits or risks <i>is difficult, costly or undesirable</i> (non-excludable)
RCCNZ	Rescue Coordination Centre New Zealand
routine visit (for an audit or inspection)	Means the first time Maritime NZ visits a domestic operator or foreign vessel as part of a routine audit or inspection. It does not include subsequent or follow-up visits required for that same audit or inspection, nor does it relate to the assessment done as part of an entry application, e.g. Maritime Transport Operator Certificate application (MTOC)
SeaCert	Seafarer certification regime
SOLAS	International Convention for the Safety of Life at Sea, 1974

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Executive summary

Maritime New Zealand (Maritime NZ) is the national regulatory, compliance and response agency for safety, security and marine environmental protection of coastal and inland waterways.

Revenue to fund its regulatory and compliance activities is derived mainly from the Maritime Levy on commercial ships and from fees, the rates for which are set in regulations and reviewed every six years. Maritime NZ's budgeted 2018/19 operating funding is around \$58 million. Of this around \$44 million is for regulatory and compliance activities.

Maritime NZ has undertaken a review of its funding for 2019/20 through to 2024/25. It released a consultation document on 6 November 2018, which included proposals for maritime levy and fee-funded regulatory and compliance functions.

The proposals are based on a revised methodology for calculating the Maritime Levy for different categories of ship, a modified approach to recovery of seafarer certification and routine audit and inspection costs, and a simplified charging structure for feeable activities. The levy methodology addresses industry and Regulations Review Committee concerns that the rationale for the current methodology is not clear, consistent and transparent.

Under the proposals relating to the Maritime Levy and fees:

- a single hourly rate of \$245 (GST incl) would replace five rates of between \$235 and \$313
- a fixed fee of \$368 (GST incl) would replace existing seafarer certification and endorsement fees (which range from \$467 to \$1,105)
- routine audit and inspection fees for domestic maritime operators would be discontinued
- any seafarer certification fees not met by the new fees and all routine audit and inspection costs would be levy funded

Maritime NZ will require additional revenue to meet the costs of continuing to perform its current functions and activities and to meet additional government and sector expectations. The organisation is approaching the end of a 6-year funding cycle during which the demands placed on the agency have increased. To cover planned activity over the next six years, meet business cost pressures and replace fee revenue, the forecasted total revenue from the Maritime Levy would increase from the 2018/19 budgeted revenue of \$22.4 million to \$32.4 million a year for 2019/20 to 2021/22, then \$35.4 million a year for 2022/23 to 2024/25. The total increase over six years is \$69 million.

It is intended that any changes to fees and the Maritime Levy take effect from 1 July 2019.

Maritime NZ's organisational context and roles

Maritime NZ is the national regulatory, compliance and response agency for the *safety, security and environmental protection of maritime waters*. Maritime NZ is the only Crown entity in the transport sector to undertake all three types of activity (regulation, compliance and response).

Maritime NZ is part of the wider transport sector and one of four Crown entities monitored by the Ministry of Transport. Other agencies monitored by the Ministry include the Civil Aviation Authority (CAA), the New Zealand Transport Agency (NZTA), and the Transport Accident Investigation Commission (TAIC).

Maritime NZ was established in 1993 and is governed by a five-member Board appointed by the Minister of Transport under the Maritime Transport Act 1994. Maritime NZ currently has

approximately 246¹ staff located in nine regional offices, two offices in Wellington, the Rescue Coordination Centre New Zealand in Lower Hutt, and the Marine Pollution Response Service in Te Atatu, Auckland.

There are 198 staff for regulatory and compliance, 27 staff for the Rescue Coordination Centre New Zealand, 11 staff for oil pollution response capability, 2.5 staff for maritime incident response (non-oil) and 7.5 staff for maritime security.

For information about the maritime sector see Appendix 1: Information about the maritime sector.

About the proposals publicly consulted on

There are 20 proposals resulting from the funding review, of which 16 relate to the Maritime Levy and fees and four relate to Crown and Fuel Excise Duty (FED) funding. The 16 proposals for the Maritime Levy and fees are included in this CRIS.

The four proposals for Crown and Fuel Excise Duty (FED) funding are being sought under separate Crown and FED budget bid processes. The outcome from each separate budget bid will not be known until Q4 2018/19.

Out of scope for the funding review and being done separately, are the Oil Pollution Levy 2018/19 midpoint funding review and two other funding bids – one for FED funding of recreational boating under the Ministry of Transport's 2019/20 FED funding review and one for the Ministry of Business, Innovation and Employment's funding review in 2020.

Context for the funding increase

The increase in Maritime Levy funding will be applied to respond to issues raised by industry, address Regulations Review Committee recommendations and strengthen Maritime NZ's performance, as follows.

Proposed Maritime Levy allocation methodology implementation

Maritime NZ has commissioned independent economic advisers, Castalia, to do a ground-up review of the Maritime Levy allocation methodology. This has been done to address industry concerns about cross-subsidisation and in response to a recommendation made by the Regulations Review Committee. Castalia has recommended a new Maritime Levy allocation methodology that is fair, robust, transparent, low cost to administer and capable of raising the funds required to cover the activities funded by the Maritime Levy.

This proposal requires funding to implement the systems and process changes required to move to the new levy allocation methodology from 2019. The new methodology itself does not require an increase in funding.

Proposals to strengthen Maritime NZ's performance

The effectiveness of Maritime NZ's work is constrained by resource availability. The organisation is approaching the end of a 6-year funding cycle during which the demands placed on the agency have increased.

The funding available to Maritime NZ during this period was largely based on its 2012 operating environment (and a partial update during the 2015 mid-point review). This has required it to make significant trade-offs between competing priorities, even in core areas of regulatory activity.

¹ This is people as opposed to full time equivalent positions.

Over the past six years Maritime NZ has been asked to implement significant regulatory changes without additional funding to do so effectively. This is an issue that the funding review tries to address by recognising the need for sustainable resourcing to implement operational policy, systems and procedures as part of regulatory reform. These areas include building more effective intelligence, taking more strategic relationship approaches domestically and internationally and building regulatory response capability.

To enable the assessment of risk more readily, Maritime NZ has established increased intelligence capability to support decision-making. Further developing that capability through additional resourcing is a key component of the funding review.

Maritime NZ has also begun to make the IT infrastructure investments needed to give effect to its regulatory approach. The first milestone in this investment programme was the implementation of a core regulatory and compliance management information system (called Triton) to underpin its domestic operator (MOSS) and seafarer (SeaCert) regulatory regimes. These investments in systems will enable Maritime NZ to transform itself into a modern, responsive, intelligence-led regulator.

In the three years since the 2015 mid-point funding review, Maritime NZ has, in addition to its business-as-usual regulatory and compliance activities, advanced or delivered the following:

- a comprehensive coastal navigation safety review
- the implementation of a refreshed Port and Harbour Marine Safety Code
- the transition of over 1,300 operators and almost 2,400 vessels from the Safe Ship Management System to the new Maritime Operator Safety System (MOSS)
- the re-flagging of foreign charter fishing vessels to the New Zealand ship register
- the implementation of the Maritime Labour Convention 2006
- a significant review of the Seafarer Certification regime's treatment of already certified seafarers
- a new international engagement strategy
- the implementation of its expanded health and safety at work designated regulator function.

Over the next six years, Maritime NZ forecasts the following increased costs, which will be funded from the Maritime Levy. Note that Maritime NZ will separately ask the Minister of Transport to request further Crown and FED funding to cover cost increases for work that is Crown-funded.

If Crown and FED bid the requests are unsuccessful, the overhead allocation components and the Crown funded activities cost pressures will have to be recovered from the Maritime Levy. This will mean Maritime Levy-funded activities consulted on would have to reduce.

Proposals not requiring additional funding

- Changes for maritime operators:
 - not charging a fee for routine audits and inspections of domestic operators of vessels but recovering the costs from the Maritime Levy. Fees would remain for costs incurred if follow up audits were required
 - a single hourly rate of \$245 (GST inclusive) for feeable activities, rather than six different hourly rates
 - not charging for travel time and costs for Maritime Officers visiting operators at their premises but recovering the costs from the Maritime Levy.

- Changes for seafarers:
 - a fixed fee of \$368 (GST inclusive) charged for seafarer certificates and endorsements with the balance cost recovered from the Maritime Levy. This is instead of fixed fees ranging from \$372 to \$1,105 depending on the seafarer certificate or endorsement.
 - removal of the pre-assessment service fee for seafarers and recovering the cost from the Maritime Levy as assisted compliance. In addition, look to develop an online sea time calculator, the cost of which is included within the proposal for increased ICT funding from the Maritime Levy.
- Changes for all vessels include some of the fees being reduced, e.g. for ship registration, most of which have halved as Maritime NZ is taking less time to process them.

Areas where the funding increase will be applied

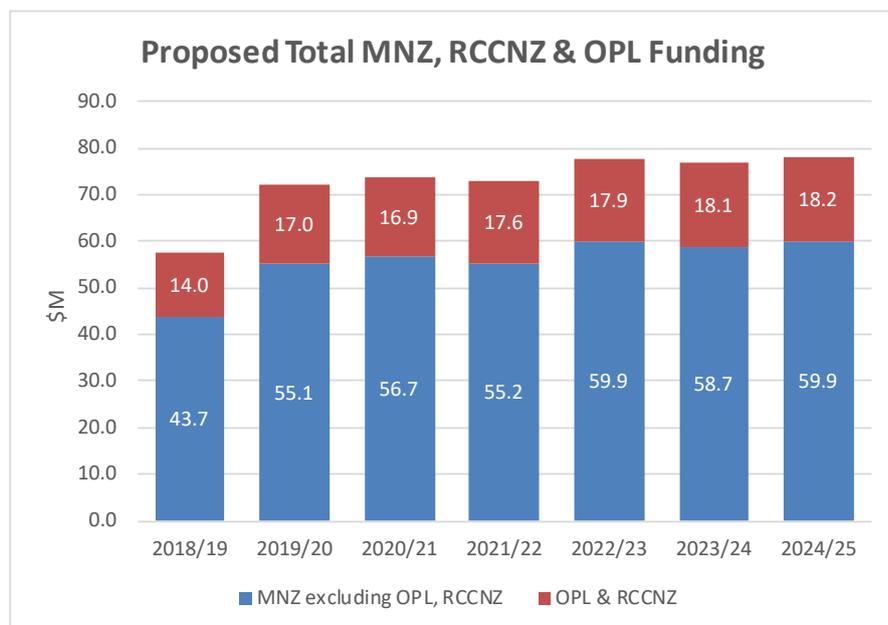
The areas where the funding increase will be applied are summarised as follows:

- **International engagement (Maritime Levy funding)** - Improving capacity and capability to undertake international engagement to influence changes to and meet international obligations, maintain the confidence of domestic and international maritime participants to operate in New Zealand and international waters and ensure a positive impact on trade and tourism for New Zealand.
- **Regulatory reform (Maritime Levy funding)** - Implementing regulatory stewardship activities at the legislative and operational levels across the regulatory reform programme. This will enable Maritime NZ to keep pace with the regular flow of regulatory changes needed as a consequence of international conventions, government policy and legislative initiatives, monitoring and review of current rules, and policy investigations into identified elements of regulatory design and scope.
- **Systemic risk activities (Maritime Levy funding)** - Improving capability to enable a more proactive risk-focused, evidence-based approach to regulation. This will enable Maritime NZ to target resources to best effect and undertake the interventions most likely to influence a change in compliance behaviour. This includes the increasing use of non-fee-able interventions and activities by frontline, technical and research and analysis staff.
- **ICT systems integration, applications development, data, analytics and mobility (Maritime Levy funding)** - To improve how the organisation functions, delivers direct services and engages with industry and stakeholders.
- **Cost pressures** - General business cost pressures attributable to activities funded from the Maritime Levy – including inflationary pressures, and external contract and asset maintenance cost increases.

Most of the funding increase is from the Maritime Levy

Most of the increase in funding is from the Maritime Levy, which alone provides about 40% of Maritime NZ's funding. Also, the Maritime Levy is proposed to increase due to some activities that are currently fee funded shifting to Maritime Levy funding.

The combined result of the 20 proposals is that the 2018/19 budgeted total funding for regulatory and compliance activities will increase per year as set out in the table below. Note this includes fees, and Maritime Levy and Crown funding for regulatory and compliance activities.



Notes

1. Maritime NZ funding (excluding OPL & RCCNZ)

- includes bids for regulatory and compliance cost pressures and for classic lighthouses
- includes the impact of regulatory and compliance change initiatives, including the Maritime Incident Response (non-oil) Capability bid
- includes potential future bids circa 2021 relating to the HSWA Levy and FED funding for Recreational Boating
- includes the effect of reduced funding for the Rules Programme and the end of the Pacific Maritime Safety Programme contract in 2021

2. OPL & RCCNZ funding

- for OPL is subject to the outcome of the current OPL mid-point review
- includes bids for additional FED and Crown funding for RCCNZ

The increase in funding changes the percentage of funding from each funding source as illustrated in the table below.

Funding Source as a percentage of Proposed Total Funding	2018/19	Average 2019/20-2024/25	2024/25
Levies (Maritime Levy, Oil Pollution Levy, HSWA Levy funding and FED funding - RCCNZ & Recreational Boating)	73%	80%	81%
Fees	4%	2%	1%
Crown	11%	12%	11%
Crown funding for search and rescue coordination (sea, air and land)	6%	4%	4%
Other (contracts with other agencies, etc)	7%	3%	2%
Proposed Total MNZ, RCCNZ & OPL Funding	100%	100%	100%

Note: totals may appear to not add due to rounding

Operational activities where the additional funding will be applied

The increase in funding from the Maritime Levy will be applied to the operational activities below. This will increase the number of FTEs (including contractors) in 2019/20 by 22.5 FTEs across Maritime NZ for the areas of international engagement, regulatory reform, systemic risk activities and ICT. Note the highlighted first line is the fees revenue that the Maritime Levy will recover. This is not an increase in overall funding but is an increase in the Maritime Levy.

Expenditure proposed to be recovered from the Maritime Levy 2019/20 - 2024/25

Operational activities	Estimated additional expenditure cost (over 6 years) \$million
Proposed reduction in fees revenue to be recovered from the Maritime Levy (this is not additional expenditure)	7
Implement a revised maritime levy allocation methodology	0.4
Increase capacity to meet demand for international engagement	5
Meet demand for implementation of the regular flow of regulatory change	7
Identify and treat systemic risk, including providing more support for the Port and Harbour Marine Safety Code and reviewing standards for the performance of ship surveyors	20
Improve ICT systems and processes	12
Specific cost pressures: <ul style="list-style-type: none"> Implement the Ballast Water Management Convention Maintain its Aids to Navigation network and assets Update maritime distress and safety communications assets and arrangements 	5
General business cost pressures attributable to activities funded from the Maritime Levy – including inflationary pressures, and external contract and asset maintenance cost increases	13
Total over six years	69

Review of cost recovery charges

Regulations affected

This CRIS relates to the review of existing charges through the Maritime Levy and 279 fees as part of Maritime NZ's 2018/19 full funding review, which occurs every six years. The current schedules of charges are in the:

- Maritime Levies Regulations 2016
- Shipping (Charges) Regulations 2014
- Ship Registration (Fees) Regulations 2013
- Maritime Security (Charges) Regulations 2016.

Cost Recovery Principles and Objectives²

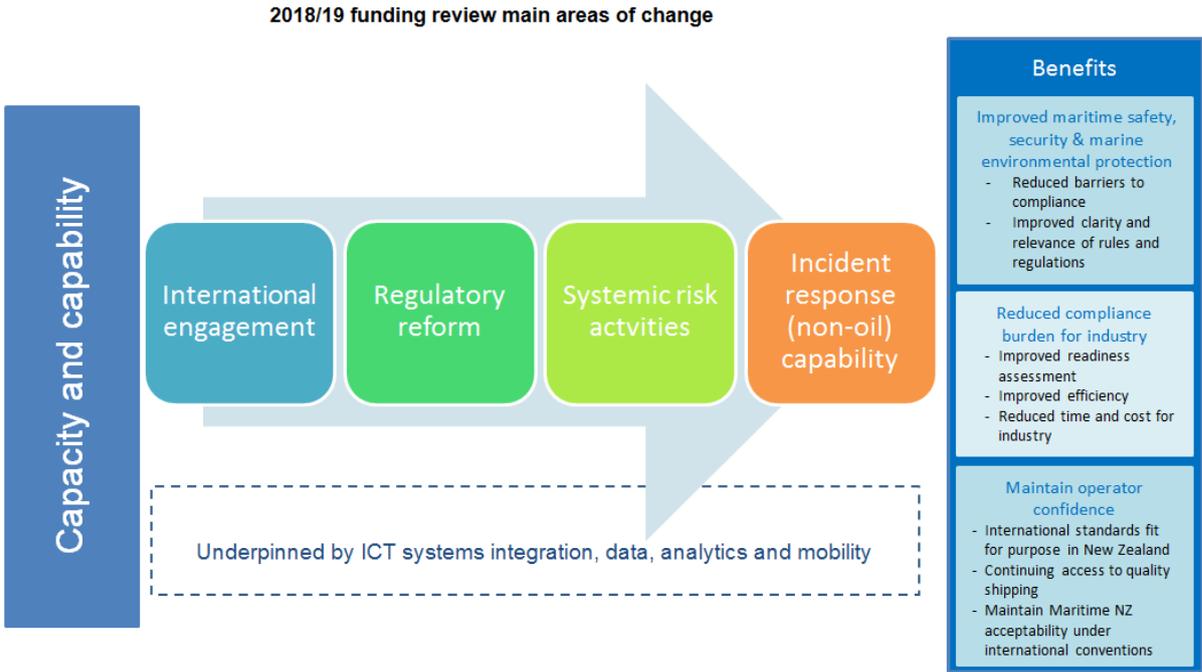
The funding review has applied the Transport Regulatory System Funding Principles to determining the funding source for each of the activities undertaken. These have been developed in accordance with the Treasury and OAG guidelines.³ The principles set out the cost recovery policy for transport sector agencies. See <https://transport.cwp.govt.nz/assets/Uploads/Our-Work/Documents/d7618d9f40/Transport-Regulatory-System-Funding-Principles.pdf>

Problems with carrying on under the status quo

Maritime NZ needs additional funding to continue performing its current functions and activities and to meet additional government and sector expectations.

If Maritime NZ had to continue under the status quo, it would not be able to resource all its regulatory, compliance and response responsibilities over the next six years. Furthermore, it would not be able to strengthen its ability to perform as an effective modern regulator, respond to issues raised by industry or address Regulations Review Committee recommendations. Over time, services and functions would reduce in order to meet increasing cost pressures.

To improve Maritime NZ's capability and capacity, and recognising likely future demand on Maritime NZ through regulatory reform, the main areas for change and benefits are illustrated below.



For more detail see Appendix 2: Main areas of change explained.

² A principle is a general rule that should be used to guide cost recovery design. A feasible option must meet the stated principles. An objective is more of a goal that a specific cost recovery proposal should meet. The recommended option does not need to meet all of the objectives.

³ Treasury Guidelines for Setting Charges in the Public Sector April 2017, <http://www.treasury.govt.nz/publications/guidance/planning/charges> and the Auditor-General (OAG) Good practice guide: Charging fees for public sector goods and services June 2008, <https://www.oag.govt.nz/2008/charging-fees>. The OAG guidelines only apply to fees not levies. Transport Regulatory System Funding Principles September 2018, <http://www.transport.govt.nz>

Policy Rationale

Objective of the funding review

The objective of the funding review is to fund Maritime NZ over the next six years from 1 July 2019 so it can continue to:

- deliver maritime safety, security and marine environment protection activities that meet sector needs
- evolve into operating as a modern regulator and manage risk systemically
- meet Government, public and industry expectations.

Additionally, it is recognised that there is a need for Maritime NZ to:

- increasingly improve capacity and capability to engage internationally and increase our influence in the international regulatory environment
- fulfil regulatory stewardship obligations, which include undertaking necessary regulatory reform activities at the legislative and operational levels, and the adoption and implementation of international maritime obligations
- undertake targeted activities and use resources effectively, to make it easier for regulated parties to do the right thing
- reduce the regulatory and compliance burden by increasingly improving how services are delivered, particularly through better use of technology

See Appendix 3, which has for each of the 16 proposals:

- a summary of the proposal
- the policy rationale for the proposal
- who should pay for the activities
- the economic characteristics of the activity to identify the funding source for the proposal
- whether the proposal is for full or partial cost recovery
- the specific objectives for the proposal.

How the proposals were developed

The proposals were developed as a result of:

- a detailed assessment of Maritime NZ 's current activities, what future activities may be required and the funding needed for these over the six years from 2019/20
- a recommendation by the Regulations Review Committee that the Maritime Levy allocation methodology be reviewed and the subsequent commissioning of a suggested revised methodology
- pre-consultation feedback from industry and stakeholders at various meetings held around the country (tested during a two-day workshop held in June 2018) and further feedback received at four industry meetings (Nelson, Wellington, Auckland and Invercargill), whilst the proposals were out for consultation.
- a task and effort assessment of activities currently subject to a fixed fee under the Shipping (Charges) Regulation and the Ship Registration (Fees) Regulations

- reviewing the basis for the current range of hourly rates for feeable activities and analysing the cost of delivering feeable activities in order to set a single hourly rate
- reviewing the economic characteristics of activities currently cost recovered through fees and considering issues raised by industry about how those activities are or should be funded
- the need to simplify the fees regulations, in particular, the Shipping (Charges) Regulations.

See Appendix 4: Assessments and reviews and see Appendix 5: Efficiency improvement initiatives (over the past three years) for more detail.

The level of the proposed fee and its cost components (cost recovery model)

Maritime Levy and fees – proposals' funding implications

Maritime NZ has 14 funding sources (Maritime Levy, 279 fees, Crown funding, FED funding, Health and Safety at Work Act (HSWA) Levy funding, Oil Pollution Levy (OPL) funding and through contracts with other government agencies).

Maritime NZ's budgeted 2018/19 operating funding is \$58.4 million. Of this \$43.8 million is for regulatory and compliance activities (which excludes funding from the Oil Pollution Levy for marine protection response and funding for the Rescue Coordination Centre New Zealand, which provides search and rescue coordination activities).

To cover the planned activity over the next six years, and to replace some fee revenue with levy revenue, the Maritime Levy needs to increase from the 2018/19 budgeted revenue of \$22.4 million to \$32.4 million a year for 2019/20 to 2021/22, then \$35.4 million a year for 2022/23 to 2024/25. The total increase over six years is \$69 million. The reduction in fee revenue from 2018/19 that is to be recovered from the Maritime Levy (which is included in the Maritime Levy increase) would be \$1.20 million in 2019/20 and would average around \$1.17 million per year over the following five years.

Design of the cost recovery model

Authorising legislation

The proposals for the Maritime Levy and fees have been developed to comply with the fees and levies sections in the authorising legislation – the Maritime Transport Act 1994 and Maritime Security Act 2004.

In particular, note that section 191 of the Maritime Transport Act 1994 provides that:

“The Governor-General may from time to time, by Order in Council, on the recommendation of the Minister, make regulations providing for the payment of maritime levies in respect of ships entering any port in New Zealand or operating in New Zealand waters and prescribing the amounts of those levies.

(2) Maritime levies may provide funding for any or all of the following purposes:

- (a) to enable the provision of—
 - (i) navigational aids other than those referred to in [section 200\(2\)](#);
 - (ii) distress and safety radio services;
 - (iii) marine safety information;
 - (iv) other services related to the safety of shipping;
- (b) any services provided, or any regulatory services or activities undertaken, by the Authority, the Director, or the Crown in the performance or exercise of functions, duties, or powers under this Act.

(3) Any such regulations may—

- (a) specify the persons by whom the levies are payable including (without limitation) all or any of the master, owner, charterer, person responsible for the management of the ship, or any agent of any of those persons who by law or by contract is liable to pay any other charge on account of the ship:

- (b) prescribe different levies for different classes of ship based on length, tonnage, equipment available for use on board the ship, or such other criteria as may be specified in the regulations:
- (c) provide for the refund or waiver of any levy in whole or in part, in any specified case or class of cases:
- (d) provide that the levies are payable on an annual or other equal basis in advance or otherwise, or on a per voyage basis at the option of either the Director or the person liable to pay the levies; and provide for the changing of those options, and for the making of adjustments where an option is changed—

whether or not persons levied use, or the ship in respect of which the levy arises uses, any such services.

(3A) The Minister must not make a recommendation under subsection (1) unless he or she has consulted such persons, representative groups within the maritime industry or elsewhere, government departments, and Crown agencies as he or she considers appropriate.”

Full cost recovery model applied

Maritime NZ has applied the user-pays full cost recovery model for private goods (fees) and club goods (levy) in accordance with the Transport Regulatory System Funding Principles.

Since late 2017 Maritime NZ has:

- Sought independent economic advice on the Maritime Levy allocation methodology, including the matters of equity and transparency
- Completed task and effort assessments of fee-able activities to assist in determining the hourly rate on which fees are calculated
- Redesigned its time recording processes and overhead allocation method
- Redeveloped its financial model to better forecast revenue and expenditure
- Carried out a comparative analysis of similar New Zealand agencies and organisations in other countries
- Mapped the future flow of regulatory change, both internationally and domestically.

In 2016, Maritime NZ assessed MOSS, SeaCert and Ship Registration application processes by applying the Vanguard systems-thinking continuous improvement method to operational processes.

Costing the activity

Detailed work has been done over the past 15 months on organisation-wide volume forecasting, assessment of tasks and effort relating to fees, what the costs are and whether there are further efficiencies that can be achieved to reduce costs.

The financial model redeveloped as part of the funding review includes the costings for all activities and functions organisation-wide. This approach is usual for an ‘*all of organisation*’ approach under a full funding review (which is done every six years). It enables core services to be shared across the organisation to optimise overall costs arising from activities and service delivery. It results in a package of proposals, not separate project bids for discrete services or activities. The proposals are interdependent, so many of the personnel and other costs are spread across a number of the areas to achieve efficiencies and the outcomes sought.

Due to this interdependency, individual proposals cannot be adjusted or removed entirely without impacting on the other proposals. The proposals for the Maritime Levy and fees have been made on the basis that the Crown and FED funding bids are approved, which remains unknown at this time.

As most of the additional Crown and FED funding relates to non-discretionary overhead allocation and cost pressures, it will have an impact on the other proposals if funding for these is not approved.

Maritime NZ benchmarked against other agencies

As part of the funding review, Maritime NZ looked at the:

- activities undertaken by maritime regulators in other jurisdictions and the costs recovered by them through fees, levies and Government funding
- New Zealand Treasury's Business and Administrative Support Services (BASS) data on Small Agency Cohort.

Maritime NZ:

- compares favourably against the New Zealand the Small Agency Cohort under BASS in that its business and administrative support services are in the low to middle range.
- is not directly comparable to maritime regulators in other jurisdictions largely because:
 - Maritime NZ has wider responsibilities than some maritime regulators and narrower ones than others
 - geographic, political and economic conditions in each country influence the size of shipping sectors, the breadth and depth of the market the regulator covers and the different policy approach to funding the sector (for example the UK government provides a significant subsidy for various maritime regulatory costs)
 - Maritime NZ applies a higher user-pays model than those applied in other jurisdictions.

See detail in Appendix 6: Benchmarking Maritime NZ.

Proposed indicative revenue and additional funding

Proposed additional funding from the Maritime Levy

The proposed additional Maritime Levy over six years from 1 July 2019 has been averaged as \$10 million a year for each of 2019/20 to 2021/22 and a further \$3 million a year from 2022/23 and outyears, with the total increase over six years being \$69 million.

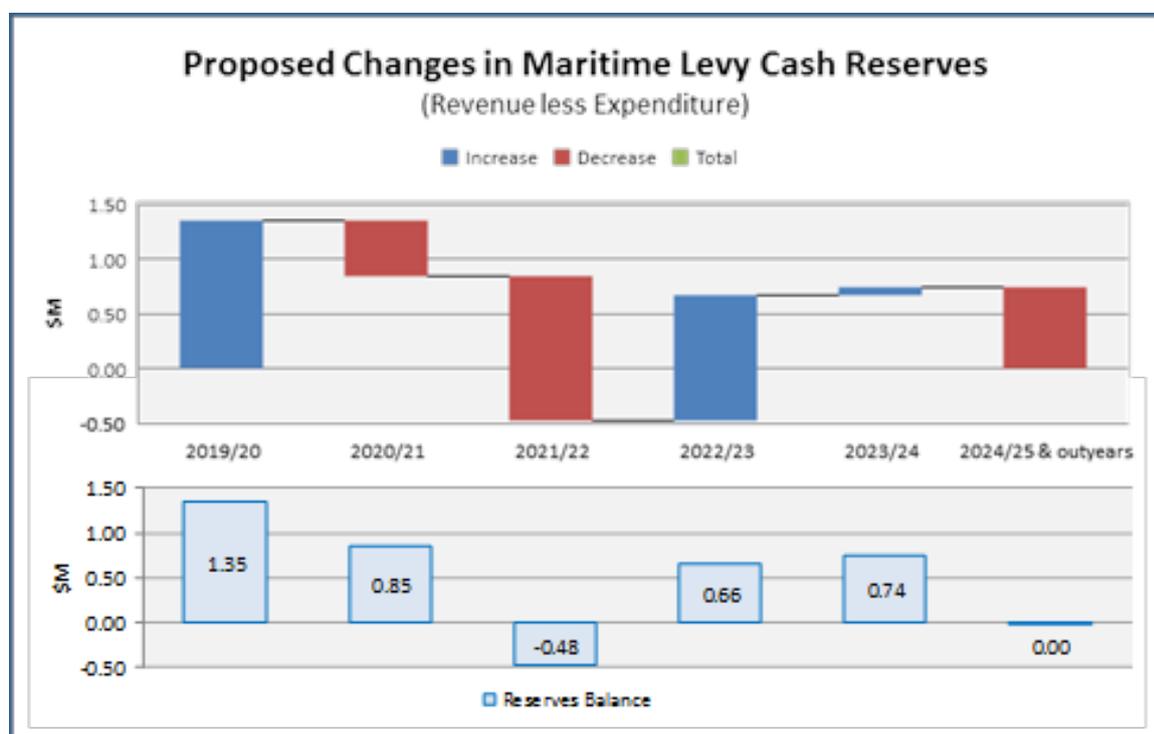
The overall additional Maritime Levy increase set out in the table below remains the same as set out in the consultation document. As is usual in a full funding review, due to the long period over which it occurs, further planned work to validate the financial model is required closer to the time the recommendations on the proposals go to Cabinet. This work has resulted in some small shifts in the indicative forecast revenue and expenditure. This means the amounts set out in the consultation document for the items below have changed, but only marginally. The changes relate to the:

- total additional funding from the Maritime Levy for international engagement, regulatory reform, systemic risk activities and ICT
- estimated reduction in fee revenue arising from changes in feeable activities
- costs pressures attributable to the Maritime Levy.

Forecast indicative increase from 2018/19 total revenue \$million (excluding GST)							
Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears	6 Year Total
Reduction in fees revenue to be recovered from the Maritime Levy	1.20	1.14	1.17	1.14	1.20	1.20	7.06
General business cost pressures to be recovered from the Maritime Levy	1.31	1.94	2.41	3.35	4.02	4.79	17.82
Additional Maritime Levy funding for international engagement, regulatory reform, systemic risk activities and ICT	6.14	7.43	7.74	7.36	7.70	7.75	44.12
Total increase in expenditure to be recovered from the Maritime Levy	8.65	10.50	11.33	11.86	12.92	13.75	69.00
Proposed increase in Maritime Levy revenue	10.00	10.00	10.00	13.00	13.00	13.00	69.00
Movement in Cash Reserves due to the difference between the proposed Maritime Levy revenue fixed for each three-yearly period and the estimated annual expenditure.	1.35	-0.50	-1.33	1.14	0.08	-0.75	0.00

Note: totals may appear to not add due to rounding

The changes in cash reserves are intended to deal with the averaging of the Maritime Levy increase for the first three and second three years. This is illustrated below.



See Appendix 7: Breakdown of the indicative forecast costs of the proposals, for a breakdown of the indicative forecast costs of the proposal areas over the next six years from 1 July 2019, which are proposed to be recovered from the additional Maritime Levy funding.

Impact analysis

Impact of the funding increase for Maritime Levy payers

Under the proposed new methodology, the Maritime Levy payable would go up for some payers, but not all. With the proposals added in, the Maritime Levy payable:

- increases for foreign vessels, which do not pay fees, but contribute the largest proportion of the levy revenue

- either decreases or is largely offset by not having to pay fees for audits and inspections and having lower seafarer certification fees for domestic non-SOLAS vessels not engaged in passenger operations (e.g. fishing trawlers)
- reduces for some domestic interisland/Cook Strait ferries (domestic SOLAS), which annually carry about 1 million passengers
- increases for smaller domestic passenger ferries (domestic non-SOLAS) as they are now levied based on passenger capacity as well as Length or Gross Tonnage. Note that passenger ferries on the Waitemata Harbour carry around 6 million people per year.

While the vessels are invoiced based on passenger capacity, the methodology already applies weightings that take into account for:

- domestic passenger vessels (e.g. interisland/Cook Strait ferries and small passenger ferries), that they are on average 50% full
- foreign passenger vessels (e.g. cruise), that they are on average 80% full
- all domestic vessels, seasonality and part-time use issues, that they operate on average 50% of the year (182 days).

The proposed methodology now reflects the value of what is placed at risk, including the number of passengers carried, which the previous methodology did not do. This is something the Shipping Federation has submitted on in past funding reviews because under the current methodology the passenger capacity factor applied to interisland/Cook Strait ferries, but not to smaller passenger ferries.

Maritime NZ considered adjusting the methodology to reduce the impact on passenger vessels, but this would undermine the integrity of the model and would adjust the relative weighting of the value of vessels (using GT or length, which also takes account of minimum crew and staff on board), people (using Pax Cap) and freight (using DWT).

Examples of impact on types of vessels and operators

The tables below illustrate the impact of the changes to the Maritime Levy and fees on a domestic passenger ferries operator, a cruise ship and other types of vessels.

Example of impact on a domestic passenger ferries operator

For the example table below, the domestic passenger ferries operator:

- has 5396 'seats' across all vessels
- transports more than 5.5 million residents and passengers each year
- pays the Maritime Levy for each vessel on an annual basis for all seats. It is not paid per trip.

This means the levy liability is spread across all trips, and all passengers carried, over a year. This results in the Maritime Levy liability for the example domestic passenger ferries operator as:

- being 0.003 cents per ticket in 2018/19
- increasing to 0.02 cents per ticket for three years from 2019/20
- increasing to 0.022 cents per ticket for three years from 2022/23 and outyears.

While the increase in the Maritime Levy is high in terms of the dollar amount, it translates into less than one cent per passenger per vessel over a full year. The changes to fees also reduce the increase in the Maritime Levy in the years a routine audit occurs, and where seafarer certificates are paid by the operator for its staff.

Domestic passenger ferry operator example - Maritime Levy and fees changes					
Domestic passenger ferry operator (non-SOLAS) 17 vessels with total passenger capacity of 5,396 across all vessels	Current Maritime Levy methodology and fees	Total current	Proposed Maritime Levy methodology and fees	Total proposed	Increase above 'total current'
Year 1 (2019/20)	SeaCert fees: \$3,490	\$22,653	Seacert fees: \$2,085	\$115,049	\$92,396
	Maritime Levy: \$19,163		Maritime Levy: \$112,964		
Year 2 (2020/21)	SeaCert fees: \$3,490	\$27,870	Seacert fees: \$2,085	\$115,049	\$87,179
	Audit fees: \$5,217		Audit fees: Nil		
	Maritime Levy: \$19,163		Maritime Levy: \$112,964		
Year 3 (2021/22)	SeaCert fees: \$3,490	\$22,653	Seacert fees: \$2,085	\$115,049	\$92,396
	Maritime Levy: \$19,163		Maritime Levy: \$112,964		
Year 4 (2022/23)	SeaCert fees: \$3,490	\$22,653	Seacert fees: \$2,085	\$125,215	\$102,562
	Maritime Levy: \$19,163		Maritime Levy: \$123,130		
Year 5 (2023/24)	SeaCert fees: \$3,490	\$22,653	Seacert fees: \$2,085	\$125,215	\$102,562
	Maritime Levy: \$19,163		Maritime Levy: \$123,130		
Year 6 (2024/25) & outyears	SeaCert fees: \$3,490	\$27,870	Seacert fees: \$2,085	\$125,215	\$97,345
	Audit fees: \$5,217		Audit fees: Nil		
	Maritime Levy: \$19,163		Maritime Levy: \$123,130		
TOTALS		\$146,352		\$720,792	\$574,440

Notes:

1. There are 34 seafarer certificate holders (currently on average \$616 per ticket), with a proposed reduction to \$368 per certificate
2. Two Maritime Operator Safety System audits in the six year period
3. The operator has 5396 'seats' across all vessels
4. The operator transports more than 5.5 million residents and passengers each year
5. 'non-SOLAS' means the vessels are not covered by the International Convention for the Safety of Life at Sea

Example of the impact on a cruise ship

The example below illustrates the impact on a cruise ship. All cruise ships operating in New Zealand waters are foreign owned. These ships do not pay fees, so the illustration only relates to the Maritime Levy. The example assumes the ship has 7 port visits and passenger capacity of 2,500 passengers per trip.

Cruise ship example (based on total trip of 7 port visits) - increase in Maritime Levy liability (fees are not paid by foreign vessels)								
Foreign Cruise Ship (SOLAS)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears	Total over six years
GT 110,000 Pax Cap 2500 DWT 15000 7 port visits	Current based on \$22.4m revenue	Proposed based on \$32.4m revenue	Proposed based on \$32.4m revenue	Proposed based on \$32.4m revenue	Proposed based on \$35.4m revenue	Proposed based on \$35.4m revenue	Proposed based on \$35.4m revenue	
Total trip of 7 port visits	\$61,824	\$95,936	\$95,936	\$95,936	\$129,856	\$129,856	\$129,856	\$624,813
Increase in liability from 2018/19	N/A	\$34,112	\$34,112	\$34,112	\$68,032	\$68,032	\$68,032	\$300,363
Cruise example per passenger cost per port visit and total trip of 7 port visits								
Per passenger per port visit	\$3.09	\$5.41	\$5.41	\$5.41	\$6.49	\$6.49	\$6.49	\$35.70
Per passenger total trip for 7 port visits	\$21.63	\$37.87	\$37.87	\$37.87	\$45.43	\$45.43	\$45.43	\$250.05

Notes:

1. There no seafarer certificate fees paid by the operator
2. There are no audit fees, as these are already recovered from the Maritime Levy
4. There are 7 port visits and passenger capacity of 2,500 passengers
5. 'SOLAS' means the vessels are covered by the International Convention for the Safety of Life at Sea

Examples of the impact on different types of operators

The table below illustrates the impact of changes to the Maritime Levy and fees on different types of operators as a snapshot rather than a lifecycle of payments

Examples of proposed fees and levies for different types of operators

Operator type	Current Fees (GST exclusive)	Proposed Fees (GST exclusive)	Current Maritime levy (GST exclusive)	Proposed Maritime levy ⁴ (GST exclusive)	Total difference
Owner operator of one commercial fishing trawler Length 42.9 metres, GT 259, Pax Cap 0 and DWT 0	\$769 for Seafarer Certificate (one off) \$1,537 for one audit (minimum of 3 over a 10 year period)	\$320 for Seafarer Certificate (one off) No fee for audit first visit (minimum of 3 over a 10 year period) (\$1,986 decrease in fees in a year an audit occurs)	\$2,174	\$3,978	\$182 (decrease) (in a year an audit occurs and one-off seafarer certificate)

⁴ Based on Levy revenue of \$32.4 million

Domestic passenger ferry company (non-SOLAS) 16 vessels ranging from 18 metres to 40 metres length and from 150 to 650 passengers per vessel	\$19,743 for 32 Seafarer Certificates (one off) \$5,217 for one audit (minimum of 3 over a 10 year period)	\$10,240 for 32 Seafarer Certificates (one off) No fee for audit first visit (minimum of 3 over a 10 year period) (\$14,720 decrease in fees)	\$19,163	\$112,694	\$78,811 (increase) (in a year an audit occurs)
Commercial fishing business, 44 vessels	\$ 23,509 for 43 Seafarer Certificates (one off) \$6,957 for one audit (minimum of 3 over a 10 year period)	\$13,760 for 43 Seafarer Certificates (one off) No fee for audit first visit (minimum of 3 over a 10 year period) (\$16,706 decrease in fees in a year an audit occurs)	\$64,286.00	\$109,175	\$28,183 (increase) (in a year an audit occurs and one-off seafarer certificates)
Commercial domestic passenger ferry company (SOLAS), 3 vessels	\$17, 977 for 25 Seafarer Certificates (one off) \$19,000 for three ISM audits (one per vessel)	\$8,000 for 25 Seafarer Certificates (one off) No fee for audit first visit (minimum of 3 over a 10 year period) (\$28,977 decrease in fees in a year an audit occurs)	\$595,350	\$557,750	\$66,577 (decrease) (in a year an audit occurs and one-off seafarer certificates)
Domestic (coastal) commercial container/freight ship GT 9910 DWT 14003	\$6,000 for one audit (minimum of 3 over a 10 year period)	No fee for audit first visit (minimum of 3 over a 10 year period) (\$6,000 decrease in fees in a year an audit occurs)	\$34,570	\$76,610	\$36,040 (increase) (in a year an audit occurs)
International Cruise Vessel (SOLAS) GT 110,000, PAX 2500, DWT 15000, 1 port visits	No fees	No fees	\$7,728	\$11,992 per port visit	\$4,264 (increase) (per port visit)
International Container Ship (SOLAS) GT 40,000, Pax Cap 0 DWT 52,000, 2 port visits	No fees	No fees	\$7,717	\$9,529 For two port visits	\$1,812 (increase) (per port visit)

For operators illustrated above who would have an increase in levy liability, the increase needs to be considered in the overall context of the operations. For example, the \$28,183 increase in annual levy for the commercial fishing business with 44 boats represents additional levy liability of \$640.52 per vessel per year or \$12.31 more per vessel per week.

The increase for the international cruise vessel (per port visit) represents additional levy liability of \$4.79 per passenger per port visit (as set out on page 18).

The \$36,040 annual increase in levy liability for a domestic container ship (assuming a minimum of 6 voyages a week) an additional \$115.50 per commercial voyage.

Alignment with other changes at the border

The Ministry of Transport is one of several Border Sector Agencies⁵, which work together to align their proposals in a border sector work programme. This includes ensuring that the cumulative impacts of each agency's operations (including cumulative costs to travellers and traders from cost recovery charges) are clearly understood.

The Ministry understands that MBIE will lead the compilation of a report about the range of border sector cost recovery initiatives that are under way, to be provided to Cabinet before the end of the year. This work will provide the context for examining concerns that cruise sector submissions to the Maritime NZ funding review have raised about cumulative government charges.

Proposed Maritime Levy allocation methodology

The methodology used for calculating the Maritime Levy, has been the subject of several complaints to the Regulations Review Committee. The Committee recommended in 2009 that the methodology be reviewed (with input from industry).

Under the **current methodology** each vessel is levied on a single factor dependent upon their category (from across GT, Pax Cap or DWT).

Castalia has recommended that to make the methodology fairer and calculated by participants in a more transparent way:

- all three factors (GT, Pax Cap and DWT) apply to all vessels and these are used to calculate the levy allocation liability for each category of payer
- more statistical and economic data is relied upon so that the model has weightings within it that recognise that different categories of vessels may not be used 365 days per year, are not always full, have different operating areas (whether coastal and inland waters (non-SOLAS) or can travel into international waters (SOLAS) and whether the vessel only operates in New Zealand (domestic) or also operates in international waters (called "foreign" because all of these vessels are foreign owned and flagged).

The methodology for calculating the levy payment for a vessel under the proposed model has been published on the consultation website page (<https://www.maritimenz.govt.nz/funding/>) and industry feedback confirmed it is straight-forward to understand.

The methodology also enables Maritime NZ to do a relatively straight-forward refresh of the model to support future full funding and midpoint reviews.

Proposed methodology - Percentage of the risk pool payable per category

Using statistical information about shipping activity, vessel information, and other data, Castalia calculated the *'total value of what is placed at risk'* (risk value) for vessels, people on board and freight. That total risk value equates to 100% and this has been allocated across the three different measures (GT (or Length), DWT, and PAX) and across the four different categories (noting one has been split) according to the total monetary value of each category and driver. The result of the calculation is set out in the tables below.

⁵ Border Sector agencies include the Ministry for Primary Industries, New Zealand Customs Service, the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Transport and the Department of Internal Affairs.

Table 1. Proposed methodology - Percentage of the risk pool payable per category

Proposed Maritime Levy allocation percentage by vessel category					
Vessel category	GT ¹	Length (Metre) ¹	Pax Cap ²	DWT ³	Total
Domestic non-SOLAS < 24 metres	0.00%	1.33%	1.60%	0.00%	2.92%
Domestic non-SOLAS > 24 metres	2.72%	0.00%	0.53%	0.00%	3.25%
Domestic SOLAS	4.14%	0.00%	0.44%	0.21%	4.78%
Foreign Non-Passenger	60.68%	0.00%	0.00%	6.02%	66.71%
Foreign Passenger	15.10%	0.00%	7.13%	0.11%	22.34%
Total	82.64%	1.33%	9.69%	6.34%	100.00%

- Notes: Where the variable shows 0.00% this means:
1. No GT is held and Length is used instead, or vice versa
 2. There are no passengers. Crew and staff are accounted for in GT or Length
 3. The vessels are not large enough to record DWT

Table 2. Proposed methodology – 2019/20 levy allocation by new category

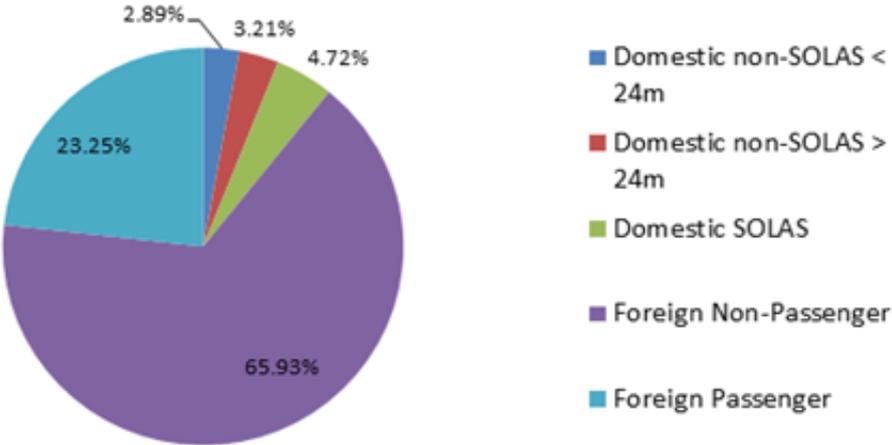
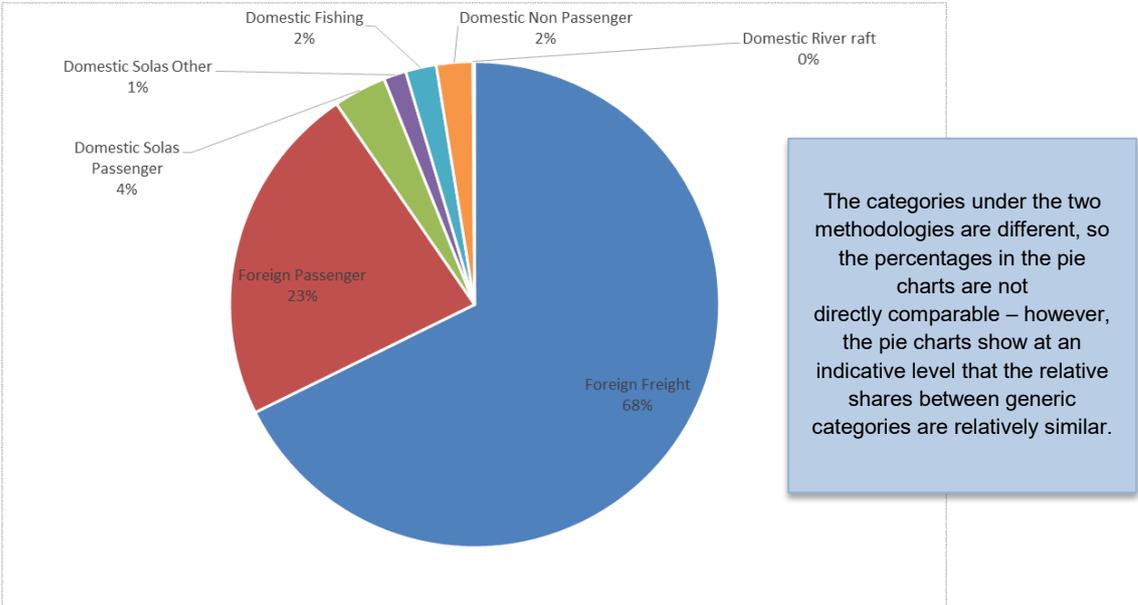


Table 3. Current methodology – 2018/19 levy allocation by current category



Indicative Maritime Levy rates

Table A: Maritime levy rates based on the proposed budget of **\$32.4 million (2019/20 – 2021/2022)**.

Frequency	Category	GT/Length	Pax Cap ¹	DWT ²
Annual	Domestic non-SOLAS < 24m	\$13.8886 (Length)	\$16.0538	\$0.00
	Domestic non-SOLAS > 24m	\$7.5215 (GT)	\$16.0538	\$0.00
	Domestic SOLAS	\$7.1327 (GT)	\$42.7515	\$ 0.4216
Per Port	Foreign Non-Passenger	\$0.1078	\$0.0000	\$0.0087
	Foreign Passenger	\$0.0836	\$1.6848	\$0.0075

Notes: Where the variable shows \$0.00 this means:

1. There are no passengers. Crew and staff are accounted for in GT or Length
2. The vessels are not large enough to record DWT
3. 'SOLAS' means the vessel is subject to the Safety of Life at Sea Convention

Table B: Maritime levy rates based on the proposed budget of **\$35.4 million (2022/23 – 2024/25)**

Frequency	Category	GT	Length	Pax Cap ¹	DWT ²
Annual	Domestic non-SOLAS < 24m	\$0.00	\$15.1746	\$17.5403	\$0.00
	Domestic non-SOLAS > 24m	\$8.2179	\$0.00	\$17.5403	\$0.00
	Domestic SOLAS	\$7.7931	\$0.00	\$46.71	\$0.4607
Per Port	Foreign Non-Passenger	\$0.1178	\$0.00	\$0.00	\$0.0095
	Foreign Passenger	\$0.1004	\$0.00	\$2.0248	\$0.0082

Notes: Where the variable shows \$0.00 this means:

1. There are no passengers. Crew and staff are accounted for in GT or Length
2. The vessels are not large enough to record DWT
3. 'SOLAS' means the vessel is subject to the Safety of Life at Sea Convention

See Appendix 8: Indicative forecast Maritime Levy allocation methodology proposal applied by example vessel types.

Proposed changes to fees

The 279 fees have been reduced to 175 fees. Overall, 108 fees have been removed and 4 fees added.

The proposed changes to fees can be found in Appendix 9: Maritime NZ proposed amendments to fees.

Proposal for one single hourly rate

The proposed \$245 (GST inclusive) hourly rate has been used for fees recovered based on actual time taken and for fixed fees. This single rate is proposed to replace the six hourly rates that currently apply to fee-able activities.

While the proposed single hourly rate of \$245 (GST inclusive) is \$10 higher than the currently lowest hourly rate, it is significantly lower than the highest hourly rate of \$313 (GST inclusive) currently set out in the regulations. Having undertaken task and effort reviews of all fee-able activities, most fees are reducing. Some even halve in cost, such as many of the fees under the Ship Registration (Fees) Regulations.

Maritime NZ considers that setting the hourly rate at \$245 (GST inclusive) addresses the range of rates, volumes of activities, and reasonably recovers the costs of the fee-able activities so as not to significantly either over or under-recover.

Drivers for the hourly rate proposal

The feeable activities hourly rate proposal results from two main drivers:

- the need to be consistent with good regulatory stewardship expectations, and to review the appropriateness of the hourly rates and fixed fees set out in the Shipping (Charges) Regulations
- the need to address the recommendations of the Regulations Review Committee, which arose from a complaint about the basis for the hourly rate for fee-able activities. Those recommendations (and expectations) being that:
 - Maritime NZ should ensure that at the time of making decisions relating to fees (and levies) it fully documents decision-making, so it is transparent
 - Maritime NZ failed, when substantively increasing its fees (at the last full funding review in 2011/12), to take into account demand for activities
 - Maritime NZ is expected to address its forecasting capability
 - Maritime NZ failed to address industry concerns about cross-subsidisation and the base hourly rate at the mid-point funding review and is expected to deal with this issue promptly.

Setting the hourly rate

To set a single rate, Maritime NZ analysed the costs of each fee-able activity through examining timesheet data, undertaking task and effort assessments to establish the average length of time for different fee-able activities, determining volumes (retrospective and forecast), and allocating organisational overhead costs.

The most appropriate method used to meet the OAG guidelines is the moderated task and effort method. This method is appropriate because:

- it involves extensive work on assessing the amount of staff effort required for each fee-able activity, so reflects a close review of what is included in delivering the activity
- the data from the task and effort assessments is moderated to take account of variances in effort and forecast volume over the next six years and other changes, across the fee-able activities
- it follows the same process as for the 2014/15 midpoint funding review, which was assessed as appropriate by the Office of the Auditor General in providing advice to the Regulations Review Committee for the Committee's response to complaints in 2016.

The estimated range of hourly rates (GST inclusive) for the different current fee-able activities as determined by the moderated task and effort method is \$146 through to \$307. The higher \$307 hourly rate pertains only to the audit of New Zealand operators, the majority of which would be funded through the Maritime Levy if the current proposals are accepted. Under those proposals follow-up visits on audits would still be fee-able, but it is estimated that those would be less than 3% of total audit activity and a single hourly rate would need to recognise this.

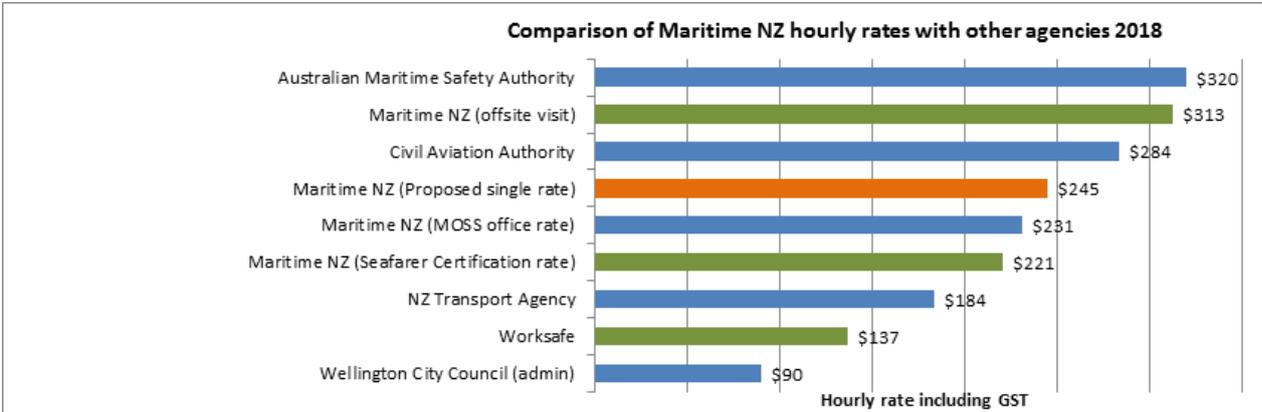
To ensure confidence in the hourly rate, Maritime NZ looked at the total cost of running the organisation (forecast over the next six years) divided by average productive staff hours (called the total organisation cost method). The total organisation cost method, while a common approach to setting hourly rates in the private sector and a useful comparison often made by industry, cannot be used in setting public sector fees. This is because it includes the costs of non-fee-able activities, whereas the OAG guidelines require that only the costs of fee-able activities be included when setting the hourly rate used for fees. However, it is a useful yardstick to

benchmark the moderated task and effort method rate against. The total organisation cost method provides an hourly rate of \$240 (GST inclusive).

Benchmarking the proposed hourly rate

The table below shows the proposed new hourly rate, current office-based and current offsite hourly rates for MOSS and SeaCert, compared to those of other agencies. They are not directly comparable to the hourly rates for the other agencies because, for instance:

- they are not fully cost recovered because they may be subsidised by levies, or for local authorities, by rates
- Maritime NZ’s current offsite rate for MOSS includes a travel loading (whereas, for example, the CAA rate is only for staff time undertaking the activity, not including travel time or travel expenses, which are recovered through a levy instead. NZTA’s rate is based on very high volumes – noting that our functions are more like CAA’s than NZTA’s)
- Maritime NZ’s current MOSS and SeaCert rates include an IT loading.



Consultation

Pre-consultation industry engagement

From April to June 2018 Maritime NZ sought initial feedback from a wide range of maritime industry associations, organisations and individuals through direct meetings.

In June 2018, Maritime NZ we ran a two day pre-consultation industry session to work with industry to exchange ideas, seek input on funding concerns and to provide an opportunity for the sector/industry to consider the proposed levy allocation methodology.

Industry discussions highlighted the following needs and gaps to address:

- Concerns about the overall cost of compliance (and specifically the cost of survey and training of seafarers)
- Requests for more Maritime Officers, investigators and staff in Wellington to:
 - ensure better support for the industry
 - ensure Port State Control Inspections are undertaken rapidly
 - ensure incidents are investigated promptly
 - improve key services such as billing
 - ensure better representation of New Zealand’s shipping interests at the International Maritime Organization (IMO)

- Requests to review the Crown contribution to meeting certain costs such as certification of seafarers
- Concerns about transparency of costs, the need for a fair playing field across similar operators and possible cross-subsidisation
- Concerns that some operators may be paying for the recreational boating efforts of Maritime NZ
- Requests that the Oil Pollution Levy review run concurrently with the 2018/19 funding review to ensure payers of both can see the full impact of one on the other
- Concerns that the hourly rates applicable to certain activities make business budgeting difficult and create uncertainty of costs for smaller operators.

Public consultation process

On 6 November 2018 Maritime NZ released a consultation document on the review of Maritime NZ funding for 2019/20 and 2024/25. At the request of industry, the public consultation period ran for 10 weeks to account for the end of year holidays and the seasonal demand on many operators at that time of year.

Maritime NZ held four industry meetings (Invercargill, Nelson, Wellington and Auckland) and meetings with specific organisations. To assist submitters, 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.

Submissions received

A total of 110 submissions were received through the designated funding review email channel. Of those 56 were online form submissions (many of which did not include commentary), and the balance were bespoke submissions.

Matters raised or comments made at the four industry meetings and meetings with specific organisations have been documented and form part of this analysis where relevant. Email communications received through the email enquiry facility during consultation have also been included in considerations where they recorded comments on proposals generally or specifically.

Submitters

Submissions were received from individuals and organisations from a wide range of the maritime sector. They included:

- Seafarers
- Domestic maritime operators including chartered passenger and fishing operations
- Port operators
- Recognised surveyors
- Foreign passenger vessels / cruise industry
- A GP examiner
- Ship owners and agents
- A charitable trust
- Aquaculture and marine farming
- Industry representative associations

Submission themes

While there was a fair degree of support for many of the proposals, there were also numerous objections and concerns raised. The overarching theme, from submissions that object to the proposals is that many do not want to pay more or that others should pay instead.

Broader themes arising from the submissions suggest that the Government's policy that adopts a user-pays model is not supported or that submitters have a general lack of understanding of the model (including that they mistakenly consider the Maritime Levy is a fee for service).

Some of the statements made by the submitters contradict the Transport Regulatory System Funding Principles, which have been applied by Maritime NZ to the proposals set out in the consultation document. In particular, submitters have questioned Maritime NZ's categorisation of some activities as 'club goods'.

The themes arising from the submissions are that:

- **Theme 1: Maritime Levy allocation methodology.** Concerns about the proposed new Maritime Levy allocation methodology, which has been reviewed to take account of matters raised by the Regulations Review Committee, and address concerns raised by industry, but in doing so changes the allocation of costs in a way that some parties do not favour.
- **Theme 2: Crown contribution.** The Crown should pay more towards the cost of the maritime regulatory system.
- **Theme 3: Information and impact.** The view that the consultation document did not provide enough detail, including about the costs of each of the proposals and additional Crown funding sought (which is part of the budget process). Also, that the consultation document did not consider the impact of other levies and fees payable to other Government agencies. The consultation document followed the 'open-book' approach under the Treasury guidelines, which allows a summary of the proposals with more detailed information available at the request of the public. The public consultation information provided by Maritime NZ stated this. Where further information was requested it was provided.
- **Theme 4: New Zealand's compliance requirements.** The view that compliance requirements under New Zealand regulations (not just the maritime regulations) are too high or much higher than in other jurisdictions, which is a decision made by the New Zealand Government, so the costs should be met by the Crown.
- **Theme 5: Efficiency.** Concerns that Maritime NZ is inefficient in comparison to other regulators. Efficiency improvement initiatives in Appendix 6 were included in an appendix of the consultation document. Comments about efficiency also compare Maritime NZ costs with those of overseas maritime administrations that do not have to operate on a user pays model in the same way as in New Zealand.

Recommendations from submissions analysis report

Maritime NZ noted that some matters raised by submitters are issues that may require policy decisions by the Government. Examples include:

- the submissions rejecting the 'user-pays' government policy settings (outlined in the Office of the Auditor General (OAG) and Treasury guidelines and the Transport Regulatory System Funding Principles) and suggesting that additional Crown funding should be applied to support the proposals set out in the consultation document
- various submissions proposing that levy funding should be gathered to support the provision of welfare services for seafarers.

Maritime NZ also noted that various submissions pointed out that recreational vessels operating on New Zealand waters also bring comparable risk to the maritime system, so there needs to be more funding for Maritime NZ to undertake regulatory activity for recreational boating. Several submissions suggested that recreational vessels should be leviable in recognition that recreational vessel operators benefit from an effective maritime regulatory system. While funding for Maritime NZ activities for the 1.5 million recreational vessels is currently provided for separately, there is merit in giving this issue further consideration in the future.

Maritime NZ has given careful consideration to all the matters raised (as set out in the submissions analysis) and has applied the existing government policy settings in reaching its conclusions and recommendations.

On that basis, Maritime NZ recommended in the submissions summary and analysis report that the 16 proposals relating to the Maritime Levy and fees should proceed as set out in the consultation document.

Conclusions and recommendations

Maritime NZ recommends that Cabinet:

- a) **agree** to the 16 proposals for the Maritime Levy and fees
- b) **agree** to amending the Maritime Levies Regulations 2016 to recover a target revenue of \$32.4 million a year for 2019/20 to 2021/22 and then \$35.4 million from 2022/23 and outyears
- c) **agree** to amending the Shipping (Charges) Regulations 2014, Ship Registration (Fees) Regulations 2013 and Maritime Security (Charges) Regulations 2016 to give effect to the fees set out in Appendix 9.

Implementation plan

Maritime NZ has prepared an implementation plan.

Oversight of the plan is by the Deputy Chief Executive Organisational Strategy and Systems and the Deputy Director Regulatory System Design, with implementation done by a dedicated project manager and senior managers as leads for each workstream.

Progress will be reported through the Maritime NZ Authority.

Monitoring and evaluation

Regular monitoring of Maritime NZ's performance is undertaken by the Ministry of Transport as the monitoring agency for transport sector agencies. This will include performance targets for the proposals where the increase in funding proceeds.

The funding review changes based on the above proposals (including the Crown budget bids) will be evaluated in 2022/23.

Changes will be successful if Maritime NZ's performance is assessed as:

- meeting Maritime NZ's Statements of Performance Expectations each year to 2022/23
- continuing to meet international good practice guidelines (including through audits under international conventions, e.g. by the International Maritime Organization, to retain New Zealand's 'acceptable' status under international conventions).

Review

Maritime NZ does a full funding review every six year with a midpoint review as a check at year three of that next six year period. The last full funding review was 2011/12 with a midpoint review in 2014/15.

Under the current Transport Sector funding review programme Maritime NZ is scheduled to undertake a midpoint funding review in 2021/22 if it is considered necessary should revenue, activity volumes and cost pressures change due to demand or a change in the operating environment.

Version control

Other version	Date	Link
1.0	27.11.18	
1.1	05/11/13/17.12.18	
1.2	17/28/30.01.19	
1.3	01/04/06/07/08.02.19	
1.4	15.02.19	
1.5	21.02.19	
1.6	25.02.19	
1.7	27.02.19	

Appendix 1: Information about the maritime sector 2017/18

COMMERCIAL SECTORS							NON-COMMERCIAL BOATING
FOREIGN SHIPPING	DOMESTIC COASTAL SHIPPING	DOMESTIC FISHING	DOMESTIC PASSENGER/ NON-PASSENGER	DOMESTIC OUTDOOR AND ADVENTURE	OFFSHORE OIL AND GAS EXPLORATION	PORTS AND HARBOURS	RECREATIONAL BOATING
<p>Transporting almost 99% of imports/exports, valued at \$139 billion. 14 ports receiving 5,000 – 6,000 calls from 1021 foreign flagged vessels, on 2780 voyages.</p> <p>Maritime NZ is responsible for assessing compliance with internationally agreed standards.</p>	<p>Sector carries 4 million tonnes freight per annum (15% of New Zealand's total freight).</p> <p>7000 Cook Strait ferries crossings carrying 1 million passengers and 230,000 vehicles per annum.</p> <p>13 NZ flagged vessels, one UK-flagged ferry.</p>	<p>90% of catch exported, earning NZ \$1.7 billion mainly from Australia, China, Japan and USA.</p> <p>Five companies control 70% of NZ's fishing quota</p> <p>Over 1,500 certified commercial fishing vessels exist, many of which are small owner-operator businesses.</p> <p>Diverse sector with foreign and domestic operators using a range of fishing methods.</p> <p>One of the most dangerous occupations with a high average injury and fatality rate.</p>	<p>Over 6 million passenger boardings per year, predominantly Auckland commuter ferries.</p> <p>Diverse range of vessels, commuter ferries, water taxis, tourist cruises, charter boats, tugs, pilot vessels, tankers, barges, research, survey and cargo vessels.</p> <p>55 medium/large operators with 5+ vessels in their operation.</p> <p>1600 small operators with around 2800 vessels.</p>	<p>Sector is seen as major contributor to tourism \$ with significant impact on international reputation.</p> <p>Jet boats and rafts carry more than 390,000 tourists a year.</p>	<p>75% of NZ's oil and gas production is offshore - currently all from Taranaki Basin.</p> <p>Petroleum sector \$3 billion of NZ's export revenue per annum with potential to exploit unexplored basins and grow exports to \$30 billion per annum by 2025.</p> <p>Mainly large exploration and producer firms, employing 1,400 people.</p>	<p>New Zealand ports handle \$70.9 billion of exports and \$67.2 billion of imports by sea.</p> <p>Cruise industry increasing over the last six years injecting \$436 million into the NZ economy.</p> <p>14 commercial ports.</p> <p>12 regional councils oversee harbours that include a commercial port.</p> <p>Port operators, regional councils and Maritime NZ collaborate to implement a voluntary port and harbour marine safety code under a safety management system.</p>	<p>Around a third of New Zealanders are involved in some form of recreational boating.</p> <p>Nearly one million recreational vessels - over half are kayaks/canoes and power boats <6 metres.</p> <p>Purchase of boats and equipment, including their maintenance, contributes to marine industry with estimated turnover of \$1.6 billion.</p> <p>Paddle craft (fastest growing group) is increasingly represented in the annual boating toll.</p>
EXAMPLE INDUSTRY TYPES:							
Cargo transport and passenger cruises	Passenger, freight, coastal tankers, traders and research vessels	Line fishing, trawling and aquaculture	Charter services and water taxis	Rafting, jet boating, kayaking and river boarding	Petroleum, gas and mineral exploration, extraction, production and decommissioning	Commercial port services, piloting, harbour master and stevedoring	Powered and non-powered craft

Appendix 2: Main areas for change explained

International engagement (Maritime Levy funding)

Improving our capacity and capability to undertake international engagement to maintain the confidence of domestic and international maritime participants to operate in New Zealand and international waters and ensure a positive impact on trade and tourism for New Zealand. This involves:

- Proactively influencing international standards and regulations to ensure they are fit for purpose for New Zealand circumstances
- Supporting continuing access to quality freight and passenger shipping to and from New Zealand for exports, imports and cruise tourism
- Ensuring the results of evaluations and audits of Maritime NZ under international maritime conventions continue to designate New Zealand as an 'acceptable' member country, e.g. STCW (enables the transferability of seafarers and other qualifications internationally).

Regulatory reform (Maritime Levy funding)

Being able to keep pace with the regular flow of regulatory changes needed as a consequence of international conventions, government policy and legislative initiatives, monitoring and review of current rules, and policy investigations into identified elements of regulatory design and scope.

Keeping pace relates not only to having the resources to make regulatory changes, but the funding needed to prepare for and implement those changes in a timely manner. Operating this way will ensure we meet government expectations to be good regulatory stewards of the maritime and wider transport system. This benefits the maritime sector due to our focus on reducing regulatory burden and making it easier for industry to do the right thing, which ultimately contributes to transport safety outcomes.

Systemic risk activities (Maritime Levy and FED funding)

As an outcomes-focused regulator, being able to take a more proactive approach to identifying and treating trends in risk to target resources to best effect using messages industry participants are receptive to and the interventions most likely to influence a change in behaviour. This includes the increasing use of non-fee-able interventions and activities by frontline, technical and research and analysis staff.

Maritime incident response (non-oil) capability (Crown funding)

Maintaining and improving our organisational capacity and capability to respond to maritime incidents (beyond any oil spill elements). The 2011 *RENA* incident exposed the importance of wider incident response (non-oil) capability (including oversight of salvage activities) and the impact a significant incident can have on organisational business-as-usual activities and the wide range of staff required to respond.

During the *RENA* incident Maritime NZ had to utilise all parts of the organisation, including finance, legal, administration and communications as well as front line, operational and response coordination staff. Being prepared to both respond effectively and continue to function (even where business-as-usual activities need to operate at a lower level for a short period to deal with a major event) is important to meeting public expectations around maritime incident response (non-oil) and industry expectations of an efficient and effective regulator.

ICT systems integration, applications development, data, analytics and mobility (Maritime Levy funding)

- Timely, accurate and relevant information is the lifeblood of organisational decision-making. Information shapes how organisations function, deliver services and engage with their stakeholders
- Current systems and ways of working are largely manual and lack integration despite many specific systems. This can have the effect of tying frontline staff to the office and impose additional costs
- Our lack of integration of data and information across the organisation impacts on our ability to be an intelligence-led, evidence-based, risk-focused regulatory, compliance and response agency
- To be effective we need to make better use of technology to develop, maintain and grow our ability to create, use and share high quality data and information and improve how we deliver our activities. This will allow us, and those we work with, to make accurate and timely decisions in a less administratively burdensome way.

Appendix 3: Policy rationale for each change proposal for the Maritime Levy and fees

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
<p>Proposal 1. Proposed Maritime Levy allocation methodology (includes costs of implementing the proposed methodology of \$0.442 million to be recovered from the Maritime Levy)</p> <p>(Issue raised by industry)</p>	<p>The methodology used for calculating the Maritime Levy has been the subject of several complaints to the Regulations Review Committee. The Committee has recommended that the methodology be reviewed with input from industry.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for the maritime regulatory system</p>	<p>Full</p>	<p>Castalia (independent economic advisers) were commissioned to review the current Maritime Levy allocation methodology and have recommended a proposed levy allocation methodology that is:</p> <ul style="list-style-type: none"> Fair, robust and transparent for all categories of levy payers Simple and low cost for Maritime NZ and Levy payers to administer Capable of raising the funds required to cover the activities funded by the Maritime Levy
<p>Proposal 2. A single hourly rate for feeable activities of \$245 (GST inclusive) per hour</p> <p>This hourly rate would be used for activities charged on an actual time taken basis and to calculate fixed fees, rather than 6 different hourly rates including onsite and offsite rates up to \$313 (incl GST) per hour</p> <p>Also connected to proposal 3 initial and periodic audits and inspections, proposal 4 Seafarer certificates and endorsements fixed fee, proposal 5 Travel time and costs</p> <p>(Issue raised by industry)</p>	<ul style="list-style-type: none"> Consistent with good regulatory stewardship expectations, the need to review the appropriateness of the hourly rates and fixed fees To address recommendations of the Regulations Review Committee to fully document the basis for the hourly rate Reduce the complexity and the number of hourly rates Remove the IT loading applying to MOSS and SeaCert hourly rates 	<p>Fees – individual maritime operators and domestic seafarers</p>	<p>Private goods – user funded - individuals and organisations are the primary beneficiaries or primarily cause the cost or risk and the services are provided directly to individuals and organisations</p>	<p>Full</p>	<ul style="list-style-type: none"> Reduces the complexity by setting a single hourly rate that addresses the range of rates, volumes of activities, and reasonably recovers the costs of the activities so as not to significantly either over or under-recover Is transparent and improves the accuracy of assessment, analysis and forecasting Removes the IT loading applying to MOSS and SeaCert hourly rates as the implementation period for those regimes ends in 2019
<p>Proposal 3. Routine audits and inspections for all domestic operators (but not follow-up visits) is Maritime Levy funded rather than fees funded</p> <p>(Issue raised by industry)</p>	<p>The proposal aligns the routine audits and inspections of domestic operators with routine Port State Control inspections for foreign vessels and with the approach taken for HSWA inspections, all of which are levy funded.</p>	<p>Maritime Levy – as a group, operators of domestic commercial vessels annually</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for audits and inspections</p>	<p>Full</p>	<ul style="list-style-type: none"> Addresses industry concerns about the cost of compliance caused by these fees Enables domestic operators to more accurately forecast their compliance costs More fairly allocates costs to the size of operation (current audits are by operation, rather than number of vessels) Improves incentives for compliance Aligns 'who should pay' with other Maritime NZ audits and inspections and with other domestic regulators Removes the confusion where HSWA inspection costs are recovered from the HSWA Levy funding and domestic operations audit costs are recovered by fees Is consistent with Government guidelines Matches the funding model with Maritime NZ continuing to evolve to operating as a modern regulator
<p>Proposal 4. Seafarer certificates and endorsements have a fixed fee of \$368 (incl GST) with the balance Maritime Levy-funded</p> <p>Noting that the \$368 fee is likely to recover most of the processing costs (subject to most of the applications not being complex). There</p>	<p>The industry has raised with us that:</p> <ul style="list-style-type: none"> seafarer certificate and endorsement fees are acting as a disincentive to seafarers entering the profession. To address this in part, larger operators are paying the fees for seafarers rather than each seafarer paying them. For smaller domestic operators, where they are often financially operating month-to-month, the fee is not 	<p>Fees – individual domestic seafarers</p> <p>Maritime Levy - as a group, operators of domestic commercial vessels annually and</p>	<p>Private goods – economic characteristics justify most of the cost of certification being met from fees paid by the user</p> <p>Club goods - the balance from the Maritime Levy as being participant group funded</p>	<p>Full</p>	<ul style="list-style-type: none"> Meets industry's request to reduce the direct cost to seafarers to improve seafarer entry numbers and retention Removes complexity to reduce industry confusion, and simplifies administration and reduces processing costs

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
<p>is estimated to be only a limited balance of cost needed to be recovered from the Maritime Levy</p> <p>(Issue raised by industry)</p>	<p>easily absorbed into business costs or passed on to customers, so they require individual seafarer staff to meet the cost themselves</p> <ul style="list-style-type: none"> there is frustration and confusion caused by there being around 70 certificates and endorsements, each having one of six different fixed fees. For instance: <ul style="list-style-type: none"> the six different fixed fees are needed in order to account for the amount of time taken to process the applications (which varies by certificate and endorsement) in applying the fees cost recovery model under the Treasury and OAG guidelines Currently, for seafarer certification the fixed fees range from \$372 to \$1,105 (incl. GST). The most commonly applied for certificate is \$995 and endorsement is \$486 the correct certificate is difficult for applicants to identify (where the names are often based on those set under international conventions, but can be commonly called something else). This means many applicants estimate which fee applies and deposit the amount to Maritime NZ's bank account. This often compels an administratively burdensome reconciliation process to correct any under or over payment foreign administrations subsidise seafarer certification, which adds inequity for New Zealand seafarers who have to compete for jobs in New Zealand against foreign seafarers. For instance, the UK fees are lower than here and the fees in Canada are lower than in the UK as the maritime regulators funding from Government is a higher percentage of funding than for Maritime NZ 	<p>foreign commercial vessels per port visit</p>	<p>to address the issues raised with us by industry</p>		
<p>Proposal 5. Travel time and costs (which are mostly for audits and inspections and follow up visits which causes the need for an offsite hourly rate) are Maritime Levy-funded</p> <p>(Note this does not include travel time and costs for offshore installations, and where an operator requests international travel for an audit or inspection, or for any other feeable activity, where these will be recovered directly from the individual or organisation as private goods that are user funded)</p>	<ul style="list-style-type: none"> Aligns with the approach for HSWA inspections of domestic operators and Port State Control inspections of foreign vessels Removes the need for: <ul style="list-style-type: none"> a separate charge for travel time and cost, and an offsite hourly rate (e.g. for follow-up visits in relation to an audit or for offshore installation inspections) that adds a loading of 33% to the base rate to cover travel time and costs 	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p> <p>Reasonable travel time and costs recovered directly - for offshore installations inspections and where an operator requests international travel for an audit or inspection, or for any other fee-able activity</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for the Maritime Officers to travel for visits for audits and inspections and follow up visits</p> <p>Private goods – user funded – for offshore installations and where international travel by Maritime NZ is requested by an operator</p>	<p>Full</p>	<ul style="list-style-type: none"> Reduces complexity through having one single hourly rate Is consistent with how travel time and costs are treated for foreign vessel audits and inspections, which are recovered from the Maritime Levy Accounts for international travel for an audit or inspection, or for any other fee-able activity, as these situations are rare and are done at the request of the operator
<p>Proposal 6. 'Pre-assessment' is no longer offered as a feeable service but treated as assisted compliance with the cost recovered from the Maritime Levy</p> <p>We explore developing a sea time calculator for our website</p>	<p>The service was for the purpose of providing people with an optional pre-assessment of their eligibility requirements ahead of starting a training course or making an application for a seafarer certificate. Since that time few people have used the service (only about 12 each year), which suggests it may not be needed.</p> <p>The pre-assessment service fee revenue per year over the past 3 years averaged \$17,000 per year, which involves a disproportionate administrative effort (and cost) relative to the actual benefit provided</p>	<p>Maritime Levy – as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the cost or risk of pre-assessment enquires as they require seafarers to operate their vessels</p>	<p>Full</p>	<ul style="list-style-type: none"> Reduces complexity through dealing with any pre-assessment as assisted compliance as is done with the MOSS regime and some other activities in the SeaCert regime

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
	<p>Maritime NZ considers that 'pre-assessment' involves assisted compliance and should be Maritime Levy funded.</p> <p>Maritime NZ plan to explore developing a sea-time calculator to reduce the demand for pre-assessment of sea time, with the cost of developing the calculator being covered within the funding under the ICT proposal 10.</p>				
<p>Proposal 7. International engagement activities are intensified through Maritime Levy funding (Issue raised by industry)</p>	<ul style="list-style-type: none"> Strengthens Maritime NZ's capacity to be a successful regulatory institution through improved influence and proactive engagement on international shipping reform Supports regulatory reform proposal 8 through improved regulatory stewardship Addresses the activities not identified in the funding model applied under the 2011/12 funding review 	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators vessels are the primary beneficiaries or primarily cause the need for New Zealand to be a signatory to international conventions that require the international engagement to occur</p>	Full	<p>Enables Maritime NZ to:</p> <ul style="list-style-type: none"> contribute more proactively at international meetings and fora, to influence international outcomes and advance New Zealand shipping interests base engagement on rigorous development and supporting evidence for more efficient, effective and relevant regulation to meet New Zealand priorities and circumstances under our international engagement strategy which prioritises effort on a “lead, push or follow” method intensify Maritime NZ's activities to meet international obligations through effective implementation and ongoing monitoring of the obligations ensure Maritime NZ has the ability to satisfy mandatory international audits of compliance with those obligations
<p>Proposal 8. Regulatory reform costs (averaged over six years) of expected policy development and implementing the regular flow of regulatory change</p>	<p>Most of the costs under this proposal relate to regulatory reform implementation of the regular flow of regulatory change in advance, rather than having to make regular, individual bids for additional funding when each regulatory change occurs.</p> <p>Implementation costs includes staff training, changes to systems and processes, and updating guidance and communications with industry.</p> <p>The proposal does not include an increase in funding for policy and legal staff. However, policy and legal staff levels are increased under proposal 7 International Engagement and proposal 10 Port and Harbour Marine Safety Code and proposal 11 Surveyor standards of performance, which will assist by freeing up other policy and legal staff to deal with regulatory reform policy development.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial vessels are the primary beneficiaries or primarily cause the need for regulatory change</p>	Full	<ul style="list-style-type: none"> Provides a systems approach to the regular flow of regulatory change driven by the International Maritime Organization and under international maritime conventions and due to Government priorities Supports regulation being relevant and robust in line with Maritime NZ's strategic pivots relating to reducing regulatory burden and making it easier for regulated parties to do the right thing (Maritime NZ Statement of Intent 2018-2022 https://www.maritimenz.govt.nz/about/statements-of-intent/)
<p>Proposal 9. General systemic risk activities currently undertaken and increasing under the modern regulator approach with the cost Maritime Levy funded</p>	<p>The modern regulator approach allows for a wider range of intervention activities than those commonly used by us at the time of the 2011/12 funding review. Maritime NZ, and other regulators, have been progressively moving to the modern regulator approach since late 2012.</p> <p>Maritime NZ has not been resourced to deliver the modern regulator model. Instead we have had to halt or delay other core activities, or delay investment to do so.</p> <p>The problem that systemic risk activities are intended to address is that 'transactional' interventions like certification, audits, inspections, investigations and prosecutions can only reduce risks to a certain point, then the response to the intervention plateaus. Accidents and incidents cannot be reduced further using transactional output based interventions only. Outcomes-based interventions such as industry outreach activities, monitoring (e.g. geo-fencing), engagement/relationships, investigations, education, guidance and campaigns also need to be done.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for systemic risk activities</p>	Full	<ul style="list-style-type: none"> Enables Maritime NZ to operate as a modern regulator to undertake compliance activities that reduce harm in the maritime system Provides Maritime NZ with resources to undertake outcomes based interventions such as such as industry outreach activities, monitoring (e.g. geo-fencing), engagement/relationships, investigations, education, guidance and campaigns in addition to transactional activities like certification, audits, inspections, investigations and prosecutions as a traditional regulator

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
<p>Specific systemic risk activity</p> <p>Proposal 10. Port and Harbour Marine Safety Code additional costs of resourcing technical advice and guidance required to support the Code be Maritime Levy funded</p>	<p>Regional councils and port companies contribute to the cost of the Code under a tri-partite agreement with Maritime NZ.</p> <p>Regional councils and port companies pay the Maritime Levy for vessels they operate, which covers Maritime NZ's technical advice and guidance activities in operationalising and maintaining the Code is separate from the activities covered by that agreement.</p> <p>The cost of these activities had not been identified under the funding model applied in the 2011/12 funding review as the Code (in its current active form) was not established until 2016.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for the Code for the safe management of ships navigating in New Zealand ports and harbours, including the prevention of injury to people, loss of life and damage to the marine environment and property</p>	<p>Full</p>	<p>Enables Maritime NZ to contribute to the Code by:</p> <ul style="list-style-type: none"> playing a primary role in understanding and managing the risks of port and harbour navigation activities, which are a key link to supporting New Zealand trade and tourism through shipping and cruise activity developing and having input to guidance that adds understanding to how the Code applies supporting cross-agency relationships, which are important to ensuring national and local efforts are efficiently combined to achieve the overarching regulatory and strategic objectives participating in four review panels per year and in the working group meetings that guide and support the work of the Code and its panels contributing to evaluating whether the Code is achieving the outcomes it is intended to achieve. This is done as part of the general operation of the Code. Each year, steering group members ask questions of those they represent (Maritime NZ, regional councils and ports) about how effective the Code is and whether it is meeting expectations. <p>The above benefits relate to technical support and guidance, which is required to ensure the effectiveness of the Code and to meet the risks that the Code aims to mitigate that would otherwise likely emerge through accidents and incidents in ports and harbours.</p>
<p>Specific systemic risk activity</p> <p>Proposal 11. Surveyor standards of performance</p> <p>Review the current standards for the performance of survey, and put in place new standards with an associated engagement and training strategy with surveyors is funded by the Maritime Levy</p>	<p>The cost of this activity was not identified under the funding model applied in the 2011/12 funding review as the Maritime Operator Safety System and the associated provision for standards to be put in place for the performance of survey were not in effect until July 2014.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for surveyors</p>	<p>Full</p>	<ul style="list-style-type: none"> Improves the quality and consistency of vessel surveys Increases maritime transport operators' confidence in surveyors Potentially reduces the number of accidents and incidents that are vessel related Enables the regulator and recognised surveyors to engage in a collaborative process that ensures surveyor buy-in and 'ownership' of their professional standards
<p>Proposal 12. ICT systems integration, data, analytics and mobility improvement costs are Maritime Levy funded</p>	<p>The need to improve how Maritime NZ does things as part of the outcomes-focused approach as a modern regulator. This involves Information Communications, and Technology (ICT) systems integration, applications development, data, analytics and mobility – improving these areas, particularly removing manual systems and processes, to provide efficiency and effectiveness.</p> <p>Timely, accurate and relevant information is the lifeblood of organisational decision-making. Information shapes how organisations function, deliver services and engage with their stakeholders. Our intent is to operate as an intelligence-led, evidence-based, risk-focused organisation that makes effective and efficient decisions.</p> <p>To be effective Maritime NZ needs to develop, maintain and grow its ability to create, use and share high quality data and information. This ability will allow Maritime NZ, and those it works with, to make accurate timely decisions that improve safety, security and cleanliness of New Zealand's maritime system. Ongoing investment in information capability is critical to operating this way.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for the ICT required to support the maritime regulatory system</p>	<p>Full</p>	<ul style="list-style-type: none"> Changes the current systems and ways of working so they are not manual are integrated, and do not tie frontline staff to the office Integrates data and information across the organisation to support intelligence-led, evidence-based, risk focused regulatory, compliance and response activities

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
<p>Proposal 13. Ballast water management (BWM) activities under the BWM Convention are Maritime Levy funded</p>	<p>Maritime NZ and MPI are the regulatory agencies responsible for the new BWM regulatory and compliance activities.</p> <p>The BWM Convention needs to be implemented and there are ongoing costs. This is required under the Biosecurity Law Reform Act 2012 Commencement Order 2017.</p> <p>The cost estimates are planned for review in the 2021/22 midpoint funding review once Maritime NZ has more accurate time recording data on actual BWM activities from 1 July 2020.</p> <p>BWM is a type of routine audit and inspection, which should be recovered from the Maritime Levy to be consistent with other types of routine audits and inspections of foreign vessels, and proposal 3 that routine audits and inspections of domestic vessel operations be Maritime Levy funded too.</p> <p>The BWM costs are not high enough to warrant the administration costs of having a separate BWM Levy.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for ballast water management</p>	Full	<p>Additional funding to support full implementation of the Convention and for ongoing costs either from a separate BWM Levy or the Maritime Levy</p> <p>BWM activities are expected to relate to around:</p> <ul style="list-style-type: none"> 13 New Zealand SOLAS vessels per year as part of flag state inspections and international safety management code audits 9 New Zealand non-SOLAS commercial vessels per year as part of operator audits under the Maritime Operator Safety System (MOSS) and BWM plan approvals 3 New Zealand recreational vessels per year when they are applying for Certificates of International Voyage to sail outside of New Zealand waters. 275 foreign SOLAS vessel first port visits per year as part of Port State Control inspections (this number is subject to alignment with the forecasting for Port State Control inspections over the next 6 years)
<p>Proposal 14. Aids to navigation inflationary pressures, external contract increases and asset maintenance cost increases are part Maritime Levy funded</p>	<p>Under the Maritime Transport Act, one of Maritime NZ's functions is to ensure the provision of navigational aids for shipping. Consistent with that responsibility, Maritime NZ manages and maintains a network of 141 aids to navigation (AtoNs).</p> <p>AtoNs take the form of buoys, beacons, and lighthouses and they are spread around the main New Zealand coast and adjacent islands. They are critical to the safety of shipping and the protection of the marine environment.</p> <p>The cost of providing for AtoNs is specifically listed under section 191 of the MTA as being recoverable from the Maritime Levy.</p> <p>Crown funding also contributes the costs of AtoNs.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for AtoNs</p>	Full	<p>Currently Maritime NZ is doing the bare minimum within budget. This funding enables Maritime NZ to:</p> <ul style="list-style-type: none"> maintain the current system by providing appropriate AtoNs that meet international requirements and Government and public expectations reduce the need for significant and unexpected costs via planned maintenance ensure that there is no increase in failure rates that would result in a decreasing trust in the services from local communities and the maritime industry.
<p>Proposal 15. Maritime distress and safety communications inflationary pressures, external contract increases and asset maintenance cost increases are part Maritime Levy funded</p>	<p>The costs pressures relate to:</p> <ul style="list-style-type: none"> new Automatic Identification System (AIS) developments – a critical safety aid using a VHF based tracking and anti-collision system that is compulsory for commercial vessels of a certain size and passenger capacity and very common in the recreational world new arrangements for satellite services required by international conventions replacing LINZ funding for Nav Area Coordinator role the Replacement Maritime Distress and Safety Communications contract project. <p>The cost of maritime distress and safety communications is specifically listed under section 191 of the MTA as being recoverable from the Maritime Levy.</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and foreign commercial vessels per port visit</p>	<p>Club goods – participant group funded – commercial operators of vessels are the primary beneficiaries or primarily cause the need for maritime distress and safety communications</p>	Full	<ul style="list-style-type: none"> Improves efficiency and effectiveness and reduce operating costs given technological changes Addresses increased risks to loss of life/injury due to lack of data and information available to users Meets international obligations Maintains provision of safety related services to the maritime community Reduces accidents and incidents through effective responses in the event of accidents and incidents.
<p>Proposal 16. General business cost pressures attributable to Maritime Levy funded activities (excluding those in proposals 13, 14 and 15) which are inflationary pressures, external contract and asset maintenance cost increases (excluding</p>	<p>The general business cost pressures attributable to Maritime Levy funded activities are sought under this proposal.</p> <p>Maritime NZ anticipates that there will be some inflation that will drive up the cost of fixed leases and contracts (estimated as 1.77% each year in accordance with Treasury guidance)</p>	<p>Maritime Levy - as a group, operators of domestic commercial vessels annually and</p>	<p>Club goods – participant group funded – commercial operators vessels are the primary beneficiaries or</p>	Full	<p>Maritime NZ looked ahead to 2025/26 and assessed the extent to which current costs for property and equipment leases, and base staff costs will increase. These are the share of general cost pressures proportionally attributable to Maritime Levy funded activities</p> <p>NOTE:</p>

Proposal	Rationale	Who pays	Economic characteristics of the activity to identify the funding source	Full or part cost recovery	Specific benefits of the proposal
those above) that are attributable to activities currently funded from the Maritime Levy	<p>There will be some movement in the salaries of staff (estimated as 3% per year over the six year period). The salary growth rate is higher than the State Services Commission current rate of 2.2% because independent external HR advice received is that six years is too far ahead to accurately forecast. The advice was to expect salary growth to remain in the 2.5% -3.0% range. The advice also noted that New Zealand is susceptible to changes in the global markets, so need to be mindful of those influences.</p> <p>The costs also relate to the need to invest in the maintenance or upgrade of our equipment (this excludes any equipment referred to in the other proposals).</p>	foreign commercial vessels per port visit	primarily cause the need for the maritime regulatory system		<ul style="list-style-type: none"> • The general business cost pressures attributable to fees funded activities is covered in the proposed new hourly rate • The general business cost pressures attributable to Crown, FED, OPL and HSWA funded activities are being sought under separate funding bids for those sources.

Appendix 4: Assessments and reviews

Maritime NZ has completed the work to inform the proposals as set out in Appendix 1. This included Investment Logic Mapping (ILM), process efficiency assessments, industry engagement and assessments of all activities applying the Treasury and OAG guidelines on setting charges in the public sector and the Transport Regulatory System Funding Principles.⁶

Investment Logic Mapping

An ILM exercise was done with a New Zealand Treasury accredited ILM facilitator to identify the areas for change. This work identified the main needs/gaps, benefits from addressing them, and potential performance measures for success. Maritime NZ has used the ILM assessment to inform the proposals identified in the funding review.

Investment Logic Mapping Outputs			
Need/gap identified		Benefits for all needs/gaps	Potential performance measures
Outdated, prescriptive and contradictory laws increase compliance and enforcement costs and decrease their intended effect 50%		Improved maritime safety, security and marine environmental protection	Reduced barriers to compliance
			Improved clarity and relevance of rules and regulations
Timeliness and effectiveness of activities do not always optimise safety, security and environmental protection 30%		Reduced compliance burden for industry	Improved readiness assessment
			Improved efficiency
			Reduced time and cost for industry
Readiness, and response capability levels do not meet public expectations for response to a major maritime incident (non-oil) 20%		Maintain operator confidence	International standards fit for purpose in New Zealand
			Continuing access to quality shipping
			Maintain Maritime NZ acceptability under international conventions

Process efficiency assessments

In 2016, Maritime NZ assessed MOSS, SeaCert and Ship Registration application processes applying the Vanguard Method (where an organisation is viewed as a system rather than in the more traditional command and control structure).

Since late 2017 Maritime NZ has:

- sought independent advice on the Maritime Levy allocation methodology, including the matters of equity and transparency

⁶ Treasury Guidelines for Setting Charges in the Public Sector April 2017, <http://www.treasury.govt.nz/publications/guidance/planning/charges>; Auditor-General (OAG) Good practice guide: Charging fees for public sector goods and services June 2008, <https://www.oag.govt.nz/2008/charging-fees>. The OAG guidelines only apply to fees not levies.

- completed task and effort assessments of fee-able activities to assist in determining the hourly rate on which fees are calculated
- sought maritime industry views on the key issues and challenges faced
- redesigned time recording processes and the overhead allocation
- redeveloped our financial model to refine revenue and expenditure data
- mapped the future flow of regulatory change, both internationally and domestically
- carried out a comparative analysis of similar New Zealand agencies and organisations in other countries.

Appendix 5: Efficiency improvement initiatives

Seafarer certification initiatives
<p>Police checks. Changes to the fit and proper person assessment process have seen us move to a risk-based approach to assess fit and proper person status of applicants under the law. This has resulted in a time saving for the processing of applications.</p>
<p>Online verification of certificates. At the start of 2017 we developed an online verification tool for seafarers, employers and other (overseas) maritime administrations to verify a seafarer certificate is valid and correct online without having to contact us via email. This has freed up advisor time to focus on processing applications rather than responding to verification requests. People seeking verification can obtain the information at a time that is convenient to them instead of only during our business hours.</p>
<p>Ring-fencing of legacy certificates. We have listened to industry and recognised there was a case for not treating all seafarers the same in terms of transitioning to the new SeaCert framework.</p>
<p>Advisor skills. Up-skilling certification advisors to reduce the need for technical advisor input reducing time taken and lowering salary cost expended.</p>
<p>Sea service assessments. Seafarers applying for recognition of their foreign STCW certificates no longer need to provide proof of sea service because this is a duplication of work undertaken by the foreign administration when they issue the substantive certificate.</p>
<p>Process and procedure review. Removed duplication of effort or unnecessary requirements.</p>
Other initiatives
<p>Ship Registration - Part B. A review of Part B ship registration processes led to a redesign of the application form; refresh of information on our website; applications able to be submitted by email; owners able to request renewals and re-registrations by email without having to complete an application form, and documents being stored electronically. This resulted in the average processing time reducing from 9 days to 7.7 days (as at end of 2016). In addition, the percentage of clean (right first time) applications increased by 11% and clean applications were processed in four days whereas applications with errors (requiring further contact with applicants) took 10.5 days to process. Storage costs for hard copy documents have also reduced as a consequence of more applications being received by email and kept electronically.</p>
<p>Foreign Levy Database. The Foreign Levy Database replacement project was initiated to provide more efficient levy invoicing services to shipping agents and streamline internal processes. Existing invoicing processes were both a practical and political irritant to shipping agents who had been requesting change for some years. The new solution was integrated with our upgraded CRM platform and provided a web portal for agents to provide the information directly to generate invoices. Recent feedback from shipping agents has been positive and indicated that it has streamlined and made the invoicing process more efficient.</p>
<p>Storage and printing costs. Our approach to managing stocks of Maritime NZ publications has been streamlined so more publications are printed as needed rather than large stocks being carried that may become out of date. This has resulted in storage costs reducing from \$28,000 per annum to an estimated \$16,000 for 2018/19. An increased focus on storing documents electronically, rather than in paper form, has resulted in reduced storage costs. A greater emphasis on use of technology has reduced printing costs.</p>
<p>Aids to Navigation. A review of the end to end process (across all process participants) for installing, altering and removing aids to navigation has been conducted. To improve efficiency, we intend to develop a portal for applicants to apply online for approvals for aids to navigation.</p>
<p>MOSS. Education and engagement with operators prior to applications being submitted has improved the quality of applications leading to a reduction in processing times. Understanding variation among operators has enabled us to design a more flexible approach to assessing operator plans as part of the application process for a Maritime Transport Operator Certificate.</p>
<p>Exemptions. Work on exemptions to streamline processes and reduce applications. Discussions with recognised organisations regarding the extent of their delegations in order to streamline exemptions and other areas where conventions are deviated from.</p>
<p>Operational policy. Improved workflow management leading to improved triage of work requests.</p>
<p>Product approval processes. Leveraging external maritime product approval processes to remove the need for an additional application process.</p>

Appendix 6: Benchmarking Maritime NZ

Maritime regulators in other jurisdictions do not do the same activities as Maritime NZ

Maritime regulators in other jurisdictions do not undertake all of the same activities as Maritime NZ. Maritime NZ has wider responsibilities than some maritime regulators and narrower ones than others. Also, geographic, political and economic conditions in each country influence the size of shipping sectors and the breadth and depth of the market the regulator covers and the different policy approach to funding the sector. This means they are not directly comparable. For example:

- Maritime NZ has wider functions than comparable maritime agencies but is most similar to AMSA with each covering regulation, compliance and response functions. However, Maritime NZ does not have functions that require large asset management, such as search and rescue helicopters in the UK
- New Zealand relies heavily on maritime transport.
 - 99% of international trade transported on maritime vessels, whereas the global rate is closer to 80%.
 - New Zealand is geographically distant from international markets, whereas other jurisdictions also use road, rail or air networks, as distances are shorter or countries are connected by land.
 - All international trade for New Zealand is transported on foreign rather than New Zealand-owned maritime vessels, whereas in the UK what we call ‘foreign’ vessel would be called ‘domestic’ vessels as they are UK flagged and the vessel owning companies are UK registered.

Comparison of international maritime agencies functions (excluding search and rescue coordination functions and maritime health and safety at work regulator functions)

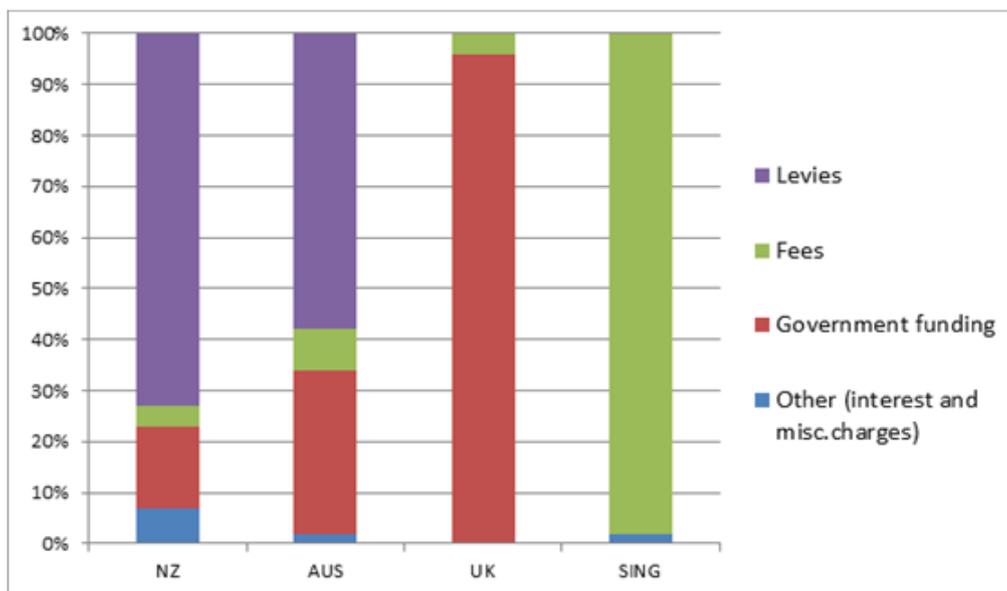
Function	Typical activities	Maritime NZ	Australian Maritime Safety Authority	Maritime and Coastguard Agency UK	Transport Canada
Regulation					
Policy advice	Problem setting, options analysis, policy decisions or advice to other decision makers (eg, Ministers); ministerial services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Standard setting	Participate in international standard setting (eg, at the IMO), set domestic standards through legislation	Shared with policy agency	Shared with policy agency	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review	Maritime system reviews, evaluations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maritime security	Monitor security threats to maritime interests, monitor the security provided by port operators	<input checked="" type="checkbox"/>	Spread across several agencies)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Function	Typical activities	Maritime NZ	Australian Maritime Safety Authority	Maritime and Coastguard Agency UK	Transport Canada
Compliance					
Information and guidance	Traditional and social media, public meetings, publications	☑	☑	☑	☑
Entry control	Licensing, certification or registration of operators, seafarers, vessels, surveyors, training providers	☑	☑	☑	☑
Monitoring	Audit, investigations, targeted compliance campaigns	☑	☑	☑	☑
Enforcement	Suspension, conditions, detention, seizure, additional inspections, infringement, improvement and prohibition notices, prosecution, and disqualification	☑	☑	☑	☑
Distress and safety radio	Radio station, weather and warning broadcasts	☑	Mostly provided by State agencies	☑	☑
Navigational aids	Maintenance of national navigational aids and oversight of local navigation aids	☑	☑	✗	✗

Maritime regulators in other jurisdictions have lower fees and levies because they don't apply a full cost recovery policy

In terms of Maritime NZ's fees and levies being higher than in other jurisdictions this is not due to inefficiency, but because New Zealand relies more on levies and fees for funding than other maritime regulators (for which information was available). See the explanation and the figure below from the consultation document.

**Comparison of funding sources by country 2018:
New Zealand, Australia, United Kingdom, Singapore**



Currency conversions rates from www.xe.com on 30 January 2018: 1 AUD = 1.10510 NZD; 1 GBP = 1.92208

MCA (UK) in particular operates with a high proportion of direct Crown funding of about 92%. Currently, the AMSA's funding is 8% fees, 58% levies, 32% Government and 2% other. The only exception is Singapore, which is 96% funded by fees and 4% interest from reserves (largely because it operates as an international shipping hub rather than a destination for tourists and freight).

Maritime NZ understands that AMSA is moving away from fees to recover more activities from levy funding. Also, a review of regulator models by the UK Government in 2017 recommends a move to fees and levies funding with industry meeting the bulk of the cost of regulators (see UK Regulatory Futures Review, January 2017 <https://www.gov.uk/government/publications/regulatory-futures-review>). The UK fees have not been reviewed and updated for a number of years.

If this recommendation is accepted, the amount of government funding for the UK maritime regulator is likely to reduce with a commensurate rise in fees and levies charged to the maritime industry in the UK.

Currently, the UK maritime regulator is consulting on fee increases, e.g. hourly rates increasing from £94 to a proposed £147 in November 2019 against Maritime NZ's proposed \$245 (incl. GST) under the 2018/19 funding review.

Appendix 7: Breakdown of the indicative forecast costs of the proposals

Expenditure proposed to be recovered from the Maritime Levy \$million (excluding GST)							
Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & out-years	6 Year Total
Proposed reduction in fees revenue from 2018/19							
Proposed reduction in fees revenue	1.20	1.14	1.17	1.14	1.20	1.20	
Reduction in fees revenue to be recovered from the Maritime Levy	1.20	1.14	1.17	1.14	1.20	1.20	7.06
General business cost pressures to be recovered from the Maritime Levy							
<i>Addressing cost pressures</i>							
Ballast Water Management activities	0.45	0.40	0.44	0.45	0.46	0.47	
Aids to Navigation	0.02	0.04	0.06	0.09	0.11	0.13	
Maritime distress and safety communications	0.07	0.14	0.14	0.47	0.48	0.59	
Maritime Levy share of base case cost pressures	0.77	1.36	1.77	2.35	2.97	3.61	
Total General business cost pressures to be recovered from the Maritime Levy	1.31	1.94	2.41	3.35	4.02	4.79	17.82
Additional Maritime Levy funding for international engagement, regulatory reform, systemic risk activities and ICT							
<i>Addressing Regulations Review Committee recommendations</i>							
Maritime levy methodology implementation	0.44						
<i>Forecast changed or increased operational activities</i>							
International engagement	0.25	1.00	0.96	1.00	1.01	1.03	
<i>Regulatory reform</i>							
Policy development	0.20	0.20	0.20	0.20	0.20	0.20	
Implementation	0.85	0.98	1.00	0.93	1.07	0.99	
Total Regulatory reform	1.05	1.18	1.20	1.13	1.27	1.19	
<i>Systemic risk activities</i>							
<i>General systemic risk activities</i>							
Additional activities (Principal Advisor (Navigation), Senior Environmental Advisor, Principal Operational Policy Advisor, International Shipping Liaison, Senior Planner, Manager Certification)	0.45	0.99	0.99	1.02	1.04	1.06	
Modern regulator activities (existing & diverting front line and other staff previously doing fee funded activities)	1.62	1.68	1.75	1.81	1.84	1.88	
<i>Specific systemic risk activities</i>							
Port and Harbour Marine Safety Code	0.29	0.30	0.32	0.33	0.34	0.34	
Surveyor standards of performance	0.54	0.58	0.59				
Total Systemic risk activities	2.90	3.54	3.66	3.16	3.21	3.28	
ICT systems integration, data, analytics & mobility	1.48	1.71	1.92	2.07	2.21	2.25	
Total Additional Maritime Levy funding for international engagement, regulatory reform, systemic risk activities and ICT	6.14	7.43	7.74	7.36	7.70	7.75	44.12
Proposed increase in Maritime Levy revenue	8.65	10.50	11.33	11.86	12.92	13.75	69.00

Notes

- All expenditure has been estimated using an integrated financial model of all Maritime NZ activities, including Rescue Coordination Centre New Zealand and New Zealand Oil Pollution Fund. This applies consistent assumptions where appropriate for cost changes for personnel and other resources.
- Maritime NZ administrative and support overhead costs have been allocated to all of the operational activities on a consistent basis in proportion to personnel costs with the exception of the contract for the Pacific Maritime Safety Programme activity that includes a fixed overhead charge. Continuation of this contract, funded by Ministry of Foreign Affairs and Trade and which terminates in June 2021, is not assumed in the financial modelling.
- It should be noted that, as a result of the integrated modelling of all Maritime NZ activities and the diverse sources of funding for that expenditure, changes to the proposed modelled revenue from any source of funding will potentially affect the resourcing, cost and required funding for other activities.

Appendix 8: Indicative forecast Maritime Levy allocation methodology proposal applied by example vessel types

(Figures do not take account of domestic operators no longer having to pay audit fees and the reduction in seafarer certification fees)

Vessel type	2018/19 current model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model (indicative) Maritime Levy based on \$32.4 million revenue – includes fee-able activities moved to Maritime Levy)	Total variance from 2018/19 current model at \$22.4 million to proposed model at \$32.4 million
				Green decrease Red increase
 <p>International Oil Tanker (SOLAS) GT 25,000 PAX 0 DWT 45,000</p>	<p>\$6,678 2 Port visit</p>	<p>\$4,270 2 Port visit</p>	<p>\$6,173 2 Port visit</p>	<p>\$505 (decrease)</p>
 <p>International Container Ship (SOLAS) GT 40,000 PAX 0 DWT 52,000</p>	<p>\$7,717 2 Port visit</p>	<p>\$6,588 2 Port visit</p>	<p>\$9,529 2 Port visit</p>	<p>\$1,812 (increase)</p>
 <p>International Cruise Vessel (SOLAS) GT 110,000 PAX 2500 DWT 15000</p>	<p>\$15,457 2 Port visit</p>	<p>\$20,533 2 Port visit</p>	<p>\$27,041 2 Port visit</p>	<p>\$11,585 (increase)</p>
 <p>Domestic Container Ship (SOLAS) GT 6000 PAX 0 DWT 10,000</p>	<p>\$24,600 annually</p>	<p>\$32,502 annually</p>	<p>\$47,012 annually</p>	<p>\$22,412 (increase)</p>
 <p>Domestic Oil Tanker (SOLAS) GT 30,000 PAX 0 DWT 50,000</p>	<p>\$123,000 annually</p>	<p>\$162,512 annually</p>	<p>\$235,062 annually</p>	<p>\$112,062 (increase)</p>

Vessel type	2018/19 current model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model (indicative) Maritime Levy based on \$32.4 million revenue – includes fee-able activities moved to Maritime Levy)	Total variance from 2018/19 current model at \$22.4 million to proposed model at \$32.4 million
				Green decrease Red increase
 Domestic Coastal Fishing Trawler (non-SOLAS) GT 529 PAX 0 DWT 0	\$2,174 annually	\$2,751 annually	3,979 annually	\$1,805 (increase)
 Domestic non-passenger Length 8 metre workboat	\$137 annually	\$77 annually	\$111 annually	\$26 (decrease)
 Domestic fishing Length 5.9 metres	\$81 annually	\$57 annually	\$82 annually	\$1 (increase)
 Domestic non-passenger Length 23.9 metres (including tugs)	\$409 annually	\$229 annually	\$332 annually	\$77 (decrease)
 Domestic non-passenger aquaculture vessel (mussel barge) GT 104	\$535 annually	\$692 annually	\$782 annually	\$248 (increase)
 Domestic non-passenger barge GT 150	\$771 annually	\$780 annually	\$1,128 annually	\$357 (increase)

Vessel type	2018/19 current model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model Maritime Levy based on \$22.4 million revenue	2019/20 proposed model (indicative) Maritime Levy based on \$32.4 million revenue – includes fee-able activities moved to Maritime Levy)	Total variance from 2018/19 current model at \$22.4 million to proposed model at \$32.4 million
				Green decrease Red increase
 Domestic Passenger Ferry (SOLAS) GT 22,365 PAX 1,350 DWT 5,794	\$321,489 annually	\$151,877 annually	\$219,680 annually	\$101,809 (decrease)
 Domestic Charter Passenger Boat (Non SOLAS) Length 18 metres PAX 140 DWT 0	\$308 annually	\$1,727 annually	\$2,497 annually	\$2,189 (increase)
 Domestic Charter Passenger Boat (Non SOLAS) Length 8 metres PAX 14 DWT 0	\$137 annually	\$232 annually	\$336 annually	\$199 (increase)
 Domestic Passenger Ferry (Non SOLAS) GT 280 PAX 300 DWT 0	\$1,439 annually	\$4,786 annually	\$6,922 annually	\$5,483 (increase)
 Domestic Commercial Jet Boat Length 8.2 metres PAX 8 DWT 0	\$140 annually	\$168 annually	\$242 annually	\$102 (increase)
 Domestic passenger 3.7 metre personal watercraft (jet ski/novel craft) PAX 1	\$63 annually	\$47 annually	\$67 annually	\$4 (increase)

<p>Vessel type</p>	<p>2018/19 current model Maritime Levy based on \$22.4 million revenue</p>	<p>2019/20 proposed model Maritime Levy based on \$22.4 million revenue</p>	<p>2019/20 proposed model (indicative) Maritime Levy based on \$32.4 million revenue – includes fee-able activities moved to Maritime Levy)</p>	<p>Total variance from 2018/19 current model at \$22.4 million to proposed model at \$32.4 million</p>
				<p>Green decrease Red increase</p>
 <p>Domestic passenger - commercial dive boat Length 4.5 metres PAX 4</p>	<p>\$77 annually</p>	<p>\$88 annually</p>	<p>\$127 annually</p>	<p>\$50 (increase)</p>

Appendix 9: Maritime New Zealand proposed amendments to fees

- Shipping (Charges) Regulations 2014 – Schedule 1 charges payable for work and services subject to hourly rate
- Ship Registration (Fees) Regulations 2013 – Part A (all fixed fees except for ‘other work and services’)
- Maritime Security (Charges) Regulations 2016 (all fixed fees except for ‘other work and services’)

Proposed amendments to fees under the Shipping (Charges) Regulations 2014 - Schedule 1 charges payable for work and services subject to hourly rate – removed 50 listed fees – but moved seven from Schedule 2 to Schedule 1

Proposed amendments to fees under the Shipping (Charges) Regulations 2014 Schedule 2 fixed charges for work and services – removed 52 listed fees – this number does not include the seven we moved from Schedule 2 to Schedule 1

Proposed Amendments to the Ship Registration (Fees) Regulations 2013

Proposed Amendments to the Maritime Security (Charges) Regulations 2016 – removed six listed fees

The 279 fees have been reduced to 175 fees. Overall 108 fees have been removed and 4 added.

Proposed amendments to fees under the Shipping (Charges) Regulations 2014 -Schedule 1 Charges payable for work and services subject to hourly rate				
All fee-able activities	Proposed changes	Current fee	Proposed fee	Change (Green=reduce Red=increase)
Recognition of foreign vessels on charter or demise charter - office based	Rename Recognition of foreign vessels on charter or demise charter	\$235	\$245	\$10
Recognition of foreign vessels on charter or demise charter - offsite (first visit)	Remove	\$313		
Vessel detentions and seizure of maritime products - office based	Rename Vessel detentions and seizure of maritime products	\$235	\$245	\$10
Vessel detentions and seizure of maritime products - offsite (first visit)	Remove	\$313		
Passenger ship safety certificate - office based	Rename Passenger ship safety certificate	\$235	\$245	\$10
Passenger ship safety certificate - offsite (first visit)	Remove	\$313		
Cargo ship safety certificate - office based	Rename Cargo ship safety certificate	\$235	\$245	\$10
Cargo ship safety certificate - offsite (first visit)	Remove	\$313		

Cargo ship safety radio certificate - office based	Rename Cargo ship safety radio certificate	\$235	\$245	\$10
Cargo ship safety radio certificate - offsite (first visit)	Remove	\$313		
International load line exemption certificate - office based	Rename International load line exemption certificate	\$235	\$245	\$10
International load line exemption certificate - offsite (first visit)	Remove	\$313		
Exemptions from maritime rules - office based	Rename - Exemptions from maritime rules or marine protection rules	\$235	\$245	\$10
Exemptions from maritime rules - offsite (first visit)	Remove	\$313		
Appointment of overseas surveyors - office based	Rename - Appointment of overseas surveyors	\$235	\$245	\$10
Appointment of overseas surveyors - offsite (first visit)	Remove	\$313		
Approval/acceptance of safety equipment - office based	Remove There is also 'Approval / Acceptance of Maritime Product' - the definition of a maritime product under the MTA includes safety equipment.	\$235	\$245	\$10
Approval/acceptance of safety equipment - offsite (first visit)	Remove as above	\$313		
Assessment of applications under Resource Management Act 1991 affecting navigation - office based	Rename Assessment of applications under Resource Management Act 1991 affecting navigation	\$235	\$245	\$10
Assessment of applications under Resource Management Act 1991 affecting navigation - offsite (first visit)	Remove	\$313		
Other survey/vessel certificates (SOLAS and non-SOLAS) (excluding MOSS) - office based	Rename Other survey/vessel certificates (SOLAS and non-SOLAS)	\$235	\$245	\$10
Other survey/vessel certificates (SOLAS and non-SOLAS) (excluding MOSS) - offsite (first visit)	Remove	\$313		
High-speed craft safety certificate - office based	Rename High-speed craft safety certificate	\$235	\$245	\$10
High-speed craft safety certificate - offsite (first visit)	Remove	\$313		
Permit to operate high-speed craft - office based	Rename Permit to operate high-speed craft	\$235	\$245	\$10
Permit to operate high-speed craft - offsite (first visit)	Remove	\$313		
Authorised person certificate - office based	Rename Authorised person certificate	\$235	\$245	\$10
Authorised person certificate - offsite (first visit)	Remove	\$313		

Muster list approval - office based	Rename Muster list approval	\$235	\$245	\$10
Muster list approval - offsite (first visit)	Remove	\$313		
Approval of crew accommodation plans - office based	Rename Approval of crew accommodation plans	\$235	\$245	\$10
Approval of crew accommodation plans - offsite (first visit)	Remove	\$313		
Approval/acceptance of maritime products - office based	Rename Approval/acceptance of maritime or marine protection products	\$235	\$245	\$10
Approval/acceptance of maritime products - offsite (first visit)	Remove	\$313		
Light craft compliance certificate - office based	Rename Light craft compliance certificate	\$235	\$245	\$10
Light craft compliance certificate - offsite (first visit)	Remove	\$313		
Safety case approval - office based	Rename Safety case approval	\$235	\$245	\$10
Safety case approval - offsite (first visit)	Remove	\$313		
Maritime safety audits and inspections (excluding MOSS and IPSCI) - office based	Rename Maritime safety audits and inspections and follow-up visits (excluding any IPSCI inspections)	\$235	\$245	\$10
Maritime safety audits and inspections (excluding MOSS and IPSCI) - offsite (first visit)	Remove	\$313		
Moderation of examinations by Director - office based	Rename Moderation of examinations by Director	\$235	\$245	\$10
Moderation of examinations by Director - offsite (first visit)	Remove	\$313		
Recognition of non-New Zealand certification/qualification not otherwise provided for - office based	Rename Recognition of non-New Zealand certification/qualification not otherwise provided for	\$235	\$245	\$10
Recognition of non-New Zealand certification/qualification not otherwise provided for - offsite (first visit)	Remove	\$313		
Application for approval to issue industry-specific certificates - office based	Rename Application for approval to issue industry-specific certificates	\$235	\$245	\$10
Application for approval to issue industry-specific certificates - offsite (first visit)	Remove	\$313		
Erection or alteration of navigational aids - office based	Rename Erection or alteration of navigational aids NB Relates to Fixed Charge for Harbour navigational aid consent which is proposed for removal.	\$235	\$245	\$10

Erection or alteration of navigational aids - offsite (first visit)	Remove	\$313		
Test for commercial jet boat driver licence - office based	Rename Test for commercial jet boat driver licence	\$235	\$245	\$10
Test for commercial jet boat driver licence - offsite (first visit)	Remove	\$313		
Specified limits permit - office based	Rename Specified limits permit	\$235	\$245	\$10
Specified limits permit - offsite (first visit)	Remove	\$313		
Single voyage permit - office based	Rename Single voyage permit	\$235	\$245	\$10
Single voyage permit - offsite (first visit)	Remove	\$313		
Approval of training course - office based	Rename Approval of training course	\$235	\$245	\$10
Approval of training course - offsite (first visit)	Remove	\$313		
Inspection of training provider - office based	Rename Inspection of training provider	\$235	\$245	\$10
Inspection of training provider - offsite (first visit)	Remove	\$313		
Conduct of examinations and assessments by Director - office based	Rename Conduct of examinations and assessments by Director	\$235	\$245	\$10
Conduct of examinations and assessments by Director - offsite (first visit)	Remove	\$313		
Maritime transport operator certificate (MOSS) - office based	Rename Maritime transport operator certificate	\$235	\$245	\$10
Maritime transport operator certificate (MOSS) - offsite (first visit)	Remove	\$313		
Audit and inspection of maritime transport operation (MOSS) - office based	Rename Audit and inspection of maritime transport operation	\$235	\$245	\$10
Audit and inspection of maritime transport operation (MOSS) - offsite (first visit)	Remove	\$313		
Audit and inspection of recognised surveyor (MOSS) - office based	Rename Audit and inspection of recognised surveyor	\$235	\$245	\$10
Audit and inspection of recognised surveyor (MOSS) - offsite (first visit)	Remove	\$313		
Certificate of surveyor recognition (MOSS) - office based	Rename Certificate of surveyor recognition	\$235	\$245	\$10
Certificate of surveyor recognition (MOSS) - offsite (first visit)	Remove	\$313		

Extension of scope of certificate of surveyor recognition (MOSS) - office based	Rename Extension of scope of certificate of surveyor recognition	\$235	\$245	\$10
Extension of scope of certificate of surveyor recognition (MOSS) - offsite (first visit)	Remove	\$313		
Renewal of certificate of surveyor recognition (MOSS) - office based	Rename Renewal of certificate of surveyor recognition	\$235	\$245	\$10
Renewal of certificate of surveyor recognition (MOSS) - offsite (first visit)	Remove	\$313		
Addition of category or activities in MTOP (MOSS) - office based	Rename Addition of category or activities in MTOP	\$235	\$245	\$10
Addition of category or activities in MTOP (MOSS) - offsite (first visit)	Remove	\$313		
Removal of category or activities in MTOP (MOSS) - office based	Rename Removal of category or activities in MTOP	\$235	\$245	\$10
Removal of category or activities in MTOP (MOSS) - offsite (first visit)	Remove	\$313		
Exemptions from marine protection rules - office based	Remove - <i>Now covered by fee for Exemptions from maritime rules or marine protection rules</i>	\$235	\$245	\$10
Exemptions from marine protection rules - offsite (first visit)	Remove	\$313		
Vessel detentions and seizure of marine protection products - office based	Rename Vessel detentions and seizure of marine protection products	\$235	\$245	\$10
Vessel detentions and seizure of marine protection products - offsite (first visit)	Remove	\$313		
Approval/acceptance of marine protection product - office based	Rename Approval/acceptance of marine protection product	\$235	\$245	\$10
Approval/acceptance of marine protection product - offsite (first visit)	Remove	\$313		
Dump permits - office based	Rename Dump permits	\$235	\$245	\$10
Dump permits - offsite (first visit)	Remove	\$313		
Dispersant approval - office based	Rename Oil Spill Control Agent Approval	\$235	\$245	\$10
Dispersant approval - offsite (first visit)	Remove	\$313		
Certificates of insurance - office based	Rename Certificates of insurance	\$235	\$245	\$10

Certificates of insurance - offsite (first visit)	Remove	\$313		
Shipboard marine oil spill contingency plans - office based	Rename Shipboard marine oil spill contingency plans	\$235	\$245	\$10
Shipboard marine oil spill contingency plans - offsite (first visit)	Remove	\$313		
Oil transfer site marine oil spill contingency plans - office based	Rename Oil transfer site marine oil spill contingency plans	\$235	\$245	\$10
Oil transfer site marine oil spill contingency plans - offsite (first visit)	Remove	\$313		
Discharge management plan - office based	Rename Offshore Oil Spill Contingency Plan	\$235	\$245	\$10
Discharge management plan - offsite (first visit)	Remove	\$313		
International oil pollution prevention certificate (IOPPC) - office based	Rename International oil pollution prevention certificate (IOPPC)	\$235	\$245	\$10
International oil pollution prevention certificate (IOPPC) - offsite (first visit)	Remove	\$313		
Marine environment protection audits and inspections - office based	Rename Marine environment protection audits and inspections	\$235	\$245	\$10
Marine environment protection audits and inspections- offsite (first visit)	Remove	\$313		
Other work or services - office based	Rename Other work or services	\$235	\$245	\$10
Other work or services - offsite (first visit)	Remove	\$313		
Temporary Maritime Event approvals (speed uplifts and reservations) per Rule 91	Proposed new fee		\$245	
International tonnage certificate	Moved from Schedule 2	\$235 fixed	\$245	n/a ⁷
International load line certificate	Moved from Schedule 2	\$235 fixed	\$245	n/a
New Zealand load line certificate	Moved from Schedule 2	\$235 fixed	\$245	n/a
New Zealand load line exemption certificate	Moved from Schedule 2	\$235 fixed	\$245	n/a
Continuous synopsis record	Moved from Schedule 2	\$470 fixed	\$245	n/a

⁷ These fees go from fixed to an hourly rate so may or may not increase or decrease.

Charge per person for a change in person exercising privileges and responsibilities under MTOP (MOSS)	Moved from Schedule 2	\$453 fixed	\$245	n/a
Compass adjuster	Moved from Schedule 2	\$541 or \$884 fixed	\$245	n/a

Proposed amendments to fees under the Shipping (Charges) Regulations 2014 Schedule 2 Fixed charges for work and services				
All feeable activities	Proposed changes	Current fee	Proposed fee	Change (Green=reduce Red=increase)
Qualified deck crew		\$774	\$368	\$406
Skipper restricted limits		\$995	\$368	\$627
Skipper restricted limits endorsed less than 24m		\$995	\$368	\$627
Skipper coastal/offshore (with pre-assessment)	Rename Skipper coastal/offshore	\$541	\$368	\$173
Skipper coastal/offshore (without pre-assessment)	Remove	\$884		
Master yacht less than 24m (with pre-assessment)	Rename Master yacht less than 24m	\$541	\$368	\$173
Master yacht less than 24m (without pre-assessment)	Remove	\$884		
Marine engineer class 6 (with pre-assessment)	Rename Marine engineer class 6	\$541	\$368	\$173
Marine engineer class 6 (without pre-assessment)	Remove	\$884		
Marine engineer class 5 (with pre-assessment)	Rename Marine engineer class 5	\$541	\$368	\$173
Marine engineer class 5 (without pre-assessment)	Remove	\$884		
Marine engineer class 5 steam (with pre-assessment)	Rename Marine engineer class 5 steam	\$541	\$368	\$173
Marine engineer class 5 steam (without pre-assessment)	Remove	\$884		
Marine engineer class 5 motor and steam (with pre-assessment)	Rename Marine engineer class 5 motor and steam	\$541	\$368	\$173
Marine engineer class 5 motor and steam (without pre-assessment)	Remove	\$884		
Marine engineer class 4 (with pre-assessment)	Rename Marine engineer class 4	\$541	\$368	\$173

Marine engineer class 4 (without pre-assessment)	Remove	\$884	\$368	\$516
Passenger endorsement		\$486	\$368	\$118
Cook Strait endorsement		\$486	\$368	\$118
Less than 24m endorsement		\$486	\$368	\$118
Less than 500 gross tonnage endorsement		\$486	\$368	\$118
500 – 3 000 gross tonnage endorsement		\$486	\$368	\$118
Square-rigged endorsement		\$486	\$368	\$118
High-speed vessel endorsement		\$486	\$368	\$118
Temporary seasonal endorsement		\$486	\$368	\$118
Steam endorsement		\$486	\$368	\$118
Deck watch rating (with pre-assessment)	Rename Deck watch rating	\$625	\$368	\$257
Deck watch rating (without pre-assessment)	Remove	\$995		
Engine room watch rating (with pre-assessment)	Rename Engine room watch rating	\$625	\$368	\$257
Engine room watch rating (without pre-assessment)	Remove	\$995		
Able seafarer deck (with pre-assessment)	Rename Able seafarer deck	\$625	\$368	\$257
Able seafarer deck (without pre-assessment)	Remove	\$995		
Able seafarer engine (with pre-assessment)	Rename Able seafarer engine	\$541	\$368	\$173
Able seafarer engine (without pre-assessment)	Remove	\$884		
Electro-technical rating (with pre-assessment)	Rename Electro-technical rating	\$625	\$368	\$257
Electro-technical rating (without pre-assessment)	Remove	\$995		
Integrated rating (with pre-assessment)	Rename Integrated rating	\$541	\$368	\$173
Integrated rating (without pre-assessment)	Remove	\$884		

Watchkeeper deck of ships less than 500 gross tonnage in near-coastal area (with pre-assessment)	Rename Watchkeeper deck of ships less than 500 gross tonnage in near-coastal area	\$625	\$368	\$257
Watchkeeper deck of ships less than 500 gross tonnage in near-coastal area (without pre-assessment)	Remove	\$995		
Watchkeeper deck (STCW 95) (with pre-assessment)	Rename Watchkeeper deck (STCW 95)	\$710	\$368	\$342
Watchkeeper deck (STCW 95) (without pre-assessment)	Remove	\$1,105		
Watchkeeper deck (with pre-assessment)	Rename Watchkeeper deck	\$710	\$368	\$342
Watchkeeper deck (without pre-assessment)	Remove	\$1,105		
Chief mate on ships less than 3 000 gross tonnage (with pre-assessment)	Rename Chief mate on ships less than 3 000 gross tonnage	\$467	\$368	\$99
Chief mate on ships less than 3 000 gross tonnage (without pre-assessment)	Remove	\$774		
Chief mate (with pre-assessment)	Rename Chief mate	\$625	\$368	\$257
Chief mate (without pre-assessment)	Remove	\$995		
Master on ships less than 500 gross tonnage in near-coastal area (limited to coastal area) (with pre-assessment)	Rename Master on ships less than 500 gross tonnage in near-coastal area (limited to coastal area)	\$541	\$368	\$173
Master on ships less than 500 gross tonnage in near-coastal area (limited to coastal area) (without pre-assessment)	Remove	\$884		
Master on ships less than 500 gross tonnage in near-coastal area (with pre-assessment)	Rename Master on ships less than 500 gross tonnage in near-coastal area	\$541	\$368	\$173
Master on ships less than 500 gross tonnage in near-coastal area (without pre-assessment)	Remove	\$884		
Master on ships less than 500 gross tonnage (with pre-assessment)	Rename Master on ships less than 500 gross tonnage	\$541	\$368	\$173
Master on ships less than 500 gross tonnage (without pre-assessment)	Remove	\$884		
Master on ships less than 3 000 gross tonnage (with pre-assessment)	Rename Master on ships less than 3 000 gross tonnage	\$625	\$368	\$257
Master on ships less than 3 000 gross tonnage (without pre-assessment)	Remove	\$995		
Master (with pre-assessment)	Rename Master	\$625	\$368	\$257

Master (without pre-assessment)	Remove	\$995		
Chief mate yacht (with pre-assessment)	Rename Chief mate yacht	\$625	\$368	\$257
Chief mate yacht (without pre-assessment)	Remove	\$995		
Master yacht less than 500 gross tonnage (with pre-assessment)	Rename Master yacht less than 500 gross tonnage	\$541	\$368	\$173
Master yacht less than 500 gross tonnage (without pre-assessment)	Remove	\$884		
Master yacht (with pre-assessment)	Rename Master yacht	\$541	\$368	\$173
Master yacht (without pre-assessment)	Remove	\$884		
Electro-technical officer (with pre-assessment)	Rename Electro-technical officer	\$541	\$368	\$173
Electro-technical officer (without pre-assessment)	Remove	\$884		
Marine engineer class 3 (STCW 95) (with pre-assessment)	Rename Marine engineer class 3 (STCW 95)	\$710	\$368	\$342
Marine engineer class 3 (STCW 95) (without pre-assessment)	Remove	\$1,105		
Marine engineer class 3 (with pre-assessment)	Rename Marine engineer class 3	\$710	\$368	\$342
Marine engineer class 3 (without pre-assessment)	Remove	\$1,105		
Marine engineer class 2 on ships less than 3 000 KW (with pre-assessment)	Rename Marine engineer class 2 on ships less than 3 000 KW	\$510	\$368	\$142
Marine engineer class 2 on ships less than 3 000 KW (without pre-assessment)	Remove	\$884		
Marine engineer class 2 (with pre-assessment)	Rename Marine engineer class 2	\$625	\$368	\$257
Marine engineer class 2 (without pre-assessment)	Remove	\$995		
Marine engineer class 2 endorsed chief engineer (with pre-assessment)	Rename Marine engineer class 2 endorsed chief engineer	\$541	\$368	\$173
Marine engineer class 2 endorsed chief engineer (without pre-assessment)	Remove	\$884		
Marine engineer class 1 (with pre-assessment)	Rename Marine engineer class 1	\$625	\$368	\$257
Marine engineer class 1 (without pre-assessment)	Remove	\$995		

GMDSS radio operator		\$663	\$368	\$295
Radio officer		\$663	\$368	\$295
Advanced deckhand–fishing (with pre-assessment)	Rename Advanced deckhand–fishing	\$625	\$368	\$257
Advanced deckhand–fishing (without pre-assessment)	Remove	\$884		
Mate fishing vessel–limited (with pre-assessment)	Rename Mate fishing vessel–limited	\$625	\$368	\$257
Mate fishing vessel–limited (without pre-assessment)	Remove	\$995		
Mate fishing vessel–unlimited (with pre-assessment)	Rename Mate fishing vessel–unlimited	\$625	\$368	\$257
Mate fishing vessel–unlimited (without pre-assessment)	Remove	\$995		
Skipper fishing vessel–limited (with pre-assessment)	Rename Skipper fishing vessel–limited	\$467	\$368	\$99
Skipper fishing vessel–limited (without pre-assessment)	Remove	\$774		
Skipper fishing vessel–unlimited (with pre-assessment)	Rename Skipper fishing vessel–unlimited	\$467	\$368	\$99
Skipper fishing vessel–unlimited (without pre-assessment)	Remove	\$774		
Basic tanker endorsement		\$486	\$368	\$118
Advanced tanker endorsement		\$486	\$368	\$118
Compass adjuster (with pre-assessment)	Rename Compass adjuster. Move to Schedule 1	\$541	See Schedule 1	
Compass adjuster (without pre-assessment)	Remove	\$884		
Commercial jet boat driver licence		\$354	\$368	\$14
Pilot licence		\$663	\$368	\$295
Pilotage exemption certificate		\$663	\$368	\$295
Harbour navigational aid consent	Remove NB Relates to hourly rate for Erection or alteration of navigational aids which is retained. This is a duplicate fee.	\$235		
New Zealand barge safety certificate		\$235	\$245	\$10

Minimum safe crewing document		\$470	\$245	\$225
New Zealand ship safety certificate and record of equipment		\$235	\$245	\$10
Diving compliance certificate		\$470	\$368	\$102
Fishing compliance certificate		\$470	\$368	\$102
Commercial jet boat operator certificate		\$470	\$368	\$102
Commercial rafting compliance certificate		\$470	\$368	\$102
Approval as medical practitioner or assessor or examiner		\$663	\$490	\$173
Maritime transport operator certificate (initial fee) (MOSS)	Rename Maritime transport operator certificate (initial fee)	\$781	\$814	\$33
Certificate of surveyor recognition (initial fee) (MOSS)	Rename Certificate of surveyor recognition (initial fee)	\$929	\$968	\$39
Renewal of certificate of surveyor recognition (initial fee) (MOSS)	Rename Renewal of certificate of surveyor recognition (initial fee)	\$681	\$710	\$29
National certificate of competency or certificate of proficiency renewal		\$486	\$368	\$118
National certificate of competency or certificate of proficiency transition		\$372	\$368	\$4
National endorsement renewal		\$486	\$368	\$118
STCW certificate of competency or certificate of proficiency renewal		\$774	\$368	\$406
GMDSS renewal		\$486	\$368	\$118
STCW certificate of competency or certificate of proficiency transition		\$592	\$368	\$224
STCW endorsement renewal		\$486	\$368	\$118
STCW-F certificate of competency or certificate of proficiency renewal		\$486	\$368	\$118
Replacement certificates and licences		\$486	\$368	\$118
Foreign certificate recognition (under MOU) (with pre-assessment)	Rename Foreign certificate recognition (under MOU)	\$467	\$368	\$99

Foreign certificate recognition (under MOU) (without pre-assessment)	Remove		\$774		
Foreign certificate recognition (outside MOU) (with pre-assessment)	Rename Foreign certificate recognition (outside MOU)		\$625	\$368	\$257
Foreign certificate recognition (outside MOU) (without pre-assessment)	Remove		\$995		
Pre-assessment services charge (if not otherwise specified)	Remove	It is proposed this is not a fee-able activity	\$398		
Marine engineer class 3 foreign qualification sea service acceptance			\$111	\$245	\$134
Non-SOLAS ship international voyage			\$470	\$490	\$20
Change of full name of maritime transport operator (MOSS)	Rename	Change of full name of maritime transport operator	\$270	\$245	\$25
Addition of primary port or harbour from which operation is conducted under MTOP (MOSS)	Rename	Addition of primary port or harbour from which operation is conducted under MTOP	\$367	\$368	\$1
Removal of primary port or harbour from which operation is conducted under MTOP (MOSS)	Rename	Removal of primary port or harbour from which operation is conducted under MTOP	\$124	\$245	\$121
Addition of category or activities in MTOP (initial fee) (MOSS)	Rename	Addition of category or activities in MTOP (initial fee)	\$371	\$368	\$3
Removal of category or activities in MTOP (initial fee) (MOSS)	Rename	Removal of category or activities in MTOP (initial fee)	\$186	\$245	\$59
Extension of scope of certificate of surveyor recognition (initial fee) (MOSS)	Remove	Extension of scope of surveyor recognition will not have an initial fee but will be charged at an hourly rate which is already provided for in Schedule 1.	\$929		
International tonnage certificate	Move to Schedule 1		\$235	See Schedule 1	
International load line certificate	Move to Schedule 1		\$235	See Schedule 1	
New Zealand load line certificate	Move to Schedule 1		\$235	See Schedule 1	
New Zealand load line exemption certificate	Move to Schedule 1		\$235	See Schedule 1	
Continuous synopsis record	Move to Schedule 1		\$470	See Schedule 1	
Charge per person for a change in person exercising privileges and responsibilities under MTOP (MOSS)	Move to Schedule 1		\$453	See Schedule 1	

Proposed Amendments to the Ship Registration (Fees) Regulations 2013 – Part A (all fixed fees except for ‘other work and services’)

All fee-able activities	Proposed changes	Current fee	Proposed fee	Change (Green=reduce Red=increase)
Initial registry—new build ship exceeding 24 m		\$4,230	\$2,450	\$1,780
Initial registry—new build ship not exceeding 24 m		\$3,525	\$1,715	\$1,810
Initial registry or re-registry—existing ship exceeding 24 m		\$5,405	\$2,940	\$2,465
Initial registry or re-registry—existing ship not exceeding 24 m		\$4,935	\$2,205	\$2,730
Initial registry—demise charter ship		\$5,405	\$3,430	\$1,975
Provisional certificate of registry		\$2,350	\$490	\$1,860
Exemption from Part A registration (s 6(3) of Act)		\$2,350	\$1,470	\$880
Temporary pass		\$1,645	\$245	\$1,400
Transfer of ship or shares in ship		\$1,410	\$613	\$798
Transmission of ship or share in ship by operation of law		\$1,410	\$613	\$798
Replacement certificate of registry		\$470	\$245	\$225
Caveat		\$705	\$980	\$275
Change of ship's name or port of registry		\$470	\$245	\$225
Change of ship's name and port of registry		\$705	\$368	\$338
Alterations to ship		\$705	\$613	\$93
Appointment or change of representative person		\$235	\$245	\$10

Change of name or nationality of owner, mortgagee, charterer, or representative person	\$353	\$490	\$137
Endorsement of master's details on certificate of registry	\$235	\$245	\$10
Registration of mortgage	\$470	\$490	\$20
Alteration of terms of mortgage by endorsement	\$470	\$368	\$103
Variation of priority of mortgages	\$470	\$368	\$103
Transfer of mortgage	\$470	\$368	\$103
Transmission of mortgage by operation of law	\$470	\$368	\$103
Discharge of mortgage	\$294	\$245	\$49
Certified transcript of registry	\$235	\$245	\$10
Certified copy of document	\$235	\$245	\$10
Computer printout of registry details	\$235	\$245	\$10
Inspection of Register	\$118	\$245	\$127
Copy of list of ships over 100 gross tons or 24 metres in length	\$235	\$245	\$10
Other work or services	New fee mirrors equivalent in Shipping (Charges) Regulations	\$245 per hour	

Proposed Amendments to the Ship Registration (Fees) Regulations 2013 – Part B (all fixed fees except for 'other work and services')

All fee-able activities	Proposed changes	Current fee	Proposed fee	Change (Green=reduce Red=increase)
Initial registration		\$1,175	\$368	\$808
Provisional certificate of registration		\$940	\$368	\$573

Renewal of registration (within 6 months before expiry)	\$940	\$245	\$695
Re-registration (within 6 months after expiry)	\$1,175	\$245	\$930
Replacement certificate of registration	\$470	\$245	\$225
Change of ship's name	\$470	\$245	\$225
Change of registered owner's name	\$353	\$368	\$15
Certified transcript of registration	\$235	\$245	\$10
Certified copy of document	\$235	\$245	\$10
Computer printout of registration details	\$235	\$245	\$10
Inspection of register	\$118	\$245	\$127
Other work or services	New fee mirrors equivalent in Shipping (Charges) Regulations		\$245 per hour

Proposed Amendments to the Maritime Security (Charges) Regulations 2016 (all fixed fees except for 'other work and services')

All fee-able activities	Proposed changes	Current fee	Proposed fee	Change (Green=reduce Red=increase)
Approvals under the Act or regulations made under the Act - office based	Rename Approvals under the Act or regulations made under the Act	\$235	\$245	10
Approvals under the Act or regulations made under the Act - Offsite (first visit)	Remove	\$313		
Audits - office based	Rename Audits	\$235	\$245	10
Audits - Offsite (first visit)	Remove	\$313		
Inspections - office based	Rename Inspections	\$235	\$245	10

Inspections - Offsite (first visit)	Remove	\$313		
Security assessments - office based	Rename Security assessments	\$235	\$245	10
Security assessments - Offsite (first visit)	Remove	\$313		
Security plan testing - office based	Rename Security plan testing	\$235	\$245	10
Security plan testing- Offsite (first visit)	Remove	\$313		
Ship detentions - office based	Rename Ship detentions	\$235	\$245	10
Ship detentions - Offsite (first visit)	Remove	\$313		
Other work or services	New fee mirrors equivalent in Shipping (Charges) Regulations		\$245 per hour	