

## Proactive Release

This document is proactively released by the Ministry of Transport Te Manatū Waka.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

Grounds relied upon are:

<b><u>Section</u></b>	<b><u>Description of ground</u></b>
9(2)(a)	to protect the privacy of natural persons
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

Note that this release excludes a number of attachments to each document which are not included in this proactive release because they are already publicly available as part of the first round of public consultation material, which is available on the Maritime New Zealand website: <https://www.maritimenz.govt.nz/public/consultation/dce-40-series-package-1/>

These documents include the interim Regulatory Impact Statement, Invitation to Comment, proposal summaries and proposed rules and maritime transport instruments.

For the avoidance of doubt—the Ministry of Transport and Maritime New Zealand originally prepared draft Cabinet material on the basis that the Associate Minister of Transport would separately consider and approve the most technical material. Two cover briefings were drafted on this basis. The Associate Minister later decided to take a single paper to Cabinet with all consultation material, and the final Cabinet paper reflects this decision.



16 April 2024

OC240322 | MNZ 3/4/24

**Hon Matt Doocey**  
**Associate Minister of Transport**

**Action required by:**  
 Monday, 22 April 2024

cc Hon Simeon Brown  
 Minister of Transport

## REFORM OF THE DESIGN, CONSTRUCTION AND EQUIPMENT MARITIME RULES FOR THE DOMESTIC COMMERCIAL FLEET

### Purpose

This paper provides you with a draft Cabinet paper which seeks authorisation to initiate public consultation on proposals to modernise the design, construction, and equipment rule set ("DCE rule set") for New Zealand's domestic commercial ship fleet (Annex 1).

### Key points

- As the Associate Minister of Transport, you have delegated authority to make maritime rules that contain the requirements necessary to manage the safety performance of New Zealand's domestic commercial maritime fleet.
- Maritime New Zealand (Maritime NZ) has been undertaking a multi-year programme to reform the DCE rule set for the domestic commercial maritime fleet. These vessels are generally less than 24 metres in length. These rules specify the technical, inspection and certification standards that a vessel in the fleet must meet. Primarily the proposals do not apply to foreign flagged vessels, vessels of more than 45 m in length, or vessels 'surveyed to class'.<sup>1</sup>
- Feedback from the sector, internal policy analysis, and recommendations in Transport Accident Investigation Commission reports collectively support a view that the rules are old, repetitive, complex to navigate and use, difficult to update, and in some cases do not align with modern safety standards or expectations.
- Officials are proposing to modernise the DCE rule set and make them more agile and responsive to innovation. We aim to achieve this by setting out:
  - the future performance requirements – in rules made by you; and
  - the technical detail and specific standards – in associated maritime transport instruments made by the Director of Maritime NZ (the Director) where this is authorised under the rules.
- In total, 15 existing rule parts will be reformed through this programme. The first package of new draft rules and maritime transport instruments, and the policy intent

<sup>1</sup> A vessel "surveyed to class" has been certified by a recognised classification society. A classification society is a non-governmental organisation that establishes and maintains technical standards for the construction and operation of vessels.

underpinning them, are ready for public consultation. If you agree to progress this work, we recommend you seek Cabinet approval to initiate public consultation.

- In developing these proposals, Maritime NZ has actively sought input from a range of participants in the sector, including the passenger, tourism, and fishing operators as well as recognised surveyors (people, recognised by the Director, whose role is to survey vessels periodically to ensure compliance with all applicable rules).
- Officials have considered the impact of these regulatory proposals. Ultimately, they are likely to be highly variable across the fleet, but this will be tested further through consultation to ensure the right balance has been struck between safety and cost.

**Recommendations**

We recommend you:

- 1 **note** the Ministry of Transport will commence departmental consultation on the attached draft Cabinet paper
- 2 **agree in principle**, pending relevant feedback, to: Yes / No
  - begin consultation with Ministerial colleagues on the attached draft Cabinet paper by 30 April 2024 at the latest; and
  - submit the attached draft Cabinet paper (with any revisions) to the Cabinet Office on 16 May 2024 for Cabinet consideration thereafter
- 3 **agree in principle**, subject to Cabinet decisions, to consult on proposed reform in three packages over the coming 12–18 months (Annex 3 refers) Yes / No

s 9(2)(a)



Bronwyn Turley  
**Deputy Chief Executive,  
Regulatory**

16 / 04 / 2024

**Minister's office to complete:**

Peter Brunt  
**Deputy Chief Executive,  
Regulatory Frameworks**

16 / 04 / 2024

- Approved
- Seen by Minister
- Overtaken by events

Hon Matt Doocoy  
**Associate Minister of Transport**

..... / ..... / .....

- Declined
- Not seen by Minister

**Comments**

**Contacts**

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Bronwyn Turley, Deputy Chief Executive, Regulatory	s 9(2)(a)	
Peter Brunt, Deputy Chief Executive, Regulatory Frameworks		✓

## REFORM OF THE DESIGN, CONSTRUCTION AND EQUIPMENT MARITIME RULES FOR THE DOMESTIC COMMERCIAL FLEET

### Background

- 1 This briefing sets out progress to date on a multi-year programme designed to update the design, construction, and equipment rule set (“DCE rule set”) applying to vessels<sup>2</sup> in the domestic commercial fleet, to ensure the DCE rule set is fit for purpose. It outlines next steps on the reform, including to lodge a draft Cabinet paper that will enable public consultation on the lferafirst package of proposed changes.
- 2 The reform programme responds to a July 2018 Cabinet agreement, to progress reform to the DCE rule set (CAB-18-MIN-0354 refers). Reform was intended to be a significant review of the structure and ongoing maintenance of the rules. The objectives of the review were to:
  - 2.1 enhance the accessibility and consistency of the rule set;
  - 2.2 allow for innovation and flexibility; and
  - 2.3 modernise safety standards applying to the domestic commercial fleet, where required.
- 3 These objectives align with the priorities outlined in the December 2023 Speech from the Throne which noted the importance of assessing and improving the quality of both new and existing legislation.
- 4 As the Associate Minister of Transport, you have delegated responsibility to make maritime rules. Annex 2 contains further information on the matters that must be considered when making rules and transport maritime instruments under the Maritime Transport Act 1994 (the Act).

### The DCE rule set regulates the design, construction, and equipment of New Zealand’s domestic commercial vessels

- 5 The Act outlines the broad principles of maritime transport law. Among other things, the Act enables the Minister of Transport to make maritime rules for various purposes, such as implementing performance standards, which contain more specific requirements. If the rules allow it, the Director of Maritime Transport may provide further technical detail in transport instruments. Rules and transport instruments are secondary legislation and form part of New Zealand maritime law.
- 6 There are three key levers of the maritime regulatory system which, together, ensure that commercial maritime transport is safe:
  - 6.1 The DCE rule set specifies how a vessel should be designed and constructed to ensure it is fit for its intended use and carries the appropriate safety equipment.

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2 This briefing and the attached Cabinet paper use the term “vessel”. For the avoidance of doubt, the terms vessel, ship, and boat can be used interchangeably. We use vessel because it tends to be a generic term that is not associated with size.

- 6.2 Seafarer certification rules specify the qualifications and experience the master/skipper and crew need to safely operate a vessel.
- 6.3 Operating plans set out how the operation is run safely and risks are managed.
- 7 The DCE rule set specifies the technical standards that must be met and the certification process that provides confidence that a vessel meets those standards. The technical requirements include matters related to a vessel's stability, fire protection, life-saving appliances, electrical system, and navigation.

### **The DCE rule set for New Zealand's domestic commercial fleet is not working as well as it could**

- 8 Most of the principal DCE rules are around 24 years old and, despite numerous amendments, some are no longer fit for purpose. They are old, repetitive, complex to navigate and use, and difficult to update.
- 9 In addition, in some cases the rules do not align with modern safety standards or expectations. For example:
  - 9.1 In 2004, several DCE rules changed but only for vessels built or modified after that time. This has meant that some vessels are still not required to meet the current rules. This policy decision to allow existing vessels to meet older rules created a parallel set of rules for older vessels which significantly increases the complexity of the DCE rule set.
  - 9.2 Potential safety issues, identified as part of this reform project or as a result of a Transport Accident Investigation Commission (TAIC) investigation,<sup>3</sup> have not yet been addressed in the current rules.

### **Maritime NZ has been progressing reform to reduce regulatory burden and improve safety outcomes**

- 10 Officials have been working on a reform programme which modernises the DCE rule set. It proposes, in general, that the DCE rules would set high-level requirements (i.e. what is required and who must do it) while maritime transport instruments would include technical detail about how something must be done (e.g. that a lifejacket must meet a certain standard).
- 11 This approach makes the maritime regulatory system more agile, as transport instruments can be made and amended more easily in response to sector change and innovation. This enables the DCE rule set to focus on enduring or significant policy matters while technical matters are managed as they arise.
- 12 The reform programme also makes substantive changes to the safety requirements in some areas. The proposed changes are risk-based and as a result:
  - 12.1 some safety standards would increase, or the existing requirements would be applied to a wider range of vessels; and

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3 The Transport Accident Investigation Commission (TAIC) investigates accidents and incidents and makes recommendations with a view to avoiding similar occurrences in the future.

- 12.2 some of the current requirements would decrease where the current rules are considered more onerous than necessary for the domestic fleet.

*Initial engagement indicates the reform objectives are likely to be supported*

- 13 Sector knowledge and expertise informed the development of the proposals. In initial development of the proposals, draft DCE rules and maritime transport instruments, Maritime NZ has actively sought feedback from the sector by establishing Technical Advisory Groups for many of the different topic areas to help identify issues and gaps with the current rules and provide technical review of preliminary proposals.
- 14 Maritime NZ has actively sought feedback from the sector, including recognised surveyors, the New Zealand Maritime Transport Association (NZMTA),<sup>4</sup> the fishing sector (both large and small operators), the Coastguard, the aquaculture sector, retailers and manufacturers of equipment, boat builders, tourism operators, and government bodies that operate vessel fleets.<sup>5</sup> Preliminary testing of proposals has also taken place involving:
- 14.1 seeking feedback on 'exploring change documents'. These documents set out preliminary proposals and the rationale for change where proposed;
- 14.2 inviting the sector to attend online sessions that included an overview of the proposals and opportunity for question and answer, and attending and presenting at sector conferences;
- 14.3 checking draft rules and maritime transport instruments with surveyors using a range of real-world exemplar vessels to confirm the workability of the rules and maritime transport instruments and confirm the safety standards are appropriate.
- 15 Officials consider the sector understands the rationale for change and that, in general, this rationale is supported.

**Both costs and savings are expected from reform, though further clarity is expected through consultation**

*The proposals will result in savings*

- 16 Some specific changes to the DCE rule set will result in direct cost reductions. For example, most operators will benefit from reduced costs associated with the certifying of anchors and cables, and some operators will save several thousand dollars due to changes in Load Line certificate requirements.
- 17 More generally, the proposals in the attached paper will improve the effectiveness and efficiency of the DCE rule set by enhancing its accessibility and consistency and allowing for innovation and flexibility. A reduced reliance on exemptions from DCE rules is also expected to result in administrative and cost savings for operators and Maritime NZ.

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4 The represents the maritime passenger sector, including marine tourism, charter and transport. It also includes membership from aquaculture and workboat operators, seafarers and suppliers.

5 Such as the Department of Conservation, NZ Police, Ministry for Primary Industries, Customs, and regional and local councils.

- 18 We also expect that improving the safety standards of the domestic commercial fleet, where required, will result in reduced impacts on operators and New Zealanders more broadly. Serious maritime incidents periodically result in death and trauma. In addition to the social cost of trauma on victims and their families, the cost of these incidents is carried by the public through the involvement of Coastguard, Life Flight, the New Zealand Police, and the New Zealand Defence Force.

*However, there is some uncertainty at this stage about costs*

- 19 Improved safety standards, particularly related to increased requirements for life-saving appliances, fire protection and stability assessments, will come at a cost for some vessels. However, It is difficult at this stage to assess the overall impacts as individual vessels in the fleet are highly variable. For example, some vessels are not required to meet the latest standards under the current rules, while some operators have chosen to have their vessels exceed the current requirements.
- 20 Estimated costs, outlined in the Interim Regulatory Impact Assessment, will be tested as part of the consultation process to ensure they achieve the right balance between modernising the safety requirements and the impact on the sector. Where necessary, there are options to mitigate the impacts of higher-cost proposals, including providing operators time to upgrade their vessel(s) to meet the new requirements.

### Next steps

*You would need Cabinet authorisation to consult publicly on the reform*

- 21 If you agree with the content and proposed approach to public consultation outlined in this briefing and the draft Cabinet paper, the following steps must be taken to enable the opening of consultation:

Date	Step required
From 17 April 2024	The Ministry of Transport conducts Agency consultation on the draft Cabinet paper.
From 30 April 2024	Your office conducts Ministerial and Party consultation (10 working days)
On Thursday 16 May 2024	Your office lodges the Cabinet paper for Cabinet consideration (before 10am)
Following Cabinet confirmation	Officials will finalise consultation material and provide this to your office for approval prior to consultation commencing.
From June 2024	Maritime NZ undertakes public consultation on both the draft DCE rules and maritime transport instruments together, on behalf of you and the Director respectively.

- 22 To reduce complexity and give adequate opportunity for comment across the full range of detailed technical proposals, we recommend a phased approach to consultation, with three packages consulted on over the next 12–18 months (Annex 3 refers) beginning in June 2024.



- 23 We recommend that you seek Cabinet's approval of the high-level consultation material, the proposed approach for consultation, and that you approve the final technical detail of each package of consultation material prior to its release.

*Before making rules and transport instruments, you must consider certain matters of substance and procedure*

- 24 After consultation and before making any new DCE rules and transport instruments, you are required to consider certain matters (Annex 2 refers). In progressing the reform programme to this stage, Maritime NZ has had initial regard to these matters. Officials will advise you on these issues further at the point you are explicitly considering making new rules.
- 25 Note that maritime transport instruments cannot be made until after you have made the associated new rules as the DCE rules need to enable transport instruments to be made. However, we propose consulting on both sets of instruments at the same time so those impacted can fully understand how they will be affected.

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MANATU WAIKA



## ANNEX 1 – CONSULTATION MATERIALS

This briefing includes draft copies of the:

- Cabinet paper
- Regulatory Impact Assessment; and
- Invitation to Comment.

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MANATU WAKA

## ANNEX 2 – MATTERS THAT MUST BE CONSIDERED WHEN MAKING RULES AND TRANSPORT MARITIME INSTRUMENTS UNDER THE MARITIME TRANSPORT ACT 1994

1.1: Matters the Minister must have regard to in making maritime rules under section 39 of the Act	
Requirement	Comment
(1) Rules must not be inconsistent with international standards (to the extent adopted by New Zealand)	The proposals align with international convention to which New Zealand is a party to, including Conventions for SOLAS, Load lines and Tonnage Measures of Ships. The proposals also align with Cape Town Agreement (that relates to fishing vessels 24 metres or more) that is expected to enter into force in the next in 12-24 months.
(2) In making rules the decision maker shall have regard to the following matters:	
(a) International practice	Where appropriate, the proposals have drawn heavily on requirements set out in other jurisdictions, in particular, Australia's NSCV, <sup>6</sup> and the United Kingdom's Workboat Code. Consideration has also been given to requirements in the other jurisdictions, including the United States of America, Canada, Denmark, and Iceland.
(b) Level of risk posed by activity or service	The proposed changes (generally) fall into two categories:
(c) The nature of the activity	<ul style="list-style-type: none"> <li>changes to harmonise the rule set across different vessel types; and</li> <li>changes to maintain or enhance maritime safety.</li> </ul>
(d) Level of risk posed to maritime safety generally	All substantive changes are based on risk having regard for the fact that different operations have different types and levels of risk.
(e) The need to maintain and improve maritime safety and security	A risk-based approach has meant that it is proposed that some requirements increase while others decrease. For example, some vessels will now have to undergo a stability assessment where previously they were not required to. Conversely, for some there will be lesser requirements around the certification of anchors and cables, and electrical standards.
(f) Whether the proposed rule	The proposals reform both the structure and content of the DCE rule set. This will reduce transaction costs for the sector, improve safety outcomes and make future changes easier.
(i) assists economic development	
(ii) improves access and mobility	
(iii) promotes and protects public health	Maritime NZ is working with the Disabled Peoples Organisation Collation to identify areas that will provide the most benefit to this sector while recognising that some barriers to access relate the wharf-based infrastructure which is outside the scope of this reform programme.
(iv) ensures environmental sustainability	

6 National Standards for Commercial Vessels

(fa) the costs of implementing the proposed measures	<p>A preliminary assessment of the costs of the proposals has been undertaken. Where the costs lie will be highly variable and depend on a number of factors, including a vessel's size, how and where it operates, its state of repair, and whether it already exceeds the existing requirements.</p> <p>The preliminary cost estimates will be tested through public consultation.</p>
(g) international circumstances in respect of maritime safety	<p>As noted under 1 and 2(a) above, the proposals have been developed with reference to international conventions, both in force and on the horizon, and the requirements set out in other jurisdictions.</p>
(h) other matters considered appropriate	

**1.2: Matters to be taken into account in making maritime transport instruments**

Requirement	Comment
<p>Section 452A(2) A regulation or rule providing [...] for a matter to be dealt with in a transport instrument may be made only if:</p> <p>(b) [...] the Minister is satisfied that the subject matter is appropriate to be in a transport instrument rather than the rule itself</p>	<p>Guidance provided by the Ministry of Transport was used to determine the split between rules and transport instruments. In line with the Ministry's guidance:</p> <ul style="list-style-type: none"> <li>• the rules set requirements (i.e. what must happen – e.g. certain vessel must have a liferaft) and impose duties (i.e. who is responsible); and</li> <li>• the maritime transport instruments set the technically complex 'second order' detail about how rules are to be met (e.g. that a liferaft on a vessel must be manufactured to a particular standard).</li> </ul>

## ANNEX 3 – PROPOSED CONSULTATION PACKAGES: TIMING AND RATIONALE

Timeframe	Topic areas*	Rationale for order of consultation
Package One: Open Consultation June 2024	<ul style="list-style-type: none"> <li>• Survey</li> <li>• Life-saving appliances</li> <li>• Fire Protection</li> <li>• Machinery</li> <li>• Anchors &amp; cables</li> </ul>	<p>There is likely to be significant sector interest in these topic areas as, except for stability, this is where most of the costs associated with change will occur.</p> <p>(Stability is to be considered in Package Two<sup>7</sup>)</p>
Package Two: Open Consultation end of 2024	<ul style="list-style-type: none"> <li>• Stability</li> <li>• Weathertight &amp; watertight</li> <li>• Electrical</li> <li>• Radio</li> <li>• Navigation</li> </ul>	<p>These topic areas are (generally) highly technical requirement specialist expertise. Consultation will target specific groups e.g. surveyors.</p>
Package Three: Open Consultation early 2025	<ul style="list-style-type: none"> <li>• Accommodation &amp; egress</li> <li>• Lifting appliances</li> <li>• Cape Town Agreement<sup>8</sup> consequential amendments</li> <li>• Other vessels</li> <li>• Conventions:<sup>9</sup> <ul style="list-style-type: none"> <li>- SOLAS</li> <li>- Tonnage</li> <li>- Load line</li> </ul> </li> </ul>	<p>These topic areas are (generally) about aligning the new rules with international conventions.</p> <p>There may be significant interest from the fishing sector as these proposals would include requirements around lifting appliances and the Cape Town Agreement, which relates to fishing vessels 24 metres or more in length.</p>

\* The exact content of each package may change depending on sector feedback and to balance out time required by the sector to review the different packages.

7 Stability has been excluded from Package One simply to manage the size of the Package One consultation package.

8 The Cape Town Agreement is an international agreement related to fishing vessels over 24 m in length that is expected to come into effect in the next 12-24 months.

9 International Convention for the Safety of Life at Sea 1974, International Convention on Tonnage Measurement of Ships 1969, and International Convention on Load Lines 1966



14 June 2024

OC240647 | MNZ 3/6/24

**Hon Matt Doocey**  
**Associate Minister of Transport**

**Action required by:**  
Wednesday, 19 June 2024

cc Hon Simeon Brown  
Minister of Transport

## **CABINET PAPER: REFORM OF THE DESIGN, CONSTRUCTION AND EQUIPMENT MARITIME RULES FOR THE DOMESTIC COMMERCIAL FLEET**

### **Purpose**

This paper provides you with

- a finalised Cabinet paper (Annex 1) seeking authorisation to consult the public on proposals to modernise the design, construction, and equipment rule set (“DCE rule set”) for New Zealand’s domestic commercial ship fleet; and
- talking points to support discussion at Cabinet Committee (Annex 2).

### **Key points**

- 1 Maritime New Zealand has been undertaking a multi-year programme to reform the DCE rule set for the domestic commercial maritime fleet (OC240322 | MNZ 3/4/24 refers). We briefed you on this at the regular officials meeting on 7 May 2024.

*The Cabinet paper and attachments are ready for Cabinet Committee consideration*

- 2 The first package of reforms to the DCE rule set is ready for public consultation. Officials have prepared a Cabinet paper for you to seek authorisation to consult the public.
- 3 You are seeking Cabinet’s approval:
  - for Maritime New Zealand to consult the public from July 2024 on the first package of reforms on behalf of you, as Associate Minister of Transport, and the Director of Maritime New Zealand; and
  - to progress phased consultation, with three packages over the next 12–18 months.
- 4 Agency and Ministerial consultation have taken place on a previous draft of the attached Cabinet paper and high-level consultation materials (Annex 1). Minor amendments have been made to reflect feedback we have received.

5 s 9(2)(f)(iv)

- 6 Officials recommend you proceed with seeking authorisation for public consultation. Maritime NZ has undertaken extensive engagement with the sector and technical experts to develop supporting material, and we consider it a high-quality basis for public consultation.
- 7 Officials recommend this paper is lodged on 20 June 2024 for consideration at Cabinet Economic Policy Committee.
- 8 Some documents developed for consultation are considered too technical to be appropriate for Cabinet consideration. Since you do not need to approve this material prior to Cabinet’s decision, you will receive it in a separate briefing. That briefing will also seek your approval to release the first package of detailed consultation material.
- 9 After Cabinet approval and your approval of the consultation material, Maritime NZ will consult on the first tranche of detailed proposals from mid-July to September 2024. In October 2024, officials will brief you on the results of the first package and intentions about beginning consultation on the second tranche of reforms for consultation. This second tranche will not require separate Cabinet authorisation.

**Recommendations**

We recommend you:

- 1 **agree** to lodge the attached Cabinet paper with the Cabinet Office by 10:00am on 20 June 2024 Yes / No



Paul O’Connell  
**Deputy Chief Executive,  
Sector Strategy**

14 / 06 / 2024

**Minister’s office to complete:**

Peter Brunt  
**Deputy Chief Executive,  
Regulatory Frameworks**

14 / 06 / 2024

- Approved
- Seen by Minister
- Overtaken by events

Hon Matt Doocoy  
**Associate Minister of  
Transport**

..... / ..... / .....

- Declined
- Not seen by Minister

**Contacts**

Name	Telephone	Contact
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Peter Brunt, Deputy Chief Executive, Regulatory Frameworks		✓

## ANNEX 1 – CABINET MATERIALS

Following departmental and Ministerial consultation, final copies of the:

- Cabinet Committee paper
- Regulatory Impact Assessment for the overall proposals (i.e. across all three packages); and
- Invitation to Comment (high-level consultation material covering the reform programme as a whole).

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MANATU WAKA



## ANNEX 2 – PROPOSED TALKING POINTS FOR CABINET COMMITTEE

*Robust design, construction and equipment rules are important for the safety of people working and traveling on domestic commercial maritime vessels.*

- Vessel design, construction, and equipment rules are one of the key regulatory levers to ensure operators of domestic commercial vessels are safe. *(The others are seafarer certification and operating plans that specify how daily operations are to be carried out safely.)*
- These rules set requirements for aspects like fire safety, stability, watertightness and weathertightness, anchors and cables and lifesaving appliances.

*Maritime NZ has been undertaking a multi-year programme to reform the design, construction and equipment rule set.*

- The current rules need reforming as they are difficult to use and keep updated, and many safety standards have not kept pace with changes in industry practice and innovation. This imposes costs on the sector.
- The reforms aim to make the rules easier to understand and update, improve safety outcomes, and reduce transaction costs for operators.
- Many of the proposed changes impose little or no cost on stakeholders, as they are about harmonising existing rules across vessel types (rather than raising standards).
- Three main areas where proposed changes could impose more substantive costs are modernising safety standards for life-saving appliances, fire protection, and stability assessments.
- Examples of proposed changes include:
  - requiring all passenger ships to carry lifejackets for all on board;
  - increasing the number of vessels that would be required to carry liferafts;
  - increasing the number of vessels required to have fire detection systems (e.g. alarms).

*I am seeking approval to publicly consult on these reforms in three packages over the next 12–18 months with the first package to be released in July.*

- A phased approach to consultation is appropriate given the broad scope of the matters consulted on, and the technical nature of the proposals.
- Maritime NZ will report back to me on the outcomes of the first package of consultation and seek my approval before initiating consultation on the subsequent packages.
- Subsequent consultation packages are intended for release in late 2024 and early 2025.

14 June 2024

OC240649 | MNZ 4/6/24

**Hon Matt Doocey**  
**Associate Minister of Transport**

**Action required by:**  
Wednesday, 10 July 2024

cc Hon Simeon Brown  
Minister of Transport

## **APPROVAL OF CONSULTATION MATERIAL ON REFORM OF THE DESIGN, CONSTRUCTION AND EQUIPMENT MARITIME RULES FOR THE DOMESTIC COMMERCIAL FLEET**

### **Purpose**

This paper seeks your agreement to release detailed consultation materials, including draft rules and transport instruments, which consult the public on proposed reforms to the design, construction, and equipment rule set (“DCE rule set”) for New Zealand’s domestic commercial ship fleet.

### **Key points**

- 1 Maritime New Zealand has been undertaking a multi-year programme to reform the DCE rule set for the domestic commercial maritime fleet (OC240322 | MNZ 3/4/24 refers). The first package of reforms to the design construction, and equipment rules for the domestic commercial fleet is ready for public consultation.
- 2 You have recently received a Cabinet paper for you to seek authorisation to consult the public (OC240647 | MNZ 1/6/24 refers). Some documents developed for consultation were considered too technical to be appropriate for Cabinet consideration.
- 3 In this briefing, officials provide those documents and recommend you agree to Maritime New Zealand initiating public consultation.

*Officials recommend you agree to begin consultation*

- 4 We consider the proposals are a reasonable basis for effective consultation as:
  - Maritime New Zealand has undertaken extensive engagement with the sector and technical experts to develop this material. This included establishing technical advisory groups for many of the key topics to help identify issues and gaps with the current rules and provide technical review of preliminary proposals.
  - The draft Maritime Rules and Maritime Transport Instruments have been reviewed by internal and external legal, technical, and Maritime New Zealand policy advisors to ensure they are as accessible, clear and user-friendly as possible, without compromising their technical and legal accuracy.

- An overall interim regulatory impact analysis has been prepared for the purposes of consultation and reviewed by a panel convened for this purpose. The interim RIA has been assessed to meet Treasury’s quality assurance criteria.
- Maritime New Zealand consider the sector understands the rationale for change and that, in general, this rationale is supported.

5 Minor and technical edits may be required as the material is finalised. We recommend you authorise Maritime New Zealand to make these as required.

*The next step is to initiate public consultation*

- 6 Pending Cabinet decisions, once you agree to begin public consultation (per the recommendations below) Maritime New Zealand will consult on the first package of detailed proposals from mid-July to September 2024.
- 7 In October 2024, officials will brief you on the results of the first package and intentions about beginning consultation on the second package of reforms for consultation. This second package will not require separate Cabinet authorisation.

**Recommendations**

We recommend you:

- 1 **agree**, subject to Cabinet approval on the consultation approach, to Maritime New Zealand initiating public consultation, i.e. by releasing the material considered by Cabinet and the technical detailed material for the first consultation package Yes / No
- 2 **authorise** Maritime New Zealand to make any minor presentational or technical changes to the consultation material before consultation Yes / No

s 9(2)(a)

Paul O’Connell  
**Deputy Chief Executive,  
Sector Strategy**

14 / 06 / 2024

**Minister’s office to complete:**

Peter Brunt  
**Deputy Chief Executive,  
Regulatory Frameworks**

14 / 06 / 2024

- Approved  
 Seen by Minister  
 Overtaken by events

Hon Matt Dooney  
**Associate Minister of  
Transport**

..... / ..... / .....

- Declined  
 Not seen by Minister

**Contacts**

Name	Telephone	Contact
Paul O’Connell, Deputy Chief Executive, Sector Strategy	s 9(2)(a)	
Peter Brunt, Deputy Chief Executive, Regulatory Frameworks		✓

## ANNEX 1 – DETAILED CONSULTATION PACKAGE MATERIAL

A number of documents are proposed to be released as part of this consultation. These documents outline the key changes being made to the rules and provide a draft of the proposed rules and maritime transport instruments for review and comment.

We are seeking agreement that Maritime New Zealand initiate public consultation and release these documents as part of the consultation material for the first package.

- Proposal summaries that detail proposed changes
  - Fire Protection proposal summary
  - Machinery proposal summary
  - Life-saving appliances proposal summary
  - Anchors and cables proposal summary
- Examples of proposed changes for 14 representative vessels we consider reflect the majority of the New Zealand domestic fleet.
  - What does this mean for me? (i.e. the exemplars of 14 vessels)
- The draft Rules and Maritime Transport Instruments (MTIs)
  - Fire Protection Rule
  - Fire Protection MTI
  - Machinery Rule
  - Machinery MTI
  - Life-saving appliances Rule
  - Life-saving appliances MTI
  - Anchors and cables Rule
  - Anchors and cables MTI

**In Confidence**

Office of the Associate Minister of Transport

Cabinet Economic Policy Committee

**Reform of the Design, Construction and Equipment maritime rules for vessels in New Zealand's domestic commercial fleet: Approval to initiate consultation**

**Proposal**

1. This paper seeks approval to initiate public consultation on proposals to reform the Design, Construction and Equipment maritime rule set (DCE rule set) that applies to New Zealand's domestic commercial fleet.

**Relation to government priorities**

2. The Government, in the Speech from the Throne in December 2023, noted the importance of having an effective and efficient regulatory system. The proposals align with this priority.

**Executive Summary**

3. The DCE rule set includes the technical, inspection and certification requirements for New Zealand's domestic commercial maritime fleet similar to the way cars must meet requirements in the Land Transport Rules when they are inspected for a Warrant of Fitness.
4. Maritime NZ is undertaking a multi-year programme to reform the DCE rule set. The current rules are old, repetitive, complex to navigate and use, difficult to update and, in some cases, do not align with modern safety standards or expectations. Some vessels are not required to meet the latest standards in the current rules and are instead able to meet rules that pre-date 2004.
5. I propose reforming both the structure and content of the DCE rule set. Maritime NZ has undertaken a robust process to develop proposals which:
  - 5.1. drew on the knowledge and expertise from across the sector, including the fishing and tourism industries;
  - 5.2. aligned the proposals, where appropriate, with the requirements in other jurisdictions, in particular Australia and the United Kingdom; and
  - 5.3. considered recommendations from Transport Accident Investigation Committee (TAIC)<sup>1</sup> reports.

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<sup>1</sup> TAIC is an independent Crown entity with broad powers to inquire into and determine circumstances and causes of accidents and incidents in the transport sector.

6. The proposed structure and content of the new rule set would:
  - 6.1. modernise standards where critical for safety;
  - 6.2. reduce or remove requirements where the current rules are too onerous for New Zealand's domestic fleet; and
  - 6.3. make the regulatory system more agile and responsive to change.
7. Many of the proposed changes would impose little or no cost to the sector. They are about harmonising existing rules across different vessel types rather than raising standards. However, some changes, aimed at modernising safety standards, could impose costs including increased requirements for life-saving appliances, fire protection and stability assessments.
8. There are options to mitigate the impacts of any high-cost proposals, including providing operators time to upgrade vessel(s) to meet the new requirements.
9. As the Associate Minister of Transport, I have been delegated the authority to make Maritime Rules. The Director of Maritime NZ (the Director) has the authority to adjust more detailed technical settings through transport instruments where I have enabled these in the rules.
10. Due to the volume and technical nature of the consultation package, I propose that formal public consultation occur in three tranches over a 12–18-month period, starting in August 2024.
11. The consultation material for the first tranche and the Interim Regulatory Impact Assessment are attached in Appendix 1. Appendix 2 outlines the engagement undertaken during proposal development and the type and proposed approach to engagement during public consultation.

## Background

*The proposed changes primarily only impact vessels in New Zealand's domestic commercial fleet*

12. There are around 2,300 domestic commercial vessels, operated by around 1,600 maritime transport operators. These vessels are generally less than 24 metres in length (over half are less than 12 metres) and generally operate within 12 nautical miles of shore. Most commercial operations are small businesses, and most vessels have three or less crew.
13. The fleet is made up of different types of vessels, including passenger vessels (42 percent), non-passenger vessels<sup>2</sup> (35 percent), and fishing vessels (20 percent). There are also a small number of commercial sailing vessels.
14. Primarily the proposals do not apply to foreign flagged vessels, vessels of more than 45 metres in length, or vessels 'surveyed to class'.<sup>3</sup>

<sup>2</sup> For example, workboats that are used in a wide variety of situations, including supporting aquaculture facilities or construction in the marine environment

<sup>3</sup> A vessel "surveyed to class" has been certified by a recognised classification society, a non-governmental organisation that establishes and maintains technical standards for construction and operation of vessels.

*Reform of the DCE rule set would improve their effectiveness and efficiency*

15. In July 2018, Cabinet agreed to progress reform of the DCE rule set (CAB-18-MIN-0354 refers). The DCE reform programme is a substantial multi-year programme encompassing the review of a wide range of matters, including a vessel's stability, fire protection, life-saving appliances, electrical system, navigation, and communication.
16. The reform programme seeks to improve the effectiveness and efficiency of the DCE rule set by:
  - 16.1. enhancing the accessibility and consistency of the rule set;
  - 16.2. allowing for innovation and flexibility; and
  - 16.3. modernising safety standards applying to the domestic commercial fleet, where required.
17. The legislative design of the new requirements is an important part of achieving the programme's objectives. The new requirements will be included in rules and transport instruments made under the Maritime Transport Act 1994 (the Act). Transport instruments are a secondary legislative instrument introduced in 2021 intended to contain non-controversial technical detail. This would be the first time transport instruments would be used in any substantial way across the transport sector.
18. I am authorised to make rules for the DCE requirements. The Director is able to issue transport instruments where I have enabled this in the rules. Due to the technical nature of the proposals, and pending Cabinet's decision to initiate consultation, the Minister of Transport and I will approve the consultation materials for subsequent tranches.

**Analysis**

*Reform of the DCE requirements is important to ensure the rule set is fit for purpose*

19. DCE requirements are critical for the safe operation of vessels in our domestic commercial fleet. They set technical standards, and the certification process, which provides confidence vessels meet those standards.

The rules can be difficult to access and consistently apply

20. The rules are currently grouped by vessel type. This can result in significant duplication, as there is a full set of technical requirements for each vessel type, despite there being few substantive differences. It can also create uncertainty for the sector as there are unexplained inconsistencies between the rules for different vessel types.

The rules are not agile and cannot keep up with change and innovation

21. Adding or changing rule requirements can be difficult and time consuming as multiple rule sets across each vessel type need to be amended. This makes it difficult to be responsive to changing industry practice or innovation. In



addition, the current rules do not provide a clear purpose or outcome against which to assess applications to be exempt from specific rules. (While exemptions would ideally not be widely required under the new requirements, they are still important to provide for flexibility and innovation.)

The rules are outdated in some areas

22. Most of the principal rules are around 24 years old. Despite numerous amendments, some rules are no longer fit for purpose as technology or end-user expectations have changed. For example, many vessels in the commercial fleet are not required to undertake any form of stability assessment, and the current rules do not address the increased fire risks of using lithium-ion batteries for propulsion. In addition, due to "grandparenting"<sup>4</sup> provisions in the current rules, some vessels are not required to meet modern standards and expectations outlined in the current rules.

*Proposal development followed a robust process including industry engagement*

23. In developing the DCE rule set proposals, Maritime NZ has:
- 23.1. had regard to the matters that must be considered when making maritime rules and transport instruments under the Act,<sup>5</sup> including international practice. The proposals have drawn heavily on requirements in other jurisdictions, particularly Australia and the United Kingdom.
  - 23.2. actively sought out sector expertise, including recognised surveyors,<sup>6</sup> the New Zealand Maritime Transport Association (NZMTA),<sup>7</sup> the fishing and aquaculture sectors, the Coastguard, tourism operators, and government departments that operate vessel fleets.<sup>8</sup> Sector input has occurred throughout the programme from identifying issues with the current rules through to testing the initial proposals and draft rules and transport instruments; and
  - 23.3. had regard to recommendations from TAIC reports of serious accidents in the marine environment.
24. The proposals were assessed against the following criteria to determine whether change was necessary and appropriate, which align with the Government's expectations for regulatory system design:<sup>9</sup>

<sup>4</sup> Grandparenting refers to the practice of allowing an existing vessel to continue to meet older requirements even after the rules have been updated.

<sup>5</sup> Sections 39 and 452A(2)(c) of the Act, respectively.

<sup>6</sup> A surveyor is someone recognised by the Director of Maritime NZ under the Maritime Transport Act 1994. They survey vessels on a 2–3 year basis to ensure they are compliant with all applicable rules.

<sup>7</sup> The NZMTA represents the maritime passenger sector, including marine tourism, charter and transport. It also includes membership from aquaculture and workboat operators, seafarers and suppliers.

<sup>8</sup> Department of Conservation, New Zealand Police, Ministry for Primary Industries, Customs, and territorial local authorities.

<sup>9</sup> Government Expectations for Good Regulatory Practice (2017).

- 24.1. **Maritime safety is maintained or enhanced** – the safety of the domestic fleet is maintained or improved.
  - 24.2. **Practical and economically viable** – changes or new requirements are risk based.
  - 24.3. **Flexible and agile** – future rules can meet challenges on the horizon.
  - 24.4. **Clear to understand and apply** – the accessibility of the rules, and the consistency in how they are applied, is enhanced.
25. All proposed changes meet one or more of the above criteria. A detailed technical analysis of the proposals against these criteria will be released as part of the consultation documentation.

*The key elements of the proposed new rules and transport instruments*

26. The key elements of the proposed new requirements are:
- 26.1. **Existing requirements are generally carried over.** They would look different but many carry over from the existing rules with minor changes to wording to harmonise across vessel types and improve clarity.
  - 26.2. **All substantive changes are risk-based.** As a result, some safety standards will increase or existing requirements will be applied to a wider range of vessels. For example, increased requirements for vessels to carry liferafts. In contrast, some of the current requirements would decrease where current rules are considered more onerous than necessary for New Zealand's domestic commercial fleet. For example, reduced requirements for the certification and inspection of anchors and cables, and lifting appliances.
  - 26.3. **The survey process is clearer and provides more flexibility.** Surveyors would have the opportunity to use a wider range of evidence when deciding whether a vessel meets all applicable rules.
  - 26.4. **The design of the new requirements has been improved.** The design includes setting the high-level requirements in rules with technical details included in transport instruments. This makes the regulatory framework more agile as transport instruments can be readily updated to respond to change. In addition, outcomes, in the form of general requirements, are to be set out for each of the topic area rules to guide compliance decisions (including exemption applications), and requirements to be arranged by topic area rather than vessel type to reduce duplication and complexity.
  - 26.5. **Options to mitigate the impacts of high-cost proposals on existing vessels are included in the proposed approach:**
    - 26.5.1. where the proposed change is to meet modernised safety standards, and would likely impose high costs on existing

operators, they would be given time to upgrade their vessel. A two to five year transition period is proposed; and

- 26.5.2. where the proposed change is not addressing a safety critical matter, and the proposed change would likely impose high costs on an existing operator, the vessel would not be required to be upgraded to meet the new requirements.

*The impact on the sector of the proposed changes would be highly variable*

27. Stakeholders engaged with to date have indicated that they generally support the proposals but have raised concerns where there may be significant costs. In many cases the additional costs are likely to be limited as the proposals are based on existing requirements. However, the proposals would have cost implications for some, particularly for the existing fleet.
28. The proposed changes would be tested through consultation to determine if:
  - 28.1. proposals have achieved the right balance between modernising current safety requirements and the sector impact of making change;
  - 28.2. the impacts have been accurately assessed; and
  - 28.3. appropriate mitigations, including transition periods, have been identified where a proposed change may impose a substantive cost.

The impact on vessels new to the fleet would be minor

29. The proposed rule changes would likely have minimal impact on vessels entering the fleet for the first time. New vessels already frequently meet and exceed the proposed new requirements. Incorporating the proposed changes in the design and planning process would reduce costs. For second hand vessels entering the fleet for the first time, the operator would have the opportunity, before purchase, to determine if it meets the new requirements.

The impact on existing vessels would be more than minor for some

30. Some proposals will have cost implications for the existing fleet. The following three areas, aimed at modernising the safety standards within the DCE rule set, are where the cost of the proposed change would likely be more substantive and where there would likely be the most discussion with the sector.
  - 30.1. **Increased requirements to carry liferafts, lifejackets, and rescue boats.** The proposed changes aim to ensure people can be effectively rescued from the water and sustain life in an abandon ship scenario:
    - 30.1.1. all passenger ships would be required to carry lifejackets for all on board (this is currently not required);
    - 30.1.2. liferafts, or an increased number of liferafts, would need to be carried by a wider number of vessels; and

- 30.1.3. rescue boats would be required on some vessels that are not currently required to have them (although the proposals do decrease the requirements for some vessels and provide flexibility for vessels operating closer to shore).
- 30.2. **More ships would be required to have fire protection features.** The proposed changes aim to ensure early detection and suppression of on-board fires:
  - 30.2.1. fire detection systems, such as fire alarms, would be required for more vessels;
  - 30.2.2. fixed fire extinguishing systems to ensure fires can be quickly and remotely suppressed would be required on most ships over 6 metres with inboard engines; and
  - 30.2.3. structural fire protection would be required on larger ships to provide a physical barrier to slow the spread of a fire on board. This is only likely to impact a very small fraction of the fleet.
- 30.3. **Increased stability requirements.** The proposed change is to ensure a vessel remains afloat and upright in the situations in which it operates.
- 31. It is difficult at this stage in the process to assess the overall impacts of the proposals, including those above, as individual vessels in the fleet are highly variable. For example, some vessels currently rely on grandparenting provisions in the existing rules while some operators have chosen to exceed the current requirements.

*Work is underway to determine if additional offences and penalties are required*

- 32. As part of this reform, Maritime NZ will consider whether additional compliance tools, such as infringement or criminal offences under regulations, are appropriate for the proposed new DCE rules and transport instruments.
- 33. I will report back to the Cabinet Economic Policy Committee by the end of 2025 on the outcome of the offences and penalty work as part of an update on the results of consultation. At that time, I will, if needed, seek approval to consult on any proposed offences and penalties.

### **Proposed approach for public consultation**

- 34. I propose that formal public consultation occurs in three tranches over 12–18 months with the first tranche expected to be released for consultation in August 2024. A staged approach is appropriate given the broad scope of the matters consulted on, and the highly technical nature of the proposals.
- 35. Maritime NZ would consult on the proposed rules and transport instruments on behalf of myself and the Director, respectively. This would include

presenting at sector conferences, offering in-person and online opportunities to discuss the proposals, and providing supporting information on its website.

36. Maritime NZ would report back to me on the outcomes of the first tranche of consultation. It would also seek my approval, and the approval of the Minister of Transport, of the consultation materials prior to initiating consultation on subsequent tranches of proposals.
37. I will report back to the Cabinet Economic Policy Committee on the outcomes of the overall consultation process by the end of 2025.
38. Appendix 2 summarises the significant level of engagement undertaken during the development of the proposals and the proposed approach to engagement during public consultation.

### Implementation

39. Following each tranche of public consultation, the proposals would be updated, as necessary, but not finalised until the end of the entire consultation process as there are linkages between the three tranches.
40. Concurrently with public consultation, Maritime NZ will update existing online resources to support industry in understanding and implementing proposed new requirements set out in the new rules and transport instruments.

### Financial Implications

41. There are no financial implications in releasing the consultation documents. Where there are financial implications for individual proposals, the magnitude depends on the detailed design of the final proposals for regulatory change.

#### *Costs for the maritime transport regulator: Maritime NZ*

42. Preliminary analysis of the proposals indicates there would be no, or minimal, financial implications for Maritime NZ. The implementation of the proposals would be able to be met through agency baselines.

### Legislative Implications

43. There are no legislative implications from releasing consultation documents.
44. To give effect to the proposals, rules and maritime transport instruments would need to be made under the Act. I have the authority to make rules under my delegation as Associate Minister of Transport. Specified persons<sup>10</sup> have the authority to make maritime transport instruments. In addition, the consultation process outlined in this paper will fulfil consultation requirements outlined in the Act.

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<sup>10</sup> A specified person means 1 or more of the following: the Authority, the Director, the Secretary, or the Crown entity appointed as the Designated Authority under [section 7](#) of the Maritime Security Act 2004.

### **Impact Analysis**

45. These proposals are subject to impact analysis requirements. An overall interim Regulatory Impact Analysis (interim RIA) has been prepared for the purposes of consultation and reviewed by a panel convened for this purpose. The interim RIA has been assessed to meet the criteria for quality Regulatory Impact Statements set out by the Treasury.

### **Cost of Living Implications**

46. No cost-of-living implications are identified. A transition period is allowed where a proposal may impose cost.

### **Use of External Resources**

47. Independent contractors were used in the initial stages of the project to undertake the preliminary policy development and project management. Employees from Maritime NZ have been undertaking this work exclusively for the last 18 months. Due to the technical nature of the proposals, Maritime NZ continues to engage external technical expertise, when required, to review the proposed policy and draft legislation to ensure it is technically accurate and can be practically applied.

### **Climate Implications of Policy Assessment**

48. The Climate Implications of Policy Assessment (CIPA) team has been consulted upon and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### **Population Implications**

49. In general, there are no population implications identified. However, I note that Māori and Pacific peoples have significant interests as business owners and employees within the fishing and tourism industries.
50. Some proposals, intended for inclusion in the third consultation tranche, would include requirements that aim to improve the access and safety of disabled persons on vessels that provide public transport. Maritime NZ is working with the Disabled People's Organisation Collation to identify areas that would provide the most benefit to this sector while recognising that some barriers to access relate to the wharf-based infrastructure which is outside the scope of this reform programme.

### **Human Rights Implications**

51. There are no human rights implications identified.

### **Consultation**

52. The Department of Prime Minister and Cabinet has been informed.
53. The following departments have been consulted on the proposals: Ministry for Primary Industries, Ministry of Justice, Ministry of Business, Innovation and



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Employment, Ministry for the Environment, Ministry of Defence, Ministry for Women, Ministry of Education, Ministry of Health, Ministry of Foreign Affairs and Trade, Ministry of Housing and Urban Development, Ministry of Social Development, Ministry for Children, Public Services Commission, Stats NZ, Ministry for Culture and Heritage, Ministry for Pacific Peoples, Te Puni Kokiri, Ministry for Ethnic Communities, New Zealand Police, Department of Conservation, Department of Corrections, Inland Revenue, New Zealand Customs, Department of Internal Affairs, Te Arawhiti, and the Treasury.

### Communications

54. Launch of the consultation process would include the release of consultation documentation, in person and online forums, and targeted information on Maritime NZ's website to proactively answer questions that are likely to arise.

### Proactive Release

55. I intend to proactively release this Cabinet paper and associated minute at the same time as the launch of public consultation.

### Recommendations

The Associate Minister of Transport recommends that the Committee:

- 1 **note** that Maritime New Zealand is undertaking a programme to reform the Design, Construction and Equipment (DCE) requirements that set the certification and technical standards for vessels in New Zealand's domestic commercial fleet;
- 2 **note** that the Associate Minister of Transport has delegated authority to make rules under section 36 of the Maritime Transport Act 1994; and the Director of Maritime New Zealand is able to make transport instruments under section 452B of the Act;
- 3 **note** the consultation materials include (attached to this paper):
  - 3.1 a consultation overview document
  - 3.2 an interim regulatory impact assessment (attached to this paper)
  - 3.3 technical documents that set out the technical detail of the different proposals
  - 3.4 the draft rules and maritime transport instruments (MTI);
- 4 **agree** that due to the volume and technical nature of the consultation package, formal public consultation will occur in three tranches over a 12-18 month period starting in August 2024;
- 5 **approve** the public release of the first tranche of consultation documents, as attached, subject to any minor and editorial changes authorised by the Associate Minister of Transport;



IN CONFIDENCE

- 6 **delegate** authority to approve the public release of the subsequent tranches of consultation materials to the Minister of Transport and the Associate Minister of Transport;
- 7 **invite** the Associate Minister of Transport to report back to the Cabinet Economic Policy Committee by the end of 2025 on the outcome of:
  - 7.1 the consultation process; and
  - 7.2 Maritime NZ's analysis of whether additional offences and penalties are required for the proposed new rules and transport instruments;
- 8 **note** that, pending the outcome of recommendation 7.2, the report back required by recommendation 7 may include a request for approval to publicly consult on proposed offences and penalties; and
- 9 **agree** that this Cabinet paper, and associated minute, will be publicly released as part of the launch of public consultation.

Authorised for lodgement

Hon Matt Dooney  
Associate Minister of Transport

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MINISTRY OF TRANSPORT TE MANATU WAKA

**Appendix 1: Consultation Materials**

- Interim Regulatory Impact Assessment
- Design, Construction and Equipment (DCE) Rules Reform: Package 1

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**Appendix 2: Engagement undertaken during proposal development and the type and proposed approach to engagement during public consultation**

***Engagement undertaken during proposal development***

There has been ongoing engagement with the sector from the inception of the project through the development of the proposals, draft rules and maritime transport instruments. The sector includes recognised surveyors<sup>11</sup>, industry organisations, vessel owners and operators, the aquaculture sector, retailers and manufacturers of equipment, boat builders, tourism operators and government departments that operate vessel fleets<sup>12</sup>.

Some fleet statistics are below.

Vessel type	Approx % of fleet	Approx number of vessels*	Length of vessel (all vessel types)	Approx % of fleet	Approx number of vessels
Passenger	42%	1230	6m or less	20%	455
Non-passenger (workboats)	35%	1070	More than 6m and less than 12 m	39%	900
Fishing	20%	625	12m or more and less than 24m	36%	835
Other (sailing; barge; specified limits permits)	3%	95	24m or more and less than 45m	5%	130
*Note the total number of vessels by type exceeds the number of vessels in the fleet (approximate 2300 vessels) because a vessel can be recognised as multiple types					

***Sector views have been sought since the inception of the project***

Initially, Maritime NZ held meetings on the proposed broader approach with surveyors, naval architects and vessel operators. A stakeholder database was developed, of over 300 personnel who self-nominated to receive regular updates on the reform.

Six Technical Advisory Groups were established, with subject matter experts from the sector and policy and technical staff from Maritime NZ. The groups were tasked with identifying issues with the current rules and providing technical review of preliminary proposals.

***Preliminary proposals have been tested with the sector***

<sup>11</sup> A surveyor is recognised by the Director of Maritime NZ under the Maritime Transport Act 1994. They survey vessels on a 2–3 year basis to ensure they are compliant with all applicable rules.

<sup>12</sup> The Department of Conservation, NZ Police, Ministry for Primary Industries, Customs and territorial authorities.

Maritime NZ publicly released twelve 'exploring change' documents, which set out preliminary proposals and rationale for change. These documents were sent to the stakeholder database, published on the Maritime NZ website and notified in the SeaChange newsletter which is circulated widely amongst the sector. This enabled key areas of technical change to be tested with the sector and considered wider policy decisions such as when vessels would need to comply with the new DCE rule set. It allowed interested parties to be involved, ensuring the final DCE rule set would be fit for purpose.

The sector were also invited to provide feedback at online sessions. Maritime NZ received valuable written and verbal feedback throughout the exploring change process, which contributed to the development of the rules and maritime transport instruments. This included engagement with larger fishing companies, smaller fishing operators and groups that represent a range of fishing operators.

*There has been targeted engagement with the sector*

Maritime NZ staff working on the reform have attended and presented at various sector conferences, including the Marine Transport Association Conferences, the New Zealand Federation of Commercial Fishermen conferences and the Maritime New Zealand Surveyors' conferences. Some presentations gave participants the chance to physically review proposals and early drafts of the rules. These conferences provided valuable opportunities to meet with people from the sector and receive feedback.

The project team has built working relationships with people from the sector and has been able to contact individuals for informal technical assistance when required. Due to the complex content of the rules, ongoing feedback and advice from subject matter experts has been extremely helpful in informing the proposals.

More recently, Maritime NZ has tested draft rules and maritime transport instruments with surveyors. This testing process confirmed the workability of the drafts and provided further confirmation that the safety standards are appropriate.

*Engagement to date indicates the sector generally supports the proposed approach*

In general, the sector supports the proposed approach to reforming the design, construction and equipment rules. The early engagement allowed for understanding of sector concerns regarding cost and workability. The final proposals strike a balance between cost and safety.

There have been elements discussed during the design of the policy and testing the proposed rules where the sector has expressed concerns at the cost and workability. However, the early engagement described above has provided an opportunity to understand these concerns and adjust the proposals to strike a balance between cost and safety.

***Type and proposed approach to engagement during public consultation***

**I N C O N F I D E N C E**

The following table sets out the timeframe and rationale for the three different tranches. It is proposed that, for Package 1, consultation will run for a period of 8 to 10 weeks. During this period, Maritime NZ will undertake the following types of activities to support sector engagement:

- raise general awareness of the consultation underway through Maritime NZ and industry communication channels as well as through direct contact with regulated parties;
- provide online sessions to discuss an overview or answer questions about the proposals, and /or provide an opportunity for the sector to provide verbal comments on the proposals – the sessions will be tailored to the needs of the attendees; and
- attend sector meetings and conferences, if invited.

Before finalising the consultation approach for Packages 2 and 3, Maritime NZ will evaluate the effectiveness of the Package 1 consultation process and the nature of the topic areas, which tend to be more specialist.

<b>Timeframe</b>	<b>Topic areas*</b>	<b>Rationale for order of consultation</b>
Package 1: Open Consultation August 2024	<ul style="list-style-type: none"> <li>• Life-saving appliances</li> <li>• Fire Protection</li> <li>• Machinery</li> <li>• Anchors &amp; cables</li> </ul>	<p>There is likely to be significant sector interest in these topic areas as, except for stability, this is where most of the costs associated with change will occur.</p> <p>(Stability is to be considered in Package 2<sup>13</sup>)</p>
Package 2: Open Consultation end of 2024	<ul style="list-style-type: none"> <li>• Survey</li> <li>• Stability</li> <li>• Weathertight &amp; watertight</li> <li>• Electrical</li> <li>• Radio</li> <li>• Navigation</li> </ul>	<p>These topic areas are (generally) highly technical requirement specialist expertise. Consultation will target specific groups e.g. surveyors.</p>
Package 3: Open Consultation early-mid 2025	<ul style="list-style-type: none"> <li>• Accommodation &amp; egress</li> <li>• Lifting appliances</li> <li>• Cape Town Agreement<sup>14</sup> consequential amendments</li> <li>• Other vessels</li> <li>• Conventions:<sup>15</sup> <ul style="list-style-type: none"> <li>- SOLAS</li> <li>- Tonnage</li> <li>- Load line</li> </ul> </li> </ul>	<p>These topic areas are (generally) about aligning the new rules with international conventions.</p> <p>There may be significant interest from the fishing sector as these proposals would include requirements around lifting appliances and the Cape Town Agreement, which relates to fishing vessels 24 metres or more in length.</p>

<sup>13</sup> Stability is included within Package 2 simply to manage the size of Package 1 and even out the volume of material the sector will need to consider in each tranche of consultation.

<sup>14</sup> The Cape Town Agreement is an international agreement related to fishing vessels over 24 m in length that is expected to come into effect in the next 12-24 months.

<sup>15</sup> International Convention for the Safety of Life at Sea 1974, International Convention on Tonnage Measurement of Ships 1969, and International Convention on Load Lines 1966



# Cabinet Economic Policy Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Reform of the Design, Construction and Equipment Maritime Rules for the Domestic Commercial Fleet

Portfolio Associate Transport

On 24 July 2024, the Cabinet Economic Policy Committee (ECO):

- 1 **noted** that Maritime New Zealand is undertaking a programme to reform the Design, Construction and Equipment requirements that set the certification and technical standards for vessels in New Zealand's domestic commercial fleet;
- 2 **noted** that the Associate Minister of Transport has delegated authority to make rules under section 36 of the Maritime Transport Act 1994, and that the Director of Maritime New Zealand is able to make transport instruments under section 452B of the Act;
- 3 **noted** that the consultation materials, attached to the paper under ECO-24-SUB-0136, include:
  - 3.1 a consultation overview document;
  - 3.2 an interim regulatory impact assessment;
  - 3.3 technical documents that set out the technical detail of the different proposals;
  - 3.4 the draft rules and maritime transport instruments;
- 4 **agreed** that due to the volume and technical nature of the consultation package, formal public consultation will occur in three tranches over a 12-18 month period, starting in August 2024;
- 5 **approved** the public release of the first tranche of consultation documents, subject to any minor and editorial changes authorised by the Associate Minister of Transport;
- 6 **authorised** the Minister of Transport and the Associate Minister of Transport to approve the public release of the subsequent tranches of consultation materials, subject to any minor and editorial changes that may be required;

- 7 **invited** the Associate Minister of Transport to report back to ECO by the end of 2025 on the outcome of:
- 7.1 the consultation process;
  - 7.2 Maritime New Zealand's analysis of whether additional offences and penalties are required for the proposed new rules and transport instruments;
- 8 **noted** that, pending the outcome of the analysis referred to in paragraph 7.2 above, the report to ECO may include a request for approval to publicly consult on proposed offences and penalties.

Rachel Clarke  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Nicola Willis (Chair)  
Hon Chris Bishop  
Hon Simeon Brown  
Hon Erica Stanford  
Hon Paul Goldsmith  
Hon Mark Mitchell  
Hon Tama Potaka  
Hon Matt Dooney  
Hon Penny Simmonds  
Hon Nicola Grigg  
Hon Mark Patterson  
Simon Court MP

**Officials present from:**

Office of the Prime Minister  
Office of Hon Simeon Brown  
Officials' Committee for ECO

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MINATU WAKA





# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### **Report of the Cabinet Economic Policy Committee: Period Ended 26 July 2024**

On 29 July 2024, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 26 July 2024:

Out of Scope

PROACTIVELY RELEASED BY  
MINISTRY OF TRANSPORT TE MANATU WAKA

ECO-24-MIN-0136

**Reform of the Design, Construction and  
Equipment Maritime Rules for the Domestic  
Commercial Fleet**  
Portfolio: Associate Transport

CONFIRMED

Out of Scope



Rachel Hayward  
Secretary of the Cabinet

PROACTIVELY RELEASED BY  
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