

2011 Briefing to the Incoming Minister



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Executive Summary

Introduction

New Zealand's maritime environment is diverse, dynamic and changing. It provides valuable employment, trade, tourism and recreational opportunities for people on our seas, rivers and lakes. Our diverse maritime community includes around 500,000 pleasure craft, approximately 3,800 commercial vessels, and a small number of New Zealand flagged vessels (including interisland ferries) – as well as a range of smaller ferries carrying millions of passengers each year.

With close to 99% of trade carried by sea, about 800 foreign vessels make 6,000 New Zealand port visits each year – while 100 commercial jet boats and 300 whitewater rafts carry around 450,000 passengers on our inland waterways annually, generating significant economic benefits for New Zealand. Maritime New Zealand's key roles are to ensure that all maritime activities are carried out safely, with the smallest impact on the environment and on our nation's security, and in a way that supports economic activity.

As the **Rena** grounding in Tauranga in October demonstrated, what Maritime New Zealand does is critical to New Zealand's international reputation and the integrity of its transport, trade and tourism systems.

Our organisation

Our organisation has 141 staff located around the country to implement its statutory functions. Most staff are based at the head office in Wellington. The organisation also maintains a dedicated search and rescue (Rescue Co-ordination Centre New Zealand) and marine pollution response services in Lower Hutt and Auckland respectively. Maritime New Zealand's primary functions and duties are laid out in the Maritime Transport Act 1994, which sets out the objective of the Authority (Section 430) as follows:

To undertake its safety, security, marine protection and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

Key Issues

For the last few years, Maritime New Zealand has embarked on a transformational programme of work to ensure that the three elements of maritime safety – safe vessels, safe people, and safe operating procedures – function effectively and efficiently and that the regulatory frameworks that support maritime safety are simple, easy to understand and administer, and are cost effective. This programme includes three strategic projects:

1. The Seafarer Qualifications and Operational Limits Framework – a new qualifications framework, incorporating revised operating limits, for the New Zealand maritime industry.
2. The Maritime Operator Safety System – a new regulatory safety framework for the domestic commercial maritime industry.
3. The Funding Review – a comprehensive funding review to provide a sustainable funding base for Maritime New Zealand and to ensure that sources of funding are aligned to Maritime New Zealand's regulatory activities.

The recent grounding of the **Rena**, and any subsequent inquiry may have an impact on the delivery or progress of all of these projects. In particular it is expected that the major effect is likely to be on the timing of the Funding Review. This review has been temporarily paused because of possible changes to Maritime New Zealand's responsibilities as a result of the **Rena** incident.

Please refer to the 'Decisions required in the next six months' section at the end of this document for a complete list of issues.

The Authority



David Ledson was appointed Chairman of Maritime New Zealand in February 2010. In April 2009 he retired from the Royal New Zealand Navy after 42 years service – spending the last 5 years as Chief of Navy. David brings a wealth of senior leadership experience to Maritime New Zealand and in particular recent experience with the Business Excellence framework.



Dave Morgan was formerly President of the New Zealand Seafarers Union. Dave served on the Marine Council and the New Zealand Shipping Industry Training Board, and was a member of the Shipping Industry Review Team that made strategic recommendations to the Minister of Transport in 2000. Dave became a member of the Authority in July 2001 and was appointed Deputy Chairman in June 2004.



Ken Gilligan was formerly General Manager and Managing Director of the Port of Napier for over 16 years. Prior to this, Ken was Chief Executive Officer of the New Zealand Ports Authority and had a 20-year career working in a number of government departments. Ken became a member of the Authority in June 2003.



Michael Ludbrook is a management consultant specialising in assisting clients with major strategic change and performance improvement initiatives. Michael is a member of the Institute of Chartered Accountants of New Zealand and has over 30 years experience in most business disciplines. This experience has been gained as a Chief Executive in the Australasian transport industry and the New Zealand electricity and health industries. Along with other directorships, Michael is the Chairman of Industrial Research Ltd. Michael was appointed to the Authority in November 2006.



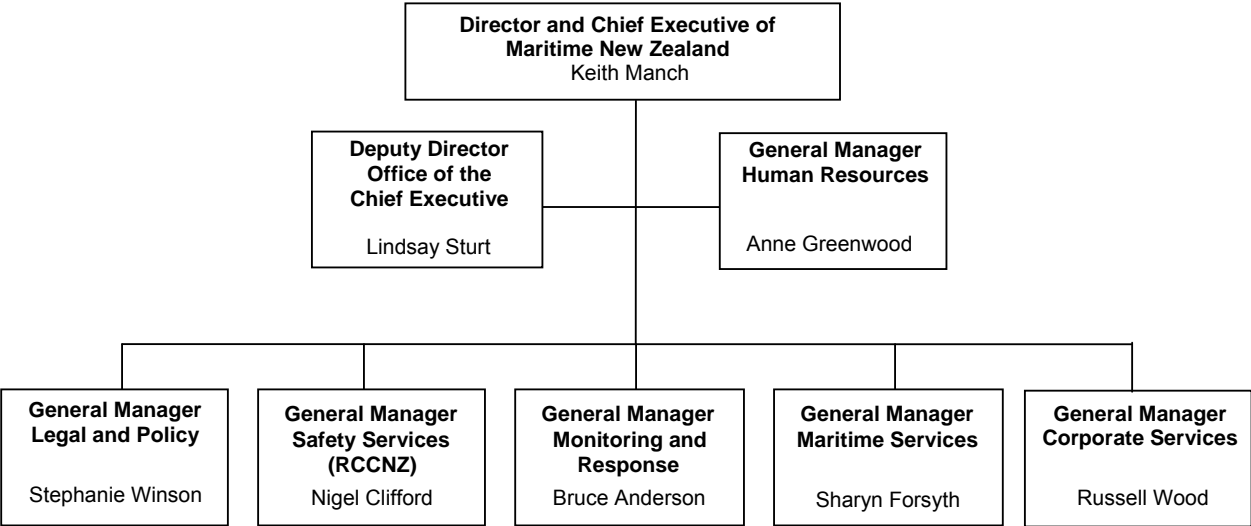
Peter Cowper has recently been appointed Chief Operating Officer at Wellington Institute of Technology. Peter has extensive management experience, including Chief Executive at Digital Porirua Trust, General Manager, Science and Engineering Services at BRANZ and General Manager, Network Delivery at Telecom. Peter specialises in management consultancy and mentoring senior managers and executives. He became a member of the Authority in May 2011.



Keith Manch became Chief Executive and Director in December 2011. Keith was formally the Chief Executive and Registrar of the Real Estate Agents Authority. Before this role, he was Deputy Secretary, Regulation and Compliance at the Department of Internal Affairs. Keith played a leading role in a number of significant change initiatives, including implementing major changes to the regulatory framework that governs gambling in New Zealand, and the Department of Internal Affairs Performance and Productivity Programme.

Our People

Maritime New Zealand has 141 staff located around the country to implement its statutory functions (outlined below). Most staff are based at the head office in Wellington, but the organisation also maintains a regional office presence in nine major ports, as well as a dedicated search and rescue centre and marine pollution response services.



Why Maritime New Zealand’s work is important

Maritime New Zealand’s work is vital in ensuring New Zealand’s commercial and recreational vessels operate safely and its maritime transport system is effective and efficient. Although a small organisation, its responsibilities extend over a vast geographical area and across a large and diverse range of maritime, environmental and search and rescue activities. The critical and extensive role that Maritime New Zealand plays in enabling the operation of the maritime transport system is shown in Appendix One – Maritime New Zealand Sectors, Functions and Activities.

The five key roles that define the services Maritime New Zealand provides to the maritime sector are outlined below.

1. Maritime safety and marine environment protection

Maritime New Zealand is responsible for making sure the thousands of vessels in New Zealand waters are operated safely and securely, and meet maritime standards.

The vast majority of New Zealand’s imports and exports are transported by sea. Maritime New Zealand works to ensure that the hundreds of foreign vessels visiting this country each year comply with the safety and environmental protection conventions set under international law through the International Maritime Organization.

Maritime New Zealand also provides comprehensive maritime distress and safety communications and aids to navigation services that improve safety, enable warnings and information to be broadcast to mariners and allow distress alerts to be received and acted upon.

Through its investigations of maritime incidents and accidents, Maritime New Zealand checks that regulatory requirements are being met and, where there is a serious breach of the law, takes enforcement action. These investigations also allow the lessons learned to be used in safety

campaigns and to help prioritise resources and identify areas requiring safety improvements. Among its other safety responsibilities, Maritime New Zealand promotes safe recreational boating.

2. Search and rescue coordination

New Zealand's search and rescue region is one of the largest in the world, covering more than 30 million square kilometres and extending from the Pacific Islands to Antarctica and halfway to Chile and Australia. The Rescue Coordination Centre New Zealand provides a round-the-clock response for all notified distress alerts within this region, covering sea, air and land operations needing to be managed at a national level and any operations initiated by emergency distress beacons.¹

3. Marine pollution response

Almost 10 million tonnes of oil is transported around New Zealand's pristine coastline by oil tankers every year. Maritime New Zealand operates the Marine Pollution Response Service, whose oil spill response experts are able to respond to significant oil spills in New Zealand and overseas if required. These specialists maintain the National Marine Oil Spill Contingency Plan and manage the national stockpile of oil spill response equipment. They also conduct oil spill exercises and training for regional responders who are tasked with the responsibility of dealing with smaller oil spills.

4. Maritime security

Maritime New Zealand monitors the security provided by port operators and undertakes the security profiling of vessels as required by the Maritime Security Act, which gives effect to the International Ship and Port Facility Security Code. It also gathers, assesses and exchanges, as appropriate, information about security threats to New Zealand's maritime interests.

5. The Crown's international obligations

Maritime New Zealand administers the Crown's obligations under international maritime and marine environment protection agreements and treaties, as agreed with the Minister, by representing New Zealand's interests at the International Maritime Organization. As an island nation, New Zealand needs to ensure the all maritime safety and marine environment protection standards to which New Zealand is a party are applied to New Zealand and foreign-flagged vessels.

There are approximately 32 international conventions that apply to maritime safety, security and marine protection matters adopted by New Zealand. Numerous other conventions have direct economic, safety and environmental impacts on New Zealand. Timely adoption and updating of these conventions into domestic law is necessary to avoid significant impacts.

¹ The Rescue Coordination Centre New Zealand operates and maintains the ground-based equipment that forms part of the international satellite system. This system detects and locates emergency distress beacons when activated and alerts search and rescue authorities. The Rescue Coordination Centre also maintains a database for New Zealand-registered distress beacons.

Statutory roles and responsibilities

Maritime New Zealand is a Crown entity comprising a five-member board known as the Authority (see Sections 429 and 429A of the Maritime Transport Act), appointed under the Crown Entities Act 2004.

Maritime New Zealand's primary functions and duties are laid out in the Maritime Transport Act 1994, which sets out the objective of the Authority (Section 430) as follows:

To undertake its safety, security, marine protection and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

Maritime New Zealand has additional obligations and functions under the following legislation:

- Maritime Security Act 2004: Maritime New Zealand has been designated as the agency responsible for administering this Act for the effective implementation of the International Code for the Security of Ships and of Port Facilities.
- Section 14C of the Civil Aviation Act 1990: Maritime New Zealand is responsible for coordinating Category II search and rescue operations, and for operating and maintaining the Rescue Coordination Centre New Zealand.
- Health and Safety in Employment Act 1992: Maritime New Zealand has been designated as the responsible agency to administer this Act for work on board ships and for ships as places of work.
- Ship Registration Act 1992: Maritime New Zealand is required to maintain the New Zealand Register of Ships.

Primary statutory functions

Under the Maritime Transport Act 1994, Maritime New Zealand has the following functions:

- To promote maritime safety and security, and protection of the marine environment in and beyond New Zealand, in accordance with New Zealand's international obligations
- To ensure the provision of appropriate distress and safety radio communication systems and navigational aids for shipping
- To ensure New Zealand's preparedness for, and ability to respond to, marine oil pollution spills
- To license ships, their operation and their crews
- To cooperate with, or provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister
- To provide information and advice with respect to maritime transport and marine protection, and to foster appropriate information and education programmes with respect to maritime transport and marine protection
- To investigate and review maritime transport accidents and incidents, and maritime security breaches and incidents
- To maintain the New Zealand Register of Ships
- To maintain and preserve records and documents relating to the Authority's functions
- To advise the Minister on technical maritime safety policy.

Other functions

- To administer the Health and Safety in Employment Act 1992 for work on board ships and for ships as places of work
- To administer the international obligations of the Crown under the treaties, memoranda and other international maritime and marine environment protection agreements, as agreed with the Minister of Transport
- To develop and maintain maritime safety and marine protection rules
- To ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act

- To maintain and operate the Rescue Coordination Centre New Zealand, and participate in the coordination of any search and rescue operation, as required under the Civil Aviation Act
- To ensure New Zealand's Long Range Identification and Tracking of ships system obligations are maintained.

Functions of the Director

The Authority appoints the Chief Executive, who also fulfils the statutory office of Director of Maritime New Zealand. Under the Maritime Transport Act 1994, as the Chief Executive, as Director has the following responsibilities:

- To exercise control over entry into the maritime transport system through the granting of maritime documents and marine protection documents. A maritime document is any licence, permit, certificate or other document issued by the Director of Maritime New Zealand under Section 41 of the Maritime Transport Act 1994, including certificates of competency, safe ship management, surveyor recognition and safe crewing documents.
- To take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Transport Act 1994 and other Acts (such as the Maritime Security Act 2004, Hazardous Substances and New Organisms Act 1996 and the Health and Safety in Employment Act 1992), and of regulations and rules made under these Acts, including the carrying out or requiring of inspections and audits.
- To monitor adherence within the maritime transport system to any regulatory requirements relating to safety and security, access and mobility, public health and environmental sustainability.
- To ensure regular reviews of the maritime transport system and to promote the improvement and development of its safety and security.
- To promote compliance with safety and marine pollution standards in the maritime transport system.

The Director has statutory independence from the Authority and the Minister when performing the following functions in a particular case:

- Granting, suspending or revoking maritime documents or marine protection documents.
- Granting exemptions from maritime rules or marine protection rules.
- Enforcing the provisions of the Maritime Transport Act 1994 and other Acts.

Incoming Director of Maritime New Zealand

Keith Manch joined Maritime New Zealand as Chief Executive and Director on 5 December 2011. He was previously the Chief Executive and Registrar of the Real Estate Agents Authority. In this role he was responsible for managing the independent regulation of the real estate sector and leading its programme to increase public confidence in the industry, improve professional standards and provide consumer protection.

Keith has extensive leadership experience and has held a number of senior leadership positions in regulation, compliance and enforcement functions. Before his role at the Real Estate Agents Authority, he was Deputy Secretary, Regulation and Compliance at the Department of Internal Affairs. Keith brings over 20 years experience in public service to this role as leader of a modern safety regulator, including considerable experience in regulation and compliance.

The Key Focus for Maritime New Zealand

The previous government's overall transport sector objectives, as set out in its transport strategy, was to seek an effective, efficient, safe, secure, accessible and resilient transport system that supports the growth of our economy in order to deliver greater prosperity, security and opportunities for all New Zealanders.

Key Maritime New Zealand activities that support this key focus include:

- Driving greater performance and value for money
- Establishing a sustainable funding base
- Improving maritime safety, by introducing a new seafarer qualifications and operational limits framework, and a new maritime operator safety system.

Strategic Projects

Three strategic projects were foreshadowed in the then Minister of Transport's 2010 *Letter of Expectation*.

These projects are the centrepiece of Maritime New Zealand's transformational programme of work to ensure that the three elements of maritime safety – safe vessels, safe people, and safe operating procedures – are adequately addressed and that the regulatory frameworks that support maritime safety are simple, easy to understand and administer and are cost effective. The three strategic projects are:

1. The Seafarer Qualifications and Operational Limits Framework (QOL) – a new qualifications framework, incorporating revised operating limits, for the New Zealand maritime industry.
2. The Maritime Operator Safety System (MOSS) – a proposed new regulatory safety framework for the domestic maritime industry.
3. The Funding Review – a comprehensive funding review to provide a sustainable funding base for Maritime New Zealand and to ensure that sources of funding are aligned to Maritime New Zealand's regulatory activities.

Together these projects, complemented by any that may arise as a consequence of the *Rena* grounding, will ensure that Maritime New Zealand's activities are appropriate for a modern safety regulator, are adequately resourced and achieve positive maritime safety outcomes.

Revised Outcome Framework

To provide greater emphasis on strategic alignment to the government's key areas of focus for transport, Maritime New Zealand has recently revamped its outcome framework.

Maritime New Zealand has four key outcomes:

Outcome 1: A maritime community that actively embraces a safety culture.

Safety in New Zealand's maritime environment is one of Maritime New Zealand's key legislative obligations, as well as being in the national interest. Maritime New Zealand's challenge is to undertake this mandate in a way that minimises compliance costs for the maritime sector, while maintaining safety standards. This can be done in two ways. The first is to regulate, using a prescriptive set of rules. The second, which Maritime New Zealand has adopted, is to use, as far as possible, outcomes-based rules and to partner with the maritime community to give effect to those rules. In adopting this approach, Maritime New Zealand works to develop constructive relationships and appropriate guidance material to build a safety culture within the maritime community.

Key outcomes measures are:

- a reduction in accidents, serious harm injuries and fatalities
- a proportional reduction in recreational fatalities per 100,000 boats.

Outcome 2: A maritime security system that supports the effective and efficient transport of goods and people by sea

With close to 99% of New Zealand's imports and exports (by volume) transported by sea, the international transport system must be able to operate without disruption. A key strategy in achieving this is requiring all vessels that visit New Zealand ports and harbours to comply with the International Ship and Port Facility Security Code in accordance with the Maritime Security Act.

The key outcome measure is:

- that New Zealand trading ports remain compliant to the ISPS code.

Outcome 3: A maritime environment that is pristine and protected

Activities such as shipping and offshore oil and gas development bring important economic benefits to New Zealand, but they also represent a risk to the marine environment. New Zealand's pristine natural environment is a key point of difference for the tourism industry, which also makes a significant economic contribution.

Maritime New Zealand's role in contributing to a maritime environment that is pristine and protected is defined by the Maritime Transport Act 1994 and the international conventions that Maritime New Zealand administers. Broadly, these relate to oil pollution in the marine environment, disposal of garbage at sea, ballast water and hazardous and noxious substances. Maritime New Zealand's challenge is to foster economic activity around New Zealand's shores by minimising compliance costs, while continuing to safeguard the marine environment.

Key outcomes measures are:

- a reduction in the number of oil spills
- a reduction in the volume of oil spilled into the marine environment.

Outcome 4: A sustainable and financially viable maritime sector

Maritime New Zealand's work within the maritime transport system enables economic activity to happen safely, but it must also be sensitive to its own impact on economic activity and its interventions should not unnecessarily limit emerging activities. This outcome makes an important contribution to the economic wellbeing of New Zealanders engaged in the maritime sector, and to all of New Zealand.

Key performance measures for Outcome 4 are to be defined in 2011/12. The full revised outcome framework is detailed in Maritime New Zealand's 2011-14 Statement of Intent.

Maritime New Zealand's strategic direction

In developing the objectives for its three-year strategic plan (outlined in the 2011-14 Statement of Intent), Maritime New Zealand considered the needs of its stakeholders, the domestic and international environments it operates in, and the emerging challenges for the maritime industry. Importantly, the plan is guided by the government's key goal to lift the long-term performance of the economy and make New Zealand a more prosperous country.

Maritime New Zealand reviewed its organisational capability to determine how the strategic plan would be executed. It looked in particular at the capacity and capability of its people, the availability of funding, and the opportunities for improved organisational performance to deliver value for money.

Maritime stakeholders have a variety of expectations that must be taken into consideration and managed when developing Maritime New Zealand's strategic direction. These include, but are not limited to:

- government, which requires value for money, sound advice, support and an effective and productive contribution to achieving government outcomes
- the maritime industry, which wants effective, transparent and equitable regulation that allows an appropriate balance between safety, environmental protection, and commercial outcomes
- the New Zealand public, who want confidence that the regulator of the country's maritime sector provides safety and 'ease of participation' in the maritime environment and maritime activities
- commercial entities that depend on maritime transport to competitively deliver or receive products into domestic and international markets
- domestic and international tourism businesses, which require safe vessels, secure ports, safe operations and a pristine marine environment
- New Zealanders participating in recreational activities, who expect safe, reliable and environmentally friendly adventure activities
- international maritime organisations and other state maritime authorities, which expect New Zealand to provide responsible technical and regulatory interaction and assistance.

Strategic challenges (risks)

Considerable progress has been made in addressing these strategic challenges over the past 12 months, although much more work remains to be done. The significant challenges facing Maritime New Zealand as it sets out to achieve its outcomes are:

Achieving sustainable funding

For Maritime New Zealand to achieve its vision and goals, and to sustain the delivery of services now and into the future, it needs to have the right level of funding over the long term (refer to strategic goal 1, page 14). A value-for-money review undertaken by Ernst & Young in 2010 identified that Maritime New Zealand provided value-for-money services. However, it recommended that a full funding review be conducted to determine an appropriately transparent and sustainable funding framework.

The funding review, including the establishment of accurate service costing systems and cost recovery principles, was largely completed by September 2011. With the assistance of a stakeholder sector reference group, a funding discussion document, including a new fees and charging structure, was scheduled for public release in October 2011.

This programme was interrupted by the **Rena** incident on 5 October 2011 which substantially impacted on Maritime New Zealand's current funding requirements and, consequently, its future funding requirements.

Cabinet urgently agreed to provide Maritime New Zealand with a draw-down facility of up to \$25M to fund the ongoing costs of responding to the grounding of the **Rena**. Cabinet also gave to a group of Ministers, comprising of the Minister of Finance, the Minister of the Environment, and the Minister of

Conservation, the power to act to take decisions on the government response to the grounding of the **Rena**, including any funding and appropriation issues.

In light of the **Rena** incident, the Minister of Transport:

- agreed not to proceed with the development of the funding review consultation document (intended for submission to Cabinet in February 2012)
- agreed to reassess the scope of the Maritime New Zealand funding review at the earlier of 2013 or when the outcomes of any inquiry into the **Rena** incident are known
- agreed to defer work on changes to Maritime New Zealand's marine safety charges until the scope of the funding review is reassessed
- requested the submission of business cases for additional funding from fuel excise duty for services relating to recreational boating, and for an increased appropriation to ensure that Maritime New Zealand's role as designated agency under the Health and Safety in Employment Act 1992 is funded fully from the health and safety in employment appropriation from 2012/13 onwards
- agreed to the reallocation of Crown funding to provide additional Maritime New Zealand capability for the development of policy and rules for the maritime community in 2012/13 and 2013/14.
- agreed to progress, with a view to introduction on 1 July 2012, amended fees regulations which:
 - will implement a revised, simplified fee structure
 - addresses various inconsistencies in the current regulations
 - moves to full cost recovery for issuing marine protection documents to the oil industry
 - will standardise fees.

The Minister of Transport also agreed that Maritime New Zealand could draw down up to \$4.75M in this financial year from the Cabinet allocation of \$25M, to fund costs that are not directly related to the **Rena** oil pollution response – for salvage liaison, investigations, prosecutions, claims negotiations, communication, and co-ordination support.

A separate paper is to be submitted to the joint **Rena** Ministers, seeking to establish a new appropriation for Maritime New Zealand costs incurred in this financial year that are consequential to the **Rena** incident response, including work to ensure that Maritime New Zealand can deliver its outputs without variation from SOI performance measures, catch up on the MOSS and QOLs projects, and to progress the funding initiatives outlined above.

Long term response to the **Rena** incident

The **Rena** incident continues to unfold and it is likely to go on for many months. With up to 100 tonnes of oil still on board the vessel, Maritime New Zealand will need to maintain an oil response team in Tauranga, which has the ability to quickly scale up the operations should a significant spill occur.

Withheld under section 9(2)(i) of the Official Information Act 1982

Responding to another oil spill

Given the extensive resources that Maritime New Zealand is applying to the **Rena** response, managing another major oil spill in the next few months would be challenging. Maritime New Zealand is working to ensure that it would be able to effectively respond to such an event.

Delivering value for money

Maritime New Zealand is not alone in having to be able to demonstrate that it is delivering 'value for money'. Strategic goals 2 and 6 (page 14) are key initiatives for ensuring that Maritime New Zealand is able to continue to deliver value for money to all its stakeholders.

Building capability and capacity

To achieve its outcomes, Maritime New Zealand needs to have the right people in the right places. Recruiting and retaining the specialist and technical staff needed to fulfil the organisation's wide range of responsibilities and functions is becoming more challenging. Strategic goal 5 (page 14) represents Maritime New Zealand's capability strategy on how it intends to address this challenge.

Responding to skill shortages in the maritime sector

Another significant challenge for the maritime industry, as it seeks to attract and retain qualified seafarers amid a worldwide shortage of skilled labour, is to ensure that seafarer qualifications, training and licensing remain aligned with accepted maritime standards both nationally and internationally. Development of the qualifications and operational limits framework under strategic goal 2 (page 14) is a key initiative to help remove barriers to attracting mariners into the industry.

Meeting international expectations

It generally takes a very long time to develop and implement new rules or to amend existing legislation. This presents a substantial challenge in ensuring New Zealand's maritime legislation reflects international obligations. Efficiently translating international standards into domestic law is a key driver for strategic goal 3 (page 14).

Maintaining response capability

Meeting the increasing public expectation for rapid and effective search and rescue operations poses a significant challenge to Maritime New Zealand. Strategic goal 4 (page 14) seeks to address this by identifying and providing an appropriate national distress and safety communications system, as well as ensuring the Rescue Coordination Centre New Zealand provides value-for-money services.

These challenges/risks are reviewed quarterly by the Executive Team and are discussed at the Authority meeting. Further reporting against the strategic goals set out in the 2011-14 Statement of Intent work programme is reported against monthly to the Executive Team and the Authority.

Strategic goals

In response to these strategic challenges, the 2011-2014 Statement of Intent mapped out Maritime New Zealand's revised strategic direction, with the development of six strategic goals to address those key challenges facing the maritime sector.

1. Achieve a level of funding that will sustain Maritime New Zealand's delivery of service into the future
2. Implement a safety regulatory framework that is simple, risk aligned and minimises compliance costs
3. Identify and meet the changing needs of the maritime community
4. Maintain operational and response capability at an appropriate level of performance
5. Continue to develop our people and organisation so that Maritime New Zealand is a great place to work
6. Ensure systems and processes are efficient and effective

Policy issues

Qualifications and Operational Limits

Maritime New Zealand has now completed its review of qualifications and operational limits. The outcome is the development of a new framework that will enable Maritime New Zealand to more effectively and efficiently meet its obligations, while at the same time meeting the needs of a modern maritime sector. Implementation of the framework is planned for 31 March 2013.

The vision for the new QOL framework is a world-class qualifications system that is easy for customers to understand and for Maritime New Zealand staff to administer. The system is intended to make use of advances in technology to provide accurate online information and enable applications to be made online, allowing quick turnaround times and meeting the requirements of being easy to use, logical and relevant.

Key benefits to the sector provided through the new framework include:

- Greater emphasis on competence and proven ability
- Greater emphasis placed on practical and assessment components and recognition of quality of sea service
- Reduced number of hours of sea service required for entry-level qualifications
- Alignment with Australia and international standards to ensure portability of qualifications.

The Qualifications and Operational Limits Framework has been published on Maritime New Zealand's web site. The focus is now on the development of rules to give effect to the framework. The revised framework has received positive feedback from key industry figures who have noted that it represents a significant advancement on the original version presented to industry in October 2010.

Maritime Operator Safety System

Maritime New Zealand is replacing the current safe ship management system with one that will enable the organisation to work more closely with domestic commercial maritime operators to achieve safety goals. It will also enable the Director to exercise effective control over entry into the maritime industry and set expectations for operators and their operations.

The new maritime operator safety system will be flexible, efficient and responsive to industry change. Operators will be required to develop safe operating plans that are relevant for their operation and related to the risks of their business. Their staff must be appropriately trained and qualified, and their vessels and/or equipment must be fit for purpose and properly maintained.

Accountability for the safety of vessel operations will be firmly pinned to the operators of vessels. All of the actions, relationships, processes and document content of Maritime New Zealand's current safety management work will therefore need to be revised to reflect this new structure.

As well as redrafting the relevant maritime rules, Maritime New Zealand will be establishing the operational policy framework for the new system and planning for its implementation and transition. Public consultation over the draft rules has drawn excellent feedback that is generally in favour of the changes. However, many respondents did not support one important aspect – service delivery of survey through independent surveyors – as it is currently constructed.

The degree of change required of people and systems to ensure that MOSS is successful is more complex than originally anticipated. Feedback from industry forums has made it clear that, generally, the maritime community wants Maritime New Zealand to take the time to get this right. For this reason, the timeframes have needed to change with the implementation of MOSS is now scheduled for the first quarter of 2013, with implementation following after that.

What is clear is that the proposed new system will be simpler for operators and be more transparent about who has responsibility for each part of the system:

- surveyors will be responsible and accountable for the issue of certificates of survey for vessels
- Maritime New Zealand will be responsible for issuing the maritime transport operator certificate and subsequent audits of those certificates
- operators will be responsible for ensuring their vessel(s) operate in accordance with their approved plans

The new system will also ensure that Maritime New Zealand has much more detailed information about the industry it regulates, given it will have a direct relationship with surveyors and operators.

Decisions required in the next six months

Rena incident

It is already apparent that the impact of the *Rena* incident and response will continue to affect Maritime New Zealand for a long period of time. Activity such as insurance claims and investigations will necessarily be of a high priority. Maritime New Zealand will also need to continue to respond to requests for information about the accident and resulting response recovery. This will have impacts of the delivery of service and outputs. A project is underway to manage these issues as detailed previously.

Rules

Part 24A Dangerous Goods

This rule sets out standards for packaging and labelling dangerous goods, emergency preparation and training in the handling of dangerous goods. Consultation with industry resulted in a move away from a 'one size fits all' approach to one that is differentiated according to the risk and nature of relevant maritime operations. This has entailed lengthy discussions with domestic maritime operators and dangerous good experts to ensure the proposed standards strike an effective and pragmatic balance between public safety and commercial viability. It is anticipated that this rule will be ready for ministerial sign off in March 2012, and is expected to be implemented by mid 2012.

Part 24B Stowage and Securing of Cargoes

This rule introduces a new standard for vehicle securing points and extends the application of the rule to semi-trailers. It is anticipated that this rule will be ready for ministerial sign off in February 2012, and is expected to be implemented around April 2012.

Part 82 Commercial Jet Boats – River

This amendment responds to a number of Transport Accident Investigation Commission recommendations, including that relating to the introduction of jet boat driver licensing. It is anticipated that this rule is will be ready for ministerial sign off in February 2012, and is expected to be implemented 2012.

Part 40D Design Construction and Equipment – Fishing Vessel

This amendment responds to a number of Transport Accident Investigation Commission recommendations such as fitting of bilge alarms. It also introduces a number of measures which will reduce compliance costs for industry, such as the need for secondary outboards on inshore fishing boats. It is anticipated that this rule will be ready for ministerial sign off in February 2012, and is scheduled for introduction in April 2012.

Parts 19 and 44 Maritime Operator Safety System

This amendment replaces the regulatory framework underpinning Safe Ship Management with the proposed new Maritime Operator Safety System. It is expected that these rules will be finalised by mid - 2012.

Other matters

Distress and Safety Communication Services

A project to develop and implement the strategy for Maritime New Zealand's provision of distress and safety communications services for the period 2014 to 2025 is underway. Outcomes have been approved by the Authority and extensive work has been completed on contracts, leases and documentation around the current system. Maritime New Zealand has undertaken a contestable Request for Proposals process seeking an outcomes based service provision contract for the period 2014 to 2025. The contract will secure the most efficient and effective services for the future, offering demonstrable Value for Money while meeting international obligations and national expectations for the level of services. The results of the evaluation will be notified to the respondents in December with detailed negotiations and contract sign-off planned for the first half of 2012.

Medium Earth Orbiting Search and Rescue (MEOSAR) Ground Segment

New Zealand and Australia cooperate to provide ground stations that are a key component of the international system that uses satellites to detect and locate emergency distress beacons used in the land, sea and air environments. The satellite portion of the system (provided by other international partners) is moving from one type of satellite (Low Earth Orbiting) to a new, different type of satellite (Medium Earth Orbiting). This new system offers improved speed of detection and improved location accuracy. The old system will be removed from service. The new system requires new ground segments to be put in place to allow detection and location to continue into the future – MEOSAR Ground Segment. New Zealand plans a cooperative approach with Australia for the new system.

Withheld under section 9(2)(i) of the Official Information Act 1982

Review of Oil Pollution Preparedness and Response Capability

The external Oil Pollution Preparedness and Response Capability Review was provided to Maritime New Zealand in February 2011 and in June 2011, the Oil Pollution Advisory Committee reported to the Authority that the committee endorsed the report and an action plan to address the recommendations. At its June 2011 meeting, the Authority approved the action plan. This includes significant items of work for the Maritime New Zealand Marine Pollution Response Service such as the (already commenced) National Response Team Review and a \$1.95M three-year equipment purchase programme.

Oil Pollution Levy

Under section 330 of the Maritime Transport Act 1994, Maritime New Zealand is responsible for administering the New Zealand Oil Pollution Fund (the Fund), which can be used for a range of purposes relating to oil pollution preparedness and response. The fund also meets the costs of the Oil Pollution Advisory Committee – a body appointed by the Minister of Transport to provide advice to the Authority on particular and general matters related to marine oil spills. One such matter is the fixing and levying of the oil pollution levy, which generates the Fund. The current levy is set out in the Oil Pollution Levies Order 1998, which sets out the formula for calculating individual operators required contribution to the Fund.

Since 2009, the Authority has been working through a process of reviewing the levy for the purpose of ensuring the Fund does not continue to operate at a deficit. This has involved a review of the methodology for calculating the levy payable by each operator, the completion of a capability review of New Zealand's oil spill preparedness and response, and the release of a consultation document setting out several levy methodology options. Maritime New Zealand and the Ministry of Transport are currently progressing the work required to complete the review process and hope to be in a position to recommend a revised levy (and potentially, a new levy methodology) for Ministerial and Cabinet consideration in the first quarter of 2012.

Ministerial Inquiry - Foreign Chartered Fishing Vessels

Maritime New Zealand is working with Ministry of Fisheries, the Department of Labour, and the Ministry of Foreign Affairs and Trade to support the Ministerial Inquiry into the use and operation of foreign charter vessels fishing in New Zealand waters. The principal objective of the Inquiry is to ensure that the operation of foreign owned and flagged vessels chartered by New Zealand fishing companies supports the following government objectives:

- To protect New Zealand's international reputation and trade access.
- To maximise the economic return to New Zealand from our fisheries resources.
- To ensure acceptable and equitable New Zealand labour standards (including safe working environments) on all fishing vessels operating in New Zealand's fisheries waters within the Exclusive Economic Zone.

If it is demonstrated that these objectives are being undermined by current practices then the Inquiry is tasked with making recommendations relating to policy and legislative amendments and improvements to operational practices.

Maritime New Zealand already has systems and processes in place to ensure commercial vessels, including foreign charter fishing vessels, operate safely and securely, and meet maritime standards in New Zealand waters. These will be significantly enhanced and improved on by the implementation of MOSS and QOL discussed above. However, it is possible that the Inquiry may make recommendations that have regulatory, operational and resource implications for Maritime New Zealand over the next 2-3 years.

The Inquiry is due to report back to the Minister of Fisheries and Aquaculture and the Minister of Labour by 24 February. Advice will be provided closer to the time of the report back on any implications for Maritime NZ.

APPENDIX ONE - MARITIME NEW ZEALAND SECTORS, FUNCTIONS AND ACTIVITIES

	COMMERCIAL											Seafarers	Recreational boating	OTHER					
	International operators		NZ SOLAS operators		Domestic operators			Outdoor & adventure activities											
	Cargo	Cruise	Interisland passenger / freight ferries	Coastal traders, tankers and research vessels	Fishing	Passenger	Non-passenger	White-water rafting	Commercial jet boating	Kayaking	River boarding			Seafarers	All activities	Port & harbour	Offshore oil & gas industry	Pacific islands	Royal New Zealand Navy
MNZ FUNCTIONS & ACTIVITIES	707 ships 63 oil tankers 2,329 voyages 6,128 port visits 10.8m tonnes of oil	35 ships 101 voyages 519 port visits 137,000 passengers	4 ferries 1 UK-flagged ferry 7,000 annual crossings 1m passengers	3 tankers 1 coastal bunker barge 8 coastal traders 1 dredger 1 research vessel	1,107 vessels	1,458 vessels 5 million passengers	747 vessels	52 operators 263 rafts 80,000 participants	47 operators 117 jet boats 310,000 participants	150+ operators 100,000 participants	7 operators 15,700 participants	12 training institutions 48 medical practitioners 138 optometrists 36 examiners 20,500 active seafarers	500,000 boats	14 ports 33 pilotage areas 12,000 piloted movements 18 Harbour Safety Mgmt systems	2 FPSOs 1 well head 4 gas platforms 2 drilling rigs				
	2	18	3	17	1	3	10	3	1	20	Unknown								
	Fatalities: 2010/11 Serious harm injuries: 2010/11																		
Advise Minister on technical maritime safety policy	As required, through briefing papers, regular meetings, quarterly reports, annual report (including marine environment protection) and Statement of Intent															Provided to MFAT as per MOU			
Administer the international obligations of the Crown	IMO participation: New Zealand is a signatory to 24 IMO & ILO conventions, plus 10 IMO conventions relating to marine environment protection											STCW convention	International rules apply	10 IMO conventions	International rules apply				
Promote maritime safety, security & marine environment protection & compliance	Quarterly publications: <i>Safe Seas Clean Seas, Lookout! & The Good Oil</i> . Issue marine guidance notices and guidelines. Distribute 26,000 recreational safe boating packs																		
Provide information & advice & foster information & education programmes	A wide variety of interactions including industry liaison meetings. 78 visits to Safe Operating Plan operators, liaison visits, attendance at 7 regional boat shows. Attend national & regional forums & seminars																		
Develop & maintain maritime safety & marine protection rules	36 maritime rules & 22 marine protection rules, including policy development						1 maritime rule	1 maritime rule	Guidance material	Qualifications & Operational Limits review	2 maritime rules	4 marine protection rule	4 marine protection rules						
Exercise entry control through the granting of maritime documents & marine protection documents	1,772 certificates issued for Safe Ship Management & Safe Operating Plan vessels, 64 surveyor recognitions											Marine protection documents							
Issue exemptions	221 exemptions processed																		
Administer the HSEA for work on board ships & ships as places of work	103 health and safety education/liaison visits to Safe Ship Management operators. 84 statutory notifications received regarding serious harm																		
Maintain the New Zealand Register of Ships	430 vessel registration transactions											All craft that travel overseas							
License ships, their operation & their crew												Issued 1,493 CoCs, 16 pilot licences, 35 pilot exemptions							
Investigate maritime transport accidents & incidents, plus maritime security breaches & incidents & complaints	59 reported accidents, incidents & mishaps	44 reported accidents, incidents & mishaps	175 reported accidents, incidents & mishaps			32 reported accidents, incidents & mishaps				Occasional investigations relating to seafarers	118 reported accidents, incidents & mishaps	Occasional accidents, incidents & mishaps	At TAIC's request, as required	Occasional accidents, incidents & mishaps					
Enforcement action	7 prosecutions under Maritime Transport Act and Health and Safety in Employment Act																		
Monitor adherence to regulatory requirements through audit	500 maritime document holders audited, covering 34 different maritime activities											Training institutions & examiners	4 port & harbour safety code audits	All installations audited	At MFAT's request, as required				
Monitor adherence to regulatory requirements through inspections	554 port state control inspections	13 flag state inspections	807 safety inspections													Yachts that travel overseas	Comply with national oil spill contingency plan	At MFAT's request, as required	
Maritime security	Collect & assess intelligence to determine maritime security levels (1,800 ships risk profiled)	Regulate vessels travelling internationally & provide guidance to passenger vessels														2 exercises and 13 inspections	Manage security plan	Capacity building, at RMP's request	
Provide aids to navigation	23 lighthouse & 118 lighthouse beacons & buoys maintained outside harbour limits; aids to navigation approved															Navigational aids			
Provide appropriate distress & safety radio communications systems	30 VHF and 1 HF radio network sites covering 98% of coastal waters & inland waterways to 30-50 miles offshore, monitored 24/7, HF & SatCom for NAV Area XIV covering 30 million sq km											VHF, HF & SatCom		VHF, HF & SatCom					
Provide oil spill response & preparedness	24/7 response to oil spills, plus 521 trained oil response personnel to respond to oil spills and 42 onscene commanders											24/7 response		As requested	24/7 response				
Maintain & operate RCCNZ	24/7 coordination of land, sea & air SAR services covering 30 million sq km, plus all distress beacon alerts, including some Pacific countries within New Zealand's SAR region; 431 distress beacon alerts; 737 category II SAR incidents																		

Note: based on 2010/11 figures.