

Briefing for the Incoming Minister

November 2008



Executive Summary	3
Our people	3
Statutory role and responsibility	3
Corporate vision and business philosophy	3
Vision	3
Mission statement	3
Legislation	3
Funding Issues	3
Decisions required in the next six months	4
Proposed changes to the MTA	4
Port and harbour safety	4
Rules development	4
Cruise Ships Levy Review	Error! Bookmark not defined.
Maritime New Zealand	6
Our People	6
Statutory role and responsibility	7
Principal functions provided by MNZ	7
Corporate vision and business philosophy	8
Vision	9
Mission statement	9
Service charter	9
Guiding principles	9
Legislation	9
Key Challenges and Risks	10
Shortage of skilled seafarers	10
Risk	10
Legal compliance	10
Risk	10
Capability	11
Risk	11
Strategic Goals 2008 - 2011	12
Goal 1 - Clearly define the statutory role of MNZ	12
Goal 2 - Ensure effective delivery of Safe Ship Management	12
Goal 3 - Ensure maritime qualifications and operational limits are appropriate for safe vessel operations	13
Goal 4 - Ensure MNZ is appropriately resourced and trained to deliver on its operational objectives	13
Goal 5 - Support Government key initiatives	13
Funding Issues	14
Policy issues	14
Coastal Shipping	14
Greenhouse gases	14
IMO conventions	15
Kayaking strategy	15
Safe Ship Management	15
Update on 406 Mhz distress beacons	16
Health and safety in employment objectives	16
Decisions required in the next six months	17
Proposed changes to the MTA	17
Port and harbour safety	17
Rules development	17
Cruise ships levy review	Error! Bookmark not defined.

EXECUTIVE SUMMARY

Our people

At 30 June 2008 MNZ had 108.5 full-time equivalents (FTEs) based in its Wellington office and 10 staff in regional offices, 8.3 staff in the Marine Pollution Response Service at Te Atatu and 17 staff in the Rescue Coordination Centre New Zealand based at Lower Hutt.

Statutory role and responsibility

Maritime New Zealand (MNZ) is a Crown entity established in August 1993 as the Maritime Safety Authority (MSA) and renamed with effect from 1 July 2005. The objective of MNZ as prescribed in the Maritime Transport Act 1994 (MTA) is to:

“undertake its safety, security, marine protection, and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive, and sustainable transport system.”
(s430).

Corporate vision and business philosophy

MNZ's corporate vision and business philosophy is based upon the statutory objective stated in section 430 of the MTA.

Vision

Safe secure and clean seas

Mission statement

To lead and support the maritime community to take responsibility for ensuring safe, secure and clean seas.

Legislation

Along with the Maritime Rules and the Marine Protection Rules, MNZ exercises its statutory functions and powers under the following legislation:

- Maritime Transport Act 1994
- Ship Registration Act 1992
- Maritime Security Act 2004
- Health and Safety in Employment Act 1992

FUNDING ISSUES

MNZ's funding is insufficient to meet the cost of its operations and has resulted in a deficit for the year ending 30 June 2008 of \$633,000. The deficit continues a history of deficits over the last five years with only 2006/07 showing a small surplus of \$67,000.

MNZ considers that the current funding levels are unsustainable and will continue to impact on MNZ's ability to deliver an appropriate level of services as required under its statutory objectives. The Ministers of Transport and Transport Safety were sufficiently concerned about MNZ's funding in 2005 that they commissioned an independent review by PricewaterhouseCoopers. This review reported that the levels of funding were not sustainable. Since that review the Crown has provided

an injection of \$1m in funding to assist with the additional operational costs that have been incurred by MNZ.

MNZ has also recently undertaken a review of the Marine Safety Charge (MSC) levy and the user charges for ship registration and licensing. Cabinet approved the proposed increases and these will take effect from 1 December 2008 and 1 November 2008 respectively.

While this will address some of the key issues MNZ is currently facing there is a need to ensure that core operational activities are appropriately funded. To this extent MNZ has submitted budget bids for the following - Recreational Boating Awareness, Health & Safety, Search & Rescue Variable and Operational costs and Safety Services for Recreational Boating.

DECISIONS REQUIRED IN THE NEXT SIX MONTHS

Proposed changes to the MTA

The upcoming amendment to the MTA has been an opportunity for MNZ to advance a range of amendments to a number of the regulatory and offence provisions that MNZ works with, covering both safety and marine environment protection. An example of the latter is the proposed amendment to section 234 extending the Director's powers (from being able to direct precautionary measures within the territorial sea) to prohibiting ship-to-ship transfers of oil of any kind if the risks are considered too high, out to the limits of the EEZ.

Port and harbour safety

The Government has approved policy to incorporate new provisions on port and harbour safety in the upcoming MTA amendment. MNZ was extensively involved in the development of advice on this matter, which will give legislative sanction to certain of the current voluntary provisions found in the MNZ-sponsored *New Zealand Port and Harbour Marine Safety Code*.

Along with the conventions' component, MNZ expects to be involved in assisting MoT to prepare drafting instructions for the amendments to the MTA, and the preparation of the officials' report on submissions at the select committee stage. Once enacted, MNZ will be involved in administering the new port and harbour provisions, and anticipates being contracted to complete any rules-development requirements.

Rules development

MNZ undertakes development work enabling the Minister to make rules under the MTA to give effect to technical requirements for maritime safety and marine environment protection. The task, governed by an annual contract between MNZ and MoT setting out the rules' projects to be undertaken during the year as well as reporting and quality requirements, is currently valued at \$660,000.

Drivers for rules on the programme include changes to maritime safety and marine environment protection conventions to which New Zealand is party, accident investigation recommendations, safety and environmental audit findings, and policy developments (such as those referred to above in relation to accession to a new suite of treaties).

The draft programme for each year is signed-off by the Minister following reference to the Cabinet.

[Withheld under section 9 (2)(f)(iv) of the Official Information Act 1982]

MARITIME NEW ZEALAND

The Authority



Susie Staley is the Chairman of the Authority. Susie is a barrister and solicitor, and a partner in the Dunedin law firm, Staley Cardoza. Susie's area of practice covers a wide range of commercial, company and property work. Susie is also a director of Global Technologies (NZ) Ltd, Tower Ltd and a trustee of The University of Otago Foundation Trust. Susie has previously held positions as a director of PGG Wrightson Limited and Dunedin International Airport Limited. Susie became a member of the Authority in July 1999 and was appointed Chairman in December 2002.



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



Ken Gilligan was formerly General Manager and Managing Director of the Port of Napier. Prior to this, Ken was CEO of the New Zealand Ports Authority and had a 20-year career working in a variety of government departments. Ken is currently Chairman of the Hawke's Bay Power Consumers' Trust and the Energy Trusts of New Zealand (Inc), a Director of City Medical Ltd and a trustee of the Napier Family Centre Financial Trust. Ken is a fellow of the Chartered Institute of Logistics and Transport and became a member of the Authority in June 2003.



Adrienne Young Cooper is director and principal of Hill Young Cooper Ltd, a consultancy providing resource management and public policy consulting services. Adrienne is a director of Solid Energy New Zealand Limited, Auckland City Property Enterprise Board, Auckland Regional Transport Authority and a trustee for Cornwall Park Trust and Sir John Logan Campbell Residuary Estate. Adrienne has special interests in environmental, safety and transport governance and became a member of the Authority in July 2004.



Michael Ludbrook is a management consultant specialising in assisting clients with major strategic change and performance improvement initiatives. Michael, a member of the New Zealand Institute of Chartered Accountants, has over 30 years experience in most business disciplines. This experience has been gained in Australia and New Zealand working in the automotive, electricity and health sectors. Michael also holds a number of directorships in the health sector. Michael was appointed to the Authority in October 2006.

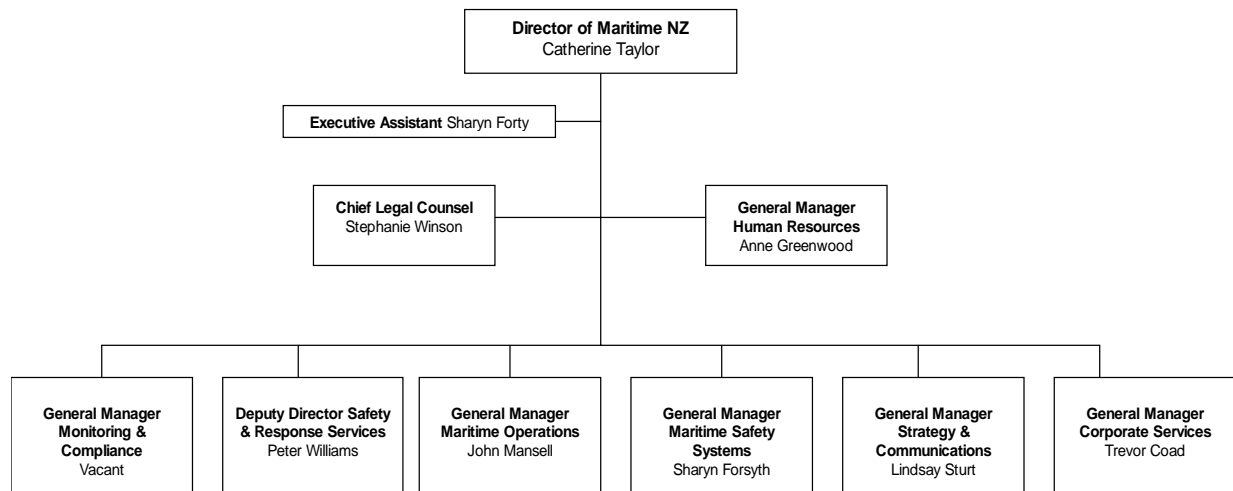


Catherine Taylor, Director of Maritime New Zealand

A chartered accountant, Catherine became Director in December 2006. Cathrine has held senior management positions in the transport sector since 1990 when she took on the role of General Manager Operations at Wellington Airport. Concurrent with that role, Catherine was also a Member (Director) of the Civil Aviation Authority (CAA) for five years. Subsequently, Catherine was appointed to General Manager Personnel Licensing and Aeronautical Services at the CAA before joining MNZ as Deputy Director Development and Business Services in 2004.

Our People

At 30 June 2008 MNZ had 108.5 full-time equivalents (FTEs) based in its Wellington office and 10 staff in regional offices, 8.3 staff in the Marine Pollution Response Service at Te Atatu and 17 staff in the Rescue Coordination Centre New Zealand based at Lower Hutt.



Statutory role and responsibility

Maritime New Zealand (MNZ) is a Crown entity established in August 1993 as the Maritime Safety Authority (MSA) and renamed with effect from 1 July 2005. The objective of MNZ as prescribed in the Maritime Transport Act 1994 (MTA) is to:

“undertake its safety, security, marine protection, and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive, and sustainable transport system.” (s430).

Principal functions provided by MNZ

Set out below are the principal functions that MNZ has a statutory requirement to provide:

- promote maritime safety and security, and protection of the marine environment in New Zealand and beyond, in accordance with New Zealand’s international obligations
- develop maritime safety and marine protection rules
- license ships, their operation and their crews
- maintain the New Zealand Register of Ships
- conduct safety inspections of New Zealand ships and of foreign ships calling at New Zealand ports
- administer the Health and Safety in Employment Act 1992 for ships
- administer international obligations of the Crown under the treaties, memoranda and other maritime agreements listed in the Output Agreement with the Minister of Transport
- provide and operate lighthouses and other navigation aids for ships on the New Zealand coast
- provide an appropriate coastal and long-range maritime distress and safety radio communication system
- manage New Zealand’s ship and port security system and investigate and review maritime security breaches and incidents
- investigate and analyse maritime accidents and accident trends
- educate the maritime community about safety and environmental standards and best practice
- manage and co-ordinate Class III search and rescue (SAR)

- maintain the New Zealand marine oil spill response strategy and national contingency plan
- administer the New Zealand Oil Pollution Fund
- advise the Minister on technical maritime safety policy
- represent New Zealand's interests in international maritime forums such as the International Maritime Organization (IMO).

MNZ staff also oversee services provided by organisations under contract or delegated authority, principally in the areas of marine radio services for communicating distress messages and safety information to and from ships at sea, maintenance of aids to navigation and the Safe Ship Management (SSM) system that replaced the traditional survey of ships in 1998.

MNZ develops, on behalf of the MoT, draft maritime and marine protection rules and delegated technical standards legislation provided for under the Maritime Transport Act 1994. Other Ministerial services include technical advice on maritime safety and environmental protection issues, advice on Ministerial correspondence, parliamentary questions and industry liaison.

The professional skills and qualifications of the staff cover a range of disciplines. Uniquely, the number of staff with seagoing backgrounds makes MNZ the biggest New Zealand employer of professionally qualified seafarers outside the shipping industry.

Marine pollution response

This response capability is based on contingency planning, and is developed and maintained through partnerships between Maritime NZ, Regional Councils, unitary authorities, and industry and overseas agencies. The primary aim is to minimise the impact of pollution on the marine environment within New Zealand's area of responsibility.

The response system is comprised of three 'Tiers', each having the ability to escalate in an integrated and efficient manner to the next, depending on the scale of the event.

Each Tier is required to prepare contingency plans and a response capability appropriate to their respective levels of responsibility.

- Tier 1 – Industry (ships and onshore/offshore oil transfer sites)
- Tier 2 – Regional Councils and Unitary Authorities
- Tier 3 – Maritime NZ and International Partners

Maritime NZ maintains a response capability of sufficient size to counter an oil spill of 3,500 tonnes, which is deemed to be a 'one in a hundred year' event. If the scale of an incident is beyond the nation's domestic capability, arrangements are in place to secure overseas assistance. This relationship is reciprocal, as New Zealand will be expected to assist our neighbours if requested.

Rescue Coordination Centre

In New Zealand, the Rescue Coordination Centre New Zealand (RCCNZ) is responsible for coordinating all major aviation and maritime search and rescue missions within the New Zealand Search and Rescue Region. In addition, RCCNZ is responsible for coordinating land-based missions arising from someone activating a distress beacon.

All these RCCNZ-coordinated incidents are termed 'Category II' incidents. Category II missions arise because an aircraft, vessel or person is in distress, and they often require the coordination of national and international civil and military resources.

Corporate vision and business philosophy

MNZ's corporate vision and business philosophy is based upon the statutory objective stated in section 430 of the MTA.

Vision

Safe secure and clean seas

Mission statement

To lead and support the maritime community to take responsibility for ensuring safe, secure and clean seas.

Service charter

A service charter is required under Section 437 of the Maritime Transport Act 1994. The charter covers the standard of service which the public can expect to receive a complaints procedure, remedies should the standards of service not be met, and provision for the appointment of an independent person to assist in the resolution of disputes. MNZ's charter can be viewed on MNZ's website.

Guiding principles

MNZ has developed principles that define how the organisation will meet its vision, mission and expectations contained in the service charter. These overarching principles can be broken down to two areas: MNZ's work environment and people.

Work environment

- **Leadership** - provide leadership to promote safety, security and marine protection.
- **Standards** - establish standards that are appropriate to the risk generated by the activity.
- **Monitor** – actively monitor adherence to regulatory requirements to ensure people involved in maritime activities are responsible for their actions.
- **Educate** - inform, educate and promote safe, secure and clean seas.
- **Legal** - work in accordance with MNZ's statutory responsibilities and legal obligations
- **Empower** – provide framework to empower teams to make decisions to ensure timely and effective response efforts.
- **Support** - provide appropriate systems and tools to support the work MNZ does.
- **Compliance** - use appropriate regulatory tools to manage compliance.
- **Partnership** - work with the maritime community to achieve effective outcomes.
- **Investigate** - investigate to learn and not tolerate reckless behaviour.

People

- **Ethics** - act with integrity and professionalism.
- **Respect** - treat others with respect and act consistently and fairly.
- **Leadership** - are skilled and trained to provide robust credible leadership and support.
- **Expertise** - are valued and recognised for their skills, expertise and experience.
- **Innovation** - are listened to and ideas for innovation and improvement sought.

Legislation

Along with the Maritime Rules and the Marine Protection Rules, MNZ exercises its statutory functions and powers under the following legislation:

- Maritime Transport Act 1994
- Ship Registration Act 1992
- Maritime Security Act 2004

- Health and Safety in Employment Act 1992

KEY CHALLENGES AND RISKS

A key consideration in developing a strategic plan is the identification of external and internal risks that may impact upon the organisation. MNZ has as part of its strategic planning process identified a number of key external and internal risks which will need to be taken into consideration in formulating its strategic goals over the next three financial years. These risks are outlined below.

Shortage of skilled seafarers

A significant risk facing both the domestic and international maritime industry is the recruitment, retention and development of skilled, qualified and experienced mariners. While there is a pool of seafarers available for rating positions, there is a growing shortage of suitable candidates for officer positions. This is anticipated to worsen, particularly with the retirement of senior officers and engineers, the growing demand for skilled seafarers in the expanding oil and gas industry and the shortage of trainees entering the industry.

Risk

The shortage of quality mariners has a compound effect on New Zealand which is competing in the international market for this scarce resource. Not only will it be difficult to locate and recruit mariners for seagoing positions, but also it will be difficult to recruit suitable candidates for shore-based infrastructure roles such as pilots, harbourmasters, marine repair personnel, surveyors and the like.

Mitigation

Over the next 3 years MNZ will review the maritime qualification framework to ensure that qualifications offered to the industry are relevant and address issues relating to sea time requirements for those qualifications (refer to Part Two – Strategic Goal 3).

Legal compliance

MNZ works to a complex range of legislation including statutes, regulations and rules.

Risk

There is a danger, should the policies and procedures not be consistent with relevant legislation and just as importantly rigorously enforced, that key components of MNZ's vision namely, safe, secure and clean seas may be compromised.

Mitigation

MNZ intends over the next three financial years to fully review all its systems and procedures to ensure that they are robust and fully compliant with current legislation (refer to Part Two – Strategic Goal 1). In addition, a comprehensive internal audit programme has been implemented to assess the extent to which systems and procedures are being followed. This will provide management and stakeholders' with confidence that all statutory requirements delegated to MNZ are fully and fairly discharged.

Implementation of an electronic legislative compliance system in 2008/09 will provide additional assurance that MNZ's policies and procedures comply with current legislation.

Capability

To provide a professional and high quality service to its stakeholders MNZ must maintain and strengthen staff capability, in a market where roles and skills are highly specialised and national and international competition for those skills are high.

Risk

Unable to recruit suitable skills and experience to carry out business as usual activities and increasing stress on existing employees to cover legislative requirements.

Mitigation

MNZ continues to build on its internal human resources policies and procedures in consultation with other government agencies to ensure that a quality service is provided to stakeholders. MNZ's strategic focus for 2008/11 (refer to Part Two – Strategic Goal 4) will be to continue to retain existing capability, with the long-term view of enhancing MNZ's reputation in the market place as an employer of choice. Key strategic initiatives include retention, learning, development and recruitment.

Part of retaining good people is providing opportunities for them to develop, up-skill, maintain existing competencies and certificates and to enhance their career. MNZ will develop strategies to review and enhance policies and procedures for the following initiatives:

- continuing education – study opportunities
- more targeted utilisation of the corporate training allocation
- enhancing the leadership development programme
- succession planning.

STRATEGIC GOALS 2008 - 2011

MNZ undertakes an annual strategic planning process. The focus of the planning process is to identify, assess and prioritise the strategies required to achieve MNZ's desired outcomes taking into consideration the operating environment, strategic risks and organisational capability. MNZ also takes into account the stated views and priorities of the Minister and MoT, and agreed transport sector outcomes.

The three year strategic work programme is in part a continuation of strategies highlighted in MNZ's 2007/08 Statement of Intent but also reflective of current and future key risks identified across the maritime community.

MNZ has identified five strategic goals to be progressed over the next three financial years.

Goal 1 - Clearly define the statutory role of MNZ

Clearly define, monitor, guide and where necessary enforce regulatory standards as delegated under the Maritime Transport Act. This strategy is aimed at enhancing the safety regulatory framework within which industry operates, with a focus on ensuring consistency of approach across the Maritime Rules, and ensuring that regulation supports safe and sustainable operations.

The desired outcome of this strategy is to:

- ensure safety and environmental protection standards are effective, clearly understood and consistently applied across the industry
- encourage voluntary/ willing compliance of operators in the industry to assume primary responsibility for safety.

Goal 2 - Ensure effective delivery of Safe Ship Management

MNZ will continue to develop the Safe Ship Management (SSM) system to improve safety outcomes for New Zealand's domestic commercial fleet. The SSM Development Programme of work commenced in 2007. The objectives of the programme of work are to:

- ensure that the regulatory framework within which the system is delivered is robust and effective;
- provide assurance that all functions carried out either under delegation or by recognised persons are being delivered in a consistent manner, to a high standard and in accordance with the Maritime Transport Act and applicable rules; and
- ensure that all stakeholders are fully aware of their roles and responsibilities within the system, and are provided with the tools to ensure that they can fulfil those responsibilities.

Goal 3 - Ensure maritime qualifications and operational limits are appropriate for safe vessel operations

A review of the licensing and qualifications framework is required to ensure that the licensing requirements and qualifications offered to industry are relevant and meet the needs of industry now and into the future. This is particularly important, given the shortage of quality seafarers in the maritime industry. This situation is predicted to deteriorate due to the early retirement of senior officers and engineers, the growing demand for skilled seafarers in the expanding oil and gas industry and the shortage of trainees entering the industry.

Goal 4 - Ensure MNZ is appropriately resourced and trained to deliver on its operational objectives

Organisational capability can be defined as having sufficient and appropriate sustainable resources for delivery on business as usual and strategic goals. This includes, but is not limited to: people, money, systems and equipment. Key issues confronting MNZ include:

- market availability of specialist skills
- retention of appropriate staff to operationalise MNZ's strategic goals and ensure that a quality service is provided to MNZ's diverse array of stakeholders
- succession planning, particularly in operational areas and the associated risk of loss of corporate knowledge
- IT resource, responsiveness and capability
- manning of RCCNZ 24/7 operations.

The desired outcome for organisational capability includes:

- development of a human resource strategy that both aligns with the strategic direction of the organisation as well as targeting the succession planning needs required into the foreseeable future
- focused training investment in key areas of the business.

Goal 5 - Support Government key initiatives

In December 2007 Minister of Transport, Hon Annette King launched Sustainable Transport, a draft Update of the New Zealand Transport Strategy that outlines a vision for a sustainable transport sector until 2040. MNZ expects to provide strategic input in the following areas:

- provide direction for the transport sector until 2040 in the context of the government's sustainability agenda and other government strategies in the areas of energy and energy efficiently
- translate that direction into high-level targets for the transport sector and intermediate targets for the maritime industry
- develop an action plan on how the maritime industry will achieve these transport sector targets.

MNZ will also continue to contribute to specific Government maritime policy development initiatives that may develop from time to time, in addition to the Rules Contract Programme agreed with the MoT on an annual basis.

FUNDING ISSUES

MNZ's funding is insufficient to meet the cost of its operations and has resulted in a deficit for the year ending 30 June 2008 of \$633,000. The deficit continues a history of deficits over the last five years with only 2006/07 showing a small surplus of \$67,000.

MNZ considers that the current funding levels are unsustainable and will continue to impact on MNZ's ability to deliver an appropriate level of services as required under its statutory objectives. The Ministers of Transport and Transport Safety were sufficiently concerned about MNZ's funding in 2005 that they commissioned an independent review by PricewaterhouseCoopers. This review reported that the levels of funding were not sustainable. Since that review the Crown has provided an injection of \$1m in funding to assist with the additional operational costs that have been incurred by MNZ.

MNZ has also recently undertaken a review of the Marine Safety Charge (MSC) levy and the user charges for ship registration and licensing. Cabinet approved the proposed increases and these will take effect from 1 December 2008 and 1 November 2008 respectively.

[Withheld under section 9 (2)(f)(iv) of the Official Information Act 1982]

POLICY ISSUES

Coastal Shipping

The Domestic Sea Freight Strategy, which sets out how the Government proposes to meet this target, identifies a number of issues that need to be addressed; including investment, modal equity and the analysis of potential barriers. The addition of new tonnage working on the NZ coast, in recent times, has highlighted some of the issues involved.

MNZ needs to review the requirements of the maritime safety and marine protection rules, as they apply to coastal shipping, to establish whether the standards are appropriate to the risks associated by the activities being undertaken.

This review needs to be undertaken to examine industry concerns that the requirements of the maritime rules act as an impediment to the provision of these coastal operations, and if this is found to be the case, recommend areas of rule amendment where it is possible to alleviate these effects.

Greenhouse gases

MNZ, which represents New Zealand at the Marine Environment Protection Committee of the International Maritime Organisation, has followed the development of the IMO's deliberations on possible technical, market-based and operational measures to reduce greenhouse gas emissions from ships.

MNZ role to date has been to report on these discussions, including the alignment of various states and NGOs, in order to alert climate change policy agencies in Wellington of the implications of this IMO policy development. These agencies (MoT, MFAT and MfE) are now participating in IMO meetings on this topic.

MNZ would expect to be involved in fulfilling any flag and port state control functions related to any IMO GHG emissions reduction instrument that the Government may eventually embrace.

IMO conventions

MNZ has made a contribution to the development of the policy advice to the Government recommending accession to the following IMO conventions:

- International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunkers Convention)
- Protocol of 1996 to amend the International Convention on the Limitation of Liability for Maritime Claims 1976 (LLMC Protocol)
- Protocol Relating to Intervention on the High Seas in Cases of Pollution by Substances other than Oil 1973, as amended (Intervention Protocol)
- Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances 2000 (OPRC-HNS Protocol)
- International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004 (BWM convention).

With the exception of the OPRC-HNS Protocol, all these projects have completed (with positive results) the Cabinet policy process and Parliamentary treaty consideration. MNZ expects to be involved in assisting MoT (and MAF/BNZ, in the case of BWM) in preparing drafting instructions for the amendments to the MTA, and assisting in the preparation of the officials' report on submissions at the select committee stage. (The MTA amendment Bill has priority 5 in the legislative programme.)

The LLMC and HNS Intervention Protocols will not require ongoing administration by MNZ but the Bunkers and BWM Conventions will have direct impacts on MNZ's port and flag state and rules development activities. The BWM Convention is estimated to cost MNZ some \$422,000 to administer each year (proposed to be recovered by levy). In addition, there will be one-off and on-going training and procedure development costs estimated at \$25,000 and \$14,000 respectively. The rules development task has been estimated to require funds of \$460,000 (to be the subject to a MoT budget bid) in addition to current levels of rules contract funding.

The Government has deferred a decision on acceding to the OPRC-HNS protocol at this time pending the development of an HNS response strategy. MoT is to put forward a budget bid (with input from MNZ) to secure funding of \$250,000 for MNZ to carry out this work in 09/10.

Kayaking strategy

MNZ is currently consulting on a draft strategy for safety in kayaking (both commercial and recreational). At its core, the draft strategy envisages MNZ recognizing industry/national standards for safety management and qualifications for guides and instructors, and to work with the national bodies to promote their uptake by commercial operators. The strategy is to be finalized by the end of 2008.

Safe Ship Management

The SSM system, administered by MNZ, requires vessel owners and operators to be responsible for the daily safe operation of their vessels. A significant review of the SSM was launched by MNZ last year as part of its commitment to ensuring that the structure and delivery of the system continue to be improved.

The aim of the SSM development project is to continue to improve the structure and delivery of the SSM system, which involves MNZ working closely with the maritime industry and providing strong leadership to ensure that safety standards are not compromised.

During the year MNZ held a series of nationwide workshops with SSM surveyors and MNZ maritime safety inspectors and auditors. The workshops focused on improving understanding of documentation requirements and ensuring rules administered under the system were being consistently delivered.

Feedback requested from the maritime industry and other stakeholders resulted in the identification of a number of SSM service delivery options. A review of these options in consultation with the industry will occur in 2008/09.

The commitment to improving the SSM system reinforces a range of initiatives MNZ is undertaking with the industry's support, such as the FishSAFE programme, which has resulted in a 50% reduction in the number of accident claims from the sector since its introduction.

Port and harbour

The Government has approved policy to incorporate new provisions on port and harbour safety in the upcoming MTA amendment. MNZ was extensively involved in the development of advice on this matter, which will give legislative sanction to certain of the current voluntary provisions found in the MNZ-sponsored *New Zealand Port and Harbour Marine Safety Code*.

Along with the conventions' component, MNZ expects to be involved in assisting MoT to prepare drafting instructions for the amendments to the MTA, and the preparation of the officials' report on submissions at the select committee stage. Once enacted, MNZ will be involved in administering the new port and harbour provisions, and anticipates being contracted to complete any rules-development requirements.

Update on 406 Mhz distress beacons

In May 2008 RCCNZ was tasked with undertaking a risk assessment of the 406 MHz Distress Beacon Database backlog. In undertaking this work RCCNZ has widened the scope of the task to cover other risks relating to the database.

RCCNZ took over the 406 MHz Distress Beacon Database from the Civil Aviation Authority (CAA) when RCCNZ was established under the control of MNZ (4 July 2004). Since that time there has been significant growth in the number of 406 MHz beacons being sold and used in New Zealand. This growth has been driven by the introduction of regulations (compelling the carriage and registration of the beacons in both the marine and aviation sectors), by advances in technology (making beacons smaller, more reliable, more accurate and, critically, cheaper) and by the successful advertising of the benefits of distress beacons to the wider public.

A significant driver has also been the future demise of the 121.5/243Mhz distress beacons the processing of which will cease in February 2009. Over the past three years the NZ SAR Secretariat has orchestrated an education campaign based on the International Maritime Organisation's timing for the phase out of the 121.5/243 MHz distress beacons. This campaign has been effective and has positively led to a switch to the 406 MHz distress beacon. Interestingly the campaign determined that there are approximately 30,000 121.5/243 MHz distress beacons in NZ. This suggests that there are still a considerable number of replacement 406 MHz distress beacons to be purchased and this figure may be as high as 20,000!

It is doubtful that the longer term implications of the task of maintaining the 406 MHz distress beacon database (size of the task, human and financial resources required) were understood at the time that it was set up.

Health and safety in employment objectives

The Prime Minister, in May 2003, acting pursuant to section 28B of the Health and Safety in Employment Act 1992 and having regard to the specialist knowledge of relevant agencies, designated MNZ (at that time the Maritime Safety Authority) to administer this Act for the maritime sector, specifically for ships. The scope of the designation is for work on board ships and for ships as places of work.

MNZ has entered into a Memorandum of Understanding with the Department of Labour which provides that the Parties work co-operatively to:

- ensure safe and healthy people and workplaces
- co-ordinate the application of health and safety legislation to avoid overlaps and gaps in coverage and to promote efficiency
- provide a seamless, responsive and consistent service; and

- maintain an open relationship to promote and produce optimal results for workplace health and safety in New Zealand.

DECISIONS REQUIRED IN THE NEXT SIX MONTHS

Proposed changes to the MTA

The upcoming amendment to the MTA has been an opportunity for MNZ to advance a range of amendments to a number of the regulatory and offence provisions that MNZ works with, covering both safety and marine environment protection. An example of the latter is the proposed amendment to section 234 extending the Director's powers (from being able to direct precautionary measures within the territorial sea) to prohibiting ship-to-ship transfers of oil of any kind if the risks are considered too high, out to the limits of the EEZ.

Port and harbour safety

The Government has approved policy to incorporate new provisions on port and harbour safety in the upcoming MTA amendment. MNZ was extensively involved in the development of advice on this matter, which will give legislative sanction to certain of the current voluntary provisions found in the MNZ-sponsored *New Zealand Port and Harbour Marine Safety Code*.

Along with the conventions' component, MNZ expects to be involved in assisting MoT to prepare drafting instructions for the amendments to the MTA, and the preparation of the officials' report on submissions at the select committee stage. Once enacted, MNZ will be involved in administering the new port and harbour provisions, and anticipates being contracted to complete any rules-development requirements.

Rules development

MNZ undertakes development work enabling the Minister to make rules under the MTA to give effect to technical requirements for maritime safety and marine environment protection. The task, governed by an annual contract between MNZ and MoT setting out the rules' projects to be undertaken during the year as well as reporting and quality requirements, is currently valued at \$660,000.

Drivers for rules on the programme include changes to maritime safety and marine environment protection conventions to which New Zealand is party, accident investigation recommendations, safety and environmental audit findings, and policy developments (such as those referred to above in relation to accession to a new suite of treaties).

The draft programme for each year is signed-off by the Minister following reference to the Cabinet.

[Withheld under section 9 (2)(f)(iv) of the Official Information Act 1982]