

#	Submitter details:	Submission – key points	MNZ Comments
1	Annabel Young New Zealand Shipping Federation	<p>The Federation supports in principle the maintenance of a high level of preparedness for oil pollution events. The Federation supports option two which seems like an optimal compromise between gold-plated resources and the practical limits of the levy that can be charged. It does create a significant uplift in the total levy and we are keen to ensure that the effect of this on the payers is fully understood.</p> <p>The Federation envisages that future fuels may be quite different to the common usage now. The immediate effect of MARPOL Annex VI is likely to be greater use being made of diesel. In the long term it may result in a widespread shift away from oil based fuels. The distinction between the two types of oil is important. Non-persistent oil is generally understood to be oil which consists of lighter hydrocarbon fractions than persistent oil. This means that non-persistent oils, when released into the environment, dissipate rapidly and evaporate and as such require little or no clean-up. The difference seems to be identified in the consultation document in respect of foreign and domestic tankers but the implications of changes in use are wider than that. Thus the Federation believes that consideration needs to be given to the impact of changing fuel usage on pollution modelling. We would expect the changed usage also would impact on the extent of any clean-up needed and this must ultimately be reflected in the levy.</p> <p>An issue of considerable contention is the way that the total levy is allocated across categories of vessels. We continue to have concerns that the model used has the effect of under-recovering from some categories of vessel that are more likely to create a pollution event.</p>	<p>MNZ notes these comments. Under Option Two there is no uplift in the total levy - the target revenue total sought is the same as was consulted on in 2015/16 for Years Four to Six of the six year period.</p> <p>MNZ notes these comment - changes as a result of MARPOL Annex VI would be considered as part of the review of the OPL in 2021/22 and it is the intention of MNZ to consult with industry on this issue.</p> <p>MNZ notes these comments and considers that the MOSRA represents accepted best practice through revision over many years. The model considers the product of likelihood and consequence; minor spills of non-persistent oil that occurs relatively more frequently in some sectors (although still only in small numbers) have very minimal consequences.</p>

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2	Peter Wells Strategy Manager Interislander Kiwirail	<p>KiwiRail does not support any of the three present options. Option 1 does not provide sufficient funding to meet the objectives of the response strategy. Options 2 and 3 radically alter the way the levy is applied and result in very substantial cost increases to our business. However, in principle, KiwiRail supports the intention to set the target revenue from the levy in line with Option 2. This option enabled most of the capability measures from the 2016 review.</p> <p>KiwiRail also note that as a result of the implementation of MARPOL Annex VI from 1 January 2020 most of the international and domestic fleet will need to move to distillate fuels, instead of residual bunker fuels. KiwiRail requests that the levy allocation methodology is reviewed with Industry.</p> <p>KiwiRail are not satisfied that the domestic ferry data used in the MOSRA 18 study is accurate as they were not asked to provide input to this information. The summary report suggests that there is increased ferry activity, a 14% increase in domestic passenger ship cell transits. KiwiRail points to their data which shows a decline by KiwiRail vessels in crossing from FY2015 to FY2018. KiwiRail also note that although detailed analysis was done for International ships and for Domestic Tankers, the MOSRA 18 review did not directly consult with the ferry industry to get accurate figures.</p> <p>KiwiRail requests that the levy allocation methodology is reviewed and updated as necessary to take account of more accurate information about actual numbers of crossings.</p> <p>KiwiRail is also concerned that the review proposes to reduce the offshore oil and gas contribution from the current figure of 4% to zero.</p>	<p>While KiwiRail does not support any options MNZ notes they support the intention to set the target revenue from the levy in line with Option Two.</p> <p>MNZ notes these comment - changes as a result of MARPOL Annex VI would be considered as part of the review of the OPL in 2021/22 and it is the intention of MNZ to consult with industry on this issue.</p> <p>MNZ notes these comments. The last full risk assessment was carried out in 2015 (MOSRA 15). MOSRA 18 represents an intermediate step. The primary reason for this refresh is to ensure that the risk analysis that underpins the Oil Pollution Levy setting process reflects the current situation and activity. With regards to domestic passenger data, MOSRA 18 used the latest available information for the entire sector - KiwiRail ferry activity is only a part of this sector. Reductions in timetabled services by KiwiRail are reflected in the data. As the OPL is paid by individual contributors then KiwiRail will only pay the Levy based on the number of voyages they undertake. As well as an increase in the domestic passenger sector, MOSRA 18 identified a number of new routes since MOSRA 15.</p> <p>MNZ notes these comments.</p>

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3	Jon Kelly Chief Executive Coastal Oil Logistics	<p>COLL is supportive of Maritime New Zealand's efforts to promote safe, secure and clean shipping, and to ensuring New Zealand has adequate oil spill response capability. COLL is supportive of Option Two of the levy options.</p> <p>Whilst we continue to have concerns on how the MOSRA model assigns risk, we believe that the updated activity information provided by COLL in the 2018 model is a step forward in addressing some of these issues, and, as a result, more fairly allocates the levy across the various maritime sectors. As such COLL is supportive of the proposed sector allocation changes for 2019-2022.</p> <p>Whilst COLL is supportive of the proposed mid-point changes to the OPL levy, we remain keen to work with Maritime NZ to address our wider concerns with the existing levy structure. With the upcoming industry changes that will result from MARPOL Annex VI, we also think it is an opportune time to fully review the model, and the level of New Zealand's spill response capability required in the future.</p>	<p>MNZ notes these comments.</p> <p>MNZ notes these comments.</p> <p>MNZ notes these comment - changes as a result of MARPOL Annex VI would be considered as part of the review of the OPL in 2021/22 and it is the intention of MNZ to consult with industry on this issue.</p>

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4	Billy Preston New Zealand Association of Ship Owners and Agents	<p>The Association favour Option Two which fits nicely between Option One being no change and Option Three, the 'Rolls Royce' version. Option Two is the common sense, realistic option.</p> <p>What is of concern and always has been is the way the total levy is allocated across the various vessel types. Why does the international sector pay such a large percentage of the levy when the more regular issues come from other sectors? It is not a risk-based system, if it is based on the potential risk from a vessel type then there should be a reduction in levy for those vessels that mitigate their risk.</p>	<p>MNZ notes these comments</p> <p>MNZ notes these comments and considers that the MOSRA represents accepted best practice through revision over many years. The model considers the product of likelihood and consequence; minor spills of non-persistent oil that occur relatively more frequently in some sectors (although still only in small numbers) have very minimal consequences. The last full assessment was carried out in 2015 (MOSRA 15). MOSRA 18 represents an intermediate step. The primary reason for this refresh is to ensure that the risk analysis that underpins the Oil Pollution Levy setting process reflects the current situation and activity.</p>

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5	Joel Katz Managing Director CLIA Australasia	<p>CLIA and its cruise line members support Option One (i.e. maintain the status quo).</p> <p>CLIA's understanding is that MOSRA 18 did not suggest any significant change to the oil spill risk level of international cruise ships and the risk allocation methodology used by MNZ means that a decrease in the relative risk of one sector must mean an increase in the relative risk of others, even if there has been no change to their actual risk.</p> <p>The summary report of the MOSRA 18 model does not disclose enough information on the assumptions made about cruise ships to enable us to contribute our views on their accuracy or completeness. While MNZ has confirmed to us that the model recognises the high standards of construction and management of cruise ships in general, our understanding is that the inherent workings of the model result in the cruise sector being 'punished' levy-wise because of a recent step change in tanker construction.</p> <p>Neither the consultation document nor the summary MOSRA report disclose recent oil spill incidents in New Zealand and which vessel types were responsible for them. This mid-point review would have been an opportune time for MNZ to provide updated information on actual incident patterns. According to MNZ data, between 2011 and 2015 most incidents related to commercial fishing, offshore oil exploration, refuelling activities and recreational boats. It is unclear to us whether actual incident history in New Zealand has been taken into account in the methodology, although clearly it should.</p> <p>As it stands, the methodology treats cruise ships only as part of a much larger sector – the "Foreign Passenger and Cargo, Foreign Tanker Bunker" sector. To give some context to this group as it relates to New Zealand, it comprises around 960 foreign freight ships and only 40 cruise ships. While the number of cruise ships visiting New Zealand since 2015 has increased, given that there are currently only around 40 cruise ships in New Zealand on a seasonal</p>	<p>MNZ notes these comments.</p> <p>MNZ notes these comments. The MOSRA uses national and international data as New Zealand activity levels are statistically insignificant for analysis purposes. The MOSRA considers likelihood and consequence - the consequences of a major cruise incident are, potentially, very severe. MNZ has provided additional information directly to cruise parties who asked questions in regards to the consultation document.</p> <p>The changes in risk share proposed by MOSRA 18 for Foreign Passenger and Cargo (which includes cruise vessels), do not result solely from the effects of changes in other sectors. To determine risk levels for all the sectors the MOSRA takes account the latest available data on vessel numbers and types, vessel routing and activity (passages made, area of operation and miles steamed) and oil cargo volumes (where appropriate). For the foreign passenger and cargo sector, there has been an increase in number of vessels, more passages undertaken and more accurate data on the routes taken by those vessels. For cruise vessels the numbers of voyages and port visits have increased significantly since 2015 and the route data shows many voyages are close to shore. Maritime NZ billing data shows that we are not seeing the same level of growth in numbers in the New Zealand domain in the other sub-sectors within the 'Foreign Passenger and Cargo' sector as we are for cruise. As a consequence overall the risk share for this sector increases. In addition, as outlined in the Consultation Document, changes in risk share for one sector have a follow on impact on other sectors</p> <p>Vessel tracking data clearly shows the increased level of cruise ship activity since 2015. It is the level of activity as</p>

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	CLIA continued	<p>basis and their itinerary patterns have not changed significantly, the relative contribution of cruise ships to this figure is assumed to be small. It seems to us that as such a small proportion of a very large sector, cruise ships may be disadvantaged by assumptions about the overall metrics of the group.</p> <p>The consultation document does not reveal the proportion of the current levy borne by cruise ships. This information should be disclosed as it would assist an evaluation of whether the levy burden is proportionate.</p> <p>Under Option Two, cruise ship operators would face a per port levy increase of 110%. Under Option Three, cruise ship operators would face a per port levy increase of 118%. This is despite no meaningful change in the actual risk profile of cruise ships and no change in the work to be done by MNZ under the Capability Plan. The results of the methodology should not be applied blindly. It remains the case that ships carrying oil as cargo represent the greatest oil spill risk when compared to other sectors. To double the oil pollution levy payable by a passenger ship, and reduce the levy payable by oil tankers by over 40%, is not reasonable.</p> <p>The last three or so years has seen a sharp loading of fees on to the cruise sector in New Zealand. As a tourism operator that is also part of the maritime sector, cruise lines are subject to numerous sources of government oversight, including by tourism, transport, customs, immigration, biosecurity and regional agencies. Many of these agencies have in recent years developed new fees that apply to cruise operators and/or passengers, or have sought to significantly increase existing charges. With no apparent arbiter considering the cumulative impact of these costs, New Zealand runs the risk of making itself uncompetitive as a destination.</p>	<p>opposed to the number of unique vessels that that must be considered. It also shows now in more detail the specific tracks and indicates more clearly how the vessels are coming close-to-shore in certain keys areas (Fiordland for example). Coming close to shore and operating in confined waters are key risk factors for navigation safety and environmental impacts, should there be an incident. It may be that the activity patterns have not changed much from 2015 but our ‘visibility’ of the actual activity has improved since then as the tracking data has become clearer and more detailed.</p> <p>The model uses the latest available national and international data on any significant systemic improvements in design and construction in so far as they affect accidents and incidents and the consequences of such. Cruise ships are recognised to have high standards of construction and management in general. In this update of the model there has been recognition of: a ‘step change’ in regards to coastal tanker construction; a specific change in coastal tanker routing to reduce risk instigated by that sector; and a general incremental improvement in safety that is seen fairly consistently across both cruise and tanker operations. Looking globally overall accident rates have been fairly steady in the last few years but within that total there have been a number of significant cargo and cruise casualties in recent times.</p> <p>It is of note that while MOSRA uses international statistic, of the five large vessel grounding incidents in New Zealand since 2015, one involved a container vessel, one a bulk carrier, and three cruise vessels.</p> <p>The MOSRA takes account of the number and types of vessels, the number of voyages and the routes taken amongst other factors.</p>

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7	Z Energy	<p>Z proposes that this submission is read in conjunction with Z’s submission of 2016, as Z believes that the bulk of the feedback from that submission is still relevant. Z continues to recognise and fully support the need for an adequate oil spill response capability in New Zealand and believe this should be funded through the collection of a levy under a transparent and fair system.</p> <p>Z is supportive of Option Two of the levy options presented. Z believes that the refreshed risk share work and revised activity forecast is a step forward from Levy Option One. Z is also supportive of Levy Option Two as it maintains the same target revenue for years four, five and six of the Levy period.</p> <p>Z would like to continue to discuss future levy allocations that more accurately represent the risk of oil pollution presented by the various maritime sectors, and that provides adequate incentives for maritime sectors to reduce their risks or improve performance going forward. In our view, the foreign and domestic tanker sector contributions still do not reflect a fair share of the Oil Pollution Levy (OPL), and any incentives for other maritime sectors such as oil exploration, shipping vessels, container ships and cruise ships to reduce their absolute marine spill risks continue to be diminished by the proposal. It is also worth bearing in mind that the upcoming changes to MARPOL Annex VI regulations could further change the risk profile across the marine sectors.</p> <p>For these reasons, we would like to continue to engage with MNZ on a levy allocation system that more accurately reflects the true ongoing risks for New Zealand, and that provides adequate incentives for maritime sectors to reduce risks and improve performance.</p>	<p>MNZ notes these comments.</p> <p>MNZ notes these comments.</p> <p>MNZ notes these comments. Changes as a result of MARPOL Annex VI would be considered as part of the review of the OPL in 2021/22 and it is the intention of MNZ to consult with industry on this issue.</p> <p>MNZ notes these comments.</p>

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8	Paul Norris General Manager Real Journeys	<p>Option 2 is preferable as this ensures we do not lose ground and enables the full delivery of the Capability Plan.</p> <p>Real Journeys supports the maintenance of a high level of preparedness for oil pollution events. Nonetheless we understand the effect of MARPOL Annex VI will likely result in a shift away from persistent oils in favour of non-persistent oils such as liquefied natural gas. Non-persistent oils consist of lighter hydrocarbons than persistent oils; which means when ‘spilt’, non-persistent oils dissipate rapidly and evaporate and therefore require little clean-up. This important difference is recognised in the Consultation Document in the context of foreign and domestic petroleum tankers, however the likely impact of changing fuel types actually needs to inform any New Zealand Marine Oil Spill Readiness and Response Strategy including the MOSRA risk assessment. That is we contend that when the use of non-persistent oils is more widely adopted, the clean-up requirements of oil spills will diminish and this should then be carried over to the sectors Oil Pollution Levies.</p> <p>Of concern is the how the Levy is allocated across the maritime sector categories. The main change from MOSRA 2015 and MOSRA 2018 sector shares seems to be that both foreign tankers and domestic tankers sector shares have been decreased and foreign and domestic cargo and passenger vessels sector shares increased. Consequently Real Journeys is opposed to this increase in sector share for domestic passenger vessels. Moreover we do not understand why we as a domestic passenger vessel operator (operating predominately in enclosed waters) have been lumped in with domestic cargo vessels and presumably the Interislander Ferries which will have a greater risk profile and use non-persistent oils which are more problematic to clean up.</p> <p>In conclusion we are opposed to such a significant increase in our OPL, nevertheless we want to ensure NZ’s Marine Pollution Response Service is appropriately resourced so any oil spill clean-up can be addressed quickly and adequately.</p>	<p>MNZ notes these comments.</p> <p>MNZ notes these comment - changes as a result of MARPOL Annex VI would be considered as part of the review of the OPL in 2021/22 and it is the intention of MNZ to consult with industry on this issue.</p> <p>MNZ notes these comments and considers that the MOSRA represents accepted best practice through revision over many years. With regards to domestic passenger data, MOSRA 18 used the latest available information for the entire sector. In this update of the model there has been a recognition of a ‘step change’ in regards to coastal tanker construction, a specific change in coastal tanker routing to reduce risk instigated by that sector, as well as the general incremental improvements in safety that are seen fairly consistently across both cruise and tanker operations. As outlined in the Consultation document changes in risk share for one sector have a follow on impact on other sectors.</p> <p>MNZ notes these comments</p>

