

Chair
Cabinet Economic Growth and Infrastructure Committee

SEAFARER CERTIFICATION (QUALIFICATIONS AND OPERATIONAL LIMITS): FEES AND OFFENCES

Proposal

1. This paper proposes that the Economic Growth and Infrastructure Committee (EGI) agree to amend the Shipping (Charges) Regulations 2000 and the Maritime (Offences) Regulations 1998 consequential to the making of Maritime Rules Parts 20, 31, 32, and 35.

Executive summary

2. Maritime Rules Parts 20, 31, 32, and 35 will revoke and replace existing maritime rules regulating operating limits and crewing requirements for commercial vessels and qualifications and training requirements for seafarers under the Maritime Transport Act 1994. The rules collectively implement a modernised Seafarer Certification and Operating Limits framework developed by Maritime New Zealand (Maritime NZ) in conjunction with the maritime sector and training institutions. The updated rules also ensure continued compliance with international convention obligations.
3. The proposal to make these rules has been noted by Cabinet as part of the Transport Rules Programme for 2013/14 [EGI Min (13) 20/2 refers]. I intend to make the new rules in December 2013, for entry into force on 1 April 2014.
4. Consequential amendments to the Shipping (Charges) Regulations 2000 are necessary to ensure that fees will apply to the full range of certificates issued under the revised maritime rules.
5. The fees themselves have been revised because the hourly rate on which current fees are based was last set in 2000, and existing fees recover significantly less than current service provision costs. The revised fees are based on a 'ground up' analysis of effort for processing each type of certificate, including efficiencies from new technology and business process improvements, and the fully allocated hourly cost of Maritime NZ directly chargeable services.
6. The fully allocated hourly cost was established by the Maritime NZ funding review in 2011/12, following an independent value for money review of undertaken in 2010 by Ernst and Young. The value for money review found that, while Maritime NZ broadly delivered value for money, its funding sources and costs were misaligned and the agency had insufficient cost and revenue information for a robust funding review. Recommended upgrades to time-recording and financial systems were implemented in 2011 to capture detailed cost data for the Maritime NZ funding review, which found

that the hourly charge on which existing fees had been based since 1990 amounted to less than half of the fully allocated hourly cost (\$235 GST incl), with the difference being subsidised by the marine safety charge levied on commercial ships.

7. Cabinet agreed in March 2013 to future funding arrangements under which Maritime NZ fees will move progressively onto a full cost recovery basis and the industry levy will be reduced to phase out the subsidisation of fees [EGI Min (13) 6/1, CAB Min (13) 10/6 refer]. Under that decision, fees for Maritime NZ permits, approvals and ship registration services will move to full cost recovery over a six year transition period to mitigate the impact of fee increases of 125 and 170 percent. During the transition, the levy will meet the declining difference between fees and actual service delivery costs.
8. The funding review and Cabinet decision excluded fees for the new seafarer certification and operational limits regime (and the recently-adopted Maritime Operator Safety System), because both initiatives were still at the proposal stage and subject to completion of the rule-making and implementation planning processes. The underlying cost analysis of the funding review remains relevant to seafarer certification services (and to the Maritime Operator Safety System, for which I expect to submit a separate fee proposal in late 2013, following Maritime NZ stakeholder consultation. This will complete the process of reviewing Maritime NZ's third party charges).
9. The impact of the proposed seafarer certification fee increases is moderated by basing fees initially on the year two transitional hourly rate of \$166 (GST incl) applied to other Maritime NZ fees. The gap between current fees and costs means that most fees will rise, some by up to 222 percent. For the more common types of certificate, some fees will reduce by between 30 and 46 percent but most will increase by between 57 and 151 percent. Without the proposed fee changes, levy subsidisation of the \$0.418 million funding gap would continue to be necessary at the expense of the shipping-related purposes for which the levy is made.
10. Maritime NZ will review the certification fees in 2015, when implementation of online processing of seafarer licensing transitions is expected to provide further efficiencies.
11. Amendments to the Maritime (Offences) Regulations 1998 are necessary as a result of the revised rules. Apart from three offences relating to operating limits, the Maritime (Offence) Regulations 1998 specify no offences for breaches of the maritime rules replaced by the new Seafarer Certification and Operating Limits rules framework. The proposed penalties follow the existing scheme of other offences under the Maritime (Offences) Regulations 1998, which specify a maximum penalty on conviction of \$5,000 for an individual and \$30,000 for a body corporate. Proposed infringement fees are \$800 for an individual and \$3,500 for a body corporate.

Background to Sea Certification and Operating Limits framework

12. Maritime NZ is the national agency with the primary role in regulating maritime safety, security and marine environment protection. A central feature of the safety regulatory regime is seafarer licensing, oversight of training, qualifications and standards, and

controls over crewing and operating limits of commercial ships. These measures implement requirements of international maritime conventions¹, together with domestic standards for ships and seafarers that are not subject to international standards.

13. New Maritime Rules Parts 20, 31, 32 and 35 revoke and replace existing rules regulating operating limits and crewing requirements for commercial vessels and qualifications and training requirements for seafarers under the Maritime Transport Act 1994. The rules collectively implement the modernised Seafarer Certification and Operating Limits framework developed by Maritime NZ in conjunction with the maritime sector and training institutions over the past three years. The rules also ensure continued compliance with international maritime convention obligations.
14. The proposal to make Maritime Rules Parts 20, 31, 32 and 35 has been noted by Cabinet as part of the Transport Rules Programme for 2013/14 [EGI Min (13) 20/2 refers]. I intend to make Maritime Rules Parts 20, 31, 32 and 35 in December 2013, for entry into force on 1 April 2014.

Seafarer certification fees

15. Under the Maritime Transport Act 1994 and maritime rules, certificates of competency or proficiency are required for all crew employed in positions of responsibility aboard commercial vessels and for persons performing certain specialist roles, such as maritime pilotage. The Shipping (Charges) Regulations 2000 specify the fees payable to Maritime NZ on application for the issue of certificates.
16. Introduction of the revised rules to implement the new qualifications and certification framework has made it necessary to update the Shipping (Charges) Regulations 2000 to align with the revised certification framework. The fees themselves also require revision to reflect the current costs incurred by Maritime NZ in providing certification services.
17. Maritime NZ consulted stakeholders on the revised fees as part of statutory consultation on the Seafarer Certification and Operating Limits rules package.

Fee methodology

18. Maritime NZ has analysed the processing of each type of application for a certificate, breaking the process down into the individual components of effort in the process. Base times were established for processing each type of application. The volumes of transactions over the preceding five years were reviewed, and any trends or other factors likely to influence future demand were taken into account, including an expected rise in the number of general queries, and the effect of staff turnover, experience levels and training requirements on productivity.

¹ The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 (STCW); The International Convention on Standards of Training, Certification and Watchkeeping for Fishing Vessel Personnel (STCW-F), 1995; the International Convention for the Safety of Life at Sea, 1975

19. The efficiency of certification processes has been enhanced by a number of Maritime NZ initiatives. These include an Information and Communications Technology system reform project to improve business processes and workflow management and provide a platform for web-based transactions. The Vanguard systems management application has been used to identify significant effort and cost efficiencies in certification and technical services.
20. The results have been built into current practices and are being fed into the design of IT support for implementation of the new certification regime in 2014 and the online application process to be rolled out in 2015. The improved systems will ensure that any further opportunities for efficiency gains can be factored into a review of seafarer certification fees following implementation of the online application process.
21. The initial analysis that informed the fee proposals issued for consultation was completely reviewed in response to submissions, which expressed concern at the high fee levels. The review refined the initial analysis of effort and efficiency factors, corrected an error that resulted in a high volume fee being overstated and grouped the fees into six rather than five bands. As a result, assessments of base times for processing most applications were reduced from those on which the consultation proposals were based. Fee adjustments range between nil and almost 50 percent lower than initially proposed, and the overall fee level is approximately 30 percent lower.
22. The approximately 70 different types of application have been grouped into six bands, based on the degree of effort, measured in hours, required to process each application type. Fees have then been calculated by multiplying the effort in hours or part hours for each band by an hourly rate of \$169 (GST incl).

Basis for the hourly rate

23. The hourly rate is derived from the 2011 Maritime NZ funding review, which followed an independent value for money review undertaken in 2010 by Ernst and Young. The value for money review found that, while Maritime NZ broadly delivered value for money, its funding sources and costs were misaligned and the agency had insufficient cost and revenue information for a robust funding review. Recommended upgrades to time-recording and financial systems were implemented in 2011 to capture detailed cost data for the funding review.
24. The funding review established that the average hourly charge of \$104 (GST incl) on which existing fees had been based since 1990 amounted to less than half of the fully allocated hourly cost (\$235 GST incl), after taking into account planned efficiency gains in coming years, with unrecovered costs being subsidised by the marine safety charge levied on commercial ships.
25. The funding review recommended a future funding policy for Maritime NZ under which full cost recovery would be applied to directly chargeable services and the subsidy from levies would be removed. The review also recommended a six year transition period to mitigate the impact of the resulting 125 to 170 percent fee increases and ensure efficiency gains are realised. That approach has already been implemented

[EGI Min (13) 6/1, CAB Min (13) 10/6 refer] for new fees for Maritime NZ permits, approvals and ship registration services that took effect on 1 July 2013². During the transition, the levy will meet the declining difference between fees and actual service delivery costs.

26. The funding review and Cabinet decision excluded fees for the new seafarer certification and operational limits regime (and the recently-adopted Maritime Operator Safety System), because both initiatives were still at the proposal stage and subject to completion of the rule-making and implementation planning processes. The underlying cost analysis of the funding review remains relevant to seafarer certification services (and to the Maritime Operator Safety System, for which I expect to submit a separate fee proposal in late 2013, following Maritime NZ stakeholder consultation. This will complete the process of reviewing Maritime NZ's third party charges).
27. The hourly rate for year two (2014/15) of the six year transition period for other Maritime NZ fees is \$166 (GST incl). This rate has also been adopted for the new certification fees, subject to an additional component to cover the seafarer certification share of IT systems costs over the three years 2013/14 to 2015/16, bringing the total rate to \$169 (GST incl).
28. The rate and fees will be set at this level and reviewed once full online support for the certification system comes on stream in 2015. This approach will keep fees steady during the transition to the new certification regime, allow the impact of 'future state' assumptions to be gauged over the transition period, and coordinate assessment of online cost impacts with the next scheduled Maritime NZ funding review.

Impact on fees

29. Despite the post-consultation adjustments to the initial fee proposals, most new fees are significantly higher than the current seafarer certification fees for the same or equivalent certificates, although some are almost unchanged or have been reduced. Changes to individual fees range from a 46 percent reduction through to an increase of 222 percent (from \$236 to \$760 GST incl) for several types of entry level certificate. Fee reductions of 30 to 46 percent apply to some of the more common and important certificates for fishing and near-coastal certificates, although fees for most of the more common certificates will increase by between 57 and 151 percent.
30. The wide variations reflect that, while fees were increased in 2000 and 2008, the hourly rate on which fees are based has not changed since 2000 and the relationship between fees, effort and the actual cost of service has not previously been reviewed 'from the ground up'.
31. Without the proposed fee adjustments, fee revenue would be some \$0.418 million less than service delivery costs based on projected application volumes - after allowing for the interim subsidy from levies during the transition to the Maritime NZ future funding model discussed in paragraph 7. The shortfall would need to be funded

² Shipping (Charges) Amendment Regulations 2013, Ship Registration (Fees) Regulations 2013

by a further levy subsidy at the expense of shipping-related purposes for which the levy is made, or by deficit funding, which is unsustainable.

32. The nature of seafarer certification means that the related fees are typically paid by the individual to whom the certificate applies. Table 1 shows the effect on fees for the most common types of application. In effect, costs are spread over a certificate's five year validity period, after which the holder may apply for renewal of the certificate for further five year periods. Endorsements, which add extra privileges to a certificate, have the same duration as the certificate. The main impact for existing certificate holders will be five yearly renewal costs of \$372 for domestic certificate holders.

Table 1 – Impact of fee increases for common application types

Certificate	Current fee	Proposed fee	Percentage increase
	\$ incl GST	\$ incl GST	
Certificate renewal - STCW	236	592	151%
Certificate renewal - Domestic	236	372	57%
GMDSS (Radio operator)	236	507	115%
Skipper Restricted Limits	416	760	83%
Marine Engineer Class 3	523	845	61%
Tanker Endorsements	236	372	57%

33. Some maritime operators pay for all or some staff certification costs. Table 2 extrapolates from information held by Maritime NZ on the number and type of certificates companies have paid for over the past five years. The information is subject to variables not detectable from the base data, including whether a company paid for all or some staff certification costs. While estimated cost increases range from 46 percent for port operators to over 200 percent for operators of large tourism and fishing vessels, such operations employ a large number of crew, and certification fees are a minor part of wider staff costs. Maritime NZ estimates that, for a large tourist or passenger ferry operator employing over one hundred crew at a cost of at least \$2.8 million a year (on the basis of minimum wage), an annual cost of \$6,000 to \$9,000 to ensure crew are certificated represents less than 0.5 percent of the wage bill.

Table 2 – Maritime NZ estimate of company seafarer licensing payments (GST incl)

Sector	Renewal (five years after transition)		New Licences/ Progression to higher certificate		Total		
	Current	New ³	Current	New	Current	New	Change %
Ferry Operators							

³ Equivalent to Transitional cost in first 5 years

- Medium	\$47 ⁴	\$816	\$1,160	\$1,791	\$1,207	\$2,607	116%
- Large ⁵	\$472	\$2,230	\$1,717	\$3,792	\$2,189	\$6,022	175%
Aquaculture							
- Small	\$173	\$322	\$360	\$659	\$533	\$981	84%
- Large	\$566	\$1,487	\$1,412	\$2,802	\$1,978	\$2,899	47%
Fishing							
- Owner/ ⁶ Operator	-	\$148	\$83	\$150	\$83	\$298	259%
- Large	\$330	\$5,502	\$6,226	\$10,630	\$6,556	\$16,132	146%
Tourist Operations							
- Small/medium	\$283	\$445	\$638	\$1,047	\$921	\$1,492	62%
- Large	\$519	\$3,346	\$2,239	\$5,712	\$2,758	\$9,058	228%
Ports	\$448	\$762	\$614	\$1,119	\$1,062	\$1,881	77%
Medium Coastal	-	\$743	\$945	\$1,385	\$945	\$2,128	125%
Large Coastal	\$2,219	\$5,560	\$16,991	\$26,478	\$19,210	\$32,038	67%

34. Appendix 1 lists the application fees that, under this proposal, will replace the fees currently specified in Schedule 2 of the Shipping (Charges) Regulations 2000 (other than the commercial jet boat driver licence, which is not subject to this proposal). For comparative purposes, the Appendix also lists the existing fees for the same or equivalent applications and the percentage differences between the two.

New services and fees

35. The Seafarer Certification and Operational Limits rules introduce several new chargeable services:
- Specified Limits Permit – this is a new permit to operate vessels in very restricted areas and conditions where normal survey and crewing requirements may be unnecessary or disproportionate
 - Single Voyage Permit – this is provided for in current rules but is administered by Safe Ship Management companies, which, under the Maritime Operator Safety System recently established by Maritime Rules Part 19 and 44, will no longer issue such permits

⁴ Average over 5 years for a single STCW certificate. Cost for new system reflects requirement for renewal of all certificates.

⁵ From records only and would not cover all crew for a large operator; one ferry operator has indicated they reimburse certification costs for all crew which would be of significant order greater, although percentage increase would remain same

⁶ From manning requirements, assume 20 percent turnover

- Approval of Maritime Assessor – the approved maritime assessor is a new role introduced to provide practical and theoretical assessment capacity at local level for domestic endorsements
 - Approval of training courses – the Director of Maritime NZ may approve training as meeting a relevant competency and training standard under the new rules
 - Inspection of training providers – the Director of Maritime NZ may inspect providers of training courses approved under the new rules
 - Provisional Assessment Service - provides seafarers with an optional pre-assessment of eligibility requirements before starting a training course
36. The effort involved in processing applications for Specified Limit and Single Voyage permits is expected to be variable. The effort involved in approval of training courses and inspections of training providers is also expected to be variable. It is proposed that such permits, approvals and inspections be included in the services that, under Schedule 1 of the Shipping (Charges) Regulations 2000, are subject to an hourly charge.
37. It is proposed that a fixed fee for processing applications to be an Approved Maritime Assessor be set at the same rate as the fee for approvals of Examiners in Schedule 1A of the Shipping (Charges) Regulations 2000. A fixed fee for the Provisional Assessment Service (described as 'pre-assessment') is listed in Appendix 1.
38. In addition, under the new certification system, it may be necessary for Maritime NZ to conduct final examinations and assessments, either directly or through a contractor, but no fee for such services is provided for. As the time involved would be variable, it is proposed that examinations and assessments be included in services that, under Schedule 1 of the Shipping (Charges) Regulations 2000, are subject to an hourly charge.

Offences

39. The Maritime Transport Act 1994 provides enforcement mechanisms ranging from powers to suspend, impose conditions on or revoke a person's maritime document (e.g. a certificate, licence, permit or approval), through to statutory, regulatory and infringement offences and penalties.
40. Apart from three offences relating to operating limits, the Maritime (Offence) Regulations 1998 specify no offences for breaches of maritime rules replaced by the new Seafarer Certification and Operating Limits rules framework. Maritime NZ has consequently been left with the relatively narrow enforcement options of prosecution for a statutory offence or direct action against a document holder. These are strong sanctions that often would be disproportionate to the standard of conduct involved in the breach of a rule. This can result in no sanction being taken in respect of breaches that might otherwise warrant action, which can diminish compliance incentives.
41. A more graduated approach to compliance would be possible if less serious transgressions could be dealt with through regulatory or infringement offence provisions. Prescribing offences for breaches of specific rules serves to highlight key

duties and reinforce that they are enforceable legal obligations. Accordingly, Appendix 2 sets out proposed offences and penalties for breaches of a total of 36 duties in the new rules framework.

42. The proposed offences relate primarily to duties under Maritime Rule Part 31 – Crewing and Watchkeeping, which are a key part of the safety regime for commercial ships operating in New Zealand. The rule consolidates requirements for minimum crew numbers, certificates and qualifications and the issue of minimum safe crewing documents. It also implements international convention requirements relating to fitness for duty, hours of rest and watchkeeping.
43. The three existing offences in relation to Maritime Rule Part 20 – Operating Limits have been retained, with the addition of a further two in respect of key duties not linked to an offence provision. An infringement offence is proposed for failure to hold a certificate or endorsement as required by Maritime Rule Part 32 – Seafarer Certification. Two proposed offences relate to the requirement for assessors and examiners to hold the appropriate certificate under Maritime Rule Part 35 – Recognised Seafarer Training, Assessments and Examinations, and Industry Specific Certificates.
44. Both a regulatory offence and an infringement fee are proposed, with a small number of exceptions where it would be unfeasible or inappropriate for both to apply.
45. The proposed penalties follow the existing scheme of other offences under the Maritime (Offences) Regulations 1998, which specify a maximum penalty on conviction of \$5,000 for an individual and \$30,000 for a body corporate. Proposed infringement fees are \$800 for an individual and \$3,500 for a body corporate.
46. In determining whether to propose an offence provision, and the level of penalty, Maritime NZ had regard to Legislation Advisory Committee and Cabinet guidelines, the Ministry of Justice Infringement Guidelines, and the Maritime Transport Act 1994.

Implementation and monitoring

Fees

47. Projections about the phasing and volume of applications during the transition to the new certificate scheme are based on experience, industry trends and data on the number of existing certificate holders but are inherently subject to variances that could have revenue and cost implications. Maritime NZ will closely monitor activity on an on-going basis to measure actual experience against the workload estimates used for the fees review and identify actions that may be necessary to respond to any significant variances. A vigilant approach will enable Maritime NZ to adjust application processing capacity to reflect demand change, manage costs and maintain customer service standards.

Offences

48. Maritime NZ will provide training for maritime officers to ensure consistency of approach and application to enforcement. This will include guidance on the circumstances in which they may give an oral or written warning or give the offender

the opportunity to rectify the offending. This training will be built into the wider training and development programme that Maritime NZ is currently implementing in preparation for the new Maritime Operator Safety System to be implemented with effect from 1 July 2014.

49. Systems will be put in place to ensure that the information gathered through the implementation of the new regime supports Maritime NZ's communications, planning, and intelligence functions. Administrative processes and systems will also need to be established to support effective and efficient management of infringement notices.

Consultation

50. Public consultation on the proposed fees took place between 28 November 2012 and 29 March 2013 as part of consultation on the full suite of proposed Seafarer Certification and Operating Limits rules. Consultation on proposed offences ran from 7 February to 29 March 2013.
51. No material concerns were raised in submissions on the offence and infringement offence proposals but there was significant opposition to the proposed new fees (85 out of 150 submissions). Issues raised included: increased costs for operators who support staff training; the cumulative impact of paying for certificates and for endorsements to certificates; high fees will be a barrier for new seafarers; other jurisdictions have lower fees.
52. As indicated in paragraph 21, in response to submissions Maritime NZ completely reviewed the effort analysis for the fees, and the overall fee level is around 30 percent lower than initially proposed. Individual post-consultation fee adjustments ranged from nil to almost 50 percent compared with the initially-proposed fees. Concerns over the cumulative impact of fees for certificates and endorsement are addressed because the application fee for a certificate also covers any relevant endorsement.
53. The lower overall level of proposed fees compared to those proposed in the consultation is unlikely to fully address the concerns raised but any further reduction would mean that costs are not fully cost-recovered. The impact on new entrant numbers will be monitored. A direct comparison with overseas jurisdictions is not possible, as each jurisdiction takes different approaches to setting its certification fees, the degree of cost recovery is unclear and fees do not necessarily cover the same elements.

Departmental consultation

54. The Treasury, Ministry of Justice, Ministry of Primary Industries, Ministry of Business, Innovation and Employment and Maritime NZ have been consulted. The Department of the Prime Minister and Cabinet has been informed.

Financial implications

55. The proposals have no financial implications for the Crown.

Legislative implications

56. The proposed fees will require amendments to the Shipping (Charges) Regulations 2000. The proposed offences will require amendments to the Maritime (Offences) Regulations 1998. The amendments will come into force to coincide with the entry into force date of Maritime Rules Parts 20, 31, 32 and 35, which is planned for 1 April 2014.

Regulatory Impact Analysis

57. A Regulatory Impact Statement is not required for the proposed offence and penalty provisions, which have no impact on businesses, individuals or not-for-profit entities that comply with the relevant rules.
58. A Regulatory Impact Statement is required with respect to the fee proposals in this paper. A Regulatory Impact Statement has been prepared by Maritime NZ and is attached to this paper. The Regulatory Impact Statement and associated material have been assessed by the Ministry's Regulatory Impact Statement internal review panel as meeting the quality criteria.
59. I have assessed the analysis and advice of my officials, as summarised in the attached Regulatory Impact Statement and I am satisfied that the regulatory proposals recommended in this paper:
- are required in the public interest
 - will deliver the highest net benefits of the practical options available
 - are consistent with our commitments in the Government statement 'Better Regulation, Less Regulation'.

Gender, disability, and human rights implications

60. There are no gender, disability, or human rights implications for these fees and offences.

Publicity

61. Decisions about the proposed fees and charges will be notified on Maritime NZ's website and in industry publications as part of the Maritime NZ communications programme for implementation of the new Seafarer Certification and Operating Limits rules framework.
62. This Cabinet paper and attached Regulatory Impact Statement will be made publicly available following the signing of these rules.

Recommendations

63. The Minister of Transport recommends that the Cabinet Economic Growth and Infrastructure Committee:

1. **note** the Minister of Transport's intention to make Maritime Rules Parts 20, 31, 32 and 35, which revoke and replace existing maritime rules regulating operating limits and crewing requirements for commercial vessels and qualifications and training requirements for seafarers
2. **note** that the proposal to make these maritime rules was noted by Cabinet as part of the Transport Rules Programme for 2013/14 [EGI Min (13) 20/2 refers].
3. **note** that amendments to the Shipping (Charges) Regulations 2000 and Maritime (Offences) Regulations 1998 will be necessary, consequential to the making of Maritime Rules Part 20,31, 32 and 35, which it is intended will come into force on 1 April 2014
4. **note** that Maritime NZ has reviewed the fees for applications for all types of seafarer certification and developed new fees calculated on the basis of:
 - i. the actual base effort, measured in hours, involved in processing each type of application for a certificate; and
 - ii. an hourly rate of \$169 (GST incl) to meet the cost to Maritime NZ of processing applications
5. **agree** that the resulting application fees, as listed in Appendix 1, replace the fees currently specified by Schedule 2 to the Shipping (Charges) Regulations 2000, with the exception of the commercial jet boat driver licence
6. **agree** that applications for a Specified Limits Permit and for a Single Voyage permit be added to the services specified as subject to an hourly charge by Schedule 1 to the Shipping (Charges) Regulations 2000
7. **agree** that:
 - i. approval of a training course
 - ii. inspection of a training providerbe added to the services specified as subject to an hourly charge by Schedule 1 to the Shipping (Charges) Regulations 2000
8. **agree** that a fixed fee for processing applications to be an Approved Maritime Assessor be set at the same rate as the fee for approvals of Examiners in Schedule 1A to the Shipping (Charges) Regulations 2000
9. **agree** that examinations and assessments be added to the services specified as subject to an hourly charge by Schedule 1 to the Shipping (Charges) Regulations 2000
10. **note** that Maritime NZ has identified offence and penalty provisions, listed in Appendix 2, to promote compliance with duties imposed by Maritime Rules Parts 20, 31, 32 and 35

11. **agree** that the offences and penalties specified in Appendix 2 be added to the offence provisions and penalties prescribed by Schedule 1 of the Maritime (Offences) Regulations 1998
12. **invite** the Minister of Transport, when he has made Maritime Rules Parts 20, 31, 32 and 35, to issue drafting instructions to the Parliamentary Counsel Office to amend the Shipping (Charges) Regulations 2000 and the Maritime (Offences) Regulations 1998 to give effect to recommendations 5, 6, 7, 8, 9 and 11 and make any saving, transitional and consequential amendments
13. **agree** to publish this Cabinet paper on the Ministry of Transport's website

Hon Gerry Brownlee
Minister of Transport

Dated: _____

Appendix 1: Seafarer certification fees – comparison of proposed and current fees

Application Group	Application Type	Proposed Application Fee	Application fee with Pre assessment	Fee in Current Scheme ⁷	Fee Increase/ Decrease ⁸
Domestic CoP	Steam	\$676.00	N/A	-	-
	Qualified Deck Crew	\$676.00	N/A	\$236.13	186%
Domestic CoC	Skipper Restricted Limits	\$761.00	N/A	\$416.04	83%
	Skipper Restricted Limits endorsed <24m	\$761.00	N/A	\$416.04	83%
	Skipper Coastal/Offshore	\$676.00	\$541.00	\$1,040.62	-35%
	Master Yacht <24m	\$676.00	\$541.00	-	-
	Marine Engineer Class 6	\$676.00	\$541.00	\$523.38	29%
	Marine Engineer Class 5	\$676.00	\$541.00	\$523.38	29%
	Marine Engineer Class 5 Steam	\$676.00	\$541.00	\$523.38	29%
	Marine Engineer Class 5 Motor and Steam	\$676.00	\$541.00	\$523.38	29%
	Marine Engineer Class 4	\$676.00	\$541.00	\$523.38	29%
Domestic Endorsements	Passenger Endorsement	\$372.00	N/A	\$236.13	57%
	Cook Strait Endorsement	\$372.00	N/A	\$236.13	57%
	<24m Endorsement	\$372.00	N/A	\$236.13	57%

⁷ This is the fee for the same or equivalent certificate in the current scheme

⁸ This is the variation from the fee in the current scheme

Application Group	Application Type	Proposed Application Fee	Application fee with Pre assessment	Fee in Current Scheme ⁷	Fee Increase/ Decrease ⁸
	<500GT Endorsement	\$372.00	N/A	\$236.13	57%
	500-3000GT Endorsement	\$372.00	N/A	\$236.13	57%
	Square-rigged Endorsement	\$372.00	N/A	\$236.13	57%
	High-speed Vessel Endorsement	\$372.00	N/A	\$236.13	57%
	Temporary Seasonal Endorsement	\$372.00	N/A	-	-
	Steam Endorsement	\$372.00	N/A	-	-
STCW CoP	Deck Watch Rating	\$761.00	\$625.00	\$236.13	222%
	Engine Watch Rating	\$761.00	\$625.00	\$236.13	222%
	Able Seafarer Deck	\$762.00	\$625.00	\$236.13	222%
	Able Seafarer Engine	\$676.00	\$541.00	\$236.13	186%
	Electro-Technical Rating	\$761.00	\$625.00	\$236.13	222%
	Integrated Rating	\$676.00	\$541.00	\$236.13	186%
STCW CoC	Watchkeeper Deck <500GT Near-coastal	\$761.00	\$625.00	\$544.84	40%
	Watchkeeper Deck (STCW 95)	\$845.00	\$710.00	\$728.84	16%
	Watchkeeper Deck	\$845.00	\$710.00	\$728.84	16%
	Chief Mate <3000GT	\$592.00	\$467.00	\$728.84	-19%
	Chief Mate	\$761.00	\$625.00	\$1,040.62	-27%
	Master <500GT Near Coastal (limited to coastal area)	\$676.00	\$541.00	\$728.84	-7%
	Master <500GT Near-coastal	\$676.00	\$541.00	\$1,040.62	-35%

Application Group	Application Type	Proposed Application Fee	Application fee with Pre assessment	Fee in Current Scheme ⁷	Fee Increase/ Decrease ⁸
	Master <500GT	\$676.00	\$541.00	\$736.00	-8%
	Master <3000GT	\$761.00	\$625.00	\$736.00	3%
	Master	\$761.00	\$625.00	\$736.00	3%
	Chief Mate Yacht	\$761.00	\$625.00	\$728.84	4%
	Master Yacht <500GT	\$676.00	\$541.00	\$728.84	-7%
	Master Yacht	\$676.00	\$541.00	\$728.84	-7%
	Electro-Technical Officer	\$676.00	\$541.00	\$523.38	29%
	Marine Engineer Class 3 (STCW 95)	\$845.00	\$710.00	\$523.38	62%
	Marine Engineer Class 3	\$845.00	\$710.00	\$523.38	62%
	Marine Engineer Class 2 <3000kW	\$676.00	\$510.00	\$523.38	29%
	Marine Engineer Class 2	\$761.00	\$625.00	\$1,040.62	-27%
	Marine Engineer Class 2 Endorsed Chief Engineer	\$676.00	\$541.00	\$311.78	117%
	Marine Engineer Class 1	\$761.00	\$625.00	\$523.38	45%
	GMDSS (Radio operator)	\$507.00	N/A	\$236.13	115%
	Radio Officer	\$507.00	N/A	-	-
STCW-F CoP	Advanced Deck Hand - Fishing	\$761.00	\$625.00	\$236.13	222%
STCW-F CoC	Mate Fishing Vessel - Limited	\$761.00	\$625.00	\$544.84	40%
	Mate Fishing Vessel - Unlimited	\$761.00	\$625.00	\$728.84	4%

Application Group	Application Type	Proposed Application Fee	Application fee with Pre assessment	Fee in Current Scheme ⁷	Fee Increase/ Decrease ⁸
	Skipper Fishing Vessel - Limited	\$592.00	\$467.00	\$728.84	-19%
	Skipper Fishing Vessel - Unlimited	\$592.00	\$467.00	\$728.84	-19%
STCW Endorsements	Basic Tanker Endorsement	\$372.00	N/A	\$236.13	57%
	Advanced Tanker Endorsement	\$372.00	N/A	\$236.13	57%
Other Certificates	Compass Adjuster	\$676.00	\$541.00	\$311.78	117%
	Pilot licence	\$507.00		\$236.13	115%
	Pilotage exemption certificate	\$507.00		\$236.13	115%
Other Applications	Domestic Certificate Renewal	\$372.00	N/A	\$236.13	57%
	Domestic Certificate Transition	\$372.00	N/A	-	-
	Domestic Endorsement Renewal	\$372.00	N/A	-	-
	STCW Certificate Renewal	\$592.00	N/A	\$236.13	151%
	GMDSS Renewal	\$372.00	N/A	\$236.13	57%
	STCW Certificate Transition	\$592.00	N/A	-	-
	STCW Endorsement Renewal	\$372.00	N/A	\$236.13	57%
	STCW-F Certificate Renewal	\$372.00	N/A	-	-
	Certificate replacement	\$372.00	N/A	\$236.13	57%
	Certificate recognition (under MOU)	\$592.00	\$467.00	\$1,090.71	-46%

Application Group	Application Type	Proposed Application Fee	Application fee with Pre assessment	Fee in Current Scheme ⁷	Fee Increase/ Decrease ⁸
	Certificate recognition (outside MOU)	\$761.00	\$625.00	\$1,090.71	-30%
	Pre-Assessment Service	\$304.00	N/A	N/A	N/A
	MEC 3 Foreign Qualification Acceptance Fee	\$85.00	N/A	N/A	N/A

Appendix 2: Offences and penalties for breaches of duties in the Seafarer Certification and Operating Limits Framework

		Fines and fees (\$)			
		Maximum fine		Infringement fee	
Provision	Brief description	Individual	Body Corporate	Individual	Body Corporate
Part 20 – Operating Limits					
20.20(1)	Owner must ensure ship has operating limits assigned to it	5,000	30,000	800	3,500
20.20(2)	Limits must be recorded by the surveyor on certificate	5,000	30,000	800	3,500
20.20(4)	Surveyor who assigns defined section of coastal limits not beyond territorial sea must assign within 30 miles of safe haven and specify safe haven	-	-	800	3,500
20.20(5)	Surveyor must not assign inshore limit other than Appendix 1 limit to certain ships	-	-	800	3,500
20.21	Requirement to operate within lesser of operating limits assigned to ship or operating limits that apply to Master	5,000	30,000	800	3,500
Part 31 – Crewing and Watchkeeping					
31.20	General duty related to minimum crewing	5,000	30,000	800	3,500
31.24	Duty to carry Minimum Safe Crewing Document	1,500	10,000	800	3,500
31.25(1)	Duty of crew to hold certificates	5,000	30,000	800	3,500
31.25(2)	Duty of crew to be able to demonstrate ancillary proficiencies	3,500	30,000	800	3,500
31.26(1)	Owner and master to ensure additional watchkeepers to hold minimum applicable Watchkeeping certificate	5,000	30,000	800	3,500
31.26(2)	Owner and master to ensure ship fitted with means to allow control of main engine	5,000	30,000	800	3,500
31.26(3)	Owner and master to ensure crew have completed specialised training of an appropriate type	5,000	30,000	800	3,500
31.29	Fitness for duty	5,000	30,000	800	3,500

31.30	Hours of rest	5,000	30,000	800	3,500
31.41	Watchkeeping arrangements and principles	5,000	30,000		3,500
31.42	Minimum Watchkeeping and special crewing requirements	5,000	30,000	800	3,500
31.51	Requirement for all crew to undergo safety familiarisation	5,000	30,000	800	3,500
31.53	Requirement for owner and master to ensure seafarers with certain duties can demonstrate ancillary proficiency in STCW basic training	5,000	30,000	800	3,500
31.54	Requirement for owner and master to ensure seafarers able to demonstrate ancillary proficiencies in survival craft and rescue boats or fast rescue boats	5,000	30,000	800	3,500
31.55	Requirement for owner and master to ensure seafarers able to demonstrate advanced fire-fighting	5,000	30,000	800	3,500
31.56	Requirement for owner and master to ensure seafarers able to demonstrate medical first aid and medical care	5,000	30,000	800	3,500
31.57(2)(a)	Foreign ship must carry safe manning document	-	-	800	3,500
31.57(2)(b)	Foreign ship – number of crew and certificates comply with requirements of safe crewing document	-	-	800	3,500
31.57(2)(c)	Foreign ship – certificates held by crew issued or validated in accordance with ‘Standards of Training, Certification and Watchkeeping’	-	-	800	3,500
31.57(2)(d)	Foreign ship – crew capable of maintaining Watchkeeping standards	-	-	800	3,500
31.61	Navigational watchkeeping arrangements and principles	5,000	30,000	-	-
31.62	Engineering watchkeeping arrangements and principles	5,000	30,000	-	-
31.63	Requirement for crew to have basic safety training	5,000	30,000	800	3,500
31.64	Other minimum crewing requirements for fishing ships	5,000	30,000	800	3,500

31.81	Watchkeeping arrangements and principles for passenger and non-passenger ships	5,000	30,000	-	-
31.82	Requirement to operate under Minimum Safe Crewing Document	5,000	30,000	800	3,500
31.84(2)	Minimum crewing requirements for other ships	5,000	30,000	800	3,500
Part 32 – Seafarer Qualification					
32.10	Requirement to hold certificate or endorsement	-	-	800	3,500
Part 35 – Training and Examinations					
35.41	Requirement to hold assessor certificate	5,000	30,000	-	-
35.48	Requirement not to act as an examiner unless examiner as defined	5,000	30,000	-	-