

OC230131

27 February 2023



Tēnā koe 

I refer to your email dated 30 January 2023, requesting the following under the Official Information Act 1982 (the Act):

“Can I get all correspondence, internal and external, from the last 5 years held by the Transport Minister's office, MOT, and/or Maritime NZ relating to Wellington having a salvage tug.”

Several documents fall within the scope of your request and are detailed in the document schedule attached as Annex 1. The schedule outlines how the documents you requested have been treated under the Act.

Certain information has been refused or withheld under the following sections of the Act:

s18(d)	that the information requested is or will soon be publicly available
s9(2)(a)	to protect the privacy of natural persons
s9(2)(b)(ii)	to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Nick Paterson  
Acting Manager Resilience and Security

## Annex 1 - Document Schedule

Document Number	Document Title / Subject	Decision on release
1	OC220878 - Meeting with the Transport Accident Investigation Commission's Chief Commissioner and Chief Executive - 12 October 2022	s18(d) – available <a href="#">here</a>
2	MoT email correspondence with office of Minister Wood – January 2023	s9(2)(a)
3	Internal email correspondence – October 2022	s9(2)(a)
4	Correspondence between Minister and member of the public – August 2020	s9(2)(a) s9(2)(b)(ii)
5	Internal email correspondence – May 2018	s9(2)(a)

**From:** [Tony Frost \(Parliament\)](#)  
**To:** [Nick Paterson](#)  
**Cc:** [Brent Johnston](#); [HanLing Petredean](#)  
**Subject:** FW: Commission from Minister: Tugs with salvage capacity in Wellington Harbour  
**Attachments:** [Appendix One - Reply from TAIC - September 2022.pdf](#)  
[Appendix One - Letter from John Burton - August 9 2022.pdf](#)

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Hi Nick

In light of the Kaitaki incident over the weekend, can MOT provide the office with any further information on the underlying analysis that they developed to arrive at the position below please?

Brent – CC'ing you but please forward to the relevant DCE if not you.

Ngā mihi

**Tony Frost** (he/him) | Private Secretary (Transport)  
[tony.frost@parliament.govt.nz](mailto:tony.frost@parliament.govt.nz) | s 9(2)(a)

**Office of Hon Michael Wood**

**Minister of Immigration | Minister of Transport | Minister for Workplace Relations and Safety**

Private Bag 18041 | Parliament Buildings | Wellington 6160 | New Zealand  
Office Phone: s 9(2)(a) Email: [michael.wood@parliament.govt.nz](mailto:michael.wood@parliament.govt.nz)

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**From:** HanLing Petredean  
**Sent:** Monday, 30 January 2023 9:21 AM  
**To:** Tony Frost <[Tony.Frost@parliament.govt.nz](mailto:Tony.Frost@parliament.govt.nz)>  
**Subject:** FW: Commission from Minister: Tugs with salvage capacity in Wellington Harbour

Hi Tony

As discussed, please see below for MOT advice on tugs, which was provided in Oct last year. I sent this to the Minister's inbox directly at this time but may be of use now given the recent Kaitaki incident.

**MOT advice:**

- Modern harbour tugs (which includes the tugs for Wellington Harbour), unlike their older predecessors, are highly specialised and designed for optimal manoeuvrability, operational efficiency and economy. That specialised capability would be compromised if the tugs also had to be ocean towage capable.
- However, we are aware that there are some tugs in New Zealand, open water capability, which could be deployed if need be – we are aware that least one business (Heron Construction, in Whangarei) operates two smallish ocean-going tugs and Northport subsidiary NorthTugz also has a couple of tugs with some open water capability.
- Having additional open water tug capability would likely introduce costs that outweigh the

risks, noting:

- Having harbour tugs with dual harbour and open water capability would compromise existing harbour operational efficiency and functioning.
- Having additional specialised tugs with open water capability in other locations is likely of little benefit compared to the cost, noting:
  - The incident requiring a tug would need to occur close to where the tug is located to provide additional benefit, and the incident would need to be one which a tug is appropriate to respond to: *we note for example in the case of the Rena an emergency towage vehicle or an ocean towage capable tug, even if immediately available, would have been of no help because the ship was stuck hard and fast on a reef, and attempting to tow it free would have torn its hull apart.*
  - We consider an incident occurring (where there is a salvage need), that would meet the conditions above, as unlikely to occur – officials note there is no incident they are aware of in the past 50 years of which an open water tug would have provided substantial salvage benefit. Noting a tug would not have provided benefit in the case of the *Rena (2011)* and open water capability was not required in the case of the *Mikael Lermontov (1986)*.
  - Additionally, while we agree that there could be some situations of engine failure where an open tug could of benefit (as mentioned in the letter), we note these situations can be satisfactorily resolved in most cases without such a vessel – and in any event additional tugs would only be useful if the happened to be located near the area of the vessel that had suffered engine failure.
  - While it is possible to add open water tug capability at most ports around NZ (which would address the point of location above), and these tugs could be useful in the event of engine failure or in the unlikely incident of event requiring salvage where towage was an option, the cost would be significantly disproportionate to the benefit. We note below examples of countries with higher maritime risk profiles that only have minimal dedicated emergency towage capability due to the disproportionate costs (*with supplementary open water tug capability available through contracting commercial operators*):
    - The UK reduced its emergency towage vessel capability from four to one in 2011, as these vessels were very rarely needed and their cost was disproportionate to any potential benefit
    - South Africa also reduced its emergency towage vessel capability from two to one, for similar reasons
    - Australia has only one dedicated emergency towage vessel for the highly sensitive Great Barrier Reef and Torres Strait regions.

Ngā mihi,

**HanLing Petredean** (she/her) | Private Secretary (Transport)  
[hanling.petredean@parliament.govt.nz](mailto:hanling.petredean@parliament.govt.nz) | s 9(2)(a)

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OFFICIAL INFORMATION ACT 1982

**From:** [Sam Jaffe](#)  
**To:** [HanLing Petredean](#); [Tony Frost \(Parliament\)](#)  
**Cc:** [Travis Mills](#)  
**Subject:** RE: Commission from Minister: Tugs with salvage capacity in Wellington Harbour

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Thanks – can MOT provide the office with any of the underlying analysis that they developed to arrive at their stated position below please?

Alternatively, I can have a conversation with someone

Thanks,

**Samuel Jaffe** | Ministerial Advisor to Hon Michael Wood

M: [s 9\(2\)\(a\)](#) | E: [samuel.jaffe@parliament.govt.nz](mailto:samuel.jaffe@parliament.govt.nz)

Parliament Buildings, Wellington, New Zealand

Authorised by Michael Wood, Parliament Buildings, Wellington

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**From:** HanLing Petredean  
**Sent:** Monday, 30 January 2023 9:21 AM  
**To:** Tony Frost <Tony.Frost@parliament.govt.nz>; Sam Jaffe <Samuel.Jaffe@parliament.govt.nz>  
**Subject:** FW: Commission from Minister: Tugs with salvage capacity in Wellington Harbour

Hi Tony and Sam,

As discussed, please see below for MOT advice on tugs, which was provided in Oct last year. I sent this to the Minister's inbox directly at his time but may be of use now given the recent Kaitaki incident.

**MOT advice:**

- Modern harbour tugs (which includes the tugs for Wellington Harbour), unlike their older predecessors, are highly specialised and designed for optimal manoeuvrability, operational efficiency and economy. That specialised capability would be compromised if the tugs also had to be ocean towage capable.
- However, we are aware that there are some tugs in New Zealand, open water capability, which could be deployed if need be – we are aware that least one business (Heron Construction, in Whangarei) operates two smallish ocean-going tugs and Northport subsidiary NorthTugz also has a couple of tugs with some open water capability.
- Having additional open water tug capability would likely introduce costs that outweigh the risks, noting:
  - Having harbour tugs with dual harbour and open water capability would compromise existing harbour operational efficiency and functioning.
  - Having additional specialised tugs with open water capability in other locations is likely of little benefit compared to the cost, noting:

The incident requiring a tug would need to occur close to where the tug is located to provide additional benefit, and the incident would need to be one which a tug is appropriate to respond to: *we note for example in the case of the Rena an emergency towage vehicle or an ocean towage capable tug, even if immediately available, would have been of no help because the ship was stuck hard and fast on a reef, and attempting to tow it free would have torn its hull apart.*

- We consider an incident occurring (where there is a salvage need), that would meet the conditions above, as unlikely to occur – officials note there is no incident they are aware of in the past 50 years of which an open water tug would have provided substantial salvage benefit. Noting a tug would not have provided benefit in the case of the *Rena (2011)* and open water capability was not required in the case of the *Mikael Lermontov (1986)*.
- Additionally, while we agree that there could be some situations of engine failure where an open tug could of benefit (as mentioned in the letter), we note these situations can be satisfactorily resolved in most cases without such a vessel – and in any event additional tugs would only be useful if the happened to be located near the area of the vessel that had suffered engine failure.
- While it is possible to add open water tug capability at most ports around NZ (which would address the point of location above), and these tugs could be useful in the event of engine failure or in the unlikely incident of event requiring salvage where towage was an option, the cost would be significantly disproportionate to the benefit. We note below examples of countries with higher maritime risk profiles that only have minimal dedicated emergency towage capability due to the disproportionate costs (*with supplementary open water tug capability available through contracting commercial operators*):
  - The UK reduced its emergency towage vessel capability from four to one in 2011, as these vessels were very rarely needed and their cost was disproportionate to any potential benefit
  - South Africa also reduced its emergency towage vessel capability from two to one, for similar reasons
  - Australia has only one dedicated emergency towage vessel for the highly sensitive Great Barrier Reef and Torres Strait regions.

Ngā mihi,

**HanLing Petredean** (she/her) | Private Secretary (Transport)

[hanling.petredean@parliament.govt.nz](mailto:hanling.petredean@parliament.govt.nz) | **s 9(2)(a)**

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**From:** [Rory Sedgley](#)  
**To:** [Ministers Office](#)  
**Cc:** [James Macleod](#); [Nick Paterson](#); [Jono Reid](#); [Paul Fistonich](#)  
**Subject:** For info: media response salvage tug in Wellington  
**Date:** Monday, 30 January 2023 11:00:40 am  
**Attachments:** [image002.png](#)  
[FW Commission from Minister Tugs with salvage capacity in Wellington Harbour.msg](#)

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Hi Tony, HanLing,

I thought you ought to be aware that we are planning a short response to a media enquiry (see **below**) received this morning in relation to a proposal for Crown funding of tugs with salvage capabilities in Wellington. There has been some public commentary about the suitability of the Centreport tugs used to support the Kaitaki incident response on Saturday.

We intend to respond with a statement attributable to a Te Manatū Waka spokesperson:

*Te Manatū Waka is aware of historic proposals for Crown funding of salvage tug capability. The matter has been kept under review with Maritime New Zealand, and port companies remain responsible for the provision of tug capability.*

To give you some background, concerns about the lack of tugs with salvage capability have most recently been raised in a letter to the TAIC Chief Commissioner in August 22 from John Burton, a Partner at Izard Weston Lawyers who specialises in maritime law. We understand that TAIC discussed this issue, and the correspondence with Mr Burton, and a meeting with the Minister in October 22.

The Minister requested some advice from us, which I am **reattaching** now, and which remains current.

Please let me know if you have any concerns, or would like additional information.

Rory

**Rory Sedgley**

s 9(2)(a) | E: [r.sedgley@transport.govt.nz](mailto:r.sedgley@transport.govt.nz) | [transport.govt.nz](http://transport.govt.nz)



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**From:** Tom Hunt <[tom.hunt@stuff.co.nz](mailto:tom.hunt@stuff.co.nz)>

**Sent:** Monday, 30 January 2023 9:30 am

**To:** Vince Cholewa (Maritime NZ) <[Vince.Cholewa@maritimenz.govt.nz](mailto:Vince.Cholewa@maritimenz.govt.nz)>; Media Mailbox <[media@transport.govt.nz](mailto:media@transport.govt.nz)>

**Subject:** Salvage tug in Wellington

Hi MoT and Maritime NZ,

I am told that CentrePort was asked for funding from Maritime NZ and MOT to upgrade the current Wellington tugs to have salvage capabilities. Can I get confirmation of this and an



explanation of why this was declined?

Cheers

--

**Tom Hunt**

Senior reporter

s 9(2)(a)

10 Brandon Street,  
Wellington 6011



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#### MINISTRY OF TRANSPORT

**Wellington (Head Office)** | Ground Floor, 3 Queens Wharf | PO Box 3175 | Wellington 6011 | NEW ZEALAND |  
Tel: +64 4 439 9000 |

**Auckland** | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City |  
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**From:** [Jono Reid](#)  
**To:** [Tom Forster](#); [Harriet Shelton](#); [Roger Brown](#)  
**Cc:** [HanLing Petredean](#); [Sarah Polaschek](#); [Megan Moffet](#)  
**Subject:** Commission from Minister: Tugs with salvage capacity in Wellington Harbour  
**Date:** Wednesday, 12 October 2022 10:42:33 am  
**Attachments:** [RE Query - Tugs with salvage capacity in Wellington Harbour.msg](#)  
[Appendix One - Reply from TAIC - September 2022.pdf](#)  
[Appendix One - Letter from John Burton - August 9 2022.pdf](#)  
[image001.png](#)

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Hi Tom, Harriet and Roger,

The Minister met with the Transport Accident Investigation Commission just before. At the meeting, the Chief Commissioner raised the **attached** letter she received from John Burton. I had sought some information around the matter from Roger last week (**attached**), and this discussion was conveyed to the Minister. He also recalled receiving a similar letter from Mr Burton.

The Minister was keen for the Ministry to explore the matter further, including some general advice around salvage capacity in Wellington Harbour and risks. He was keen to understand more about who is the responsible agency for leading procurement and any resilience issues, as well as understanding the wider capacity across NZ (**HanLing, Sarah** – please add if I missed anything).

Not sure who the best lead on such advice would be – can we have a chat to work this through?

Cheers,

**Jono Reid**

Kaitohutohu Mātāmua, Kāwanatanga | Principal Adviser, Governance  
**Te Manatū Waka Ministry of Transport**

s 9(2)(a) | E: [j.reid@transport.govt.nz](mailto:j.reid@transport.govt.nz) | [transport.govt.nz](https://transport.govt.nz)



**From:** [Nick Paterson](#)  
**To:** [Roger Brown](#)  
**Subject:** RE: Emergency towage  
**Date:** Tuesday, 18 October 2022 10:39:00 am  
**Attachments:** [image001.png](#)

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Thanks Roger

**Nicolaas Paterson**

s 9(2)(a)

| E: [n.paterson@transport.govt.nz](mailto:n.paterson@transport.govt.nz) | [www.transport.govt.nz](http://www.transport.govt.nz)



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**From:** Roger Brown <r.brown@transport.govt.nz>  
**Sent:** Tuesday, 18 October 2022 10:27 am  
**To:** Nick Paterson <N.Paterson@transport.govt.nz>  
**Cc:** Jono Reid <J.Reid@transport.govt.nz>; Tom Forster <t.forster@transport.govt.nz>  
**Subject:** Emergency towage

A few things to draw on for your purposes:

Until 2011, the UK Marine and Coastguard Agency operated four Emergency Towage Vessels (ETVs) as a risk mitigation measure for counter-pollution purposes. The four vessels were commissioned in the aftermath of the 1996 *Sea Empress* oil spill at Milford Haven, to provide dedicated, strategically located capability around the UK coast. The reduction in 2011 to a single vessel, stationed near the North Sea oil fields, reflected that retaining four ships that were rarely, if ever, called into action was disproportionately expensive relative to the risk, while commercial tugs would potentially be available on the spot market. This was despite UK waters being very heavily trafficked (the UK Maritime Accident Investigation Branch has questioned this approach in light of the multiple collision sequence in the Dover Strait in 2016).

South Africa commissioned two ETVs in the 1970s (the model for the UK initiative, as it happens), also in response to a major tanker incident, but in due course reduced that to a one vessel and now appears to rely on commercial vessel availability – for similar reasons. It would be fair to assume that the costs of maintaining standby capability that stood idle was also a driver for this scaled back approach.

The Australian Maritime Safety Authority has one dedicated ETV for the highly sensitive Great Barrier Reef and Torres Strait regions and has contracted towage capable of open water towage around some 11 major ports, as well as the potential to contract or direct vessels of opportunity to assist, if required. This is in no small measure a reflection of the huge scale of bulk shipping of coal and minerals from ports all around the Australian coast and the attendant risks, given the size of the ships, the amount of fuel they carry, and the pollution potential from a major casualty. NZ has no remotely comparable risk profile.

While NZ has also experienced an oil spill by courtesy of the *Rena* grounding, an ETV or an ocean towage capable tug, even if immediately available, would have been of no help because the ship was stuck hard and fast on a reef, and attempting to tow it free would have torn its hull apart.

Given the length of New Zealand's coastline and the distances between the main ports, installing emergency towage capability at a single location is always liable to be fraught unless an emergency fortuitously (so to speak) happens nearby. At the same time, addressing that problem by having capability at multiple locations would be disproportionate to the volume of shipping traffic and relative risk level.

The alternative of having a port company, or port companies, acquire harbour tugs capable of open water towage would be problematic operationally, so even if the cost difference of sourcing a dual-purpose tug were to be paid for by a fairy godmother, this would be disadvantageous. That aside, there might well be potential for competing interests where a port's immediate operational imperatives happened to coincide with a potential emergency response.

Modern harbour tugs, unlike their older predecessors, are highly specialised and designed for optimal manoeuvrability, operational efficiency and economy. That specialised capability would be compromised if the tugs also had to be ocean towage capable. At the same time the vessels' open water capability would be compromised by the need still to perform harbour towage – effectively they would be perpetuating the drawbacks inherent to the older generation of tugs.

At least one other business (Heron Construction, in Whangarei) operates two smallish ocean-going tugs and Northport subsidiary NorthTugz also has a couple of tugs with some open water capability.

Otherwise, as was the case with the *Rena* salvage operation, suitable vessels had to be brought in from overseas.

Finally, with reference to a passenger ship losing power, you would expect that the first response would be to drop the anchors to prevent the ship drifting into further trouble pending resolution of the problem or evacuation of the passenger, though of course Murphy's Law might see this happening in a navigation channel or heavy weather.

**From:** [Tristan Culpan](#)  
**To:** s 9(2)(a)  
**Subject:** M201098 Reply from Hon Julie Anne Genter, Associate Minister of Transport  
**Date:** Wednesday, 19 August 2020 11:20:00 am

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Tēnā koe s 9(2)(a),

On behalf of Hon Julie Anne Genter, Associate Minister of Transport, please find below a reply to your correspondence.

Dear s 9(2)(a)

Thank you for your email to Hon Twyford of 14 July 2020 regarding the purchase of an emergency response vessel (ERV). Your correspondence has been referred to me as the matter you have raised falls under my portfolio of responsibilities.

The main challenge with this issue is to provide an effective capability at a reasonable cost, given New Zealand's 14,000 km long coastline. Studies have shown that of the wide variety of types of maritime incidents, only an extremely small sub-set would have had improved outcomes if an ERV or out-of port capable tug was immediately available.

Where vessels encounter issues such as loss of power or loss of steering, then any response vessel must be sufficiently ready and sufficiently close so as to be able to render assistance before a resulting incident (such as a grounding or collision) occurs. Where the vessel in distress might benefit from preventative services (such as pumps) before any accident occurs then the services must be sufficiently ready and sufficiently close. Response vessels need to be available continuously with rapid response times and also be closely located to the scene of the incident if any preventative action is to be feasible. This requires multiple vessels to cover a long coastline.

Unfortunately, suitable vessels are expensive and the level of crewing and support required (for example salvage and towage capabilities, and 24/7 availability) make the on-going support costs high. Given the constrained economic climate as a result of COVID-19, we have had to consider the allocation of funding for various initiatives even more carefully than usual. While we are not currently considering financial support for an ERV we remain committed to safety in the maritime sector.

I appreciate your concern for the complexities surrounding the environment and your wish to respond to potential incidents such as vessel groundings.

Thank you again for taking the time to write with your concerns.

Nāku noa, nā

Hon Julie Anne Genter  
**Associate Minister of Transport**

Ngā mihi koe,  
Tristan



**Tristan Culpan | Hēkeretari Matua | Office of Hon Julie Anne Genter | Associate Minister of Transport**

Level 6.C Bowen House | Parliament Buildings | Wellington | New Zealand

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**From:** [Stuart Baker](#)  
**To:** [Tristan Culpan](#)  
**Subject:** M201098 EMAIL 1/2 - FW: NEW ZEALAND - EMERGENCY RESPONSE VESSEL (ERV) 2020 - FOLLOW UP  
**Date:** Tuesday, 14 July 2020 2:59:47 pm

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**From:** s 9(2)(a), s 9(2)(b)(ii)  
**Sent:** Tuesday, 14 July 2020 2:59 PM  
**To:** P Twyford (MIN) <P.Twyford@ministers.govt.nz>  
**Cc:** S Jones (MIN) <s.jones@ministers.govt.nz>; J Genter (MIN) <j.genter@ministers.govt.nz>  
**Subject:** NEW ZEALAND - EMERGENCY RESPONSE VESSEL (ERV) 2020 - FOLLOW UP

Dear Ministers, I haven't had any response as yet to my previous correspondence (below) and just wanted to follow up in light of the recent near miss with the Funing vessel at Port of Tauranga which ran aground.

*"Dual investigations have been launched after a log carrier's engine failed at the entrance to Port of Tauranga this morning.*

*The Singaporean-registered log carrier, Funing-9690913, was bound for China when it lost power at the entrance to the Port of Tauranga about 12.30am.*

*Without power, it could not steer and drifted to the edge of the channel at the base of Mauao. It is believed to have snagged a marker buoy".*

As per my note below, I would like to try and arrange a meeting with the relevant people in Government. Could you please let me know how best to go about this.

Kind regards

s 9(2)(a), s 9(2)(b)(ii)

Director

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**From:** s 9(2)(a), s 9(2)(b)(ii)  
**Sent:** Tuesday, 21 April 2020 2:32 pm  
**To:** [p.twyford@ministers.govt.nz](mailto:p.twyford@ministers.govt.nz)  
**Cc:** [s.jones@ministers.govt.nz](mailto:s.jones@ministers.govt.nz); [j.genter@ministers.govt.nz](mailto:j.genter@ministers.govt.nz)  
**Subject:** NEW ZEALAND - EMERGENCY RESPONSE VESSEL (ERV) 2020

Dear Ministers,

I am writing to you in what is a revisit to my previous correspondence with Government in the pre and post RENA days. s 9(2)(a), s 9(2)(b)(ii)

[REDACTED]

[REDACTED]



s 9(2)(a), s 9(2)(b)(ii)

To the present day; since the RENA, we have been advocating for NZ to have it's own ERV, as in the event of a similar maritime incident, or response requirement, there is currently no ERV capability. We work closely with Maritime NZ in other areas, but I understand their budgets are not geared for something of this significance.

I am of the opinion, that there is presently a unique opportunity to re-explore the NZ ERV strategy and as such, s 9(2)(a), s 9(2)(b)(ii) to be permitted to present a business case to Government (in confidence).

There are certain current market factors that I believe clearly say now is the time. The key factor is a severely distressed Offshore Support Vessel market, and vessel values have been plummeting for the last 12 months. Now in the C19 environment, this has been exacerbated, a suitable high end vessel could be acquired for a fraction of its new build costs.

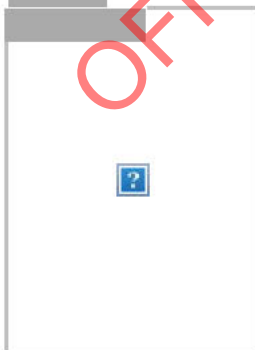
This would not only be a cornerstone business, and help manage and protect NZ coastline; it would generate 50 – 60 full time positions both maritime, and technical / management support, the employment would surely be welcomed as the country seeks to develop new and sustainable initiatives coming out of C19. This entire operation could be implemented within 3 - 6 months.

The funding for the vessel would come from us; we will actually buy the vessel, however this would be based in entering a long term contract with the Government.

Thanks in advance and I look forward to hearing from either of you in due course.

Yours sincerely,

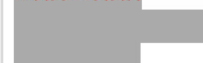
s 9(2)(a), s 9(2)(b)(ii)



s 9(2)(a), s 9(2)(b)(ii)



s 9(2)(a), s 9(2)(b)(ii)





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**From:** [Natasha Rave](#)  
**To:** [Tom Forster](#); [Ken Hopper](#); [Shelley Tucker](#)  
**Cc:** [Nick Paterson](#)  
**Subject:** RE: Minister meeting with the Maritime Union National Council at 9.00 – 9.45am on Wednesday 9 May  
**Date:** Monday, 7 May 2018 10:41:30 am

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Hi Tom and Ken,

Please find our proposed responses for items relating to offshore oil and gas exploration and the importance of establishing a fast response rescue vessel for NZ coast outlined below:

**Offshore oil & gas exploration e.g. future of industry**

*Recent Government announcements on the future of offshore oil and gas*

- Offshore oil and gas is the responsibility of the Hon Dr Megan Woods, Minister of Energy and Resources.
- In April 2018, Government announced its long-term direction for offshore oil and gas exploration, in particular that it will not grant new deep-sea oil and gas exploration permits.

*Financial security regime for offshore oil and gas installations*

- Officials from the Ministry of Transport, Maritime New Zealand and the Ministry of Business of Innovation and Employment are together working to ensure operators of offshore installations have an appropriate level of financial assurance to cover the costs in the instance of a significant oil spill. This area of work falls under the responsibility of the Hon Julie Anne Genter, Associate Minister of Transport.
- Under the Maritime Transport Act 1994, operators of offshore installations are required to obtain certificates of insurance to demonstrate that they have sufficient financial assurance to cover their liabilities in the event of a spill. The issuing of certificates is the mechanism through which the financial risks of costs falling to third parties or to the Crown are reduced. Marine Protection Rules Part 102 (Part 102) sets out the requirements that owners must meet to obtain this Certificate.
- Part 102 currently requires owners to have insurance or financial security that covers statutory liabilities to a maximum of 14 million International Monetary Fund units, equating to approximately NZ\$27 million. Modelling indicates this figure is insufficient to cover third party clean-up and compensation costs in the event of a significant oil spill.
- In 2017, the previous Government sought to adjust the financial assurance regime for offshore installations by amending Part 102 to:
  - provide a scaled framework for identifying the assurance amount required for clean-up and compensation, ranging from NZ\$25 million to NZ\$600 million to better reflect the risks posed by a significant oil spill;
  - refine the scope of assurance to align with the availability of insurance products on the international market, whilst maintaining the full liability of operators; and
  - make a provision for the Director or Maritime New Zealand to consider well containment in assessing the total assurance requirements.
- In February, Cabinet noted the intention to consult on increasing the maximum amount under the scaled framework from \$600 million to \$800 million to better address the

financial risk associated with a potential oil spill. The previous government originally consulted on the \$800 million maximum.

- This consultation process returned fifteen submissions on the proposed amendment. Officials are now working on options for Ministers' to consider in order to implement the amended Rule, including a feasible implementation timeframe

#### **Importance of establishing a fast response rescue vessel for NZ coast to deal with disasters such as Rena**

- Government has been asked to support the provision of this type of vessel on several occasions. The challenge is to provide an effective capability at a reasonable cost given New Zealand's 14,000 km long coastline.
- New Zealand has a reasonable level of Search and Rescue capability to address the safety-of-life aspects of incidents. The assumption is that the topic relates to vessels to support salvage and towage operations - typically known as Emergency Towage vessels (ETVs).
- Studies have shown that of the wide variety of types of maritime incidents only a small sub-set would have improved outcomes if a fast response rescue vessel or ETV was available. If a vessel faces a threat such as loss of power or loss of steering then the ETV must be sufficiently ready and sufficiently close so as to be able to render assistance before the vessel strikes.
- For a scenario where the ETV could supply the vessel in distress with preventative services (such as pumps) before any accident occurs then the services must have very high availability, that is be sufficiently ready and sufficiently close.
- ETV coverage needs to be available 24/7 with rapid response times and closely located to the scene of the incident if any preventative action is to be feasible. This requires multiple vessels to cover a long coastline. Suitable vessels are expensive and the level of crewing and support required (salvage and towage capabilities, 24/7 availability etc.) make the on-going support costs high. The UK had four ETVs on permanent standby but has reduced this to one due to operating and maintenance costs. The one retained was a political decision after pressure from the Scottish Parliament.
- The RENA incident is a good example of a scenario where an ETV would have made no difference whatsoever to the outcomes; in that case the vessel was heavily grounded and badly damaged immediately the accident occurred. An ETV could not have towed the vessel or undertaken any meaningful salvage or pollution prevention activities.
- Maritime NZ commissioned independent expert studies into this issue in 2005 and again in 2015. The studies highlighted the challenges of the substantial costs of providing a full, comprehensive capability given the very low likelihood of an incident where the availability of an ETV would make a meaningful difference.
- The studies considered that optimising the capabilities of assets that are already available and working jointly with Ports to support improved tug capabilities offered more cost effective capability given the risk level.
- New Zealand does have a small number of potentially suitable vessels already in commercial operations, for example the off-shore support vessel in Taranaki and the

ocean going tug in Wellington. Maritime NZ has been working with the operators of these vessels to establish the potential to use them in any future incidents.

- Maritime NZ does not consider that there is a justifiable case for the provision of a group of dedicated ETVs (minimum number required to give meaningful coverage is estimated to be four) but does consider that the latent capability of vessels in New Zealand now and planned for the future should be optimised/maximised.
- Maritime NZ is developing a funding proposal for overall Maritime Incident Response Capability. This proposal includes funding to improve the capabilities of a number of existing tugs and support vessels.

Cheers Ken. Let me know if you require anything else.

Tash ☺

Dr Natasha Rave

Principal Adviser | Resilience & Security | Regulatory and Data Group

Ministry of Transport – Te Manatū Waka

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**From:** Tom Forster

**Sent:** Friday, 4 May 2018 7:07 PM

**To:** Peter Mee (Parliament) <Peter.Mee@parliament.govt.nz>

**Cc:** Erin Wynne <e.wynne@transport.govt.nz>; Shelley Tucker <s.tucker@transport.govt.nz>;

Natasha Rave <N.Rave@transport.govt.nz>; Ken Hopper <k.hopper@transport.govt.nz>

**Subject:** RE: Minister meeting with the Maritime Union National Council at 9.00 – 9.45am on Wednesday 9 May

Hi Peter,

Most of the issues are really not in my patch. I am happy to get someone to put together the final briefing but can Erin's team and Shelley's team please provide the content (i.e your write up that goes into the briefing rather than providing us with other briefings that we have to wade through to get relevant stuff).

Given the tight timeframe we would need this by say lunchtime or latest 2 pm on Monday.

Cheers

Tom

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**From:** Peter Mee [Peter.Mee@parliament.govt.nz]

**Sent:** Friday, 4 May 2018 5:11 p.m.

**To:** Tom Forster

**Cc:** Erin Wynne

**Subject:** Minister meeting with the Maritime Union National Council at 9.00 – 9.45am on Wednesday 9 May

Evening Tom,

The Minister is meeting with the Maritime Union National Council at **9.00 – 9.45am on**

**Wednesday 9 May**. He will be speaking with the National Council on the Government's transport strategy, and how ports and coastal shipping factor in the strategy. Issues the Council would like to discuss include:

- The Labour Party's SeaChange document - Rail & Freight
- Cabotage – possibility of a feasibility study - Rail & Freight
- Safety – enforceable maritime regulations - ICT
- Support for NZ shipping industry re overseas competition - Rail & Freight (this I believe may be related to section 198)

- Offshore oil & gas exploration eg future of industry, - RAS
- Explain Just Transition & who pays for it (not sure what this is about)
- Creation of a Sovereignty fund for the future (Not sure what this is about)
- Importance of establishing a fast response rescue vessel for NZ coast to deal with disasters such as Rena - RAS
- State owned shipping line – possibility of a feasibility study - Probably Rail and Freight
- The much needed Govt funding for sea-service component of maritime training, and maritime training in general - ICT

Can we please have the usual meeting briefing prepared for this one: background on the organisation, attendees, and information on the subjects the Council would like to raise. Can this be in the office by **4pm Tuesday 8 May**?

Happy to discuss.

Cheers,

**Peter Mee**

**Private Secretary – Transport**

Office of Hon Phil Twyford | Minister of Transport

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