Commercial In Confidence

Office of the Associate Minister of Transport

Cabinet Economic Policy Committee

Proposed change to the Maritime Levy

Proposal

1 This paper seeks Cabinet agreement to increase the Maritime Levy from 1 July 2027 to maintain existing Maritime New Zealand (Maritime NZ) service levels, and to include a new refund mechanism to mitigate cost for levy payers if revenue is over-recovered due to improved economic conditions or increased vessel activity.

Relation to government priorities

2 These measures align with the Government's enduring letter of expectations for statutory Crown entity boards that states that our Government is determined to deliver better results and improved public services for New Zealanders, while managing within tight fiscal constraints.

3 I have made it clear that funding comes with strict expectations for fiscal sustainability, regulatory stewardship and service delivery. I expect Maritime NZ to eliminate its deficit and return to financial break-even over the next three years. Maritime NZ's updated Letter of Expectations and Statement of Performance Expectations will reflect these priorities.

Executive Summary

4 I propose increasing the Maritime Levy by 13.2% from 1 July 2027 to address a funding shortfall caused by lower cruise activity, mixed cargo volumes, and inflation. Maritime NZ has found $6.3m in savings per year to 2030 (16% of the levy) but, from 2027/28, reserves will fall below the level required to meet the going concern solvency test under section 51 of the *Crown Entities Act 2004*. An increase in the Maritime Levy is therefore needed from 1 July 2027.

5 Maritime NZ is required to recover the actual cost of its regulatory activities through levies. From 6 November to 8 December 2025, Maritime NZ consulted on three options for setting the Maritime Levy for a three-year period from 1 July 2027 to 30 June 2030:

5.1 Option 1: No levy increase with a 20% decrease in Maritime Levy-funded activities

5.2 Option 2: A levy adjusted for inflation and to cover redundancies in year one only (a 6.35% adjustment in year one and 2.5% in both years two and three)

5.3 Option 3: A one-off 13.2% levy adjustment over three years for inflation and to maintain the Maritime NZ services requested by the sector at the 2024 levy review.

6 Option 1 and Option 2 would reduce Maritime Levy-funded services by 20% and 16% respectively. This is in addition to 16% in savings already made. Option 3 allows for a maintenance of services requested by industry as part of the 2024 review.

7 Option 3 was supported by groups that represent a significant part of the New Zealand economy, including those representing ports, importers and exporters, larger domestic shipping operators, smaller domestic operators, some larger fishing operators and seafarer welfare groups. These submitters support an increase in the levy to maintain existing regulatory activities and improvements, as they believe the costs of a reduced regulatory service is higher than the levy increase itself.

8 The proposed levy increases are relatively small when considered across a three-year period and as a proportion of overall cost for maritime users. Examples include an additional $1.22 per cruise passenger per port visit, 5 cents per ferry passenger, $877 per port visit for a 40,000 gross tonne international container ship (which can carry up to 4,000 containers) and $15 per annum for a smaller fishing vessel.

9 I acknowledge the impact of the Middle East conflict on the maritime sector and that the Government does not wish to unduly burden the sector with increased costs at this time. However, it is important to note the majority of the sector believes that not adjusting the levy will have greater impact, and cost them more, than the levy adjustment itself. It is also important to note these changes do not commence until 1 July 2027. The Oil Pollution Levy is also not being adjusted.

10 I am also proposing ways that the impact on the sector from these increases can be mitigated. I propose to introduce a refund mechanism through secondary legislation that will return over-recovered revenue if it exceeds stated expenditure requirements by 2% in any levy year of the three-year funding review period of 2027 to 2030. I have also asked government agencies to work together to clearly identify when fee and levy reviews affecting the maritime sector will occur so the industry can factor these into their forward pricing. As requested by the cruise industry, Maritime NZ will continue to endeavour to provide 18 months' notice from the next review onwards so costs can be built into ticket prices.

11 As the responsible Minister, I am taking a longer-term, system view of the ongoing improvements required for more cost-effective regulation of the maritime sector. Maritime NZ has undertaken a series of measures to ensure its operations are more efficient and more responsive to industry concerns which I support.

12 I also recognise that cumulative costs from increases across both government and private sector charges have been material in recent years, particularly for the cruise industry. I have asked officials to report back to me on cumulative, system-wide cost pressures in the maritime sector, and what can be done to support the sector further. These measures complement other initiatives the Government is working on to support the sector, including better biofouling management for cruise, reduced fisheries levies and a tourism roadmap.

Background

13 Maritime NZ regulates the safety, security, environmental protection, and sustainability of the maritime and port sector. It influences international standards, sets maritime rules, conducts certifications provides guidance and education, partners with the sector to improve safety and support sector issues like workforce, conducts certifications, undertakes proactive audits and inspections to correct activity and enforces compliance. It also has functions involving maritime safety infrastructure and services, seafarer welfare and oil response readiness.

14 Maritime NZ is required to apply a user-pays, full cost recovery model for levies. A key source of revenue is the Maritime Levy which provides 37% of its total funding. The Maritime Levy is apportioned on the basis of risk and is charged to all commercial maritime operators and visiting foreign vessels to fund the regulatory system. Foreign vessels are levied per port visit and domestic vessels on an annual basis. It must be paid whether or not an operator uses the functions and activities it funds.

Shortfalls in Maritime Levy revenue and savings made

15 Maritime NZ is facing a shortfall in Maritime Levy revenue. Cruise ship visits are down by approximately 37% between 2023/24 and 2025/26, from 976 to around 610 annually. The cruise industry states this is driven by a combination of biofouling requirements, uncertainty about access to Milford Sound, and cumulative private sector and government costs. The Government has worked to address these matters.

16 While a smaller factor in revenue loss, import growth has also been mixed, with goods import volumes decreasing by 1.7%, 2.4%, 1.2% in the December 2024, March 2025 and September 2025 quarters respectively, but increasing by 4.2% and 5.8% in the June 2025 and December 2025 quarters.

17 These trends and inflationary pressures have led to Maritime Levy revenue shortfalls. To cover shortfalls, Maritime NZ has drawn on its reserves and made significant savings. In 2025/26, this has led to $5.5 million in savings, with $6.3 million in annual savings through to 2030 (16% of the Maritime Levy-funded activity). Prior to 2025/2026 Maritime had already made changes to reduce overheads to 25% and 28%, efficient in both private and public sector terms. For example, Maritime NZ has one human resources business partner or finance partner per 100 plus people, and only one person in key functions like risk. On top of this, Maritime NZ's 2025/26 savings measures include:

Savings Area	Savings	Comment
Vacancy and removal of roles	$2.7m	Maritime NZ has vacancies paused, removed or delayed to achieve savings, digitised to remove what were manual services, and permanently removing roles. It is also making an additional $0.8 million in this area by 2026/27 by removing roles.
Contractors	$1.4m	Contactors are at 7% of workforce spend and are largely by capital and attached to ICT work digitising services. There is basically no other discretionary funding.
IT platforms and products	$0.4m	Savings have been made from consolidation. Over time we will see some personnel savings from taking regulatory services online, some of this is also captured above where we permanently remove roles.
Learning and development	$0.4m	Centralised learning and development focused on priorities and efficient frontline delivery.
Domestic and International Travel	$0.3m	Use an international travel panel which prioritises travel and ensures efficiency of travel, only undertaking travel which is assessed as critical or important. We also prioritise domestic travel and where possible consider other ways to carry out business.
Property	$0.3m	Consolidated property removing lease of Custom House Quay (CHQ) office space in Wellington, on top of previous efficiency changes to co-locating satellite offices with other government agencies

Savings Area	Savings	Comment
Taharoa Harbourmaster function	$0.05m	Relinquished functions where not our core role and should be performed by the Waikato Regional Council. $100,000 per year from January 2026.

18 I support the steps taken by Maritime NZ to reduce costs and increase efficiency. These steps compare well against recent government savings targets. For example, Maritime NZ's savings of $6.3 million from 2026/27 represent a 16% reduction in Maritime Levy-funded activity, exceeding recent public sector savings targets of 6.5% to 7.5%.

19 From 2027/28, Maritime NZ is projecting that, even with the above efficiencies, its accounts 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, $5.3 million in 2028/29, and $6.4 million in 2029/30.

Options considered

20 On 28 October 2025, Cabinet agreed to consult on three options to adjust the Maritime Levy to address inflationary pressures and changes in the sector (CAB-25-MIN-0037 refers). Below is a summary of each option with high-level impacts.

	Option 1 No increase	Option 2 Inflation adjustment: (a 6.35% adjustment in year one and 2.5% in both years two and three)	Option 3 13.2% increase over 3 years
Regulatory service reduction	20% reduction in activities, savings in personnel of $5.1m	16% reduction in activities with savings of $3.1m	No reduction
Impact on regulatory services*	Reduced licencing response times, delays in modernising rules, less regulatory oversight.		Current improvement programme continues
Example of additional pass-through costs of increase	Nil.	Just under 30% of Option 3	+$1.22 per cruise passenger per voyage (noting cruise ships carry large passenger volumes) +5 cents per ferry passenger + $877 per cargo ship port visit or 2.2 cents per tonne[1] +$15 per year small fishing vessel
Wider impact	Costs to the sector from: outdated rules, slow regulatory interaction response times, and a reduction in partnership work with the sector to support compliance and addressing of key issues to them, like workforce.		Negligible impact on NZ economy: • 90% of the Maritime levy is paid by foreign operators. • 0.4% of average cruise passenger spend onshore per day ($313 per day) • A fraction of the total $160 billion of shipped freight.

21 See Appendix 1 for the detailed proposals for activity reduction under Option 1. Option 2 impacts on regulatory services will be similar but with slightly fewer full-time

[1] Vessel carrying 40,000 tonnes

equivalent (FTE) reductions. The cost impact of Option 2 on operators is in Appendix 2.

Recommended option: 13.2% increase in the Maritime Levy over 3 years

22 I recommend Cabinet agree to Option 3 – a one-off 13.2% increase in the levy over three years from 1 July 2027. This option will enable Maritime NZ to maintain its current levels of services over this time period.

23 When Maritime NZ consulted at the end of 2025, there was broad support for Option 3 from the Port Company Chief Executive Officer Group (Port CEO Group), larger shipping operators represented by the New Zealand Shipping Federation (NZSF), exporters and importers through the New Zealand Cargo Owners Council (NZCOC), smaller operators though the New Zealand Marine Transport Association (NZMTA), and Maritime Welfare Limited and other seafarer welfare organisations. Collectively, these groups play vital roles in New Zealand trade, totalling $160 billion in combined exports and imports. Maritime NZ has advised that, since formal consultation, two of New Zealand's largest commercial fishing operations (Talley's and Sealord) have indicated support for Option 3.

24 These submitters were prepared to accept an increase in levies to maintain the existing service levels and regulatory improvement that they had requested at the previous funding review as the costs of these activities going backwards, they believed would be higher to them than the levy increase itself. For example, the cargo owners (exporters and importers) supported Option 3 as they consider that it best positions Maritime NZ to respond to future challenges without compromising service.

25 Maritime NZ has been working closely with the sector over an extended period and has made material improvements in regulatory practice, responsiveness, and engagement. The sector is keen for these improvements to continue as this work is reducing costs, enabling innovation and reducing safety failures. Actions include:

25.1 Enhancing regulatory licensing by improving the timeliness and quality of seafarer and operator certification, digitising processes, and providing clearer guidance to reduce uncertainty and business disruption. For example, the improvements in seafarer licensing will reduce front-end manual processing times by 11.8 days. Planned improvements to and digitisation of operator licensing, will reduce timeframes for applications by at least 11.5 days.

25.2 Improving responses to enquiries and incident notifications by streamlining processes so operators receive timely and appropriate responses and avoid unnecessary operational disruption. All decisions on release of scene[2] are made within four hours of receipt of notification. Since 1 July 2025, there have been nine notifications that involved a scene hold, the average time to release the scene was 28 minutes with the longest being just over 1 hour.

25.3 Modernising maritime rules to ensure they are fit for purpose, minimise unnecessary compliance costs, and enable the adoption of new technologies.

25.4 Managing substandard shipping through increased inspections to reduce the risk of serious incidents from poorly maintained vessels. Inspections have increased 200% from 144 in 2020/21 to 431 in 2024/25.

[2] Under the Health and Safety at Work Act (HSWA) or the Maritime Transport Act, Maritime NZ has the authority to require a scene to be preserved to investigate incidents

25.5 Creating proactive partnership programmes to prevent harm, like the Senior Fishers Group, and work to identify critical risks in the fishing sector and provide co-designed guidance and support on how to manage them.

26 If there is no increase to the Maritime Levy, Maritime NZ will decrease its workforce by approximately 35 FTEs, about 20% of its Maritime-Levy funded workforce. This will create greater longer-terms costs and risks for the maritime sector including:

26.1 Failure to achieve performance expectation improvements in operator licensing times, impacting on efficient industry operation and creating costs for operators.

26.2 Delays in addressing maritime rules which are out-of-date, not fit-for-purpose, and create cost.

26.3 Reduced investigation and prosecuted of significant maritime events impacting regulatory incentives, outcomes, and heightening the risk of regulatory failure.

26.4 Much of the proactive work being undertaken in partnership with the sector being reduced, making it harder for the sector to address sector issues or understand what they need to do leading to more costs of non-compliance.

Industry concerns and steps to mitigate cost impacts on the sector

27 The remainder of submitters either supported no increase in the Maritime Levy (Option 1) or expressly did not support an increase. These included New Zealand Cruise Association (NZCA) representing cruise, the New Zealand Federation of Commercial Fisherman (NZFCF) representing operators with boats generally less than 30 metres, and Aquaculture New Zealand (AQNZ) focused on farming mussels, salmon and oysters. There was little support for Option 2.

28 Submitters representing cruise stated that the cumulative cost impacts are high, but that Maritime NZ should not be expected to reduce its workforce or curtail core functions. They preferred the Crown to fund the shortfall. I consider that there is not enough justification for Government to fund any shortfall. The Maritime Levy funds a broad range of services such as inspections, investigations, navigational aids, rules, and international obligations. These are considered 'club goods' meaning they benefit all commercial operators within the system. As the sector both benefits and creates risks, it is appropriate that costs are shared amongst all in the sector.

29 There are a number of ways to mitigate cost impacts on affected sectors:

29.1 **A levy refund mechanism to return over-recovered revenue**. The ability to apply refunds exists. The measure involves establishing a new class of case in the *Maritime Levies Regulations 2016* to allow refunds of maritime levies if revenue exceeds stated expenditure requirements by more than 2% in any levy year during the 2027/28 to 2029/30 period.

29.2 **Provision of an 18-month lead in time** for future reviews so the sector can recoup an increase in the Maritime Levy.

29.3 **Better visibility of wider government price adjustments.** To support clearer planning for the maritime sector and inter-agency coordination, the Border Executive Board (BEB) or an appropriate agency will publish border fees and levy reviews information. The Ministry of Transport has compiled a schedule of fees and funding reviews (Appendix 5).

29.4 **Other government actions to reduce costs or increase revenue for sector cohorts** are also underway, including:

- *Cruise:* We have introduced measures to improve the cruise operating environment, including better biofouling management, fast-tracked approvals for key infrastructure such as the Port of Auckland's new terminal, and confirmation of continued access to Milford Sound.

- *Fishing:* We have extended marine farm coastal permits by 20 years, reduced fishing levies, and introduced tools to address kina barrens.

- *Tourism*: The Tourism Growth Roadmap sets out how the Government plans to increase the value of tourism exports and drive economic growth, building on the 2025 Tourism Boost Package.

Cumulative costs on the maritime sector

30 While the actual changes to the Maritime Levy are small, and I propose several mitigations in place to manage cost impacts, I acknowledge that there are wider, cumulative cost impacts for the maritime sector. These include other government charges, private sector cost increases such as port charges, increasing fuel and maintenance costs, and other operating expenses.

31 Costs are also of critical importance to the sector currently due to events in the Middle East. It is important to note that the increase to the Maritime Levy I propose does not come into effect until 1 July 2027, so the changes I propose in this paper will not have an immediate cost impact on the maritime sector.

32 I have directed the Ministry of Transport to complete a cumulative impact assessment to better understand the system-wide cost pressures on the broader sector, including cruise. Assessing the impact of cumulative cost increases in the broader maritime sector is complex. Cumulative cost increases arise from multiple regulatory levies, compliance and certification costs, labour and insurance pressures, security requirements, and operational downtime linked to regulatory delays. There is a lack of publicly-available information on port charges such as marine service charges, and significant variability as to the application of charges between ports. Appendix 4 provides an example of how government and port user charges for a cruise voyage have increased between 2019/20 and 2025/26.

Wider economic impacts

Household impacts are low

33 Almost 90% of the Maritime Levy is paid by foreign operators. For foreign vessels, given the scale of freight and passengers carried, the per unit increase needed to cover additional levies costs is minor resulting in far less pass through to the consumer. For example, for an average container ship carrying 40,000 gross tonnes of goods, the proposed increase to the Maritime Levy equates to an additional 2.2 cents per tonne. In addition, as noted above, the cargo owners (exporters and importers) considered that the cost of the adjustment was less than they would need to pass on if Maritime NZ activities were reduced.

34 As domestic vessels pay annually, their increases can also be factored into charges or pricing across the financial year for which levies are payable. A six-metre commercial fishing vessel could pass-through the additional $15 per annum without significant increases to its prices.

Impact of a levy increase on cruise passenger spending in the wider economy

35 Cruise is a small but important part of the maritime sector and supports regional jobs, local businesses and the wider tourism system. According to the New Zealand Cruise Association, in 2024/25, the largest beneficiary of direct passenger expenditure was the retail shopping sector which received $108.4 million, or 27.5% of passenger spending. Other beneficiaries included the food and beverage sector ($99.6 million, 25.3%), shore excursions ($71.2 million, 18.1%), hotels and accommodation ($52.1 million, 13.2%), transport providers ($28.7 million, 7.3%), and entertainment ($27.6 million, 7%).

36 The average cruise passenger spends on average approximately $313 per day. Under the proposed levy increase, a cruise passenger would pay an extra $1.25 per voyage, which is just 0.4% of their daily average expenditure. However, it is important to note that cruise lines carry large passenger volumes and often call at multiple ports, which creates a material cumulative cost.

Wider economic benefits of increasing the Maritime Levy

37 As set out in paragraph 24, Maritime NZ has improved its service delivery in line with sector expectations from the previous review. This includes reduced regulatory response times, digitisation, modernised rules to increase business efficiency and enable innovation, proactive partnership work to support people to comply and strengthened oversight in high-risk areas. Saving time for business increases profits by reducing labour costs, increasing operational capacity, and allowing reallocation of resources to measures that will grow revenue.

Assessment of review risks

38 The Ministry advises that Option 3 is consistent with cost recovery principles, noting Treasury's advice that the excludable nature of Maritime Levy services makes charging appropriate. A levy applied uniformly by percentage across vessels based on size and passenger capacity is equitable, effective and transparent.

39 Under Standing Order 327, the Regulations Review Committee may scrutinise secondary legislation on several grounds, but Maritime NZ's levy setting authority is clearly established under the Maritime Transport Act 1994. Its four-week public consultation period aligns with previous reviews, and the agency provided multiple options for feedback. In this context, the Ministry of Transport views Maritime NZ's proposals as defensible, and the risk of judicial review is low, given such reviews focus on lawful process rather than the merits of the decision.

Next steps

40 The timing for implementing the changes is detailed below:

Milestone/Activity	Timing
Cabinet decision on Maritime Levy review proposal	7 April 2026
Maritime sector informed of changes	Following Cabinet decision
Cabinet Legislative Committee consideration of regulatory changes including refund mechanism	30 July 2026
Outcomes of review come into effect	1 July 2027

Cost-of-living Implications

41 Almost 90% of the Maritime Levy is paid by foreign operators. While increases to costs are passed through to consumers, the proposal's increases are relatively small

in magnitude and do not significantly impact on New Zealanders' ability to maintain their standard of living.

Financial Implications

42 There are no financial implications for Government. Increasing the levies will result in increased costs to maritime levy payers from 1 July 2027. The extent of this impact will depend on the type of vessel and operator in each case.

Legislative Implications

43 Amendments to the Maritime Levies Regulations 2016 are required to implement changes to the Maritime Levy and a refund mechanism in the event of over-recovery.

Regulatory Impact Statement

44 A Stage 2 Cost Regulatory Impact Statement (CRIS) is attached at Appendix 6. A Ministry of Transport Regulatory Impact Assessment panel has reviewed the CRIS and assessed it as meeting the quality assurance criteria.

Climate Implications of Policy Assessment

45 A Climate Implications of Policy Assessment is not required for this proposal.

Population Implications

46 These proposals have no population implications.

Treaty of Waitangi/Tiriti o Waitangi

47 These proposals do not have any Treaty of Waitangi implications.

Human Rights

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

Consultation

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

Communications

50 The Cabinet decision will be communicated to the sector as soon as practicable. This is particularly important for cruise to enable it to include any adjustments to the Maritime Levy in its ticket pricing.

Proactive Release

51 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 Minister of Transport recommends that the Committee:

1 **agree** to amend the *Maritime Levies Regulations 2016* to reflect the following rates to implement Option 3: increase the Maritime Levy rate by 13.2 percent from 1 July 2027:

Vessel type	Per gross tonnage rate	Per deadweight tonnage rate	Per passenger capacity rate	Overall length
Foreign passenger **(per port call)**	$0.1451	$0.0119	$2.9250	N/A
Foreign non-passenger **(per port call**)	$0.1703	$0.0137	N/A	N/A
NZ SOLAS **(per annum)**	$11.2576	$0.6655	$67.4754	N/A
NZ non-SOLAS 24 metres or longer **(per annum)**	$11.8713	N/A	$25.3380	N/A
NZ non-SOLAS less than 24 metres **(per annum)**	N/A	N/A	$25.3380	$22.1133

2 **agree** to amend the *Maritime Levies Regulations 2016* to implement a refund mechanism to enable refunds to the maritime sector in the event of over-recovery if revenue exceeds stated expenditure requirements by 2 percent in any levy year of the same period.

3 **invite** the Associate Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to these decisions, including any necessary consequential amendments, savings, and transitional provisions.

4 **note** that the Ministry of Transport is undertaking a cumulative impact assessment of costs affecting the maritime sector (CAB-25-MIN-0377 refers).

5 **note** that a schedule of funding reviews will be provided to the Border Executive Board for consideration and will be published by an appropriate organisation to provide visibility of future funding reviews affecting the maritime sector.

6 **authorise** the Associate Minister of Transport to make final policy decisions on implementation, including minor or technical changes that arise during the drafting process, without further reference to Cabinet.

Authorised for lodgement

Hon James Meager

Associate Minister of Transport

Appendix 1 - Option 1: Proposed reductions and impacts

Maritime NZ focused on retaining frontline staff and those involved in the provision of safety critical infrastructure. As it is not a large organisation, Maritime NZ has small teams of people covering statutory functions. Many of these functions could not be reduced without compromising the ability to deliver the function entirely. Savings were focused on reducing costs in the Maritime Levy overhead functions which could still be delivered with some cuts, even if speed and quality was significantly reduced.

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 100 FTE (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 could 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. • 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.

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
		• 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.
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

Appendix 2 - Impact of Option 2 (6.35% in year one 2.5% in each of years two and three) on various operators

Table 1: Option 2 impact on vessels – an initial 6.35% increase in the first year

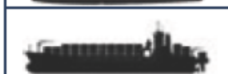
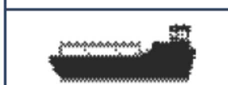
Paid per port visit	Foreign Vessels	Current 2024/25	Proposed 2027/28	Proposed increase
	**International Oil Tanker (SOLAS)** GT 25,000 PAX 0 DWT 45,000	$4,305	**$4,578**	**$273**
	**International Container Ship (SOLAS)** GT 40,000 PAX 0 DWT 52,000	$6,645	**$7,067**	**$422**
	**International Cruise Vessel (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 2: 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 3: Option 2 impact on specific examples of 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 4: Option 2 impact on specific 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 3 - Impact of Option 3 (13.2% increase) on various operators

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 5: Option 3 impact on specific operators

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**

Appendix 4 - Dollar and percentage increases between 19/20 and 25/26 for a typical cruise voyage with four port visits in New Zealand[3]

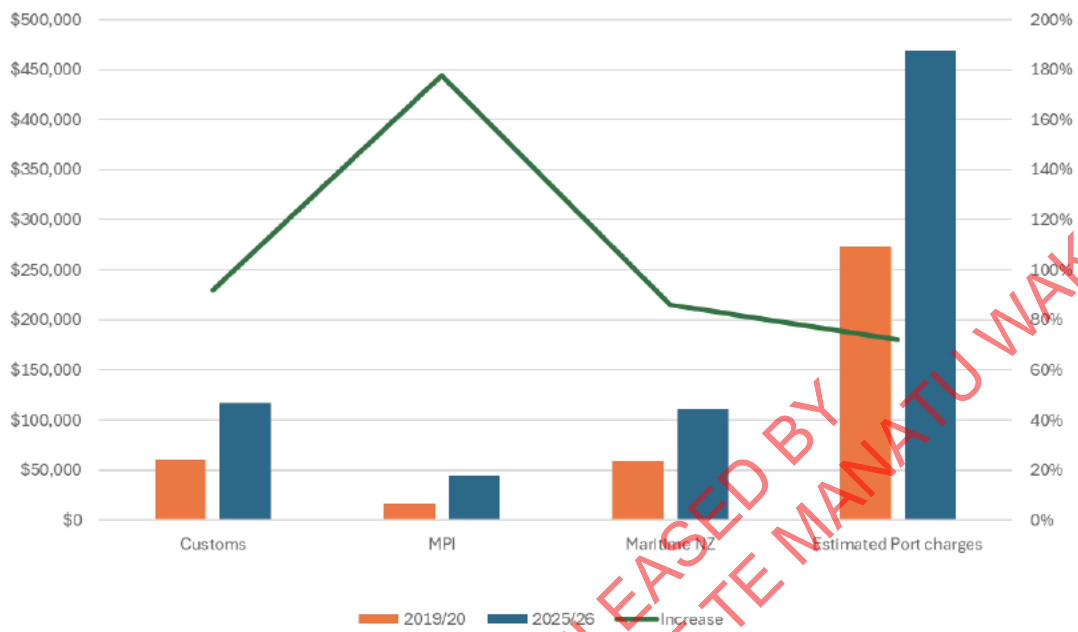


Table 1: Example increasing cost impact on a cruise voyage with four port visits

ENTITY	2019/20 charges	% of overall cost	2025/26 charges	% of overall cost	Increase from 19/20 - 25/26
Customs	$60,900	15%	$116,844	16%	92%
MPI	$16,002	4%	$44,436	6%	178%
Maritime NZ	$59,828	15%	$111,230	15%	86%
Estimated port charges	$272,712	67%	$469,572	63%	72%
Estimated overall cost	**$409,442**	101[4]%	**$742,082**	100%	**81%**

[3] The green line indicates the percentage increase for each grouping of user charges. Assumptions: A cruise ship weighing 110,000 gross tonnage, 15,000 deadweight tonnage, 3,000 passenger, 1,200 crew making four port visits using only the Port of Lyttelton as this port has publicly-available pricing tariffs, applicable to cruise, across this period. This graph does not account for any changes in how an entity may apply its pricing methodology. For the purposes of this example, the New Zealand Customs Service's (Customs) charges include Biosecurity New Zealand's (Biosecurity NZ) border processing levy, and the Ministry of Business, Innovation and Employment (MBIE) charges include Immigration NZ charges.

[4] Figure is 101% due to rounding of other line items

Appendix 5 – Schedule of funding reviews affecting the maritime sector

		2025/2026		2026/27		2027/28		2028/29	
		July - Dec	Jan - June	July - Dec	Jan - June	Jul - Dec	Jan - June	July - Dec	Jan - June
ENTITY	**USER CHARGE**								
Maritime New Zealand	*Maritime Levy* **(reviewed every three years)**	Public consultation (Nov – Dec)	Cabinet decision (Feb/March)			New rates come into effect 1 July 27		Public consultation	Cabinet decision for 1 July 2030 implementation
	Oil Pollution Levy **(reviewed every three years)**							Public consultation	Cabinet decision for 1 July 2030 implementation
New Zealand Customs Service	*Goods Management Levy (previously a Goods fee)* **(reviewed every two years)**	New rate in effect on 1 July 25	New fee structure and rate in effect April 26		Public consultation	Cabinet decision	New rates in effect on 1 July 28		
	Border Processing Levy **(reviewed every three years)**			Public consultation	Cabinet decision	New rates in effect on 1 July 27			
Biosecurity New Zealand (MPI)	*Goods Management Levy (previously a Goods fee)* **(reviewed every two years)**	New rate in effect on 1 July 25	New fee structure and rate in effect April 26		Public consultation	Cabinet decision	New rates in effect on 1 July 28		
	Border Processing Levy **(reviewed every three years)**			Public consultation	Cabinet decision	New rates in effect on 1 July 27			

Ministry of Business, Innovation, Employment	*International Visitor Conservation and Tourism Levy* **(Reviewed every five years)**								(To be reviewed by 1 October 2029)
s 9(2)(f)(iv) [redacted]									
Fisheries NZ	*Fisheries and Conservation Levy* ***(Reviewed annually)***								

Appendix 6 – Cost Recovery Impact Statement