Proactive Release

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

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.

Listed below are the most commonly used grounds from the OIA.

Section	Description of ground
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

Office of the Associate Minister of Transport

Cabinet Expenditure and Regulatory Review Committee

Maritime Levy Review – Approval to release discussion document

Proposal

1 This paper seeks agreement to Maritime New Zealand (Maritime NZ) initiating a Maritime Levy review and releasing a public discussion document (Appendix A).

Relation to government priorities

2 Maritime NZ's triennial levy review will ensure it can effectively deliver its regulatory functions operating under a cost recovery model. This approach aligns with the Government's enduring letter of expectations for statutory Crown entity boards to deliver better results and improved public services for New Zealanders, while managing within tight fiscal constraints.

3 This proposal also provides options to meet specific requirements in my Letter of Expectations to Maritime NZ to provide a plan to eliminate its deficit and return to financial break-even over the next three years. Maritime NZ activities also contribute to Target 9: Reduced net greenhouse gas emissions and the innovation and growth agenda.

Executive Summary

4 Maritime NZ is the national regulator for the safety, security, environmental protection, and sustainability of the maritime and port sector. It is largely funded through cost recovery from users in the maritime regulatory system.

5 Maritime NZ's key source of revenue for maritime activity is the Maritime Levy which provides 37% of its total funding. This covers services related to the safety of shipping and a range of other regulatory services or activities undertaken by Maritime NZ. The Maritime Levy applies to commercial vessels visiting or operating in New Zealand.[1]

6 Maritime NZ is scheduled to undertake its triennial levy review with the outcomes to be implemented for the 1 July 2027 to 30 June 2030 period. It is important the review begins as soon as possible to provide the cruise sector with as close as possible to 18 - 24 months' notice so that any levy adjustments can be accounted for when setting prices.

Changes since the last levy review

7 The previous levy review was implemented in 2024 with a 28% increase in the Maritime Levy. This size of this increase was due to a combination of funding priorities of the previous Government, such as seafarer welfare and MARPOL

[1] Ships exempt from paying maritime levies are listed in regulation 6 of the Maritime Levies Regulations 2016 and includes ships forced into port due to bad weather or damage, ships helping in emergencies like search and rescue, non-commercial recreational vessels, and registered small commercial adventure vessel.

Annex VI[2] implementation, and addressing issues raised by the sector, for example, fixing outdated maritime rules.

8 Import growth has been volatile, with goods import volumes decreasing by 1.7% and 2.4% in December and March 2025 quarters respectively, then subsequently increasing by 4.2% in the June 20205 quarter. Cruise ship visits, which generate 23% of Maritime Levy revenue, are down by approximately 37% between 2023/24 and 2025/26, from 976 to around 610 annually. The cruise sector has stated this is driven by a combination of meeting biofouling requirements, uncertainty about access to Milford Sound, and regulatory costs (including lead-times to build cost increases into ticket prices).

9 These factors have led to a revenue shortfall in the Maritime Levy of $6.3 million in 2024/25 (13.9%), $8 million in 2025/26 (16.9%), and $9.8 million in 2026/27 (20%). Maritime NZ has to date addressed this shortfall by using its reserves, as well as making savings of $5.5 million in 2025/26, rising to $6.3 million in 2026/27 (16% of Maritime Levy-funded activity), while continuing to meet commitments as part of the last levy review. Maritime NZ will continue to maintain savings of $6.3 million annually to June 2030.

10 However, from 2027/28, Maritime NZ will fall below the reserves level it considers is required to meet the going concern solvency test under section 51 of the Crown Entities Act 2004. This would leave a levy shortfall of $3.1 million and inflationary pressures of 2.5% per annum, creating a projected shortfall of $4.2m in 2027/28, $5.2m in 2028/29, and $6.4m in 2029/30.

Proposal to proceed with a Maritime Levy Review

11 I am seeking Cabinet agreement to releasing a discussion document that proposes three options for the Maritime Levy:

11.1 Option 1 (no levy increase) which results in reduced frontline services which will have impacts on efficient and productive operation of the sector and delivery of regulatory outcomes.

11.2 Option 2 (minor levy increase for inflationary pressures) which results in similar reduced frontline services to Option 1 but limits the impact of levy increases on the sector.

11.3 Option 3 proposes increasing the levy to a level which maintains current Maritime NZ activities and services, and includes a regulatory change to adjust levy charges downward if revenue exceeds expectations to ensure fairness and avoid over-recovery.

12 Maritime NZ is not proposing to undertake the scheduled Oil Pollution Levy (OPL) review. A combination of higher-than-expected oil import volumes, efficiencies and savings, and OPL reserves of $6 million means that Maritime NZ can slowly draw down reserves until the next OPL review due in 2030/31. The OPL rate will remain unchanged. The sector will likely react positively to this proposal.

13 While I am reluctant for more costs to be placed on the maritime sector, I want to ensure it can consider the service levels it wants from Maritime NZ, and the

[2] International Maritime Organization Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI seeks to address the impact of air pollution from shipping activities and the impacts of emissions from shipping activities on climate change and ozone layer depletion

corresponding impact on levies. I therefore agree consultation on the Maritime Levy should proceed.

14 s 9(2)(f)(iv) [redacted]

15 I propose a four-week public consultation period. Longer public consultation periods are preferable to mitigate the chance of judicial review or a referral to the Regulations Review Committee. However, concluding consultation before the end of the year is preferable so the cruise industry has as much notice as possible of changes, without consultation running over the Christmas period which could look disingenuous as it is their busy period.

Background

16 The Maritime Levy applies to commercial vessels visiting and operating in New Zealand. It funds club goods, or activities that benefit users such as the provision of safety infrastructure, education, rules development, audits, inspections, investigations, and corrective and enforcement activities. It must be paid regardless of whether an operator uses a function and/or activity it funds.

17 As the maritime sector collectively relies on a safe and well-regulated operating environment, it is appropriate that costs are shared through levies. This approach ensures fairness, sustainability, and alignment with the principles of regulatory stewardship and cost recovery. If volumes decrease, the cost to maintain the regulatory system remains so this does not equate to a decrease in levy rates[3].

18 The 2024 levy review implemented a 28% increase in the Maritime Levy over the levy period, based on import and export growth predictions, Treasury forecasts, and international cruise predictions at the time. The 2024 levy review followed a comprehensive assessment of Maritime NZ's efficiency and effectiveness, carried out in collaboration with the sector. The sector advocated for a number of changes in Maritime NZ activities, including making it easier to engage and interact with the regulator though certification and notifications, removing outdated rules and processes, better monitoring of third parties, and greater inspection of unsafe vessels on the New Zealand coast. It also supported a more proactive regulator, who partnered with the sector and used a broader range of corrective and enforcement tools.

19 Since the last levy review there has been a decrease in cruise ship visits of 358 since 2023/24 in contrast to forecast increases of 148, and the economic recovery has not been as fast as predicted. Because of this, Maritime NZ has had a revenue shortfall it has addressed through savings of $6.3 million per annum and the use of reserves. While export growth has increased in the June 2025 quarter, and the return of imports is likely as the economy recovers, the scale and timing of port visit increases and, consequentially, levy revenue, is uncertain. Maritime NZ is also forecasting a small decrease in the domestic levy revenue due to a reduced number of domestic vessels around the coast.

[3] The three factors with rates used to calculate the levy payment for a vessel category are deadweight tonnage, passenger capacity, and either overall length or gross tonnage depending on vessel category.

20 New Zealand remains an attractive cruise destination. Government measures to support the cruise industry, such as clarity in ongoing operation in Milford Sound, biofouling cleaning and risk management improvements, and sufficient notice periods for changes to regulatory costs, may see increases in port visits. This can be accounted for with the mechanism to refund over-collection detailed under Option 3.

Inflationary pressures

21 Over the next levy period, Maritime NZ will continue to face inflationary costs. These costs have been estimated using projected Consumer Price Index (CPI) figures and, where more specific inflationary data is available, it has been used to provide a more accurate assessment of cost changes. All Maritime Levy-funded staff, and most operating costs, have been estimated at a CPI of 2% in line with the Treasury's forecasts. Other costs, including for maritime safety services and property, are above CPI. These estimations combined result in an actual inflationary adjustment of 2.5%.

Savings and efficiency measures implemented

22 Maritime NZ has addressed its $6.3 million levy shortfall by making savings and using part of its reserves. Efficiencies and savings to date include:

22.1 A reduction in contractors and consultants to 5 - 7% of workforce costs in 2025/26

22.2 Remuneration increases at, or below, CPI

22.3 Savings of $2.7 million through more efficient phasing of recruitment as well as removal of roles though digitisation and restructure

22.4 Digitising internal and external processes to deliver small cost savings and enhance productivity for the agency and the sector.

22.5 Consolidating property in Wellington and reducing cost in satellite offices through partnering with other government agencies.

22.6 Prioritisation and reduction of international and domestic travel, while noting some staff are still required to travel to undertake their regulatory roles.

22.7 Bringing training in-house and centralising its management.

23 Through this work, Maritime NZ has made savings of $5.5 million in 2025/26, rising to $6.3 million in 2026/27. Maritime NZ will continue to maintain realised savings of $6.3 million annually to June 2030.

24 However, by July 2027, Maritime NZ will have a $3.1 million shortfall. This shortfall can no longer be supported by reserves as the Board's minimum reserve threshold will have been reached. This shortfall and inflationary pressures of 2.5% per annum create a projected shortfall in the levy of $4.2 million in 2027/28, $5.2 million in 2028/29, and $6.4 million in 2029/30. Without additional cuts or a levy increase, it is likely that Maritime NZ would not meet the going concern solvency test per section 51 of the Crown Entities Act 2004, and would need to seek Crown funding.

Proposal for public consultation and subsequent milestones

25 Maritime NZ is proposing to publicly consult on three options for the Maritime Levy impacting commercial vessels visiting or operating in New Zealand. Calculations for each option are conservative, based on current cruise activity at 600 port visits and cargo being stable at 5200 visits. The additional increases for each option are detailed below

Option	Description	Additional revenue required (per annum)	% increase	Increase per passenger per voyage[4]
Option 1	No levy increase (reduces regulatory activity and involves reduction of 35 staff)	N/A	N/A	N/A
Option 2[5]	Adjustment to address inflation and fund redundancies (reduces regulatory activity and involves reduction of 25-30 staff)	$2.5 million in year 1 $1 million each for years 2 and 3	6.35% in year 1 2.5% each for both years 2 and 3	12 cents (From $1.97 to $2.09)
Option 3	Adjustment to address inflation and revenue shortfall (this will maintain current regulatory activity and staff)	$5.2 million	13.2%	26 cents (From $1.97 to $2.23)

Option 1: No levy increase

26 Under this option, the Maritime Levy remains unchanged over the next three-year cycle. This minimises financial impacts on the sector but delivering this option would require reductions in staffing and core regulatory services. This equates to a total reduction of approximately 35 full-time equivalent (FTE) staff on top of already planned reductions in 2026/27 (planned reductions of 41 FTE being approximately 20% of current Maritime Levy-funded activity).

27 While these cuts would address inflationary pressures and the shortfall, there would be a reduction in Maritime Levy-funded activities as outlined below:

27.1 A 29% reduction in corporate services, and research, analytics and intelligence FTE activity which would impede progress on digitisation of operator certification and the online portal for users to interact with Maritime NZ, hindering short to medium term efficiency and service improvements

27.2 A 67% reduction in engagement and harm prevention programmes FTE activity which would decrease engagement with the sector to deliver proactive interventions for international shipping, cruise, fishing, and other

[4] Based on an average of 1,622 visitors per ship and an average of 4.7 port visits per voyage.
[5] Option 2 has different revenue required and percentage increases due to the need for redundancy payouts.

domestic operators, returning the regulator to largely reactive enforcement focus

27.3 A 19% reduction in technical advice FTE activity for stakeholders which would mean fewer specialists to engage at the International Maritime Organisation to influence international settings and progress with projects such as low emissions and new and emerging technology will slow

27.4 A 29% reduction in regulatory reform FTE activity which would halve the rules reform programme sought by the sector to address costly and out of date rules and enable innovation

27.5 A 22% reduction in legal and investigations FTE activity which would result in fewer serious incidents being investigated or prosecuted weakening the deterrent effect, undermining fairness across the sector and eroding trust in the regulator

27.6 An 18% reduction in certification and licensing FTE activity which would increase delays beyond the already challenging target of 10 working days for processing applications along with reduced capacity to quality assess certification decisions, impacting on efficient operation of the sector

27.7 Key activities and changes the sector advocated for in the last levy review and where progress is being made would stall or be undone. For example, the multi-year programme to improve licensing rules and resolve complex operator issues would take longer. This would result in push back from operators and other stakeholders and a lack of confidence in the regulator.

28 Further detail on the impact on outputs and service levels is provided at Table 4 of the discussion document (pages 20 – 22).

29 s 9(2)(f)(iv) [redacted]

Option 2: Increases to cover inflation

30 This option proposes a 2.5% increase to the Maritime Levy rate to account for inflation-related cost pressures over the next three-year cycle. However, it also incurs a cost for redundancies in year one.

31 While this increase addresses inflationary pressures, the revenue shortfall would need to be addressed by reducing staffing by approximately 25-30 FTE (compared to 35 in Option 1), and associated costs factored into the first year of the next funding review period. Most of the service and delivery impacts outlined in Option 1 above would still be felt under Option 2, though slightly mitigated by retaining a small number of additional roles.

32 Based on an average of 1,622 visitors per ship and an average of 4.7 port visits per voyage, the increase per passenger per voyage would be 12 cents. A levy on a domestic fishing vessel of 5.9 metres in length would increase in Year 1 by $7 from to $123 per annum, reducing to a $3 increase to $118 per annum in Years 2 and 3[6].

[6] $115 is the base cost to a 5.9 metre domestic fishing vessel. The increase to $123 is only $7 due the number being rounded down

Other examples of the impact on particular vessels and operators are shown at Appendix 1 of the discussion document (from page 26).

Option 3: Increases to address inflation and revenue shortfall

33 This option proposes a 13.2% increase that covers both inflationary pressures and the current funding shortfall of $3.1 million facing Maritime NZ.

34 Unlike Options 1 and 2, Option 3 would allow Maritime NZ to continue delivering its core regulatory functions without reductions in staffing or service levels. It supports the sector's desire for a proactive, risk-based regulator and preserves the progress made in areas such as digital transformation, harm prevention, and rule reform.

35 Based on an average of 1,622 visitors per ship and an average of 4.7 port visits per voyage, the increase per passenger per voyage would be 26 cents. A levy on a domestic fishing vessel of 5.9m in length would increase by $15 to $130 per annum. Other examples of the impact on particular vessels and operators are shown at Appendix 2 of the discussion document (from page 29).

A regulatory mechanism to prevent over-recovery and lower levy costs

36 To acknowledge that Government measures to support the cruise industry may result in increases in revenue, for Option 3, Maritime NZ has proposed a regulatory mechanism applicable to the levy period 2027/28 to 2029/30 to refund any over-recovered revenue if and when it exceeds stated expenditure requirements by 2% in any levy year of the same period. This would reduce the financial impact on all levy payers should cruise and cargo activity increase.

37 I am reassured that this mechanism exists via the establishment of a new class of case in clause 19 of the Maritime Levies Regulations 2016 (refunds or waivers of maritime levies). Maritime NZ will include this proposal in its public consultation.

Review milestones and timing

38 Below are the key milestones and timing for the Maritime Levy review:

Milestone/Activity	Timing
Cabinet committee agreement to publicly consult	21 October 2025
Public consultation announced	28/29 October 2025
Public consultation begins	Early to mid-November 2025
Public consultation ends	Early to mid-December 2025
s 9(2)(f)(iv) [redacted]	
Outcomes of review come into effect	1 July 2027

Further measures to benefit the maritime sector

s 9(2)(f)(iv) [redacted]

39 s 9(2)(f)(iv) [redacted]

40 [redacted]

41 [redacted]

Greater transparency about the timing of increases to levies

42 There have been ongoing concerns about the cumulative costs being imposed by government agencies and private port operators on international shipping since COVID-19. There have also been concerns about transparency around when fee and levies will occur, and the cruise sector has sought an 18-month lead in time so it can include any increases in ticket prices.

43 Cruise and cargo operators are also impacted by separate Customs and Biosecurity user charges, including both levies and fees. As with Maritime NZ, reviews of these user charges generally occur every three years. Customs and Biosecurity aim to run these reviews concurrently where possible.

44 s 9(2)(f)(iv) [redacted]

Cost-of-living Implications

45 This proposal has no cost-of-living implications.

Financial Implications

46 There are no financial implications for the Crown for the proposals involving the Maritime Levy at this stage.

Legislative Implications

47 Changes to the Maritime Levy rate and a mechanism to refund levies to prevent over-recovery can be implemented through amendments to regulations. [redacted] s 9(2)(f)(iv) [redacted]

48 s 9(2)(f)(iv) [redacted]

Impact Analysis

Regulatory Impact Statement

49 As required by the Ministry for Regulation, a joint Ministry and Maritime NZ panel has reviewed the discussion document and determined that it will lead to effective consultation and enable the development of future impact analysis. Therefore, a separate cost recovery impact statement (CRIS) is not required at this stage. A full CRIS will be completed at a later stage to inform Cabinet's final decisions on this proposal.

Climate Implications of Policy Assessment

50 Given this policy proposal is in the discussion document stage, the Climate Implications of Policy Assessment requirements do not apply.

Population Implications

51 There are no population implications.

Human Rights

52 These proposals are not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

53 The Ministry has consulted with the Department of Prime Minister and Cabinet, the Treasury, the Ministry for Regulation, the Ministry of Business, Innovation and Employment, the Ministry for Primary Industries, the Ministry for Foreign Affairs and Trade, Maritime NZ, and the New Zealand Customs Service.

Communications

54 Should public consultation on the Maritime Levy review be agreed by Cabinet, Maritime NZ will communicate the dates and process with the maritime sector.

Proactive Release

55 I intend to proactively release Cabinet and Cabinet committee papers and minutes within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

Recommendations

The Associate for Transport recommends that the Committee:

1 **agree** to Maritime NZ initiating a Maritime Levy review and releasing a public discussion document with three options for a four-week consultation period.

2 s 9(2)(f)(iv) [redacted]

3 [redacted]

Authorised for lodgement

Hon James Meager

Associate Minister for Transport

Appendix A

Maritime Levy and Oil Pollution Levy Discussion Document

Foreword

New Zealand's maritime sector plays a vital role in our economy, environment, and way of life.

From international cargo shipping and cruise, which keeps New Zealand connected for trade and tourism, to domestic operators and coastal cargo, the safety, sustainability, and efficiency of our maritime domain depend on a strong and responsive regulatory system.

Maritime NZ is responsible for delivering that system - and the Maritime Levy[7] and Oil Pollution Levy[8] are critical to funding it. Together, they support:

- the functions which set, and improve, the rules that govern safe, efficient, innovative, and effective, operation of the maritime sector
- influencing international regulatory settings to ensure New Zealand interests are managed in global shipping connection
- compliance with settings so people can have confidence in participation in the maritime sector, statutory outcomes are delivered, and there is a level playing field for those operating in it, though inspection, audit and investigation
- partnership work with the sector to deliver interventions that contribute to a safe, secure, clean and sustainable maritime sector. For example, interventions that: provide guidance and education so people to understand what they need to do; support a thriving maritime workforce; and which play a key role in ensuring the sector impacts and opportunities are clear in a range of government policies and processes
- entry, monitoring, and exit of people and operators in the system and ensuring that these processes are efficient, digitised and fit for purpose
- maritime safety infrastructure and services like lighthouses and aids to navigation
- Seafarer welfare services
- oil response readiness and response capabilities, kit and training.

As part of good regulatory practice, these levies are reviewed every three years. This consultation outlines three funding options for the next levy cycle, beginning 1 July 2027. Each option reflects a different balance of affordability, regulatory delivery, and long-term resilience.

This consultation is your opportunity to help shape the future of the maritime regulatory environment in New Zealand. We invite feedback from all levy payers and stakeholders to ensure the final recommendation reflects sector needs, economic realities, and our shared commitment to a safe, secure, clean, and sustainable maritime environment.

[7] Maritime Levies Regulations 2016
[8] Maritime Transport (Oil Pollution Levies) Order 2016

Executive Summary

Maritime NZ is undertaking its scheduled three-year review of the Maritime Levy and Oil Pollution Levy, which together fund nearly half of the organisation's operations. The Maritime Levy contributes $39.4 million, or 37% of total funding, while the Oil Pollution Levy contributes $8.3 million, or 8%. These levies are essential to maintaining a safe, clean, and sustainable maritime domain for New Zealand.

Any changes to levy rates would take effect from 1 July 2027. This consultation aims to provide early visibility of potential funding options and levy rates so that levy payers can plan ahead. In particular, we have endeavoured to give the cruise sector ideally 18-months lead in time so that it has the ability to build any potential adjustments into ticket prices.

In preparing this review, Maritime NZ has been mindful of the current fiscal environment and the cumulative cost pressures faced by the sector since COVID-19. Before initiating the review, as part of our ongoing drive for efficiency and changes to our operating model, we have achieved $6.3 million in savings (16% of Maritime Levy-funded activity) by 1 July 2027. We are also not proposing an increase in activity or staffing Finally, we have made efficiencies in Oil Pollution Levy delivery, and through these, and draw down of reserves, plan to address inflationary cost pressures within the current levy amount and are not proposing any change to the Oil Pollution levy.

While we have included in the options, an option which includes no increase to the Maritime Levy, we have significant concerns that this option will inhibit our ability to be an effective regulator and to deliver the progress and activity over the last few years we have worked in partnership with many in the sector on. Option 2 also has many similar impacts.

Across the options, we have:

- Prioritised delivery of core regulatory functions while maintaining sector-requested improvements from the 2024 levy review
- Avoided cross-subsidisation between funding sources and ensured compliance with section 51 of the Crown Entities Act to remain solvent
- Built in a mechanism to address over-recovery if cruise and cargo activity increase during the levy period

Three options are presented in this consultation, ranging from no levy increase to sustaining current activity. We welcome feedback from levy payers and stakeholders to help shape the final recommendation.

Previous Levies Review and Progress

1. The previous Maritime and Oil Pollution Levies review 2024 (the Review) followed a comprehensive assessment of Maritime NZ's efficiency and effectiveness, carried out in collaboration with the sector. This review explored what a high-performing maritime regulator should look like, evaluated our current state, and identified areas for improvement—including capability, capacity, culture, systems, and processes.

2. Since then, Maritime NZ has continued to evolve its regulatory approach. We've been shifting towards being a risk-based regulator that focuses on preventing harm before it occurs. This means working proactively with the sector, rather than simply responding to incidents, and using a broader set of tools to support compliance and enforcement. We're also making it easier for people and businesses to engage with us - through delivery of digital services and by removing outdated or unnecessary rules and processes.

3. The sector highlighted some of these, and other specific areas, where they saw additional support and resources were needed. These priorities were reflected in the Review and as a result, there was strong support across the sector for the last Maritime Levy Review. An exception to this was the Oil Pollution Levy (OPL), where the Cruise sector and OMV New Zealand raised concerns about the scale of the OPL increase and the short lead-in time.

4. The Review also introduced two new Government priorities: implementing MARPOL Annex VI[9] and providing funding to support the welfare of international seafarers.

5. We have made good progress against the areas in the Review:

Table 1 Progress against the Maritime and Oil Pollution Levies Review 2024

Funding	Progress	Impact
Sub-standard ships $1.9m per year	A dedicated Maritime Inspections team was established with expanded national coverage.	Improved safety in New Zealand waters by increasing inspections of high-risk vessels. More deficiencies are being identified and corrected and unsafe ships detained. This mitigates safety risks for those working with the vessels and reduces risk that vessels will have groundings or other significant events. The team also partnered with the Tokyo Memorandum of Understanding regulators to run targeted campaigns on key safety issues across the Asia-Pacific.
Rules programme $1.0m per year	Two Regulatory Amendment Packages delivered annually, with two major reform projects underway.	Targeted rule changes are reducing compliance costs, removing operational barriers, and supporting innovation. Sector feedback indicates strong early support for the progress made in addressing regulatory barriers they have raised.
Notifications and Enquiries, and	Key notifications digitised, a dedicated team launched (NET), and a triage model with service levels introduced.	Notification processes have been streamlined and an afterhours triage model put in place, improving response times, allowing scenes to be released earlier, and ensuring serious incidents receive 24/7 attention. A new triage policy and the NET has seen more efficient closure of low risk notifications Stakeholders report clearer processes and more consistent communication around what is happening

[9] MARPOL Annex VI is the part of the International Maritime Organization (IMO) Marine Pollution Convention that seeks to address the impact of air pollution from shipping activities on human health and environments in and around port communities. New Zealand acceded to Annex VI on 26 May 2022.

Funding	Progress	Impact
		with their notifications, as well as it being easier to notify through the new digitised form
Regulatory licencing $1.2m per year	Capacity increased following the levy review; system and process improvements are underway.	A multi-year programme is improving licensing rules, policies, processes and digitisation. Timeliness is improving despite rising application volumes. Once seafarer licensing is fully digitised in early 2026, interactions with Maritime NZ will be faster and more efficient, reducing delays for individuals and businesses. Work has also begun on resolving complex operator issues.
Third party oversight $0.8m per year	A new four-person team was established with a refreshed oversight framework.	Oversight of surveyors, recognised organisations, and training providers, is improving. Clearer expectations and performance monitoring will raise standards, support third parties, and ensure safer operations.
Seafarer Welfare $1.5m per year	The NZ Seafarer Welfare Council was established, and grants were distributed to welfare providers.	Over 2024/25 28,500 seafarers received support through centre visits, improving crew wellbeing, safety, and connection while in port.
MARPOL Annex VI $1.8m per year	MARPOL Annex VI was implemented to reduce air pollution from ships.	New Zealand's maritime emissions standards were strengthened through updated guidance, fuel testing with MBIE, and active participation in international negotiations (IMO MEPC2).
Oil Pollution $0.8m per year	All regional councils completed two oil spill exercises; national and regional equipment stockpiles maintained.	National readiness and response capability for oil spills has been significantly strengthened.

6. In addition to the work outlined above, we have been embedding our new regulatory approach. Stakeholders have expressed strong support for our more balanced model—one that has increased proactive partnership and harm prevention, while ensuring there are a wide range of tools for correcting behaviour where appropriate, reserving enforcement for serious breaches and accountability measures.

7. The model is building trust with the sector, has encouraged voluntary compliance, and supported safer maritime practices. Some examples of our proactive work include the development of a new technologies pipeline, a workforce group to support fit for purpose training and career pathways, a new Fishers Health and Safety Leadership Group, and work to support the Cruise sector. In relation to our responsive work we have put in place new corrective tools, like voluntary agreements, which involve us working with operators who recognise when something goes wrong and are keen to correct the situation without using formal regulatory tools.

The Outlook over the next three-year levy cycle

8. Global economic uncertainty remains a key factor. While strong export growth and a partial recovery in imports are expected, levy revenue from international cargo is likely to stay relatively stable given the way in which levies are charged

9. While cruise visits decreased over the last two years by 37% (see paragraph 22below, many passengers still see New Zealand as an attractive cruise destination. Government initiatives—such as clarifying the future of cruise operations in Milford Sound, improving biofouling management, and providing greater transparency around costs—are expected to support cruise sector recovery. However, we recognise that much of the work is at an early stage and the impact of these initiatives and cruise visit recovery is difficult to predict.

10. We've also considered the possibility of further declines in cruise port visits from the current forecast of approximately 600 port visits in 2025/26. However, at this stage we believe that the actions taken by Ministers and industry will be enough to stabilise visit numbers and have not modelled further decreases.

The Oil Pollution Levy Review

11. The Oil Pollution Levy (OPL) has experienced some levy revenue shortfall from a reduction in cruise visits but is holding up well. Three key factors have contributed to the fund's resilience:

- **Higher-than-expected oil import volumes**, which have exceeded forecasts. We now anticipate a more gradual decline in oil volumes than previously estimated.
- **Strong cost control** by Maritime NZ across both operational and capital spending and targeted efficiencies and improvements in delivery.
- **Healthy Reserves** in 2024/25, support for the Manawanui response, funded by Government, reduced our ability to undertake training activity and other activity, allowing the Oil Pollution Fund (OPF) to deliver a surplus of $970,000.

12. As a result, OPF reserves have grown to nearly $6 million by the end of 2024/25—well above the minimum of $2 million required in case of an event and the $1m required to deal with other operational levy fluctuations.

13. Given the current reserve levels and the savings achieved, we believe the OPL can be sustained through the upcoming three-year levy cycle without requiring a formal review at this time. We propose a phased drawdown of reserves - $0.5 million per year - to maintain capability and continue delivering core oil pollution response activities in partnership with others. This approach avoids increasing costs for the sector. In contrast, the Maritime Levy is under significant pressure and does not have comparable reserves to draw on.

14. Maritime NZ will continue to work closely with the Oil Pollution Advisory Committee throughout the levy cycle to monitor performance and manage any emerging risks.

The Maritime Levy Review

How the Maritime Levy works

15. Maritime New Zealand's authority to charge levies is established under the *Maritime Transport Act 1994*, which enables the organisation to recover the costs of delivering regulatory, safety, and infrastructure services across the maritime sector. These services—such as inspections, investigations, navigational aids, rules, and international obligations (see also functions as outlined in the foreword)—are considered club goods: they benefit all commercial operators within the systemic. Because the sector creates the risks and collectively relies on a safe and well-regulated operating environment, it is appropriate that costs are shared through levies. This approach ensures fairness, sustainability, and alignment with the principles of regulatory stewardship and cost recovery.

16. The Maritime Levy is designed to fairly distribute the cost of regulating the maritime system across those who benefit from it, consistent with the OAG's principle of *equity*. It is not tied to individual services, but instead funds system-wide functions that support collective safety and resilience. Levies are charged to **all** commercial maritime operators and visiting foreign vessels, based on factors such as vessel characteristics[10]. Contributions are weighted by the level of risk each operator presents—some pay more, others less—reflecting the *efficiency* principle by aligning charges with the drivers of regulatory effort. In line with *transparency* and *accountability*, the basis for levy calculations is publicly available, and rates are reviewed periodically to ensure they remain appropriate. It is important to note that while vessel volumes may fluctuate, the core costs of maintaining the regulatory system remain relatively stable. This means a reduction in activity does not necessarily result in lower levy rates, as the system must continue to operate effectively regardless of throughput.

17. Foreign vessels are charged differently to domestic vessels. The per-port-visit charge for foreign vessels reflects the fact that they are not part of New Zealand's permanent domestic maritime fleet and are only present for a limited time. An annual levy is more appropriate for domestic vessels, which operate within New Zealand waters on a consistent basis throughout the year.

18. The Maritime Levy is currently being reviewed in line with the recommended three-year cycle outlined in Treasury's 2017 guidelines[11]. The last review came into effect in 1 July 2024. This periodic review ensures levy settings remain fair, transparent, and responsive to sector needs. Rates are prescribed in Schedule 2[12] of the Maritime Levies Regulations 2016, with detailed information—including how rates are calculated—available on the Maritime NZ website[13].

What the Maritime Levy funds

19. The Maritime Levy funds a broad range of essential regulatory, safety, and infrastructure functions that underpin New Zealand's maritime system. It supports audits, inspections, investigations, and corrective and enforcement activities, including prosecutions. The levy also enables Maritime NZ to meet international obligations through port state control and engagement and influence of international conventions. Safety Infrastructure and services such as coastal navigation aids are maintained through levy funding, alongside seafarer welfare services. Our work partnering with the sector through harm prevention programmes, supports rule development and changes, education initiatives and supports a safe, clean, sustainable and thriving maritime sector. We also provide notification and licensing functions. These functions are not tied to individual service use; rather, the levy ensures a resilient, responsive, and well-regulated maritime domain for all commercial operators.

Main cost drivers

20. In 2025/26 we forecast the related maritime levy expenditure to be approximately $42 million. The main cost drivers are largely fixed, meaning they don't scale down proportionally with activity. An estimated breakdown of this expenditure is 60% personnel and 40% other operating. Other operating includes grants paid for seafarer welfare, third party contracts to maintain safety infrastructure and services, fuel testing (for MARPOL Annex VI), including

[10] The three factors used to calculate the levy payment for a vessel category are deadweight tonnage, passenger capacity, and either overall length or gross tonnage depending on vessel category.
[11] Guidelines for setting charges in the public sector April 2017 – page 36 Triggering a review. "*Good practice is for regimes to be reviewed at a minimum of every three years.*".9
[12] Public consultation and approval from the Minister of Transport and the Governor-General is required to change the Schedule.
[13] https://www.maritimenz.govt.nz/about-us/our-funding/the-maritime-levy/

overheads contribution for information technology, telecommunications, and vehicle and property leases.

Levy revenue shortfall and savings

21. The modelling for the previous levy review was based on assumptions provided by Treasury, and other economic forecasts—covering cargo and oil volumes, as well as international cruise activity predictions.

22. However, changing economic conditions have slowed import growth. In the cruise sector, the sector has said uncertainty around biofouling regulations, access to Milford Sound, and rising regulatory and port costs (including the time needed to factor these into ticket pricing) has led to a significant drop in cruise ship visits—down approximately 37% between 2023/24 and 2025/26.This decline is occurring despite cruise growth in other parts of the world.

23. As a result, Maritime NZ has faced a forecasted levy revenue shortfall of $6.3 million in 2024/25 and faces increasing shortfalls of $8 million in 2025/26 (16.9%) and $9.8 million in 2026/27 (20%).

24. To manage the shortfall, Maritime NZ has continued to implement savings and efficiencies identified in its operating review including:

    - Reorganisation and phasing recruitment to improve delivery and reduce staff costs and keeping remuneration increases at CPI or below as expected by the Public Service Commission ($2.7m)
    - Digitising internal and external processes to boost productivity and reduce expenses ($0.4m)
    - Consolidating property in Wellington and lowering costs in regional offices by partnering with other government agencies ($0.3m)
    - Strictly prioritising travel while maintaining necessary regulatory delivery ($0.3m)
    - Reducing reliance on contractors and consultants to 7.7% of workforce costs in 2024/25, 5% in 2025/26. Contractors are focussed largely on work on digitising of activity ($1.4m)
    - Delivering frontline training more efficiently ($0.4m)

25. These efforts have resulted in savings of $5.5 million in 2025/26, rising to $6.3 million in 2026/27—equivalent to around 16% of the Maritime Levy.

26. Maritime NZ has used these savings, along with Maritime Levy reserves, to offset the revenue shortfall.

27. However, by 2027/28 when the next levy review period is due to start, reserves will fall below the level required to meet the going concern solvency test under section 51 of the Crown Entities Act, meaning we do not have sufficient reserves left to cover shortfalls.

28. Despite these financial pressures, Maritime NZ has remained committed to delivering on the expectations and commitments set out in the last funding review, and to meeting the sector's broader expectations of us as a regulator.

The role of reserves

29. Forecasting levy revenue over a three-year period is challenging. Modelling begins well before the levy takes effect, and unexpected events—such as biofouling impacts, cruise sector costs,

or legal proceedings—can disrupt projections. Reserves are essential to absorb these shocks and, alongside savings, have, and will, help Maritime NZ manage the shortfall during the current levy cycle (1 July 2024 to 1 July 2027).

30. Our current level of reserves complies with the Crown Entities Act, which requires Maritime NZ to remain solvent. Our Treasury, Funding and Reserves Policy set a minimum cash reserve of approximately $5 million, along with a current ratio (current assets to liabilities) of at least 1. These reserves are vital to meet working capital needs—not just across the year, but within any given month.

31. Revenue from third parties is often irregular, influenced by varying payment practices and financial capacity. In contrast, our outgoing payments—such as payroll and supplier costs—are substantial and unevenly timed. The $5 million reserve acts as a financial buffer, allowing us to meet obligations even when incoming payments are delayed or staggered.

Inflationary pressures

32. Over the next three-year levy period, Maritime NZ will also face inflation-related cost increases. These have been estimated using projected CPI figures, with adjustments where more specific data is available on real inflationary costs. For example:

    - Staff costs, travel, software, insurance, and petrol have been estimated at a CPI of 2%
    - Other contracts—such as software, maritime safety services, property, and leases—are expected to rise above CPI, based on contractual terms and market data

    This results in a combined inflationary adjustment of approximately **2.5%.**

33. In total, inflation is expected to add **$990,000** to Maritime Levy-funded costs in the 2026/27 financial year.

The funding challenge

34. Maritime NZ is committed to maintaining the $6.3 million in annual savings already achieved – equivalent to 16% of operating costs.

35. However, by the 2027/28 financial year—when the next scheduled levy review begins—Maritime NZ will face a $3.1 million shortfall. Until now, this gap has been covered by reserves, but those reserves will reach their minimum threshold and can no longer be used.

36. Given the levy shortfall, and inflationary pressures, without levy adjustment Maritime NZ will face significant reductions in staffing and service delivery (another 20% of Maritime levy activity on top of the 16% already made), reversal of progress made and sought, by stakeholders and non-compliance with the Crown Entities Act solvency requirements.

37. If Maritime NZ were to just maintain current activities and progress, the combined levy shortfall is outlined in the table below. This assumes 600 cruise ship visits per annum, and a flatline in relation to international cargo, with 2.5% inflationary cost pressures over the three-year period.

38. Table 2If Maritime NZ were to just maintain current activities and progress, the combined levy shortfall is outlined in the table below. This assumes 600 cruise ship visits per annum, and a flatline in relation to international cargo, with 2.5% inflationary cost pressures over the three-year period.

Table 2: Forecast deficit over the levy period

	2027/28	2028/29	2029/30
Deficit	-$4.2m	-$5.2m	-$6.4m
% Expenditure	-9.6%	-11.8%	-13.9%

Options

39. Three options have been modelled, ranging from no levy increase to sustaining current activity.

Table 3: Table of Options assuming current Cruise and Cargo volumes

Option	Option description	Additional revenue required	% increase
Option 1	Reduction of services and activities: No levy increase		
Option 2	Adjustment to address inflation and fund redundancies	$1m (Year 2 and 3) +$1.5m (Year 1)	2.5% (Year 2 and 3) 6.35% (Year 1)
Option 3	Sustain services: Adjustment to address inflation and revenue shortfall	$5.2m	13.2%

Option One: No increase to the Maritime Levy

40. Under this option, the Maritime Levy remains unchanged over the next three-year cycle.

41. Maritime NZ has already made significant savings and reshaped its operating model to improve efficiency. However, we have now reached the point where further savings would require substantial reductions in staffing and core regulatory services—undoing progress made in recent years.

42. To deliver Option 1, we would need to reduce funding for Maritime Levy activities by a quarter. This would involve a total reduction of approximately 35 roles. This is on top of reductions and savings made over the last two years (which makes it a 36% reduction in activity). Implementing these changes would require early certainty—ideally by early 2026—to allow time for planning, consultation, and to manage redundancy costs within limited reserve levels.

43. This option assumes conservative revenue forecasts: Cruise activity remains at 600 port visits per year, and Cargo volumes remain flat.

44. While there is potential for recovery in both areas, the timing and scale are uncertain. Without sufficient reserves to absorb fluctuations, we must plan based on the most cautious scenario. If activity does increase, we may be able to rehire, but this would come with additional costs and delays due to recruitment and training—creating inefficiencies for both Maritime NZ and levy payers.

45. We have retained field-based roles such as maritime officers and inspectors, given they provide our footprint on the ground and given increasing concerns around sub-standard vessels. We have also avoided cuts to small, critical teams—such as notifications and enquiries, and third-party oversight—where reductions would compromise the ability to deliver the function entirely.

46. The following section outlines the areas where reductions would occur under Option 1, including the approximate scale of change and expected impacts.

Table 4: Option 1 proposed reductions and their impacts

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
Corporate Services; and **Research, Analytics and Intelligence**	• 12-15 FTE • **29% reduction** in ML FTEs activity in this area	Context: • Maritime NZ has overhead functions in many places which are one or two people deep. • Overheads are already efficient by public or private sector standards at 26%. • Corporate business partners are 1 for over 100FTE (usually between 1.2 to 1.5 per FTE in most medium to large businesses). • The overhead functions are non-discretionary to run our business and meet public sector accountability requirements. • People in many of these areas are already stretched. • Our regulatory approach is based on prioritisation of activity (audits, inspections education, guidance and rules reform, etc) to where the greatest harm is and where we can make the biggest impact. This requires data, evidence and insights. Impact: • Creates risks for an organisation which already has efficient overheads, as it creates "over starvation" of critical corporate functions which drive performance and efficiency. For example, risks quality of financial management, information services, performance and risk management, people and organisational performance management. This will exhibit itself in potential lapse of public sector accountability timelines and expectations, and poorer people, risk and financial management. • It will impede progress on critical digitisation work, which will mean efficiency and quality improvements for those regulated parties interacting with us, are not realised over the short to medium term. In particular, it will result in delays in the digitisation of operator certification (a key pain point for operators), and the implementation of MyMNZ (the online portal for those interacting with Maritime NZ which would ensure all interactions and information is in one place making it easier to transact digitally). • Decreasing resource in this area risks that our activity is not prioritised where it can make the most impact, and that activity is not monitored and evaluated to demonstrate whether interventions are successful in delivering outcomes or need to be changed. Activity is also less coordinated and disciplined and linkages not made. This will particularly impact commercial international and domestic maritime operators and our work with them in harm prevention programmes below.
Engagement and Harm Prevention Programmes	• 4 FTE • **67% reduction** in ML FTEs/activity in this area	Context: • Our Regulatory Approach is based on getting a better balance between reactive and proactive work and partnering with the sector on our harm prevention programmes to deliver interventions that address harm before it happens. • We also engage with the sector to understand issues and context to support maritime sector issues more broadly across Government. • Our partnership with the sector results in the sharing of data and insight, buy-in, and more effective implementation of interventions.

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
		• It also creates more trusted relationships with the Maritime industry and better delivery of outcomes. Impact: • Removal of these 4 roles will significantly impact our ability to actively work with, engage, and deliver proactive interventions for international shipping, cruise, fishing, and other domestic operators. It will impact on our sector leadership role and support for working groups in relation to these operators, which are needed to deliver our safe, secure, clean and sustainable outcomes. • Many in the sector have invested significant time and effort into these programmes and initiatives and if they are curtailed it will result in criticism particularly around sunk cost and effort and lack of follow through. • We are also likely to see progress being made reversed and lose mandate with operators in this part of the maritime sector, becoming seen again as an ad hoc and reactive regulator.
Technical Advice	• 3 FTE • **19% reduction** in ML FTEs/activity in this area	Context: • Provide high quality technical advice to key internal stakeholders regarding international, domestic, maritime, environmental, and port and flag state control matters, and provide support to surveyors. • Some in the sector believe we do not have enough maritime technical support currently. Impact: • Reduced quality of rules and decision-making due to a reduction in technical expertise. • Fewer specialists to engage at IMO to influence international settings. • Critical projects will progress slower—such as low emissions and new and emerging technology.
Regulatory Reform	• 4 FTEs • **29% reduction** in ML FTEs/activity in this area	Context: • In the last levy review an additional 5 FTE was provided to meet the sector desire to more quickly amend Rules which impeded productivity (i.e. created unnecessary pain points and cost or were no longer fit for purpose) and/or did not enable innovation or green fuels. • As part of Crown savings of 6.5% we had to give up 2 FTE working on Rules given there was limited other discretionary funding within our Crown funding and a small amount of Crown funding went to rules. Impact: • With removal of these 4 FTE, and the 2 FTE from Crown Savings, we will go backwards to less resource than before the last levy review on regulatory reform. • The Rules programme will be halved and impacting work in areas like workforce and low carbon technologies. This will mean that we are much slower to enable innovation and address Rules which are out of date, not fit for purpose, and create cost. • Less capacity to influence and provide advice on maritime issues, as well as regulatory changes led by other agencies that impact the sector, for example, low carbon issues which intersect between land and maritime, supply chains, port efficiency, biofouling impacts, health and safety reform etc.

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
Legal and Investigations	• 4 FTE • **22% reduction** in ML FTEs/ activity in this area	Context: • Our Regulatory Approach is focussed on addressing serious harm. Investigators are only used where there has been an incident involving serious harm or likelihood of serious harm (e.g. a death or permanent disability). • Prosecutions only occur where there was a serious harm or likelihood of serious harm, and other criteria are met like whether the behaviour was wilful reckless, or negligent, taking into account compliance history, and public interest. Impact: • Our investigations and legal team are already at capacity and struggling with workload. Reductions will mean some significant maritime events are not investigated, and even where high thresholds are met, not prosecuted. This impacts on regulatory incentives, outcomes, and heightens risk of regulatory failure. • Reduced ability to respond to notifications where there are insufficient investigators able to respond to serious events and hold the scene, this leads to disruption of maritime activity and costs for operators and ports. • Loss of confidence in the regulator and regulatory regime if some serious offences result in no action.
Certification and Licensing	• 6 FTE • **18% reduction** in ML FTEs/ activity in this area	Context: • We are currently digitising seafarer certification processes, and which when complete we will have reduced administration and workflow needs. However, some of the resource funding freed up from this work we would then use to provide support to digitising operator processes and certification advice and decision-making to also speed up timeliness and quality. Impact: • While many of the improvements in seafarer certification will be complete by 1 July 2027, reductions in this area, combined with those listed above in corporate services Information Services and Delivery, regulatory reform and engagement and harm prevention programmes will slow down our work on improving certification improvements. • This will mean we do not achieve performance expectation improvements in operator licensing times, impacting on efficient industry operation and creating costs for operators. • It would also undermine industry confidence that Maritime NZ is committed to improving its performance. In some cases, it may affect choice of operators flagging in New Zealand, resulting in operators operating around our coast on less robust flags, less regulatory tools to manage issues, and poorer safety outcomes

47. Beyond these specific changes, Option 1 would have broader consequences for Maritime NZ and the sector:

Longer term impacts
• Reversal of some of the progress toward being a proactive, risk-based regulator, we, and the sector has sought • Weakened understanding of sector needs • Reduced ability to deliver safe, secure, clean, and sustainable outcomes • Risk of losing trust and mandate from the maritime industry

Option Two: Maritime Levy adjustment to cover inflation

48. This option proposes a modest increase to the Maritime Levy to account for inflation-related cost pressures over the next three-year cycle. The first year also includes one-off costs for funding any necessary redundancies.

49. The adjustment is based on projected inflation rates (CPI), using Treasury forecasts and other reliable sources. In some areas where inflation is expected to be higher than Treasury estimates, we've applied evidence-based adjustments.

50. It's important to note that while this option helps address inflationary pressures, it does not resolve the existing levy revenue shortfall. As a result, Maritime NZ would still need to reduce staffing—though to a lesser extent than in Option 1. Under this option, approximately 25-30 roles would be disestablished (compared to 35 in Option 1), with associated redundancy costs factored into the first year of the cycle.

51. Most of the service and delivery impacts outlined in Option 1 would still be felt under Option 2, though slightly mitigated by retaining a small number of additional roles.

52. This option would result in a 6.35% increase in the maritime levies rates in the first year and 2.5% for the second and third years. The impact on vessels and operators is shown in Appendix 1.

    a. Based on an average of 1,622 visitors per ship and an average of 4.7 port visits per voyage, the additional cost per cruise passenger per voyage would be 12 cents.

53. A foreign container ship weighing 40,000 gross tonnes would increase in Year 1 by $422 to $7,067 per port visit, reducing to a $169 increase to $6,814 in Years 2 and 3 per port visit.

54. A domestic fishing vessel of 5.9 metres in length would increase in Year 1 by $7 to $123 per annum, reducing to a $3 increase to $118 per annum in Years 2 and 3

55. A domestic passenger ferry with capacity to carry 1,350 passengers would increase in Year 1 by $19,435 to $325,729 per annum, reducing to $7,774 to $314,068 per annum.

Option Three: Maritime Levy adjustment to address inflation and revenue shortfall

56. This option proposes a levy adjustment that covers both inflationary cost pressures and the current funding shortfall facing Maritime NZ.

57. It builds on the significant work already undertaken to reshape Maritime NZ's operating model and deliver efficiencies. The proposed adjustment would allow Maritime NZ to maintain the improvements and commitments made during the last levy review—many of which were strongly supported by the sector. Unlike Options 1 and 2, this approach avoids the major risks and service reductions previously outlined.

58. The benefits of Option 3 are shown in the table below:

Sustaining capability and sector confidence
Maintains core regulatory services and commitments from last levy review • Avoids deep cuts to staffing and service delivery seen in Options 1 and 2 • Supports continued delivery of safe, secure, clean, and sustainable maritime outcomes • Keeps momentum on improvements to certification seafarer and operator certification, including digitisation of processes, and MyMNZ • Sustains progress in rule reform, including technical advice. • Maintains stakeholder engagement and proactive work with stakeholders to address harm and further sector improvements • Ensures Maritime NZ remains proactive rather than reactive and retains progress on changes to the regulatory approach
Addresses both inflation and revenue shortfall • Provides a realistic funding base to meet rising costs and close the $3.1m shortfall • Reduces reliance on reserves, which will be depleted by 2027/28 • Avoids the need for disruptive redundancy cycles and rehiring later
Supports sector expectations • Aligns with the sector's desire for a modern, risk-based regulator • Maintains trusted relationships and collaborative programmes • Avoids reputational damage from reversing recent improvements
Builds resilience • Includes mechanisms to prevent over-recovery if revenue exceeds forecasts • Offers flexibility to manage economic uncertainty and sector fluctuations • Positions Maritime NZ to respond to future challenges without compromising service

59. This option would allow Maritime NZ to continue delivering its core regulatory functions without significant reductions in staffing or service levels. It supports the sector's desire for a proactive, risk-based regulator and preserves the progress made in areas such as digital transformation, harm prevention, and rule reform.

60. This option would result in a 13.2% increase in Maritime Levies rates. The impact on vessels and operators is shown in Appendix 2.

a. Based on an average of 1,622 visitors per ship and an average of 4.7 port visits per voyage, the additional cost per cruise passenger per voyage would be 26 cents.

b. A foreign container ship weighing 40,000 gross tonnes would increase by $877 to $7,522 per port visit.

61. A domestic fishing vessel of 5.9m in length would increase by $15 to $130 per annum.

a. A domestic passenger ferry with capacity to carry 1,350 passengers would increase $40,431 to $346,724 per annum.

Proposed refund mechanism for over-recovery of Maritime Levies 2027/28-2029/30

62. This option is based on little increase in imports and cruise visits at 600. However, between 2027/2028 to 2029/2030, there may be both an increase in imports and cruise visits. This would mean that the levy shortfall reduces, thereby reducing the amount of money that needs to be collected.

63. To address this and ensure fairness in levy collection, should cruise and/or import revenue increase, this option will include a refund mechanism that returns over-recovered revenue to levy payers when it exceeds a 2% threshold above an average expenditure requirement of $44.6 million over the three-year period. For example, if Cruise recovered and visits increased to 650-700-750 over the three years, then this option would result in an 8.7% increase, rather than 13% increase, in Maritime Levies rates. The additional cost per cruise passenger per voyage would be 17 cents.

64. The process will be automated where refunds will be issued as credits on the following year's invoices, based on audited financial accounts available each September. The mechanism applies universally to all levy payers and aims to support transparency and equity across the sector.

Appendix 1: Option 2

Option 2 would result in a 6.35% increase in the maritime levies rates in the first year then 2.54% for the following two years. The 6.35% impact on vessels and operators is shown below.

Table 5: Option 2 impact on vessels – an initial 6.35% increase in the first year

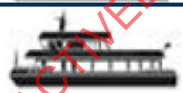
Paid per port visit	Foreign Vessels	Current 2024/25	Proposed 2027/28	Proposed increase
	**International Oil Tanker (SOLAS)** GT 25,000 PAX 0 DWT 45,000	$4,305	$4,578	$273
	**International Container Ship (SOLAS)** GT 40,000 PAX 0 DWT 52,000	$6,645	$7,067	$422
	**International Cruise Vessel (SOLAS)** GT 110,000 PAX 2500 DWT 15000	$20,719	$22,035	$1,316
Paid Annually	**Domestic Vessels**	**Current 2024/25**	**Proposed 2027/28**	**Proposed increase**
	**Domestic Passenger Ferry (SOLAS)** GT 22,365 PAX 1,350 DWT 5,794	$306,294	$325,743	$19,450
	**Domestic Container Ship (SOLAS)** GT 6000 PAX 0 DWT 10,000	$65,548	$69,711	$4,162
	**Domestic Coastal Fishing Trawler (non-SOLAS)** GT 529 PAX 0 DWT 0	$5,548	$5,900	$352
	**Domestic fishing** Length 5.9 metres	$115	$123	$7
	**Domestic non-passenger aquaculture vessel** (mussel barge) GT 104	$1,091	$1,160	$69
	**Domestic non-passenger barge** GT 150	$1,573	$1,673	$100
	**Domestic non-passenger** Length 23.9 metres (including tugs)	$467	$497	$30
	**Domestic non-passenger** Length 8 metre workboat	$156	$166	$10
	**Domestic Passenger Ferry (Non SOLAS)** GT 280 PAX 300 DWT 0	$9,651	$10,264	$613
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 18 metres PAX 140 DWT 0	$3,485	$3,707	$221
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 8 metres PAX 14 DWT 0	$470	$499	$30
	**Domestic Commercial Jet Boat** Length 8.2 metres PAX 8 DWT 0	$339	$361	$22
	**Domestic passenger** Commercial dive boat Length 4.5 metres PAX 4	$177	$189	$11
	**Domestic passenger** 3.7 metre personal watercraft (jet ski/novel craft)	$95	$101	$6

Table 6: Option 2 impact on vessels – a 2.5% increase in the second and third years

Paid per port visit	Foreign Vessels	Current 2024/25	Proposed 2028/29	Proposed increase
	**International Oil Tanker (SOLAS)** GT 25,000 PAX 0 DWT 45,000	$4,305	**$4,414**	**$109**
	**International Container Ship (SOLAS)** GT 40,000 PAX 0 DWT 52,000	$6,645	**$6,814**	**$169**
	**International Cruise Vessel (SOLAS)** GT 110,000 PAX 2500 DWT 15000	$20,719	**$21,245**	**$526**

Paid Annually	Domestic Vessels	Current 2024/25	Proposed 2028/29	Proposed increase
	**Domestic Passenger Ferry (SOLAS)** GT 22,365 PAX 1,350 DWT 5,794	$306,294	**$314,068**	**$7,774**
	**Domestic Container Ship (SOLAS)** GT 6000 PAX 0 DWT 10,000	$65,548	**$67,212**	**$1,664**
	**Domestic Coastal Fishing Trawler (non-SOLAS)** GT 529 PAX 0 DWT 0	$5,548	**$5,688**	**$141**
	**Domestic fishing** Length 5.9 metres	$115	**$118**	**$3**
	**Domestic non-passenger aquaculture vessel** (mussel barge) GT 104	$1,091	**$1,118**	**$28**
	**Domestic non-passenger barge** GT 150	$1,573	**$1,613**	**$40**
	**Domestic non-passenger** Length 23.9 metres (including tugs)	$467	**$479**	**$12**
	**Domestic non-passenger** Length 8 metre workboat	$156	**$160**	**$4**
	**Domestic Passenger Ferry (Non SOLAS)** GT 280 PAX 300 DWT 0	$9,651	**$9,896**	**$245**
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 18 metres PAX 140 DWT 0	$3,485	**$3,574**	**$88**
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 8 metres PAX 14 DWT 0	$470	**$482**	**$12**
	**Domestic Commercial Jet Boat** Length 8.2 metres PAX 8 DWT 0	$339	**$348**	**$9**
	**Domestic passenger** Commercial dive boat Length 4.5 metres PAX 4	$177	**$182**	**$5**
	**Domestic passenger** 3.7 metre personal watercraft (jet ski/novel craft)	$95	**$97**	**$2**

Table 7: Option 2 impact on Operators – a 6.35% increase in the first year

Example of Operators	Current 2024/25 (excl GST)	Proposed 2027/28 (excl GST)	Increase
Operator 1 Foreign cruise company, 3,117 average pax, 126,060 average GT, 10,926 average DWT, 125 port visits	$3,041,332	$3,234,318	**$192,986**
Operator 2 Foreign non-passenger company with 35 vessels, visiting 1-10 times per year, average 2 ports vists per voyage	$3,131,165	$3,329,845	**$198,680**
Operator 3 Commercial domestic passenger ferry company (SOLAS) 3 vessels	$778,860	$828,280	**$49,420**
Operator 4 Commercial domestic cargo company (SOLAS) 2 vessels	$280,329	$298,117	**$17,787**
Operator 5 Domestic passenger ferry company (non-SOLAS) 17 vessels 19-37m length and 150-650 pax per vessel	$138,372	$147,152	**$8,780**
Operator 6 Commercial fishing business with 2 vessels over 24 meters	$2,790	$2,967	**$177**

Table 8: Option 2 impact on Operators – a 2.5% increase in the second and third years

Example of Operators	Current 2024/25 (excl GST)	Proposed 2028/29 (excl GST)	Increase
Operator 1 Foreign cruise company, 3,117 average pax, 126,060 average GT, 10,926 average DWT, 125 port visits	$3,041,332	$3,118,527	**$77,195**
Operator 2 Foreign non-passenger company with 35 vessels, visiting 1-10 times per year, average 2 ports vists per voyage	$3,131,165	$3,210,629	**$79,464**
Operator 3 Commercial domestic passenger ferry company (SOLAS) 3 vessels	$778,860	$798,628	**$19,768**
Operator 4 Commercial domestic cargo company (SOLAS) 2 vessels	$280,329	$287,444	**$7,115**
Operator 5 Domestic passenger ferry company (non-SOLAS) 17 vessels 19-37m length and 150-650 pax per vessel	$138,372	$141,884	**$3,512**
Operator 6 Commercial fishing business with 2 vessels over 24 meters	$2,790	$2,860	**$71**

Appendix 2: Option 3

Option 3 would result in a 13.2% increase in the maritime levies rates. The impact on vessels and operators is shown below.

Table 9: Option 3 impact on vessels – a 13.2% increase

Paid per port visit	Foreign Vessels	Current 2024/25	Proposed 2027/28	Proposed increase
	**International Oil Tanker (SOLAS)** GT 25,000 PAX 0 DWT 45,000	$4,305	$4,873	$568
	**International Container Ship (SOLAS)** GT 40,000 PAX 0 DWT 52,000	$6,645	$7,522	$877
	**International Cruise Vessel (SOLAS)** GT 110,000 PAX 2500 DWT 15000	$20,719	$23,454	$2,735

Paid Annually	Domestic Vessels	Current 2024/25	Proposed 2027/28	Proposed increase
	**Domestic Passenger Ferry (SOLAS)** GT 22,365 PAX 1,350 DWT 5,794	$306,294	$346,724	$40,431
	**Domestic Container Ship (SOLAS)** GT 6000 PAX 0 DWT 10,000	$65,548	$74,201	$8,652
	**Domestic Coastal Fishing Trawler (non-SOLAS)** GT 529 PAX 0 DWT 0	$5,548	$6,280	$732
	**Domestic fishing** Length 5.9 metres	$115	$130	$15
	**Domestic non-passenger aquaculture vessel** (mussel barge) GT 104	$1,091	$1,235	$144
	**Domestic non-passenger barge** GT 150	$1,573	$1,781	$208
	**Domestic non-passenger** Length 23.9 metres (including tugs)	$467	$529	$62
	**Domestic non-passenger** Length 8 metre workboat	$156	$177	$21
	**Domestic Passenger Ferry (Non SOLAS)** GT 280 PAX 300 DWT 0	$9,651	$10,925	$1,274
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 18 metres PAX 140 DWT 0	$3,485	$3,945	$460
	**Domestic Charter Passenger Boat (Non SOLAS)** Length 8 metres PAX 14 DWT 0	$470	$532	$62
	**Domestic Commercial Jet Boat** Length 8.2 metres PAX 8 DWT 0	$339	$384	$45
	**Domestic passenger** Commercial dive boat Length 4.5 metres PAX 4	$177	$201	$23
	**Domestic passenger** 3.7 metre personal watercraft (jet ski/novel craft)	$95	$107	$12

Table 10: Option 3 impact on Operators – a 13.2% increase

Example of Operators	Current 2024/25 (excl GST)	Proposed 2027/28 (excl GST)	Increase
Operator 1 Foreign cruise company, 3,117 average pax, 126,060 average GT, 10,926 average DWT, 125 port visits	$3,041,332	$3,442,782	**$401,450**
Operator 2 Foreign non-passenger company with 35 vessels, visiting 1-10 times per year, average 2 ports vists per voyage	$3,131,165	$3,544,478	**$413,313**
Operator 3 Commercial domestic passenger ferry company (SOLAS) 3 vessels	$778,860	$881,669	**$102,810**
Operator 4 Commercial domestic cargo company (SOLAS) 2 vessels	$280,329	$317,333	**$37,003**
Operator 5 Domestic passenger ferry company (non-SOLAS) 17 vessels 19-37m length and 150-650 pax per vessel	$138,372	$156,637	**$18,265**
Operator 6 Commercial fishing business with 2 vessels over 24 meters	$2,790	$3,158	**$368**

Cabinet Expenditure and Regulatory Review Committee

Minute of Decision

Maritime Levy and Oil Pollution Levy: Release of Discussion Document

Portfolio **Associate Transport**

On 21 October 2025, the Cabinet Expenditure and Regulatory Review Committee:

1 **authorised** Maritime NZ to initiate a Maritime Levy review and release a public discussion document with three options, attached under EXP-25-SUB-0097, for a four-week consultation period;

2 s 9(2)(f)(iv) [redacted]

3 [redacted]

Tom Kelly
Committee Secretary

Present:
Hon David Seymour (Chair)
Hon Chris Bishop
Hon Erica Stanford
Hon Brooke van Velden
Hon Paul Goldsmith
Hon Louise Upston
Hon Simon Watts
Hon Casey Costello
Hon James Meager
Hon Mark Patterson

Officials present from:
Officials Committee for EXP
Office of Hon Chris Bishop
Office of Hon James Meager

CAB-25-MIN-0377

Cabinet

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.

Report of the Cabinet Expenditure and Regulatory Review Committee: Period Ended 24 October 2025

On 28 October 2025, Cabinet made the following decisions on the work of the Cabinet Expenditure and Regulatory Review Committee for the period ended 24 October 2025:

Out of Scope

[redacted]

EXP-25-MIN-0097	**Maritime Levy and Oil Pollution Levy: Release of Discussion Document** Portfolio: Associate Transport	CONFIRMED

Out of Scope

[redacted]

Rachel Hayward
Secretary of the Cabinet