

Regulatory Impact Statement

Maritime Rule Part 82: Commercial Jet Boat Operators - River

Agency Disclosure Statement

This Regulatory Impact Statement has been prepared by the Ministry of Transport with assistance from Maritime NZ.

It provides an analysis of options proposed to improve the safety regulatory framework for commercial jet boats carrying passengers on rivers.

The opportunity to review jet boat regulations has been provided by the transfer of regulations relevant to jet boating from Maritime Rule Part 80 into the new Rule 82. As a consequence of the review, regulations to address concerns held by the sector have been added to the Rule that will introduce a testing and licencing regime for drivers. It has also allowed two regulatory barriers to be removed to enable commercial jet boats to operate to a recreational standard when on non-commercial trips.

Requiring drivers to have a document brings jet boat drivers in line with the rest of the commercial maritime sector and gives the Director of Maritime NZ the ability to manage unsafe drivers either through imposing conditions on their licence or removing these drivers from the system by withdrawing their document.

The proposed changes relating to licencing drivers assume that driver competency has been a factor in accidents to date and that a testing and licensing process will operate as a proxy for evidence of competence. We have had to make these assumptions because of the relatively low number of accidents, which makes it difficult to distil trends.

The limited data also impedes the quantification of the benefits of the amendments and is likely to also impede the evaluation of the success of the preferred options.

The proposed Part 82 will not impair property rights, market competition, incentives on business to innovate or invest, or override any of the fundamental common law principles (as referenced in chapter 3 of the Legislation Advisory Committee's Guidelines on Process and Content of Legislation). The proposal is consistent with the Government's August 2009 statement *Better Regulation, Less Regulation*.

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Status quo and problem definition

1. There are presently 94 commercial jet boats used by 47 commercial jet boat operators with an estimated of 140-180 drivers. Services available include „thrill“ high adventure activities, eco tourism and fishing guides. These operations may use either twin or single engine boats of varying weight and power, and may operate in braided rivers, gorges, rapids and still rivers. The sector is estimated to carry 370,000 passengers annually¹.
2. While it is difficult to quantify the commercial value of the sector, a conservative estimate based on passenger numbers and minimum prices suggests the annual turnover exceeds \$31 million².
3. The value of the jet boating industry to the branding of NZ’s tourist image is difficult to estimate. However that over 200,000 jet boat passengers are international visitors, and that most make their bookings prior to coming to NZ, suggests it plays a significant role.
4. The high profile of the industry increases the significance of its safety record. During the five year period of 2006-2012, the commercial jet boating sector reported 48 accidents. In the past 10 years, there have been 19 commercial jet boat accidents which seriously injured or killed passengers, a number of which were international tourists. The social costs of these injuries and fatalities is estimated at \$7.3 million overall.
5. The cost to the tourism sector or the jet boating sector itself of an accident is difficult to estimate but operators report that passenger numbers are impacted following negative media reports about safety.

Background to the regulatory environment

6. The risks imposed by the environment and the nature of the activity are inherent so enforceable, appropriate regulations can play a key role in minimising safety risks for paying passengers.
7. Since 1999, commercial jet boats operating on rivers have been regulated under Maritime Rule Part 80 – Marine Craft (Part 80). Part 80 sets minimum technical standards for boats and equipment for a range of craft, not just river jet boats. Part 80 also requires that operators must develop and maintain a unique, safe operational plan specific to their operation that is subject to auditing by Maritime NZ. Operations are subject to annual inspections and audits to ensure continued compliance with regulations.
8. A combination of prescriptive and performance based standards aims to provide an integrated safety system specific to each operation that minimises the potential for human error and provides protection to passengers in the event an accident does occur.

¹ Maritime NZ provide this figure which has been confirmed by the Chairman of the NZ Commercial Jet Boat Association

² This figure is based on 370,000 passengers paying \$85 per jet boat trip. This is considered to be a conservative estimate as many operators charge in excess of \$100 per ride

Proposed rule changes

9. To ensure the regulatory environment is appropriate to the sector, it is proposed that a new Rule, Part 82 that will be applicable only to the jet boat industry be established. The components of Part 80 that apply to jet boat operations will be transferred to Rule 82.
10. The development of a new rule has provided the opportunity to develop regulations that address issues specific to jet boat operations identified by Maritime New Zealand and the Transport Accident Investigation Commission in consultation with the sector. These issues relate to safety and to removing regulatory barriers. They are listed below in the order in which they are discussed in this paper:
 1. The need for tangible evidence of driver competency before entering the industry
 2. The need for assurance of ongoing competence
 3. Inappropriate regulatory barriers imposed by Rule Part 80
 4. The occasional use of commercial jet boats as pleasure craft
11. The objectives of the proposed changes are to:
 - Preserve the health and safety of those on board commercial jet boats by limiting the likelihood and consequence of serious harm.
 - Provide ongoing assurance for passengers, government, industry, operators and drivers that all commercial jet boat operations on rivers have safety management provisions appropriate to the activity being offered.
 - Ensure uniform and consistent application of minimum standards across the sector.
 - Ensure that New Zealand continues to be perceived as a quality destination for international visitors.
 - Remove undue regulatory barriers and compliance burdens.

Issue 1: The need for tangible evidence of driver competency

12. *Problem definition*
 - a. The nature of jet boating means that passenger safety is heavily reliant on driver competency. Jet boat drivers must manage boats that can weigh up to 3.7 tonnes, carry up to 350 litres of fuel, may carry as many as 33 passengers and travel up to 90 kilometres an hour. To enhance the experience, drivers deliberately navigate close to natural hazards such as boulders and rapids. Therefore they must be highly skilled, have high concentration levels, quick reaction times and be familiar with the handling characteristics of the particular jet boat they are driving.
 - b. The elements of Rule 80 transferred to Rule 82 cover off technical boat safety and operators safety management planning (see paragraph 7 above). However, the sector is concerned that a third vital component of the regulatory environment is not covered under existing regulation, that is

evidence of driver competency. This gap has been identified in reports by Transport Accident Investigation Commission³ and by Maritime NZ (in a comprehensive review of the sector) as an issue that leaves the sector exposed to risk. Under the status quo, the only test for drivers is that operators are required to ensure drivers have had 50 hours of experience before driving paying passengers.

- c. The industry shares this concern. During the consultation process, 42 out of 47 operations were represented at public meetings and submissions indicate strong support from the sector for the proposals to strengthen regulations in this area.
 - d. The sector and Maritime NZ consider that the core issue for driver competency is that jet boat drivers, unlike other commercial maritime operations are not subject to a maritime document. Under Maritime Transport Act 1994, the requirement for a maritime document allows the Director of Maritime NZ to manage the risk of unsafe operators, either through imposing conditions on their licence or removing them from the system by withdrawing their document.
 - e. In not requiring a maritime document for jet boat drivers, the industry is out of step with safety controls normally applied to high speed, high risk passenger adventure activities in any mode, not just maritime.
13. *Option 1: Introduce the New Zealand Commercial Jet Boat Driver (River) Licence* **Preferred option**
- a. This option requires all drivers who carry passengers on a commercial jet boat to possess a maritime document in the form of the New Zealand Commercial Jet Boat Driver (River) Licence. The licence will be valid for a period of ten years and will cost \$236.13 (including GST).
 - b. Under the proposed regulations:
 - Operators will be required to identify key competencies for their own operation and include these in a structured training programme of 50 hours for new drivers.
 - Drivers will be tested against the identified key competencies by a person who will be independent from the operation that trained the driver. If they pass the test, drivers will receive a jet boat driver's licence.
 - The appropriateness of the programme will be assessed as part of Maritime NZ's annual audits of operators' safety management plans (see paragraph 7).

³ Following two accidents on the Shotover River in September and October 1999, (Transport Accident Investigation Commission) TAIC issued a report (Report 99-212/213) which recommended the introduction of a licence which all commercial jet boat drivers must hold (Recommendation 102/99).

- Existing drivers will be issued with a licence on paying the appropriate fee.

14. *Benefits*

- A licence will be tangible evidence of driver competency for operators and provide reassurance to passengers and other stakeholders including the jet boat sector and the wider tourist sector.
- Adopting a bottom-up approach that requires operators to develop their own programmes will ensure training and testing remains appropriate to the conditions within which the industry operates. It removes the risk of unrealistic criteria being imposed as a consequence of Maritime NZ adopting a top down process.
- Maritime NZ also anticipates that subjecting each operator's processes to auditing by Maritime NZ will open up dialogue within the industry as different operators' experiences can be shared thus providing an opportunity for the industry to share best practice and strengthen the training regime as a whole.

15. *Costs*

- There will be direct costs which will require consequential regulations to Shipping (Charges) Regulations (see paragraph 49). Other indirect costs will build on existing practices and are considered by the sector to be marginal and will not require separate consultation or regulation. See table 1 below.

Table 1

Activity	Costs apply to	Financial cost
Operators develop a tailored structured training programme and criteria for a driver becoming licenced that is appropriate for their operation.	Documentation of training programme may be a new cost for some operators but it will be marginal as it will be part of the annual audit requirements.	Indirect cost: Marginal cost for operator
Operator provides 50 hours of supervised training with an experienced driver.	Training is already part of an operator's responsibility.	Indirect cost: Marginal cost for operators
New driver is tested by an independent tester.	New drivers will pay the cost of the test. The cost is expected to increase over the next 5 years.	Direct cost:\$150 - \$350
Licence issued and a register of licenced drivers established by Maritime NZ.	New and experienced drivers will pay for their licence to be issued by Maritime NZ. Maritime NZ will be required to maintain a registry of licenced drivers.	Direct cost: \$236

The direct costs of the licence and test equate to a maximum estimated cost to the sector of \$58,000 in the first year⁴, and in the range of \$10,000-\$15,000 per year after⁵. The maximum cost over the initial ten years is

⁴ This figure was calculated on the basis of 180 existing drivers, plus an additional 27 new drivers requiring tests costing \$350 each.

⁵ Variation in annual cost is due to the variation in the cost of the test.

\$199,000 (an average of \$20,000 per annum). The minimum cost over the initial ten year period is \$135,928.20 (an average of \$13,592.82 per annum)⁶. See below.

Table 2: Direct costs

	Licence	Test	Aggregate Cost Range
Existing Drivers (Estimated to be between 140 – 180)	\$2367	N/A	\$33,058.20 - \$42,503.40 (Year One)
New drivers (Estimated to be 27 per annum, based on a 15 percent turnover)	\$236	\$150 - \$350	\$6375.51 - Licence \$4050 - \$9450 – Test \$10,425.51 - \$15,825.51 – Total (Subsequent Years)

16. *Risks*

- a. Driver error it is not necessarily the only factor in accidents. Other key risks include river conditions or boat safety. These risks however can be managed under existing regulations governing operators' safety management plans and boat safety standards.
- b. A single driver test will not be adequate for testing the competency of drivers across different types of jet boats and different types of operations. Accident investigations have highlighted the absence of controls in Part 80 to ensure the competency of drivers who transfer between different rivers jet boats and operations.⁸ This risk will be mitigated (see Issue 2 below) by formalising existing practice of ongoing retesting.
- c. The standards for testing will be inconsistent across different operations. This risk will be mitigated by the annual audits of each operator's testing process by Maritime NZ and by the opportunities the system provides for developing a dialogue between operators so that they can share best practices.

TABLE OF OPTIONS FOR ISSUE 1: DRIVER LICENCES			
	Benefits	Costs	Risks
Option 1 Preferred option: See text above	HIGH	MEDIUM	LOW
Alternative Options			
Option 2: Retain the status quo	LOW	LOW	HIGH
Operators are required to ensure a driver has 50 hours experience before	Some training undertaken.	Operators fund 50 hours with an experienced driver.	<ul style="list-style-type: none"> Tests⁹ may not comply with industry best practice.

⁶ This figure was calculated on the basis of 140 existing drivers, plus an additional 27 new drivers per year requiring tests costing \$150 each.

⁷ With the Goods and Services Tax (GST) at 15 percent

⁸ See Maritime Safety Authority Review of Safety Performance of Commercial Jet Boat Operations in New Zealand (2001) and Transport Accident Investigation Commission safety recommendation 032/99. This recommended the introduction of ongoing driver review and further training hours for jet boat drivers seeking to operate in a different area.

⁹ As advised by Maritime NZ's safety auditors (who visit each jet boat operation at least twice per year).

he or she can carry passengers. But there is no statutory obligation to structure the experience and no testing standards.			<ul style="list-style-type: none"> • Experience may be unstructured. • Do not comply with the recommendations of the Transport Accident Investigation Commission. • Inconsistent standards. • No controls over incompetent drivers as no maritime document.
	Benefits	Costs	Risks
Option 3: Graduated testing process	HIGH	HIGH	MEDIUM
<ul style="list-style-type: none"> • Licence process will require a test permit and a provisional licence before a full licence is applied for. • Two separate categories of licence: Adventure and Non-adventure. • Adventure will require 100 hours training. 	<ul style="list-style-type: none"> • Mitigates risk (b) in option 1. • Preferred option of Transport Accident Investigation Commission. 	<ul style="list-style-type: none"> • Administration costs for Maritime NZ, operators and drivers. • Training costs for operators • Testing costs for drivers 	<ul style="list-style-type: none"> • Non-compliance as standards are too rigorous. • The small size of the industry means that separating a licence into class or rating types would not add value and would be difficult to implement.
Option 4: Industry issued licence	MEDIUM	MEDIUM	HIGH
Operator or industry body issuing personnel certificates on the Director's behalf. This practice occurs in the maritime sector for some low risk vessels that are six metres or less	Bottom up approach tailored to industry needs	Costs for drivers likely to be similar to those in option 1.	<ul style="list-style-type: none"> • Creates barrier to drivers transferring between operators if more than one type of certificate is recognised • May lead to anti-competitive behaviour should commercial concerns influence driver entry and exit

17. Summary of options for Issue 1: **Drivers licences**

- a. Options 1 is the preferred option although Option 3 has higher benefits. Both options align with the objectives outlined in paragraph 11 because they will mitigate safety risks for passengers and increase assurances of

driver competency for passengers, sector stakeholders and the tourist industry.

- b. While option 3 provides the highest level of assurance of driver competency, its complexity will not meet objective (e) as it will be difficult to administer and place undue compliance costs on the sector.
- c. Option 4 involves substantial risks.

Issue 2: The need for assurance of driver competency over time and in a range of operating environments

18. *Problem definition*

- a. The absence of systems to ensure drivers are competent to manage different river environments and jet boats has been highlighted in successive accident investigations by the Transport Accident Investigation Commission¹⁰.
- b. The risks inherent in jet boating activities place a heavy burden of individual responsibility on the driver. Drivers' ability to function at the required level may vary over time for a range of reasons and regular retesting is required. This is already standard practice in many operations.

19. *Option 1: Preferred option*

- a. In addition to entry level licence process, drivers who transfer to a new operator are subject to testing with new boats and in different environment.
- b. Existing drivers are subject to regular retesting.
- c. Operators decide the frequency of retesting and the nature of the test depending on the environment in which they operate and the level of risk.
- d. Operators must document practice for annual audit by Maritime NZ.

20. *Benefits*

- a. Mitigates risks of single licence (see option 1).
- b. Bottom up approach. Ensures appropriate criteria are set relative to the risks of the operation.
- c. Formalise existing practice in the sector that has proven to be workable.
- d. Compliance can be monitored through annual audit.

21. *Costs*

- a. Low additional costs as it formalises existing practice.

¹⁰ See Maritime Safety Authority Review of Safety Performance of Commercial Jet Boat Operations in NZ (2001) and Transport Accident Investigation Commission safety recommendation 032/99 that recommend the introduction on ongoing driver review.

- b. The cost of checks is estimated to range from nil (if the check involves a senior driver accompanying a driver on a scheduled passenger trip) to \$150 (if the check requires additional fuel and wages).

TABLE OF OPTIONS FOR ISSUE 2: ONGOING DRIVER COMPETENCY			
	Benefits	Costs	Risks
Option 1: Preferred option	HIGH	LOW	LOW
See text above			
Alternative Options			
Option 2: Retain status quo	LOW	LOW	HIGH
Ongoing operator administered driver checks but it is not standardised and not subject to Maritime NZ auditing process.	Minimal	Minimal	<ul style="list-style-type: none"> • Damage to sector reputation in the event of a serious accident • Increased accidents if drivers' circumstances change or they become complacent. • Increased accidents if drivers not tested before operating in new river environment
Option 3: Introduce a licence endorsement system	HIGH	HIGH	MEDIUM
Introduce a licence endorsement system which would restrict the movement of drivers between different types of jet boats and operations until additional experience and testing requirements are met ¹¹ .	Would provide a very high level of safety assurance and comply with Transport Accident Investigation Commission recommendations.	Based on the cost of a harbour pilot or similar marine pilot licence administration costs the costs of each endorsement would be at least \$236, with an additional \$100-\$200 for an independent assessment of a driver's ability in the new jet boat or operating area. It is not possible to estimate the cost to the whole sector per year.	<ul style="list-style-type: none"> • Significant issues with implementation and compliance. • Inappropriate to impose such a heavily structured top down endorsement system on what is a small and diverse sector.

¹¹ The concept of a graduated licensing system was proposed as part of Transport Accident Investigation Commission recommendation 102/99 (Report 99-212/213) to make commercial jet boat licence to be held by all jet boat drivers.

22. Summary of options for Issue 2: Ongoing assurance of driver competency
- a. Option 1 is most closely aligned with the objectives set out in paragraph 13. In particular it mitigates the safety risks of a single licencing test while limiting compliance costs.
 - b. Option 3 provides for a more rigorous safety regime, but the sector is not convinced that the additional costs will result in proportionately higher safety benefits. The raising of the regulatory barrier creates a risk of non-compliance.

Issue 3: Regulatory barriers imposed by the scope of Part 80

23. *Problem definition*

- a. Over time, the range of the industry's commercial activities has expanded, but some have not been covered under Part 80. In undertaking these activities, drivers are subject to a regulatory regime relating to boat design that is not intended for river boating. As a consequence some activities undertaken by jet boat operators that enhance their commercial potential are attracting compliance costs disproportionate to the level of safety risk they impose. These are:
 - Using a jet boat to transit lakes to reach a river where a ride will be undertaken.
 - Using a jet boat to carry cargo relating to the service they are providing (for example, bicycles).
- b. Jet boat operations that wish to access lakes are required to either apply for an exemption from, or to comply with, Maritime Rule Part 40A – Design, Construction and Equipment – Non-SOLAS Passenger Ships.¹²
- c. Jet boat operators that wish to carry cargo are required to either apply for an exemption from or comply with Maritime Rule Part 40C – Design, Construction and Equipment – Non SOLAS Non-Passenger Ships¹³
- d. Compliance with Part 40A or 40C means that jet boat operators certified under Part 80 are also required to meet Part 21¹⁴ certification requirements. Maritime New Zealand estimates this costs approximately \$5000 for the first five years (taking into account a requirement in Part 21 for initial vessel survey and design approval).
- e. Compliance with Part 40A or 40C means that jet boat operators certified under Part 80 would also be required to meet Part 21¹⁵ certification requirements. Maritime New Zealand estimates this costs approximately \$5000 for the first five years (taking into account a requirement in Part 21 for initial vessel survey and design approval).

24. *Option for jet boats carrying passengers across lakes to a river*

¹² There are currently four exemptions in place for Part 40A and another three in progress.

¹³ There are currently three exemptions in place for Part 40C and another three in progress.

¹⁴ Maritime Rule Part 21 – Safe Ship Management Systems

¹⁵ Maritime Rule Part 21 – Safe Ship Management Systems

- a. This proposed option to be introduced into the new Rule Part 82 will requires operators to have appropriate procedures in place to manage the risks involved in carrying cargo as part of their safe operational plan.
25. *Option for jet boats carrying cargo*
- a. The preferred option is to allow the carriage of cargo on commercial jet boats within, but drivers will be required to have appropriate procedures set out in their safe operational plan to manage the risks involved in carrying cargo.
26. *Benefits for both options*
- a. The proposed new rules in Part 82 will reduce compliance costs and remove regulatory barriers. They will allow the Director the flexibility to relax certain Part 40A and Part 40C requirements to recognise the level of risk imposed by the activity undertaken.
 - b. The proposed changes will strengthen the regulatory framework by ensuring all regulations are appropriate for the sector and that compliance costs match the level of risk.

Issue 4: The occasional use of commercial jet boats as pleasure craft

27. *Problem definition*
- a. Under Maritime Transport Act 1994 a pleasure craft is defined as a ship that is exclusively for the owner’s pleasure. Therefore if a jet boat is approved to operate under Part 80 as “commercial” it must comply with the applicable rules and the approved safe operational plan, at all times even if it is being used for pleasure purposes (without paying passengers). This means that when a jet boat is being used for pleasure purposes it cannot be operated outside the parameters of their operating plan that applies to its commercial use.
 - b. There is anecdotal evidence of operators using their boats in ways that do not comply with their commercial operating plan because they are using them for recreational purposes. Maritime NZ has no means of verifying complaints about such behaviour, which are often from business competitors.
 - c. In principle, using a vehicle for a purpose other than the one for which it is regulated, poses safety risks. However, Maritime NZ advises that the auditing programme mitigates any risks that wear and tear on, or accidental damage to boats during recreational use will impact on their safety during commercial operations.

Options for Issue 4: The occasional use of jet boats for recreational purposes			
	Benefits	Costs	Risks
Option 1: Preferred option	HIGH	LOW	LOW
<ul style="list-style-type: none"> • Operators can notify the Director if they intend to undertake activities that fall outside the parameters of their approved 	<ul style="list-style-type: none"> • Will reduce costs for Maritime NZ of investigating complaints of operators operating outside the parameters of their commercial 	<ul style="list-style-type: none"> • Administration costs are estimated to be low. • The form of notification is not yet identified. It is 	

<p>operating plan, that is, for non-commercial use. The notification must include the intended period of non-commercial use.</p> <ul style="list-style-type: none"> The form of notification is not yet identified. It is likely to be e-mail. 	<p>operations</p> <ul style="list-style-type: none"> Will regularise an activity that carries nil risks to passengers. 	likely to be e-mail.	
	Benefits	Costs	Risks
Option 2: Exclude non-commercial use from the rules	LOW	HIGH	HIGH
<p>This option would involve creating an exception in Part 82 so that its provisions do not apply during recreational use.</p>		<ul style="list-style-type: none"> High monitoring costs to Maritime NZ. High costs to Maritime NZ in verifying complaints and resolve disputes between competing operators who lodge complaints. 	<p>High risk of non-compliance as difficult to verify whether boats are being used for recreational purposes.</p>

Consultation

28. Maritime New Zealand consulted with the Transport Accident Investigation Commission and the New Zealand Commercial Jet Boating Association in the early stages of developing Part 82¹⁶. The following people and organisations were also identified and invited to comment on the public consultation draft of Part 82: Queenstown Lakes District Council, all New Zealand regional councils and harbourmasters, all commercial jet boat operators currently certified under Part 80 and the Tourism Industry Association New Zealand.
29. Maritime New Zealand hosted three regional seminars for commercial jet boat operators and drivers. These seminars were attended by over 90 percent of operators and over 40 commercial jet boat drivers.
30. Public consultation for Part 82 ran from 18 August – 6 October 2010. A total of 25 submissions were received and analysed. Where appropriate, Part 82 was amended to take the submissions received into account. These amendments include the proposal to allow the carriage of cargo and lake transit within the application of Part 82.
31. Of the 25 submissions, 23 supported Part 82 (with amendments in some cases). Two submissions, both from outside the industry, were opposed to the

¹⁶ The New Zealand Commercial Jet Boating Association was consulted on the proposed amendments to Part 80 in 2002. They were consulted again in 2009 and 2010 when Maritime New Zealand was developing the public consultation version of Part 82, and again in late December 2010 when the final changes to Part 82 were made.

new system: one because it was seen as insufficient to address the risks in the sector, the other because it was seen as imposing unreasonable compliance costs.

Implementation

32. Part 82 will come into force on 1 August 2012. Maritime New Zealand will identify and select a preferred service delivery model for testing new drivers before Part 82 enters into force.

Transition Arrangements

33. To ease the transition into the new system, the proposed new regulations in Part 82 will recognise the prior experience of existing jet boat drivers and they will not be required to sit a driving test but will be deemed to be licenced⁵ providing an operator confirms their competency as a driver under Part 80
34. Existing commercial jet boat drivers will have one year to apply for the New Zealand Commercial Jet Boat Driver (River) Licence under special transitional provisions. Maritime New Zealand anticipates that no more than 180 applications will be made under this provision.

Consequential Regulations

35. Maritime NZ proposes the Shipping (Charges) Regulations 2000 be amended to allow Maritime New Zealand to charge \$236 for the issue of the driver licence and for operators to charge drivers for testing.
36. New regulations will require consultation with the sector. Maritime NZ plans to include this consultation in the consultation process for the Maritime NZ Funding Review but this means that consequential regulations will not be actioned until the consultation process has been completed. The consultation process is beginning in June 2012.
37. Maritime NZ estimates that the number of drivers impacted by this delay to be less than six. They therefore consider that the convenience of combining the consultation process with the Funding Review outweighs the risk of issues arising from delaying implementing relevant consequential regulations.

Sanctions for non-compliance

38. The penalty for non-compliance with the licensing system is set under the Maritime Transport Act 1994. Section 68 of the Act provides that a person who operates without the required maritime document (in this case, the jet boat driver licence) is liable to imprisonment for a term not exceeding twelve months or a fine not exceeding \$10,000.

Monitoring, evaluation and review

39. Maritime New Zealand will monitor compliance with Part 82 through annual audits and inspections of commercial jet boat operations.
40. Maritime New Zealand will continue to monitor applications for exemptions under section 47 of the Maritime Transport Act 1994.