

In Confidence

Office of the Associate Minister of Transport

Chair, Cabinet Economic Development Committee

MARPOL Annex VI Regulations for the Prevention of Air Pollution from Ships: Approval to Accede

Proposal

- 1 This paper recommends that the Cabinet Economic Development Committee approve New Zealand's accession to Annex VI Regulations for the Prevention of Air Pollution from Ships (Annex VI) of the International Convention for the Prevention of Pollution from Ships (MARPOL).

Executive summary

- 2 MARPOL Annex VI aims to reduce the harmful effects of shipping on human health and the environment. It is the primary international regulatory mechanism for addressing the climate change impacts from shipping. Until now, not being a party to Annex VI has had limited material effect, but new regulations to be introduced will change that. These include a reduced sulphur limit for marine fuels that will take effect from 1 January 2020; and new measures to reduce greenhouse gas emissions to be adopted by the International Maritime Organization by 2023.
- 3 New Zealand's accession to MARPOL Annex VI would reduce adverse public health effects of marine air pollution. It would also strengthen New Zealand's ability to play a credible role in the IMO negotiations on the new greenhouse gas emission measures, to both push for global ambition and improve New Zealand's ability to protect its trade and economic interests. Accession would, however, have economic and operational implications for ship operators, fuel companies and the Marsden Point oil refinery. The Ministry of Transport is planning further engagement with the small number of stakeholders that the new regulations are likely to affect most significantly. It is also planning further engagement with Māori, including in relation to any impact on iwi commercial fishing interests.
- 4 I propose to deposit the Instrument of Accession with the IMO as soon as practicable before November 2021. The timing of accession will be important both to derive the benefits and to manage its economic impact. Cabinet's approval to accede would send a clear signal to our international partners and New Zealand industry about the Government's intentions.
- 5 Regardless of accession, the low sulphur regulations coming in internationally from 1 January 2020 will affect New Zealand, but recent analysis suggests the sharp price spikes for low sulphur fuels predicted a year ago are less likely.
- 6 The text of MARPOL Annex VI is attached.

Background

- 7 The International Maritime Organization (IMO) adopted MARPOL in 1973 and modified it by a Protocol in 1978. MARPOL came into force in 1983 and applies to ships registered ('flagged') to states party to it, wherever they operate. It aims to prevent and minimise operational and accidental pollution of the marine environment by ships.
- 8 MARPOL has six annexes categorised by pollution type. Two annexes are compulsory for all states party to MARPOL. New Zealand acceded to MARPOL and the compulsory annexes in 1998 and is now party to four of the six annexes.¹
- 9 On 8 October 2018, Cabinet (CAB-18-MIN-0485) confirmed the Committee's approval for the Ministry of Transport to undertake consultation on New Zealand's accession to MARPOL Annex VI (ENV-18-MIN-0038).

Comment

- 10 Annex VI seeks to address the impact of shipping emissions on:
- human health and environments in and around port communities, by regulating emissions of harmful pollutants from ships²; and
 - climate change and ozone layer depletion, through both air quality regulations and energy efficiency measures.
- 11 Ninety-four states representing 97 percent of world tonnage (freight capacity) are party to Annex VI. Almost all foreign merchant and passenger ships entering our ports are flagged to states party to Annex VI.³

New regulations to be introduced under MARPOL Annex VI mean that it has become an anomaly that New Zealand is not party to it

- 12 Until now, New Zealand's non-accession to Annex VI has had limited material effect. However, new regulations to be introduced under Annex VI will change that:
- 12.1 From 1 January 2020, Annex VI "**Sulphur 2020**" regulations to reduce maritime emissions of sulphur dioxides will come into force internationally. From that date, the allowable sulphur content of marine fuels will fall from 3.5 percent to 0.5 percent by mass. All ships from Annex VI party states visiting New Zealand will have to comply with the new low sulphur limit, regardless of whether New Zealand accedes to Annex VI. Similarly, under the IMO principle that ships of non-parties should be given no more favourable treatment, New Zealand ships travelling to states that are party to Annex VI will also have to comply, regardless

¹ Aside from Annex VI, New Zealand has also not acceded to Annex IV, which sets out international standards for sewage discharges from certain vessels on international voyages. New Zealand has not signed up to Annex IV because there are more appropriate ways for New Zealand to meet the same objectives, specifically through the Resource Management (Marine Pollution) Regulations 1998.

² Sulphur oxides (SO_x), particulate matter (PM), nitrogen oxides (NO_x), volatile organic compounds (VOCs) and ozone depleting substances (ODS).

³ All but six of the 1,001 foreign ships that came to New Zealand in 2018 were flagged to Annex VI states (four from Thailand and two from Maldives).

of whether New Zealand accedes to Annex VI. New Zealand ships operating only domestically will not have to comply until such time as New Zealand accedes.

- 12.2 Annex VI is the primary international regulatory mechanism for addressing the climate change impacts from shipping, in line with the goals of the Paris Agreement on Climate Change. Climate change-related measures were introduced under Annex VI in 2013, but these are mainly focused on technical requirements that will not impact New Zealand, as it does not build large ships. However, the IMO adopted an “Initial IMO Strategy on Reduction of GHG Emissions from Ships” in 2018, which sets out a vision to reduce greenhouse gas emissions from international shipping and, “as a matter of urgency, aims to phase them out as soon as possible in this century”. **New global greenhouse gas emissions regulations** to meet the Strategy’s targets are being negotiated in the IMO and are likely to be implemented under Annex VI from 2023.

Accession would reduce adverse public health effects of marine air pollution on communities close to ports and harbours from domestic ships...

- 13 The Annex VI requirement for domestic ships to comply with the low sulphur limit would reduce adverse public health effects of marine air pollution on communities close to ports and harbours. Specifically, it would reduce:
- sulphur dioxide (SO₂), which can aggravate respiratory and cardiovascular conditions. It can trigger bronchospasm in asthmatics and its effects are heightened by exercise. Sulphur dioxide also forms secondary (fine) particulate matter
 - particulate matter (PM), which predominantly affects respiratory and cardiovascular systems. Effects can range from reduced lung function, increased medication use and more hospital admissions through to reduced life expectancy and death
 - nitrogen oxides (NO_x), which cause increased susceptibility to infections and asthma. They reduce lung development in children and have been associated with increasingly serious health effects, including reduced life expectancy.⁴ Unlike greenhouse gas emissions, the effects of sulphur, particulate matter and nitrogen oxides are primarily localised, so the impact would be highest around ports with significant concentrations of ship movements. For domestic ships, the impact is therefore likely to be highest in Picton and to a lesser extent (because of geographical attributes) Wellington, based on the level of Cook Strait ferry activity. Adverse health effects from air pollution are typically disproportionately borne by vulnerable groups of the population, such as the elderly, children (including babies, infants and unborn babies), people with pre-existing health conditions (heart or lung disease, respiratory conditions, asthmatics, diabetics) pregnant women and Māori.
- 14 Modelling the health effects of domestic ships moving to low sulphur fuels presents significant challenges, because of gaps in data and evidence. The New Zealand Institute of Economic Research (NZIER) has used a report from a 2019 UK study that presents up-to-date guidance on air quality damage costing to estimate the value of

⁴ NO_x emissions also contribute indirectly to enhanced greenhouse effect and to stratospheric ozone depletion

health benefits to New Zealand.⁵ However, the values have not been adjusted for the New Zealand environment, including relative population density around ports and the effect of New Zealand's windy conditions. The estimates should therefore be seen as illustrative only and an upper limit. Subject to those caveats, the estimated health benefits from New Zealand's accession are broken down as:

- \$14.4 million from Cook Strait ferries; and
- \$18.7 million from other domestic freight shipping.⁶

...and enable New Zealand to enforce the regulations for both domestic and international ships

15 New Zealand will derive public health benefits from the Annex VI regulations, which will effectively apply to all foreign ships visiting its ports, regardless of whether it accedes. Using the same values as above, the estimated upper limit of monetised public health benefits from international ships' compliance with Sulphur 2020 when visiting New Zealand ports is \$74.7 million. The benefits will be concentrated around ports that serve a large number of international vessels, in particular Auckland and Tauranga. However, until such time as New Zealand accedes to Annex VI, it would have no mandate to inspect foreign ships for compliance, or take enforcement action, which could encourage deliberate non-compliance.

New Zealand's accession would strengthen its ability to play a credible role in IMO negotiations on climate change...

16 New Zealand's accession to Annex VI would:

- 16.1 demonstrate New Zealand's commitment to playing its part in the IMO and the wider multilateral system. New Zealand is one of only a few members of the High Ambition Coalition⁷ that has not acceded to Annex VI. Mexico is the only other OECD member state that has not acceded;
- 16.2 give New Zealand a stronger mandate to work with like-minded states to push for appropriate and effective climate change mitigation measures in upcoming IMO negotiations, consistent with its existing mandate (CAB-18-MIN-0122); and
- 16.3 enable New Zealand to better support and advocate for Pacific Island states in areas of common interest, consistent with New Zealand's commitment to bolstering engagement on priority issues for the Pacific.

17 Not acceding to Annex VI would be inconsistent with the Government's commitment to playing a leadership role on climate change action.

⁵ The estimates of ship emissions that people are exposed to are counted up to 10 kilometres out from ports.

⁶ These include the coastal fuel tankers and cargo carriers.

⁷ The High Ambition Coalition is a group of developed and developing states sharing the highest level of ambition in the international climate talks.

...and improve our ability to protect our trade and economic interests in negotiations on new measures to reduce the greenhouse gas emissions of ships

- 18 The new mandatory climate-related measures to be adopted by the IMO by 2023 are relevant not only to New Zealand's interests in pushing for global ambition, but also to protecting our trade and economic interests in negotiations.
- 19 As New Zealand is a trading nation distant from markets, new measures could have a significant effect on our imports and exports. More than 99 percent of New Zealand's exports by weight and almost 84 percent by value are transported by sea.⁸ Effectively, all of our imports and exports are carried on ships from states party to Annex VI, which will therefore be required to comply with new mandatory measures. This means New Zealand would feel the effects whether or not we are party to Annex VI.
- 20 Importers and exporters have strongly supported accession so that New Zealand can participate fully in negotiations on strengthened climate change mitigation and measures that could affect New Zealand. Other submitters across the domestic supply chain have added support for this view, citing the New Zealand business community's reliance on international shipping.

The reduced low sulphur limit would have economic and operational implications for ship operators, fuel companies and the Marsden Point oil refinery

- 21 The primary costs of New Zealand's accession relate to the requirement for domestic ships to comply with the new sulphur limit for marine fuels. For ship operators currently using higher sulphur fuel, additional costs would be associated with higher fuel costs, as well as one-off conversion costs to replace or modify fuel systems, recalibrate engines or change engine components to run on lighter fuel oils. The potential impact on stakeholders is set out below:
- 21.1 **Importers and exporters** will already be affected by Sulphur 2020. This is because all of New Zealand's internationally traded commodities are carried on ships that are flagged to states already subject to Annex VI, and will therefore have to comply regardless of whether New Zealand is a party to it. Importers and exporters have strongly supported New Zealand's accession as soon as possible, so that New Zealand can participate fully in negotiations on strengthened climate change mitigation measures that will directly affect them, with consequent impacts across the whole domestic supply chain.
- 21.2 **Large New Zealand-flagged ships that travel overseas** for maintenance or trading purposes will, in addition to existing Annex VI requirements, need to comply with Sulphur 2020 whenever they go overseas, regardless of New Zealand accession. These ships, which include the Cook Strait ferries, two fuel tankers and a container cargo carrier, account for most of New Zealand's use of heavier marine fuel oils. Depending on the relative cost of higher sulphur fuels, it may not make sense for any of these ships to revert to higher sulphur fuels on return to New Zealand. However, the New Zealand Shipping Federation, which represents the operators of all ships in this category,⁹ has emphasised the

⁸ Statistics NZ (2019) [Overseas cargo statistics \(Annual-Jun\)](#).

⁹ Four Cook Strait ferries, two fuel tankers and one container ship

benefits of aligning domestic regulations with IMO regulations, to make compliance easier for ships traveling overseas.

- 21.3 **Almost all small ships** (under 1,000 gross tonnage (GT)), which represent the majority of New Zealand's fleet, already use low sulphur fuel (automotive diesel), so they would not be affected by the regulations. This is because ships of this size generally cannot accommodate the equipment necessary to use heavier fuels, and smaller ports can only supply automotive diesel. Of the 177 ships on New Zealand's ship register, 139 fall into this category.¹⁰ Although there may be some exceptions, these operators are unlikely to be using significant amounts of fuel.
- 21.4 **Ships over 1,000 GT** operating only domestically are most likely to be affected, but the relative impact will be determined by a range of factors, including the current fuel used, options for compliance and international fuel prices. There are 31 ships in this category, excluding those that travel internationally. Based on an informal survey by the Ministry of Transport of these operators:
- 21.4.1 Eleven of these ships already use low sulphur fuels and will not be affected.
- 21.4.2 Two are large ships that only operate domestically and would be affected. One is a dedicated marine fuel barge chartered by Z Energy. Z Energy has indicated its support for accession to Annex VI and is preparing for the change. The other is China Navigation's bulk cement carrier. Its main competitor already uses low sulphur fuel, and additional costs could be passed on to customers, with likely only limited impact on them.
- 21.4.3 Eighteen are commercial fishing vessels. New Zealand's largest fishing company, which operates six vessels over 1,000 GT, has expressed support for accession, including for sustainability reasons. However, two companies, operating five ships in total, are fishing for low-value species and have recently indicated a switch to low sulphur fuels could significantly affect their business viability.¹¹ A fourth company, which operates seven vessels over 1,000 GT, has provided estimates of the cost impact of shifting to low sulphur fuels, but not commented on the relative impact this would have on its business.¹² Some of these companies catch fish on behalf of iwi quota holders, so there could be flow-on economic effects for iwi. (A fifth commercial fishing company operating six vessels over 1,000 GT has already switched to automotive diesel, so it is not included in these figures.)

¹⁰ New Zealand's ship register covers powered vessels of over 24 metres in length or 100 GT. Ships smaller than this are not required to register, but are even less likely to be using heavier fuel oils.

¹¹ One company has estimated that, based on current prices and exchange rates, switching its three vessels from light fuel oil to marine gas oil would cost an additional NZ\$3.6 million per annum. It estimates the one-off cost of conversion to be \$50,000 per vessel. The other company has estimated the additional fuel cost of switching its two ships to be \$1.95 million per annum. Actual costs would be lower if cheaper low sulphur fuels become available.

¹² This company has estimated that switching its seven vessels over 1,000GT to marine gas oil would, at current prices, cost an additional \$4.6 million per annum.

- 21.5 **Refining New Zealand** has made a business decision not to produce a compliant low sulphur fuel, because the costs of retooling the Marsden Point oil refinery would be prohibitive. Three-quarters of its residual fuel blends for shipping are supplied to international ships but this market will shrink when Sulphur 2020 comes in. Accession to Annex VI would compound the effect by removing the domestic market for its residual marine fuels. Although residual products constitute only a small proportion of the refinery's overall output, Refining New Zealand has asked that New Zealand delay accession until the end of 2023 to allow it time to pursue other markets for its residual products.
- 21.6 **Fuel companies** have advised that significant investment would be necessary to modify fuel storage and associated infrastructure to accommodate low sulphur fuels for the domestic market.

The Ministry of Transport is planning further engagement with affected stakeholders and Māori

- 22 The Ministry of Transport considers the benefits of accession outweigh the costs. Notwithstanding this, further exploration is required to better understand the impacts for the small number of stakeholders that the new regulations could affect most significantly, including commercial fishing operators, to feed into the parliamentary treaty examination process. This would include considering whether they would be disproportionately affected relative to their international and domestic competitors. The Ministry is planning, as the next step, to host a series of roundtables with affected parties in the lead-up to accession.¹³ The Ministry is also planning specific engagement with Māori, including in relation to iwi commercial fishing interests.

Timing of accession is important

- 23 If Cabinet agrees to accession, Annex VI will be presented to the House for parliamentary treaty examination. Subject to the treaty examination process, the recommendation is for Ministers to be able to approve amendments required to align domestic regulations with Annex VI, without further reference to Cabinet, unless in the course of development a significant policy issue or risk emerges. Officials estimate this will take up to eighteen months. The proposal is therefore to deposit the Instrument of Accession with the IMO as soon as practicable by November 2021. MARPOL Annex VI would in come into force in New Zealand three months after that, i.e. early 2022.
- 24 Overall, public consultation and stakeholder engagement have demonstrated strong support for accession. The key question has been around the timing:
- 24.1 Some stakeholders, including the Ministry of Health, have pushed for early accession to derive the maximum health and environmental benefits.
- 24.2 Accession as soon as possible will support New Zealand's ability to participate fully in the upcoming IMO negotiations on new greenhouse gas emissions reduction measures for international shipping to be adopted by 2023. Accession after early 2022 could compromise New Zealand's credibility and influence in these negotiations.

¹³ The Ministry of Transport has participated in one of a series of roundtables hosted by the Australian Maritime Safety Authority (AMSA), which provides a useful model for New Zealand. Australia is already party to Annex VI and will have to comply Sulphur 2020, so its workshops have focused on the impact on affected parties of the international regulations coming into force.

- 24.3 Refining New Zealand has asked that accession be delayed as long as possible to allow it to pursue other markets for its residual products.
- 24.4 Fuel companies and ship operators have emphasised the importance of certainty and setting clear, reasonable and transparent timelines to enable preparations to be made in a way that minimises economic impacts.
- 25 The timeframe set out above provides a reasonable balance for these competing objectives. Cabinet's approval to accede, subject to the parliamentary treaty examination process, would both support our position in IMO negotiations and send a clear signal to industry about the Government's intentions.

Regardless of accession, Sulphur 2020 will affect New Zealand

- 26 Sulphur 2020 will effectively apply to all ships on voyages to and from New Zealand. This is likely to increase the cost of shipping, as low sulphur fuels are expected to trade at a premium to higher sulphur fuels, but international price forecasts vary considerably.
- 27 Any economic effects of the new low sulphur limit are expected to be most significant in the first few years, due to the step change in international demand for low sulphur fuels. However, recent literature cited by the NZIER suggests that earlier predictions of sharp price spikes and constraints on the supply of low sulphur fuels are likely to have been overstated, and significant price rises (beyond "normal" market fluctuations) are no longer expected when Sulphur 2020 comes in. Some commentators have argued that, if fuel consumers or speculators believed a price spike was likely, they would have hedged against this by securing future contracts at current low futures prices, but there is no evidence of increased trading in, or rising prices of, the relevant futures contracts. Other commentators still expect a price spike, but one that will be short-lived.
- 28 A 2018 NZIER report commissioned by the Ministry of Transport estimated that the IMO 2020 impact of higher prices on international trade would reduce GDP by between \$2 million and \$33 million per year for the period 2020 to 2025, depending on the scale of international fuel price increases and their duration. However, given the more moderate recent predictions, the range of impacts is expected to be narrower.
- 29 As accession would not come into effect in New Zealand until early 2022, New Zealand ships would likely be insulated from the worst of any early price spikes for low sulphur fuels.
- 30 Conversely, the international price of higher sulphur fuels is expected to fall when Sulphur 2020 comes in. The International Energy Agency (IEA), foresees the international bunker fuel demand landscape changing dramatically in 2020, with demand for high sulphur fuel oil declining by around 60 percent in a year. New Zealand domestic operators using heavier fuel oils could therefore benefit from lower prices, until such time as New Zealand accedes.

Application to Tokelau

- 31 Officials will consult with Tokelau during the implementation of Annex VI to ensure it is not negatively affected by New Zealand's accession. Officials will also consult with Tokelau regarding whether it would like New Zealand's ratification of Annex VI to be extended to include Tokelau. In practical terms, New Zealand's accession is unlikely to

affect Tokelau. Its largest ships (the cargo ship and ferry) are flagged to the Cook Islands, which is already party to Annex VI, as is its closest neighbour, Samoa.

Financial implications

- 32 There are no immediate fiscal implications arising from New Zealand's accession to Annex VI. The cost of developing rules under the Maritime Transport Act 1994 to give effect to Annex VI requirements would be met from existing funding for transport sector rules development. As the regulator responsible for Annex VI implementation, Maritime NZ would incur operational costs recoverable through the maritime levy on commercial ships and through fees. Annex VI-related cost implications for the levy and fees could be addressed at the mid-point review of Maritime NZ funding scheduled for 2022/23.

Legislative implications

- 33 New Zealand's obligations under MARPOL and other maritime conventions are implemented through the Maritime Transport Act 1994 (the Act) and maritime and marine protection rules made by the Minister of Transport under the Act.
- 34 Before New Zealand can accede to MARPOL Annex VI, minor amendments to the Act will be required to ensure that rule making and enforcement provision in the Act provide the authority necessary to fully implement the legal obligations of Annex VI. Amendments to the maritime and marine protection rules will be necessary to give effect to the regulatory content of the Annex. The National Interest Analysis attached to this paper identifies these matters more specifically.
- 35 Amendments to the Marine Protection (Offences) Regulations 1998 would be necessary to support enforcement of the Annex VI obligations implemented by the marine protection rules.
- 36 Amendments to regulations under the Resource Management Act 1991 and the Energy (Fuels, Levies and References) Act 2012 may be necessary or desirable as a consequence of accession to Annex VI.

Impact analysis

- 37 The Ministry of Transport has prepared an extended National Interest Analysis, which is attached.
- 38 The Regulatory Quality Panel at the Ministry of Transport has reviewed the National Interest Analysis and considers that it meets the Quality Assurance criteria. The NIA shows clearly that stakeholders have been carefully consulted, implementation risks identified and mitigated, and the benefits and costs are convincingly articulated. The panel noted that while the benefits are expected to far outweigh the costs, they have not been monetised due to existing uncertainties and circumstances.

Publicity

- 39 Following Cabinet's decision and finalisation of the Cabinet Minute, this Cabinet paper will be made available on the Ministry of Transport's website.
- 40 The Ministry of Transport also intends to directly advise people who made submissions during the public consultation process of Cabinet's decision and, if Cabinet approves

accession, advise them that they will have the opportunity to make submissions to the parliamentary select committee that carries out the treaty examination of Annex VI.

- 41 If Cabinet approves accession, the Ministry of Transport would work with the office of the Associate Minister of Transport on publicity opportunities. A proactive press release could act as an opportunity to distinguish New Zealand's accession to Annex VI from the impact of Sulphur 2020.

Consultation


- 42 The Ministry of Transport has consulted on this paper and the attached NIA with the following agencies: the Department of Conservation, the Environmental Protection Authority, Maritime New Zealand, the Ministry of Business, Innovation and Employment (Resources and Tourism), the Ministry for the Environment, Ministry of Foreign Affairs and Trade, Ministry of Health, the Ministry for Primary Industries, Te Puni Kōkiri and the Treasury. The Department of the Prime Minister and Cabinet was informed.
- 43 The Ministry ran a formal public consultation process from 8 November 2018 to 11 February 2019 on New Zealand's accession to Annex VI. Forty-nine submissions were received from key representative organisations including domestic shipping carriers and port companies, as well as fuel companies, local government, non-governmental organisations, health interest groups and the public. As part of this process (and following it), the Ministry met with shipping and petroleum sector interests, and co-hosted a public meeting with the Marlborough District Council in Picton (one of the ports most affected by marine air pollution).
- 44 The Ministry of Transport envisages ongoing engagement with industry (in particular the parties identified as likely to be most affected by the Annex regulations), environmental groups, the public, and central and local government in the lead-up to accession. The Ministry of Transport is also planning specific engagement with Māori to feed into the parliamentary treaty examination process. As set out above, this will include examining any potential impact of accession on Māori commercial fishing interests.

Recommendations

- 45 The Associate Minister of Transport recommends that the Committee:
1. **note** that New Zealand became a party to the International Convention for the Prevention of Pollution from Ships (MARPOL) in 1998;
 2. **note** that MARPOL Annex VI: Regulations for the Prevention Air Pollution from Ships (Annex VI) came into force internationally in 2005. Its purpose is to reduce the harmful effects of shipping on human health and the environment;
 3. **note** that on 8 October 2018, Cabinet confirmed approval for the Ministry of Transport to undertake consultation on New Zealand's accession to MARPOL Annex VI;
 4. **approve** the content of the attached National Interest Analysis;
 5. **agree** to accede to MARPOL Annex VI, subject to the satisfactory completion of the parliamentary treaty examination process;

6. **agree** to present the text of MARPOL Annex VI and the National Interest Analysis to the House of Representatives for the purposes of the parliamentary treaty examination process, under Standing Order 397;
7. **note** that MARPOL Annex VI would enter into force in New Zealand three months after the deposit of an Instrument of Accession to the International Maritime Organization (IMO). The Ministry of Transport anticipates being in a position to deposit the Instrument of Accession by November 2021, after the necessary procedures to give effect to Annex VI have been fulfilled;
8. **agree** that the Maritime Transport Act 1994 be amended to ensure that its rule making and enforcement provisions provide the authority necessary to give full effect to the legal obligations contained in Annex VI;
9. **note** that the Associate Minister of Transport will approve amendments to rules under the Maritime Transport Act 1994 to align domestic law with the obligations of MARPOL Annex VI, without further reference to Cabinet, unless a significant policy issue or risk emerges;
10. **agree** that the Marine Protection (Offences) Regulations 1998 be amended to provide penalties for breaches of Annex VI obligations implemented by the marine protection rules at levels similar to those for similar breaches of existing marine protection rules;
11. **agree** that, if required, the Minister for the Environment will approve amendments to regulations under the Resource Management Act 1991; and the Minister of Energy and Resources will approve regulations under the Energy (Fuels, Levies and References) Act 2012, without further reference to Cabinet, unless a significant policy issue or risk emerges;
12. **invite** the Associate Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendations 8, and 10 subject to the satisfactory completion of the parliamentary treaty examination process.

Authorised for lodgement



Hon Julie Anne Genter
Associate Minister of Transport

