

Appendix 3: Analysis of submissions on the December 2012 OPL Review Industry Consultation Document

Submitter	Points Raised	MNZ Response
<p>1. North Tugz Limited</p>	<p>The one off 'equipment levy' proposal (<i>Proposal 2</i>) appears to apply only to domestic operators and not to foreign ships. This is unfair given foreign vessels pose the greatest risk and the burden of responsibility for this levy should fall to them.</p> <p>In the text under <i>Proposal 10</i> the 26% quoted in the discussion document as being applicable to domestic passenger and cargo (including tugs) is wrong. It should be 11%</p> <p>It is erroneous to categorise harbour tugs with ferries given the different functions they carry out, the fact tugs use low risk marine diesel, are constructed to a high standard, and are operated by people with good local knowledge of their harbours. It is submitted that tugs should be categorized with the fishing sector at 2.5 percent of risk.</p> <p>In respect to <i>Proposal 13</i>, consider adding port oil terminals and shore side repair facilities to the application of the levy.</p>	<p>It is not the case that the one off equipment levy would only apply to domestic vessels. The consultation paper notes that it applies across all levy paying sectors and would be paid proportionate to the risk assessment of the sectors. The combined assessed risk of foreign passenger and cargo vessels and foreign tankers is almost 75% of all risk and this is reflected in the amount of the base and any other levy they would pay.</p> <p>The 26% quoted in the text is not correct but the correct percentage is applied and used in the levy tables. The 11% risk assessment for the sector is correct as per the Navigatus report, but the 13.1% applied to the sector for levy calculation purposes is explained and described on page 10 under <i>Proposal 6</i>.</p> <p>The categorization of maritime operations according to vessel type and activity, and whether domestic or foreign (e.g. fishing vessel, tanker, passenger or cargo etc) was primarily a reflection of different 'sets' of activities and 'like' voyage patterns. These groups generally reflect the groupings in the MOSRA analysis as it was that data that informed the per sector risk assessments in this context. Marine diesel is commonly used in the domestic cargo and passenger sector and this was reflected in the risk assessment for the sector.</p> <p>Adding tugs to the fishing sector is not appropriate given the variance between the two sectors in terms of voyage patterns, and average vessel size. As a sector, tugs spend considerably more time than fishing boats within harbours, which are of high sensitivity to an oil spill.</p> <p>Facilities and installations that are land based <i>could</i> (in terms of the definition of a 'contributing oil site' in the Maritime Transport Act (section 329 refers) be subject to a levy. However, for the purposes of imposing a levy (under the methodology that applies a risk assessment to the total payable per sector), it would be extremely difficult to apply</p>

	<p>Agree in principle that those who are in the highest risk category should contribute more to the fund. It may be appropriate that visit frequency is a factor that needs to be considered in Levy calculations.</p> <p>If port facilities, tugs or other port company criteria are used in Levy calculations, recognition must be given to those ports which have undergone successful audits of Harbour Risk Management and have a current MNZ certificate under the Port and Harbour Safety Code.</p>	<p>such an assessment. As it stands, the fact the levy applies to pipelines means that the activity of transferring oil to or from a land based site to or from a vessel is covered. Imposing a levy on the facility itself, means the same oil would be levied twice and in respect the oil based site, not while it was in the marine environment. This would be unfair and inappropriate.</p> <p>For those vessels that are required to pay the levy on a per voyage basis (foreign passenger and cargo vessels), visit frequency affects the Levy payable. Further, the risk assessment for each sector took into account voyage patterns and activity (which includes port visits).</p> <p>There is no proposal to impose a levy on port facilities. In respect to the proposal that tug operators pay a levy (recognizing that tugs are owned by port companies in most instances); there is an intention to undertake work on the feasibility of factoring operator performance into levy calculations. This work is not scheduled to be completed until the next review of the OPL.</p>
<p><b>2. Ports of Auckland</b></p>	<p>In the text under <i>Proposal 10</i> the 26% quoted in the discussion document as being applicable to domestic passenger and cargo (including tugs) is wrong. It should be 11%</p> <p>Tugs are the safest craft on any harbour, and are immensely stable and over built. The fuel transfer system occurs according to a Tier 1 Spill Procedure with which crew members are very familiar.</p> <p>Ports of Auckland Ltd has been called upon to deploy tugs in support of oil spill cleanup operations. Tugs are part of the solution, not part of the problem.</p>	<p>The 26% quoted in the text is not correct but the correct percentage is applied and used in the levy tables. The 11% risk assessment for the sector is correct as per the Navigatus report, but the 13.1% applied to the sector for levy calculation purposes is explained and described on page 10 under <i>Proposal 6</i>.</p> <p>Refer the third comment on submission 1. Further, operator performance or sector performance is not the <i>determinant</i> of whether a levy is payable but might in future be a factor in determining a particular operator's or sector's levy contribution. .</p> <p>There are several vessel types that have been or may be called upon to assist in responding to a major oil spill. The fact a tug, a tanker, a barge, or any other vessel type may be engaged to assist in responding to an oil spill does not alter the inherent risk the vessel itself represents in respect to an oil spill.</p> <p>The next MOSRA assessment will specifically include analysis of tugs, and the three yearly review of the OPL will include consideration of operator performance as a levy calculation factor.</p>

<p><b>3. Gareth Hughes</b></p>	<p>Support a base levy increase (<b>Proposal 1</b>) but it should be much higher than proposed. Revenue of \$4.5 million will not build up the fund reserves but will only pay MNZ's oil pollution response operating costs.</p> <p>The taxpayer has to pay the difference between what Rena cost and what the Crown recovered. This is because the levy has been set too low for many years.</p> <p>Supports <b>Proposal 2</b> but is concerned that it will only bring New Zealand up to the capacity recommended in the 2011 Capability Review. That review identified that New Zealand's response capability is insufficient to deal with oil spills beyond port waters or the shoreline (quotes the operative part of the capability review document)</p> <p>Government should recognize that we do not have the capacity to deal with a deep water oil spill and make deep sea drilling a prohibited activity.</p>	<p>Matters going to the 'build-up' of the \$2 million were not considered when developing the funding proposals. The proposed base levy is not designed to build up the fund reserves. It reflects a close analysis of operational budget requirements over the next three years.</p> <p>The Oil Pollution Fund built up considerable reserves and a decision was made by Government to gradually reduce the 'surplus' to \$2 million; that being the amount required in reserve to cover immediate expenditure commitments associated with a significant oil spill. There was no need to re set the Levy in this context because additional funds were not required. As the fund has reduced, the need for new levy rates has become an imperative. The OPL is currently not set at a level designed to build up substantial funds and the baseline funding proposal is similarly not intended to build up surplus funds. The \$2 million "reserve" (an amount determined by the Ministers of Finance and Transport) is designed to cover the immediate expenditure commitments associated with a significant oil spill. The Crown then covers the balance of costs and under the "polluter pays" principle the recovery of those costs is sought from the polluter (as was the case with the <i>Rena</i> incident). Building the Oil Pollution Fund up to hold potentially tens of millions would represent a shift in the purpose of the fund and this has not been considered in this review.</p> <p>The equipment requirements identified in the 2011 Capability Review were assessed in late 2012 as of ongoing relevance. It is generally recognized that responding to a significant oil spill in a deep sea context poses particular challenges. The focus in respect to equipment has been on near-shore oil spill response and protecting the coastal environment and shore line. Given that the activity undertaken by most levy payers occurs in, or involves passage through coastal waters, a significant proportion of oil spill risk is covered by existing and proposed equipment.</p> <p>Government decisions in respect to permitting deep sea drilling are outside the scope of this review. As noted in the discussion document, the core of the regulatory framework is the prevention of oil spills. This is coupled with operator liability requirements commensurate with potential liability. The Ministry of Transport has been directed to</p>
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	<p>Supports <b>Proposal 3</b> but considers it falls short of what is needed. The proposed 1.5 FTE resource to revise and develop operational policy to keep up with international developments in oil spill prevention and response is not remotely sufficient to deal with threats posed by off-shore oil developments, let alone Rena –type incidents.</p> <p>Proposed training for the NRT is a good start but is insufficient. MNZ may wish to look at training many more.</p>	<p>undertake work on increasing minimum liability insurance for off-shore oil installations from the current US \$21 million - \$24 million.</p> <p>The 1.5 FTE resource is designed to undertake operational policy and exercise coordination work. These are not 'response' positions and have no bearing on MNZ's front line oil spill response capacity.</p> <p>The NRT training proposal (and the number of people to be trained) reflects a close assessment of training needs and NRT capability and requirements. A significant increase in the size of the NRT or a strategy to train more regional responders (or those we have, to a higher level) would require significant new funding. On light of the needs assessment and the fact that other levy increase proposals have been made, the NRT training funding proposed is considered appropriate.</p>
<p><b>4. Coastal Oil Logistics Ltd</b></p>	<p>In respect to <b>Proposal 16</b> (three yearly review of the OPL), there needs to be specific provision for further enhancement of the methodology (especially sector-based risk assessment) to consider a measure of operator performance.</p> <p><b>Proposal 2</b> is supported.</p> <p>In order to maintain the integrity of the OPF, the \$2 million reserve depleted by the <i>Rena</i> incident must be recovered from the Government out of the compensation settlement.</p> <p>The proposals to set an 'equipment levy' is based on an undetermined amount to be collected. The OPL must therefore include provision for allocating shortfall / excess funds in the total levy collected once it can be determined.</p>	<p>Noted. A commitment has been made to do work on the feasibility of including individual operator performance in the levy calculation methodology.</p> <p>Decisions as to the replenishment of the OPL fund from the <i>Rena</i> settlement rest with the Government. As the consultation document notes (page 7 refers), such replenishment would reduce but not entirely remove the need for some additional funding for equipment purchases.</p> <p>It is noted in the document that the actual equipment levy requirements depends on decisions of Government. For the purpose of certainty and to avoid the need to include complicated "dependency" clauses in the Levies Order, a final decision on the recovery of the \$2 million from the <i>Rena</i> settlement will be sought prior to the Order becoming law.</p>

	<p>In respect to <b>Proposal 9</b> (treatment of NZDF vessels), this should be amended to commit MNZ to the collection of commercial usage data over the next three years to ensure it is available for consideration in the three yearly review. MNZ's lack of commitment to fully clarify the status of NZDF vessels has resulted in domestic and foreign tankers assuming a greater proportion of the levy due to overall risk.</p> <p><b>Proposal 15</b> introduces an anomaly in that the differentiation of levy rates for oil carried as cargo is not consistent with the basis for all other oil carried. If it is considered that actual volumes of oil carried is an appropriate basis to apply to OPL then this basis should also apply to bunker fuel.</p> <p>The 2010 MOSRA should be updated to recognize the statistical impact of the Rena incident and the next review of the OPL should include updated MOSRA data.</p> <p>Rena clean-up costs not directly related to the clean-up of oil should not be imposed on the OPL. There needs to be a differentiation of oil spill costs versus the cost of other consequences (e.g. containers spilt into the sea). Primarily oil carrying vessels should not pay a greater share of the levy for non-oil related costs due to their higher risk profile.</p>	<p>MNZ will be collecting data on the commercial use of NZDF vessels to ensure information is available in the context of the new review of the levy. MNZ has not lacked commitment to clarifying the status of NZDF vessels. This is the first review since 1998 and the status of NZDF vessels under the Maritime Transport Act (as it defines who must pay an oil pollution levy) is made clear in the consultation document. There are 18 NZDF vessels and their commercial use (the only usage that is leviable and could be included in a sector risk assessment) is likely to be minimal (at most). This means the effect of NZDF vessels not being risk assessed has had no material bearing on any other sectors risk assessment.</p> <p>It is recognized that using a proxy of a vessel's gross tonnage to calculate bunker oil levy contributions is not consistent with levying cargo oil according to actual volumes carried. However, a 'proxy' for bunker oil is administratively simple, carries very low compliance costs for industry, and is fair in that it applies across all vessel sectors. Further, given larger ships carry more fuel than smaller ships each operator's levy for fuel oil does generally reflect their comparative size. One of the more complex aspects of the previously considered threat-based methodology was accounting for changing volumes of fuel as a journey progresses and the need to 'track' fuel volume as a vessels moved through varying sensitive areas. This reflects a truly accurate bunker oil levy methodology but its complexity and cost outweighs its practicality.</p> <p>The MOSRA10 cannot be updated 'retrospectively' but the next MOSRA will factor in, among other relevant data, oil spill occurrences per sector and by type.</p> <p>The risk assessment per sector looked at voyage patterns (where and frequency), oil volumes carried, and global risk data. The cost of any given oil spill was not a factor. Further, in setting the budget for MNZ oil spill response and preparedness (which is reflected in Proposal 1) the cost of oil spills was not a factor. The levy for each sector has been calculated by applying the per sector risk assessments to a specifically determined quantum of levy. The Oil Pollution Fund can only be used for the purposes specified in the Maritime Transport Act (s. 331</p>
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		refers). No sector is therefore paying a levy for activities not expressly within scope of section 331.
<b>5. Interislander</b>	<p>In respect to <b>Proposal 6</b> (per sector risk assessments), the 2.5% calculation of risk for the fishing sector is iniquitous given the sector's revenue, the nature of oil carried as fuel, and the size of the vessels. If the equity principle ('those who benefit should pay') was based on affordability, only the oil exploration, taker, and fishing industries would pay.</p> <p>Extremely concerned at the depletion of the capital expenditure account as a result of successive Government's failures to adopt MARPOL amendments</p> <p>Disagree with <b>Proposal 2</b>. The capital replacement programme cannot be included in the calculation of the quantum of levy increase – this programme should be at the polluters cost.</p> <p>In terms of <b>Proposal 1</b> it is disappointing that the fund has been depleted without small increases being put in place to cover any inflationary pressures. Disagree with this proposed levy increase. Had the earlier surplus funds not been squandered the fund may now be in better health and not require industry to fund substantial increases.</p>	<p>The levy is predicated on the principle that those who represent risk of an oil spill must pay. Levy payers 'benefit' from the levy because it enables MNZ to prepare for and respond to oil spills, thus mitigating the cost to the polluter. The risk calculation for the fishing industry (and others) used voyage patterns, activity, and the average size of vessels. The profitability of the sector was not taken into account in their risk assessment. With respect to fishing vessels it was recognized that they spend the majority of their time off shore and generally outside the scope of the analysis. An oil spill occurring outside the geographical area of the analysis would not be expected to reach the shore and therefore poses no risk as defined in the model. Further, the typical number of port visits per year for fishing vessels is significantly lower than for other NZ vessel categories. All of these factors contribute to the 2.5% risk assessment for fishing vessels.</p> <p>Depletion of the Oil Pollution Fund is not a consequence of delay in adopting the Protocol of 1996 to amend the International Convention on the Limitation of Liability for Maritime Claims (the Protocol). The depletion of the \$2 million reserves as a consequence of the Rena incident would have occurred with or without the Protocol amendments applying in New Zealand.</p> <p>The capital replacement programme was, pre-Rena, intended to be paid for out of the Oil Pollution Fund. In the event the \$2 million fund reserves expended on the Rena response is reimbursed by the Crown, the amount of revenue collected under this proposal could be significantly reduced.</p> <p>The Oil Pollution Fund built up considerable reserves and a decision was made by Government to gradually reduce the 'surplus' based on a recommendation of OPAC. There was no need to re set the Levy in this context because additional funds were not required. The fund may only be used for the purposes set out in the Maritime Transport Act and all expenditure is subject to independent financial audit and is made public through the financial statements of MNZ, which are tabled in Parliament as part of the Annual Report. In this context of</p>

	<p>We have reservations about <b>Proposal 3</b></p> <p>Disagree with Proposal 3 (a). This implies an overflow resource problem arising from the Rena and should therefore be funded from the Rena insurers, not MNZ via the levy.</p> <p>Disagree with proposal 3 (b). We note the key work to be undertaken is to keep up with developments in oil exploration and exploitation. This activity benefits one sector only and should be funded only by the exploration sector.</p> <p>In respect to Proposal 3 (c) we are concerned about the transparency of the NRT. Their activities must be fully reported back to OPAC.</p> <p>Agree with <b>Proposal 4</b>.</p> <p>In terms of <b>Proposal 5</b>, the wording should be "24 metres or more in length"</p> <p>Disagree with <b>Proposal 7</b> that fuel oil capacity be the measure for the amount paid per ton. Agree with the premise that fuel oil quantities can be declared for arrivals and departures.</p> <p>Agree with <b>Proposal 8</b>. (Exclusion of fresh water vessels) Disagree with <b>Proposal 9</b> (Exclusion of NZDF vessels until required information is available)</p> <p>Support <b>Proposal 10</b> (inclusion of harbour tugs)</p>	<p>accountability and transparency, funds have been applied appropriately.</p> <p>This proposal arises from an assessment of response capability following the Rena. It is not a product or consequence of the incident.</p> <p>The fact work relating to off-shore oil exploration has been identified as key does not suggest the funding would be used exclusively for that work. Splitting levy contributions according to which sector 'benefits' from (or is the focus of)MPRS systemic capability work would be administratively very difficult as would drafting a provision in the Order to accommodate such a policy. All sectors have an investment in increased MPRS systemic capability and all should therefore pay, proportionate to their assessed risk.</p> <p>Noted. OPAC is kept informed of MNZ's response and preparedness activities and expenditure.</p> <p>Noted and agreed. This would convey the intended coverage.</p> <p>It is not proposed that fuel oil capacity be the calculation measure, given capacity is not volume carried. Implementing a policy of calculating bunker fuel levy contributions according to fuel carried at particular times in a voyage would be administratively burdensome and would carry high compliance costs for industry.</p>
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	<p>Strongly support the inclusion of off-take tankers (<b>Proposal 11</b>)</p> <p>Agree with <b>Proposal 12</b></p> <p>Support <b>Proposal 13</b></p> <p>Support <b>Proposal 14</b> but the suggested wording is vague. Support the wording suggested by the New Zealand Shipping Federation.</p> <p>Support <b>Proposal 15</b></p> <p>Support <b>Proposal 16</b></p>	
<p>6. PEPANZ</p>	<p>Support <b>Proposal 1</b></p> <p>Support the purchase of new equipment but oppose the money being sought from levy payers a second time. <b>Proposal 2</b> is therefore not supported.</p> <p>Support <b>Proposal 3</b></p> <p>Support <b>Proposal 6</b></p> <p>In respect <b>Proposal 7</b>, consider the gross tonnage 'proxy' for bunker fuel to be simplistic but recognize that it is administratively simple.</p> <p>Support <b>Proposal 9</b> (exclusion of NZDF vessels) but support the position being re-examined in the next review</p> <p>Support the inclusion of harbour tugs (<b>Proposal 10</b>) but consideration should be given to determining a levy rate that reflects the profile of harbour tugs.</p>	<p>The consultation document notes that in the event the Government makes a decision to replenish the \$2 million OPF reserves out of the Rena settlement, the amount of the equipment levy would be significantly reduced. The argument that industry is 'paying twice' is noted, but in the absence of certainty as to whether the fund will be reimbursed, and the need for new equipment to be purchased, there is no option other than to include this proposal.</p> <p>The proposed levy rate reflects the profile of tugs as domestic vessels. The rationale for categorizing harbour tugs with domestic and passenger vessels is set out in the consultation document.</p>

	<p>Support the status of off-take tankers being considered further (<b>Proposal 11</b>). However, if they are made subject to the levy the 'transfer risk' needs to be either split between FPSO's and tankers or applied to one – not applied twice.</p> <p>Support <b>Proposal 12</b></p> <p>Support <b>Proposal 13</b> (which includes applying specific set levies for different types of oil industry infrastructure) but suggest risk profiling each individual facility needs to be considered in the next review. This customization would avoid cross subsidies and discrepancies 'within' the FPSO sector</p> <p>Support <b>Proposals 14, 15 and 16.</b></p>	<p>Noted.</p> <p>Noted. In respect to the 'breakdown' of the 4% overall risk according to facility type, this will have the effect of avoiding cross subsidization over the next three years.</p>
<p><b>7. New Zealand Shipping Federation</b></p>	<p>Increasing the base levy revenue (<b>Proposal 1</b>) is an inevitable outcome of using fund reserves to fund deficits.</p> <p>Serious concern about <b>Proposal 2</b>. It is utterly unacceptable that the New Zealand maritime industry should in effect compensate the Rena owners for the damage caused by one of their vessels</p> <p>In respect to <b>Proposal 3</b> it is difficult to envisage additional capability revenue only being required for three years.</p> <p>Support <b>Proposal 4</b></p> <p>Support <b>Proposal 5</b> but the words "or more" need to be added Support <b>Proposal 6</b> on the condition it is properly implemented</p> <p>In respect to <b>Proposal 7</b>, the argument for rejecting 'fuel capacity' as the basis for calculating bunker fuel (on grounds capacity does</p>	<p>This proposal does not constitute the 'compensation' of Rena owners and it does not apply only to the New Zealand maritime industry. The Government may make a decision to replace the \$2 million reserve out of Rena settlement funds and if they do so the amount of equipment levy needing to be generated would significantly reduce.</p> <p>The proposal is for an additional \$1.2 million recovered over three years. At this stage there is no intention to extend this revenue requirement beyond that time. It is recognized however that the 3 yearly review could identify new capability costs that need to be met through a base levy increase or a 'one off' additional levy such as is now proposed.</p> <p>Noted and agreed. The intended implementation is clearly set out in the per sector levy rates which if adopted will be prescribed in the Order.</p> <p>A vessel's gross tonnage as proxy for fuel oil carried is recognized as not reflecting actual volumes of fuel oil. However, it is administratively</p>

	<p>not equate to actual amount), also applies to a vessel's gross tonnage being used as a proxy for bunker oil. If the amount of fuel carried at any particular time is a key risk factor then every reasonable effort should be made to get as close as possible to an accurate figure.</p> <p>Support <b>Proposal 8</b> on the grounds that if the levy can't be used for fresh water spills it should not apply to fresh water vessels</p> <p>Do not support the exclusion of NZDF vessels (<b>Proposal 9</b>).</p> <p>Support <b>Proposal 10</b> – the inclusion of harbour tugs</p> <p>Do not support <b>Proposal 11</b> – off-take tankers not being included as a levy paying sector at this juncture.</p> <p><b>Proposals 12 – 16</b> – All supported. Suggest rewording of the clarifying text in Proposal 14.</p>	<p>simple, carries very low compliance costs for industry, and is fair in that it applies across all vessel sectors. Further, given larger ships carry more fuel than smaller ships each operator's levy for fuel oil does generally reflect their comparative size. Obtaining an accurate figure of oil carried as fuel would impose compliance costs on industry and would be administratively complex. One of the more complex aspects of the previously considered threat-based methodology was accounting for changing volumes of fuel as a journey progresses and the need to 'track' fuel volume as a vessels moved through varying sensitive areas. This reflects a truly accurate bunker oil levy methodology but its complexity and cost outweighs its practicality.</p> <p>Agree that there needs to be a change to the wording proposed in Proposal 14 (to clarify that where persistent and non-persistent oil is carried as cargo both must be paid at the specified rates).</p>
<p><b>8. New Zealand Seafood</b></p>	<p>In respect to <b>Proposal 1</b>, MNZ has provided no information to support an increase in baseline revenue. In the absence of supporting information and the wider Government 'fiscal restraint' stance, we cannot support this proposal.</p> <p>Support the proposal to fund the purchase of equipment through a levy increase. However, due to the extra money being needed as a consequence of the Rena incident, SNZ opposes it being recovered from the maritime sector (<b>Proposal 2</b> is not supported). The Rena compensation needs to be used to restore the Fund to the pre-Rena level. It would then be appropriate for the levy to be reviewed and reduced.</p>	<p>MNZ's budget for oil spill response and preparedness BAU showed OPF revenue of this magnitude is required. The levy has not increased since 1998 (15 years) and the amount of revenue it is generating is insufficient to maintain BAU activities The OPF budgets are shared with OPAC – of which the submitter is a member.</p> <p>The consultation document sets out in detail the relationship between this proposal, the Rena incident and Government decisions on the use of the settlement funds.</p>

	<p>Do not support <b>Proposal 3</b>. The additional capacity requirements should be funded through a reassignment of existing resources and budgets.</p> <p>Support <b>Proposals 4 and 5</b>. The levy should continue to apply to vessels of 100 gross tons or more and 24 metres or more in length.</p> <p><b>Proposal 6</b> Do not agree with the risk assessment for fishing vessels when compared to other sectors. The large fishing fleet is small and does not operate in the New Zealand coastal space and has limited fuel transfers. We have some problems with the assumptions (and in some instances the vessels on which the fishing sector risk assessment was based)</p> <p><b>Proposal 8:</b> Support the exclusion of fresh water vessels.</p> <p><b>Proposal 9.</b> Agree that NZDF vessels should not be subject to the levy</p> <p><b>Proposal 10</b> Supports the inclusion of tugs as a levy paying sector. However, if they are added to the domestic passenger and cargo sector then the overall risk of that sector must increase (were it not to do so, it would imply tugs carry no risk).</p> <p><b>Proposal 11</b> Do not support any argument for excluding off-take tankers. The fact the MOSRA10 was not scoped to account for total risk does not justify excluding off-take tankers.</p> <p>Support <b>Proposal 12</b>.</p> <p><b>Proposal 13</b> (this also links to <b>Proposal 6</b>) – surprised at the risk assigned to the oil industry.</p>	<p>Noted. The Oil Pollution Levies Order prescribes to whom the levy is applicable and it currently does not require a vessel to be of any particular length. Proposal 5 seeks to make express that length (specifically being more than 24 metres in length) is a factor in whether the levy applies.</p> <p>The methodology for calculating the fishing (and other sectors) risk has been clearly set out in documents prepared by Navigatus. Short of restating the basis for the assumptions and the methodology itself, there is nothing further this analysis can add to the matter.</p> <p>Tugs were factored into the assessment for the category they have been placed in.</p> <p>Noted.</p> <p>The relatively low risk for this sector reflects the location of oil industry facilities and the low likelihood of a spill from such facilities reaching the coastline.</p>
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	Support <b>Proposals 14 and 15</b>	
<b>9. Shipping New Zealand<sup>1</sup></b>	<p>No concerns in respect <b>Proposal 1</b> but the justification of what constitutes BAU needs more supporting information and clarification.</p> <p>Strongly oppose <b>Proposal 2</b>. This funding should be derived from the Rena settlement funds. Industry should not be asked to pay again for what was already there pre-Rena.</p> <p><b>Proposal 3:</b> Funding for these additional capability costs should be met from the Rena settlement</p> <p>Support <b>Proposal 4</b>.</p> <p>Support <b>Proposal 5</b> – with wording to reflect the vessel must be 24 meters <i>or more</i> in length.</p> <p>Support <b>Proposal 6</b> and note that the risk for each sector seems to be fairly proportioned.</p> <p>Support <b>Proposal 7</b>. Support <b>Proposal 8</b></p> <p>Do not support <b>Proposal 9</b> – NZDF vessels should be levied and we see no difference between a commercial vessel and a defence vessel needing to carry oil to function.</p> <p><b>Proposal 10.</b> Support this proposal – harbour tugs should be levied and should not be treated differently to commercial vessels.</p> <p><b>Proposal 11.</b> Do not support the exclusion of off-take tankers</p> <p>Support <b>Proposal 12</b> but the definitions of different oil types needs to be in plain English and easily understood</p>	<p>The relationship between this proposal, the Rena incident (and costs), and decisions of Government in respect to the distribution of settlement funds is clearly set out in the consultation document</p> <p>These costs are additional to the \$2 million maximum that MNZ can reasonably expect to be refunded (given that was the total of MNZ expenditure). Further, the proposals are not a consequence of the Rena incident</p> <p>The OPL applies only to commercial vessels, and in the case of NZDF vessels could only apply where they are used commercially. There is no intention to ‘widen’ the levies ambit to non-commercial vessels of any sort.</p> <p>Harbour tugs operate on a commercial basis in that a fee is charged for their services.</p>

	<p>In respect to <b>Proposal 13</b>, the calculation for the collective contribution of the oil industry sector suggests revenue of \$220,000 and that each of the 12 current operators should pay \$18,300</p> <p><b>Proposal 14.</b> This is invalid given that foreign vessels do not carry dual oil parcels as cargo. The proposal should therefore not apply to overseas tankers and is a waste of time.</p> <p><b>Proposals 15 and 16</b> are supported.</p>	<p>The 4% risk for the sector has been disaggregated to account for variance of risk posed by platforms, pipelines, wells and FPSOs. Each 'sub-sector' therefore contributes a different proportion of the 4% (the total sector contribution varying under the different funding scenarios).</p> <p>The proposal is not invalid. It provides a mechanism for clarifying that where dual oil parcels are carried each type must be paid for at a specific rate. It does not create any new costs for industry and future proofs the Order in the event dual oil parcels are carried in future.</p>
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<sup>1</sup>Two submissions were received from New Zealand Shipping. One from the Executive Member and one from the President. This analysis 'collapses' the two submissions.