

# Maritime Levy and Oil Pollution Levy review 2027

## Stage 2 Cost Recovery Impact Statement

2 FEBRUARY 2026

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## Agency Disclosure Statement

This Cost Recovery Impact Statement (CRIS) has been prepared by Maritime NZ as part of the 2027/28 to 2029/30 review of the Maritime Levy and Oil Pollution Levy. It follows the Ministry for Regulation's Stage 2 CRIS template for proposals seeking agreement on cost recovery levels.

The document analyses three options to address Maritime NZ's revenue shortfall, driven by slowing import growth, reduced cruise ship visits, and inflationary cost pressures. If not addressed Maritime NZ will fail to meet its statutory obligation to take all reasonable steps to recover costs for specified functions and services, as well as Cabinet's expectations for cost recovery. By 2027/28 reserves will also fall below the threshold required to meet the going concern solvency test under section 51 of the Crown Entities Act.

Development of this document was guided by Treasury<sup>1</sup> and the Office of the Auditor-General (OAG)<sup>2</sup>. The analysis undertaken:

- a. Identifies no key gaps
- b. Assumed no change in economic activity. However, if economic activity increases, a refund mechanism is proposed. Treasury inflation rate of 2% has been applied with limited exceptions where higher inflation costs are known and unavoidable
- c. Confirms that if Option 1 is adopted, Maritime NZ would need to undertake formal organisational change processes to disestablish roles and manage redundancy obligations
- d. Faces no significant constraints, caveats or uncertainties affecting reliability
- e. Commenced early to provide transparency and 18-month lead-in for the maritime sector – particularly cruise operators – to incorporate potential changes into pricing
- f. Requires regulatory amendment if Options 2 or 3 are recommended, including drafting of amendments to the Maritime Levies Regulations 2016

This CRIS was developed from December 2025 to January 2026 as part of Maritime NZ's scheduled three-year review of the Maritime Levy and Oil Pollution Levy, aimed at eliminating its deficit and returning to financial break-even. The approach, assumptions, and analytical framework are based on, and broadly consistent with, the funding reviews undertaken in 2019 and 2024. This reflects continuity in cost recovery principles, levy design, allocation methodology, and the application of Transport Regulatory System Funding Principles across review cycles.

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[Signature of person]

03 February 2026

[Date]

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<sup>1</sup> Guidelines for setting charges in the public sector 2017, [Treasury website](#)

<sup>2</sup> Charging fees for public sector goods and services, [OAG](#)

## Foreword

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

From international cargo shipping and cruise operations that connect New Zealand to global trade and tourism, to domestic operators and coastal freight, the safety, sustainability, and efficiency of our maritime domain rely on a strong and responsive regulatory system.

Maritime NZ is responsible for delivering that system - and the Maritime Levy<sup>3</sup> and Oil Pollution Levy<sup>4</sup> are critical to funding it. Together, these levies support:

- Developing and improving rules that govern safe, efficient, innovative, and effective, maritime operations
- Influencing international regulatory settings to protect New Zealand interests in global shipping
- Supporting compliance through inspections, audits, and investigations, so participants can operate with confidence, statutory outcomes are achieved, and a level playing field is maintained across the maritime sector
- Partnering with the sector to deliver interventions that promote a safe, clean and sustainable maritime sector – for example providing guidance and education so people understand what they need to do; supporting a thriving maritime workforce; and ensuring sector impacts and opportunities are reflected in government policy
- Managing entry, monitoring, and exit processes for operators in the system, ensuring they are efficient, digitised and fit for purpose
- Maintaining maritime safety infrastructure and services such as lighthouses and navigation aids
- Supporting Seafarer welfare services
- Ensuring oil response readiness including capability, equipment, and training.

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

Levy payers and stakeholders have been invited to help shape the future of the New Zealand's maritime regulatory environment by providing feedback to ensure the final recommendation reflects sector needs, economic realities, and our shared commitment to a safe, clean, and sustainable maritime environment.

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<sup>3</sup> Maritime Levies Regulations 2016,  
<https://www.legislation.govt.nz/regulation/public/2016/0106/latest/whole.html>

<sup>4</sup> Maritime Transport (Oil Pollution Levies) Order 2016  
<https://www.legislation.govt.nz/regulation/public/2016/0276/latest/whole.html#DLM7016719>

## Executive summary

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

Under the status quo, Maritime NZ would not be able to maintain current service levels over the next three years due to slow import growth, reduced cruise ship activity, and inflationary cost pressures. Without adjustment, these pressures would result in ongoing revenue shortfalls and declining reserves, placing Maritime NZ at risk of not meeting statutory cost recovery and solvency obligations.

Any changes to levy rates would take effect from 1 July 2027. As requested by levy payers, an 18-month lead-in period has been built into the review to provide certainty and allow operators to incorporate potential levy changes into their pricing. This is particularly important for the cruise sector, where ticket prices are set well in advance, but also benefits other operators whose services are purchased months ahead.

In preparing this review, Maritime NZ has been mindful of the current fiscal environment and the cumulative cost pressures since COVID-19. By the time the review period begins on 1 July 2027, the organisation will have delivered \$6.3 million in savings (16% of Maritime Levy-funded activity) through operating model changes that provide efficiencies and cost savings. No increase in activity or staffing is proposed. For the Oil Pollution Levy, efficiencies and reserve drawdowns will address inflationary pressures so no change is proposed.

Three options were consulted on:

- **Option 1:** No levy increase, resulting in reduced frontline services and negative impacts on sector efficiency, operational effectiveness, and regulatory outcomes.
- **Option 2:** A minor increase to cover inflation, with similar service reduction to Option 1 but less impact on levy payers.
- **Option 3:** An increase to maintain current Maritime NZ activities and services.

Across all options, Maritime NZ has:

- Prioritised delivery of core regulatory functions while retaining sector-requested improvements from the 2024 Levy review
- Avoided cross-subsidisation between funding sources and ensured compliance with section 51 of the Crown Entities Act to remain solvent

Option 3 also includes a mechanism to address over-recovery if cruise and cargo activity increases during the levy period.

Overall, the assessment demonstrates that **Option 3** best meets the objectives of this review. It addresses both inflationary pressures and the structural revenue shortfall, maintains Maritime NZ's regulatory capability and service levels, and ensures compliance with statutory cost-recovery and solvency obligations. While Option 3 involves a higher levy increase than the alternatives, the impacts on individual levy payers are relatively small and are outweighed by the benefits of regulatory certainty for businesses, avoided indirect costs from service reductions, and sustained safety, environmental, and efficiency outcomes for the maritime sector. This view was reflected in submissions from a number of domestic operators, ports and cargo owners. The inclusion of an over-recovery refund mechanism, and an 18-month lead-in period—particularly important to the cruise sector—further supports fairness, transparency, and predictability for industry over the 2027/28 to 2029/30 levy period.

## Objectives

The objectives of the Maritime Levy and Oil Pollution Levy review are to:

1. Ensure Maritime NZ can sustainably deliver core regulatory services that support safe, clean, and efficient maritime operations.
2. Meet statutory cost recovery and solvency obligations under the Maritime Transport Act 1994 and Crown Entities Act 2004.
3. Maintain regulatory capability and service levels, and the improvement programme for rules and service efficiency, valued by the maritime sector.
4. Ensure levy settings are equitable, transparent, and consistent with cost recovery principles.
5. Minimise unnecessary compliance and cost impacts on levy payers.

## Status quo

1. Maritime levies and oil pollution levies fund essential regulatory activities that ensure maritime safety and environmental protection. The 2027 review seeks to align levy charges with actual service costs and projected demand.
2. These charges are imposed under section 191 and section 333 of the Maritime Transport Act 1994, the Maritime Levies Regulations 2016, and Maritime Transport (Oil Pollution Levies) Order 2016, which provide the legal basis for cost recovery.
3. Maritime NZ requires adequate funding to continue delivering its regulatory functions and meet both government and sector expectations. This review focuses solely on the Maritime Levies, one of two levies Maritime NZ is authorised to charge, and considers whether an increase is necessary. No changes to the levy allocation methodology were assessed. The Oil Pollution Levy is proposed to remain unchanged.
4. As a kaitiaki (guardian) of Aotearoa New Zealand's oceans and waterways, Maritime NZ is committed to supporting safe, clean and sustainable outcomes for New Zealanders through the maritime regulatory system.

## The Maritime Levy

5. The Maritime Levy applies to commercial vessels visiting and operating in New Zealand. It funds essential regulatory activities, including safety infrastructure, education and guidance, rule development and influencing regulatory settings at the IMO, as well as audits, inspections, investigations, and corrective and compliance activities.

## Problem definition

6. Maritime NZ's ability to deliver the regulatory services that underpin a safe, clean, and efficient maritime system is at risk due to a structural and growing funding shortfall. Under the status quo, Maritime NZ would not be able to maintain current service levels and deliver its statutory functions effectively over the next three years. This is due to volatile import growth (goods import volumes fell by 1.7% and 2.4% in the December and March 2025 quarters, before rising by 4.2% in June 2025) and a significant decline in cruise ship visits. Cruise activity, which generates 23% of Maritime Levy revenue, has dropped by approximately 37% between 2023/24 and 2025/26, from 976 visits to around 610 annually. The cruise sector attributes this decline to biofouling compliance requirements, uncertainty about access to Milford Sound, and regulatory costs, including lead times for incorporating price changes into ticketing.
7. These factors have resulted in revenue shortfalls of \$6.3 million in 2024/25 (13.9%), \$8 million in 2025/26 (16.9%), and \$9.8 million in 2026/27 (20%). To date, Maritime NZ has addressed these gaps through reserve drawdowns and savings of \$5.5 million in 2025/26, increasing to \$6.3 million in 2026/27 (16% of Maritime Levy-funded activity), while continuing to meet

commitments from the previous levy review. Savings of \$6.3 million will be maintained in out-years.

8. Budgeted Maritime levies expenditure in 2026/27 is \$42.5 million. Without intervention, from 2027/28, reserves will fall below the level required to meet the going concern solvency test under section 51 of the Crown Entities Act 2004. This would leave a levy shortfall of \$3.1 million, compounding by inflationary pressures of 2.5% per annum, creating projected deficits of \$4.2m in 2027/28, \$5.2m in 2028/29, and \$6.4m in 2029/30, or an additional average \$5.3 million per year.

#### *Impacts of under-funding on regulatory services and maritime outcomes*

9. n. Levy revenue funds critical regulatory activities that ensure vessels can operate safely, ports function efficiently, and environmental risks are effectively managed. If the funding gap is not addressed, Maritime NZ would be unable to maintain and improve regulatory capability required to meet statutory obligations, sector expectations, and desired maritime safety and environmental outcomes.
10. The impacts would be system-wide. Although frontline inspection capacity would largely be retained, reductions in intelligence, harm-prevention, engagement, rules reform, digitisation of services, and technical advisory functions would undermine the effectiveness of the regulatory system as a whole. Reduced risk-based targeting and fewer opportunities for early, preventative intervention would increase the likelihood of operational delays, non-compliance, and harm events. Cuts to engagement and harm prevention programmes—where reductions of up to 67% have been identified under a no-change scenario would reverse progress made in partnership with industry on proactive safety interventions. Delays to rules, which the sector have identified as not fit for purpose and as creating unnecessary costs, together with slower progress on digitisation and service efficiency would impede productive sector operation.
11. Operators have been clear that timely certification, predictable regulatory services, and consistent inspection and enforcement activity are essential for maintaining commercial schedules, managing risk, and avoiding disruption. A reduction in regulatory activity would therefore impose costs on operators, ports, and supply-chain users, as delays, uncertainty, and safety risks increase.
12. In summary, the problem is not only that levy revenue is insufficient to meet forecast expenditure. It is that without an adjustment to levy settings, Maritime NZ will be unable to deliver the regulatory services necessary to maintain the safety, efficiency, and environmental performance of the maritime sector. The funding gap therefore presents both a financial and a regulatory risk: a diminished ability to carry out core statutory functions, reduced service quality for operators, and weaker safety and environmental outcomes for New Zealand.

#### **The Oil Pollution Levy**

13. The Oil Pollution Levy applies to commercial vessels over 100 gross tonnes and 24 metres in length, as well as offshore oil installations, exploration wells, and oil pipelines operating in New Zealand. It funds oil spill response readiness activities – such as coordination, capability, and equipment – to minimise the impact of a significant marine oil spill.
14. Maritime NZ does not propose any change to the Oil Pollution Levy. Higher-than-expected oil import volumes, operational efficiencies and cost savings, and OPL reserves of \$6 million means that Maritime NZ can draw down reserves gradually until the next review in 2030/31. The current OPL rates will remain unchanged.

## Reviews of cost recovery charges

15. This proposal reviews existing Maritime Levies as part of the scheduled triennial timing and responds to changes in level of demand and input prices. This review does not introduce any new levies or fee classes and proposes only amended rates to existing Maritime Levies.
16. This review is consistent with the approach and service settings established through previous levy reviews, specifically the 2019 review when the Maritime Levies methodology was changed and the 2024 review when the Oil Pollution Levies methodology was changed.
17. The current cost recovery policy is based on full cost-recovery, applying levies to sectors where they are appropriate, such as charges based on vessel size and oil-carrying activities.
18. The current schedule of charges are available on the [Maritime NZ website](#)<sup>5</sup> under Maritime Levies, and in the [Maritime Levies Regulations 2016](#).

## Cost recovery principles and objectives

19. A Cost Recovery Impact Statement (CRIS) was prepared for the 2018/19<sup>6</sup> funding review, when Maritime Levies and fees were adjusted, and again for the 2024/25 review when Maritime Levies and Oil Pollution Levies increased to fund additional services.
20. Maritime Levies are designed in line with the Transport Regulatory System Funding Principles to ensure the appropriate funding source is used for these activities. The principles, developed in accordance with the Treasury and Office of the Auditor-General (OAG) guidelines,<sup>7</sup> set out the cost recovery policy for transport sector agencies. This 2027/28 review has not changed the application of these cost recovery principles.

## Principles applied to the current cost recovery

### Authority

21. A public entity must have legal authority to recover costs and must operate within the scope of the empowering provision. Maritime NZ is authorised to recover costs through levies under sections 191 and 333 of the Maritime Transport Act 1994, as implemented via the Maritime Levies Regulations 2016 and the Maritime Transport (Oil Pollution Levies) Order 2016.

### Equity

22. Also described as fairness, equity ensures the levies are being paid by the appropriate parties. The recovery of costs through Maritime Levies reflects consideration of both risk exacerbators and beneficiaries of Maritime NZ's regulatory activities.

### Efficiency

23. User charges should be no higher than necessary to produce a good or service at the desired level of quality. The design of the charge should incentivise efficiency by keeping costs down while maintaining service quality. The proposed increases in Maritime Levies revenue,

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<sup>5</sup> <https://www.maritimenz.govt.nz/commercial/fees-and-levies/>

<sup>6</sup> Named the 2018/29 funding but new levies rates were effective from 1 July 2019 so beginning the 2019/20 financial year.

<sup>7</sup> Treasury Guidelines for Setting Charges in the Public Sector April 2017, <https://www.treasury.govt.nz/sites/default/files/2017-04/settingcharges-apr17.pdf> and the Auditor-General (OAG) Good practice guide: Setting and administering fees and levies for cost recovery August 2021, <https://oag.parliament.nz/2021/fees-and-levies/docs/fees-and-levies.pdf>. Transport Regulatory System Funding Principles September 2018, <https://www.transport.govt.nz/assets/Uploads/Paper/Transport-Regulatory-System-Funding-Principles.pdf>

achieved through changes to regulated levy rates, represent the least-cost option to achieve the outcomes sought through the proposals.

### Justifiability

24. The costs recovered through levies reasonably relate to the good and services the levies are charged. Levy revenue is generated and applied only to the identified activities, and charges are set at a level that enables the regulator to fully carry out its functions without undermining the safety of the regime, particularly in relation to safety inspection practices.

### Transparency

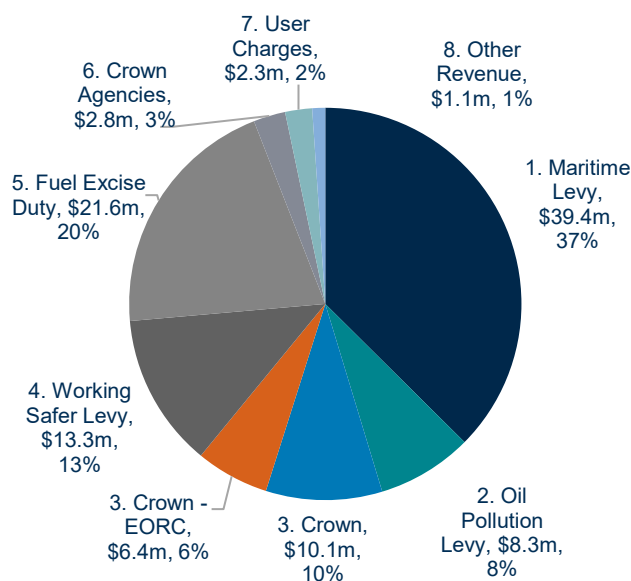
25. A public organisation is accountable to Parliament and the public and must have transparent processes for setting and managing levies. Maritime NZ has followed an open and transparent consultation process in relation to the activities for which cost recovery is sought, the cost of the activities, and the levy rates changes required.

## The cost recovery model

### Design of cost recovery charges

- 26. Maritime NZ applies a user-pays, full cost recovery model for levies, classified as club goods in line with the Transport Regulatory System Funding Principles.
- 27. The Maritime Levies have been developed to comply with the levy provisions in the Maritime Transport Act 1994.
- 28. In previous reviews, Maritime NZ sought independent economic advice on the Maritime Levies allocation methodology, particularly regarding equity and transparency. This methodology remains unchanged.
- 29. Maritime NZ has eight different funding sources (refer Figure 1). Funding received from one source cannot be used for another purpose. While the Fuel Excise Duty and the Working Safer Levy have been inflation-adjusted over time, Maritime Levies and Crown funding have not. The Maritime Levy contributes \$39.4 million, or 37% of total funding, in 2025/26.

**Figure 1 Funding Sources<sup>8</sup>**



<sup>8</sup> Statement of Performance Expectations 2025/26

## Outputs and processes of the activity

30. The outputs funded by the Maritime Levies are detailed in Table 1. The main cost driver of these activities is people costs.

**Table 1: Maritime Levies activity**

<b>Activity &amp; Description</b>
<p><b>Investigators and legal</b></p> <ul style="list-style-type: none"> <li>• Investigate serious incidents.</li> <li>• Undertake and/or support enforcement actions including Warning Letters, Infringements, and Prosecutions for serious offences.</li> <li>• Provide legal advice on use of regulatory interventions, rules development, complex certification decisions and exemptions.</li> <li>• Manage legal delegations (of which there are hundreds) and TAIC response.</li> </ul>
<p><b>Notifications, Practice and Scheduling</b></p> <ul style="list-style-type: none"> <li>• Receive, categorise, prioritise, respond to and manage statutory notifications of incidents of harm</li> <li>• Administer, manage and in some cases respond to enquiries coming into Maritime NZ.</li> </ul>
<p><b>Maritime officers</b></p> <ul style="list-style-type: none"> <li>• Inspect, audit and assess domestic commercial operators.</li> <li>• Respond to events with corrective tools.</li> <li>• Provide advice and support on harm prevention programmes, certification and other matters where required.</li> <li>• Respond to, and hold scenes, until investigators or inspectors arrive to do their jobs.</li> </ul>
<p><b>Certification and Licencing</b></p> <ul style="list-style-type: none"> <li>• Deliver and maintain entry and exit controls to the New Zealand maritime system.</li> <li>• Administer licenses and certificates, including exemptions.</li> <li>• Administer the New Zealand Register of Ships.</li> </ul>
<p><b>Maritime Inspections</b></p> <ul style="list-style-type: none"> <li>• Conduct inspections focused on high-risk ships and operators. This includes foreign flagged vessels coming to New Zealand (cargo and cruise) and large ships flagged to New Zealand operating on our coast, including Cook Strait Ferries.</li> <li>• Respond to events and supports investigations relating to these large ships.</li> <li>• Inspectors have experience working on large vessels and need to be trained in international and domestic conventions which takes time.</li> </ul>
<p><b>Third party oversight</b></p> <ul style="list-style-type: none"> <li>• Ensure external parties who perform delegated, designated or authorised regulatory functions, have clear entry requirements, expectations and support to perform to a high standard.</li> </ul>
<p><b>Regulatory</b></p> <ul style="list-style-type: none"> <li>• Develop rules and other legislative instruments under maritime Acts.</li> <li>• Draft Rules and Instruments (as these are not drafted by PCO)</li> <li>• Provide technical and safety advice directly (and in association with the Ministry of Transport) in relation to maritime sector policy, legislation, regulation and certification, and other regulatory decisions.</li> <li>• Contribute to the development of policy advice by departments (other than the Ministry of Transport) and local government (i.e. we need to comment on all bylaw changes by local government).</li> <li>• Drafts operational policies and position statements.</li> </ul>
<p><b>International</b></p> <ul style="list-style-type: none"> <li>• Contribute to the negotiation of international agreements, treaties and conventions.</li> <li>• Engage internationally with other maritime regulators.</li> <li>• Represent New Zealand at international maritime forums (for example, the International Maritime Organization).</li> <li>• Support implementation of international conventions and treaties.</li> </ul>
<p><b>Harm Prevention Programme support</b></p> <ul style="list-style-type: none"> <li>• Facilitate, engage and partner with Maritime industry and regulatory partners to deliver multi-year harm prevention programmes and initiatives focused on managing critical risks and preventing significant harm.</li> <li>• Deliver data-driven behaviour interventions based on research, analysis and insights, monitoring and evaluation.</li> <li>• Manages Seafarer Welfare grants funding.</li> </ul>
<p><b>Education and Guidance</b></p> <ul style="list-style-type: none"> <li>• Provide educative tools and guidance documents, publications, and communications.</li> </ul>
<p><b>Technical Advice</b></p>

## Activity & Description

- Provide high quality technical advice and support to key internal stakeholders regarding international, domestic, maritime, environmental, and port and flag state control matters. Specifically, advice on:
  - the practical application of maritime legislation, and advice on specific cases or matters to internal staff, so that they are equipped and empowered to make decisions and deal with operators, seafarers and other stakeholders
  - the design of robust and effective rules, regulation, and operational policy, so that it is effective on the ground, and works with other teams, like the international team, providing input into international conventions and presenting and attending international fora
  - supports the Maritime Inspection team with training, and on occasion audits and inspections
  - technical projects of work and key stakeholder relationships
  - intentional overflow for the Inspections team for high-risk areas
  - intentional escalation point picking up extra random ISM audits (KiwiRail DOC audits, Coastal Bulk Shipping/Rangitata), reviews, and interventions (e.g. enhancing maintenance of the NZ fleet)

### Maritime safety services and infrastructure

- Operate ground-based equipment as part of the international satellite system to detect, locate and alert search and rescue authorities about emergency distress beacons, including an emergency distress beacons database.
- Maintain and operate national coastal navigation aids to shipping (includes light houses).

### Overheads

- A contribution of: the Director, Board, CFO, relevant Deputy Chief Executives; Procurement; Protective Security; Risk; Internal health and safety (note our staff are exposed to a number of frontline critical risks); HR Business partners; Finance, revenue and levies management; Staff capability-supports development and delivering of training (mainly for frontline); Recruitment; Payroll; Property and Facilities (we have a national footprint); Business Services and Improvement; and Information, Systems and Development.

## Costing the activity

### Efficiencies

31. In 2025/26 Maritime NZ achieved \$5.5 million in savings (refer Table 2) and will implement \$6.3 million in ongoing savings from 2026/27 (16% of maritime levies funded activity). These efficiencies have helped limit cost increases and enabled the organisation to operate more efficiently and effectively, with efforts focussed on delivering core regulatory functions.

**Table 2: Efficiencies and savings in 2025/26**

Savings Area	Savings	Comment
Vacancy and removal of roles	\$2.7m	Roles associated with manual processes are being permanently removed as services are digitised. Savings are also being achieved in areas where the new regulatory approach requires fewer resources. This area is targeted to deliver a further \$0.8 million in role-related savings by 2026/27, and Maritime NZ ensures that vacancy levels are accurately reflected and managed.
Contractors	\$1.4m	Only a small number of contractors remain, primarily funded through capital and attached to ICT projects focused on digitising services. There is essentially no other discretionary funding available.
IT platforms and products	\$0.4m	Savings have been achieved through platform consolidation. Over time, further personnel savings are expected as regulatory services move online, some of which are also captured under role removals.
Learning and development	\$0.4m	Learning and development has been centralised, focussing on priority areas and efficient frontline delivery.
Domestic and International Travel	\$0.3m	An international travel panel now prioritises and approves travel to ensure efficiency. Travel is only undertaken when assessed as critical or important. Domestic travel is also prioritised, and alternative methods of conducting business are considered where possible.
Property	\$0.3m	Property costs have been reduced by consolidating office space, including relinquishing the lease of Custom House Quay (CHQ) in Wellington.
Taharoa Harbourmaster function	\$0.05m	Maritime NZ has exited the Taharoa Harbourmaster function, which is considered outside its core role and more appropriately performed by Waikato Regional Council. This change will save \$100,000 per year from January 2026.

## Underlying expenditure assumptions

32. **Inflation is assumed at 2.5% per annum** for levy-funded activity. This rate is based on [Treasury CPI projections](#)<sup>9</sup> at 2%, with adjustments for cost categories where contractual or market pressures exceed CPI (e.g., maritime safety services, insurance, software, property, and leases). Inflation is a major cost driver, particularly for people-based regulatory functions, and underpins the estimates of rising expenditure from 2027/28 to 2029/30.
33. If inflation tracks higher than expected, Maritime NZ's cost base would increase correspondingly, widening the gap between revenue and expenditure unless levy rates were adjusted further.

## Estimates of expenditure

34. Inflation is expected to add \$990,000 to Maritime levy-funded costs in the 2026/27 base year, bringing the Maritime levies baseline expenditure in 2026/27 to \$42.5 million. Inflationary costs at 2.5% per annum for 2027/28 to 2029/30 are shown in Table 3.

**Table 3: Maritime Levies forecast expenditure**

	2026/27	2027/28	2028/29	2029/30
Maritime Levy baseline expenditure	\$42.5m	\$42.5m	\$42.5m	\$42.5m
Maritime Levy inflationary costs		\$1.1m	\$2.2m	\$3.3m
<b>Maritime Levy expenditure</b>	<b>\$42.5m</b>	<b>\$43.6m</b>	<b>\$44.7m</b>	<b>\$45.8m</b>

## Estimates of revenue and Maritime Levies deficit

35. Baseline Maritime Levy revenue is forecast to remain at \$39.4 million over the 2027/28 to 2029/30 period. This assumes cruise activity remains at 600 port visits per year and cargo volumes remain flat. The composition of this revenue is shown in Table 4.

**Table 4: Maritime Levy forecast revenue**

	2025/26	%
Cruise	\$9.0m	22.8%
Cargo	\$26.1m	66.2%
Domestic	\$4.3m	10.9%
<b>Total</b>	<b>\$39.4m</b>	<b>100.0%</b>

36. At the start of 2024/25, Maritime NZ held reserves of \$14.5 million. It has drawn down \$2.8 million in 2024/25, anticipates using \$2.5 million in 2025/26, and is likely to use \$3.1 million in 2026/27. By the time the levy review takes effect, reserves are expected to fall below \$6 million. Under Maritime NZ's Board-approved Reserves Policy<sup>10</sup>, a minimum balance of \$5 million or a current ratio (current assets divided by current liabilities) of 1 must be maintained to ensure we can maintain activity and be a going concern. Based on current revenue forecasts, reserves will no longer be available for use from early 2027/28.

<sup>9</sup> Budget Economic and Fiscal update 2025 published 22 May 2025

<sup>10</sup> Section 51 of the Crown Entities Act 2004 requires the Board to ensure that Maritime NZ operates in a financially responsible manner and, for this purpose Maritime NZ must a) Prudently manage assets and liabilities, and b) Endeavour to ensure long-term financial viability and act as a successful going concern.

**Table 5: Maritime Levies deficit**

	2026/27	2027/28	2028/29	2029/30
Savings	\$6.3m	\$6.3m	\$6.3m	\$6.3m
Reserves	\$3.1m			
<b>Deficit</b>		<b>-\$4.2m</b>	<b>-\$5.3m</b>	<b>-\$6.4m</b>

### Underlying revenue assumptions and sensitivities

37. The financial modelling for this review relies on several core assumptions that reflect current sector trends, recent activity levels, and the best available economic forecasts. These assumptions provide a stable basis for projecting Maritime NZ's funding requirements over the 2027/28–2029/30 levy period. However, they also introduce sensitivities that, if realised, could materially impact levy revenue, reserve adequacy, and service delivery.
38. The model assumes **cruise visits remain at 600 port visits per year**, consistent with 2025/26 levels. This reflects a reduced cruise market compared with recent years, where port visits averaged close to 1,000 annually. The Government is addressing some of the key issues identified by the Cruise sector, including providing certainty on access to Milford Sound, and working toward a more risk-based approach to bio-fouling, as well as supporting a Ports of Auckland solution where cleaning issues are identified on arrival. However, it is still too early to determine whether these actions will be sufficient to support a recovery in cruise numbers or when such a recovery might occur, particularly given the long lead times for cruise ticket sales. For this reason, the model assumes that cruise visits will not decline further and that 600 port visits per year represents a conservative but credible baseline. A refund mechanism has been included should cruise activity recover beyond this assumption. The assumption recognises the structural shift in cruise patterns—driven by biofouling compliance issues and uncertainty about access to key destinations such as Milford Sound.
39. In the unlikely scenario cruise declined, a drop below 600 visits would:
- Reduce Maritime NZ's income beyond what is already forecast
  - Erode reserves below acceptable levels more quickly
  - Require deeper or earlier service reductions to maintain solvency
  - Increase the risk of failing to meet statutory cost-recovery obligations
40. In this scenario, Maritime NZ may face sharper decisions—beyond those already modelled under Options 1 and 2—about reducing core regulatory functions, delaying reform initiatives, or scaling back harm-prevention activities that the sector considers essential.
41. **Cargo volumes are assumed to remain relatively flat** across the levy period. As with cruise, this reflects recent volatility, including consecutive quarters of reduced import volumes followed by a partial rebound. If cargo volumes continue to stagnate or decline, the structural revenue shortfall will deepen, reinforcing the need for levy adjustments. Conversely, if volumes recover more strongly than expected—due to economic growth, improved supply-chain stability, or increased export throughput—Maritime NZ could see higher-than-forecast levy revenue.
42. Given the volatility, as with cruise, Maritime NZ has proposed a refund mechanism under Option 3 (refer paragraph 52).
43. Together, these assumptions provide a balanced and transparent basis for levy modelling. However, they also underscore the inherent uncertainty in Maritime NZ's revenue streams. Cruise and cargo activity are influenced by factors outside Maritime NZ's control—including global economic trends, port logistics, international regulation, and tourism dynamics. Without a mechanism to manage this uncertainty, either under-recovery or sustained over-recovery

could occur, both of which undermine cost-recovery principles and reduce confidence in the levy system.

## Impact analysis

44. The Discussion document set out three options. The impacts of Option 1 on outputs and services levels are in Appendix 1. The impacts of Options 2 and 3 on vessels and operators are in Appendix 2 and Appendix 3.

**Table 6: Table of options and additional costs**

Option	Option description	Baseline	2027/28	2028/29	2029/30
Option 1	No increase to the Maritime levy	\$42.5m	\$0.0m	\$0.0m	\$0.0m
Option 2	Maritime Levy adjustment to cover inflation	\$42.5m	\$2.5m	\$1.0m	\$1.0m
Option 3	Maritime Levy adjustment to address inflation and revenue shortfall	\$42.5m	\$5.3m	\$5.3m	\$5.3m

### Option 1 - No increase to the Maritime levy

45. Maritime NZ would need to reduce funding for Maritime Levy-funded activities by approximately 25%, resulting in the removal of around 35 roles. This reduction would be in addition to efficiencies described in paragraph 31, bringing the total reduction in activity to approximately 36%. This is a significant decrease in regulatory activity and will have impacts on Maritime NZ and the sector.
46. Option 1 prioritises retaining field-based roles such as maritime officers and inspectors, due to their essential presence on the ground and role in addressing growing concerns around sub-standard vessels. Proposed reductions avoided small, critical teams—such as notifications and enquiries and third-party oversight—where cuts would compromise the ability to deliver the function entirely.
47. The table below summarises the projected impacts of Option 1 on Maritime Levy-funded regulatory services and maritime outcomes. It shows how the scale and distribution of required funding reductions would affect key regulatory functions across the organisation. While Option 1 avoids an immediate levy increase, the associated reductions in FTE activity would have material system-wide consequences, including slowing progress on digitisation and service improvements, reducing proactive engagement and harm prevention activity, weakening technical, legal and investigatory capability, and increasing delays in certification and licensing. Collectively, these impacts would erode regulatory effectiveness, undermine confidence in the regulator, and increase indirect costs and risk for the maritime sector. Appendix 1 was provided in the Discussion Document.

**Table 7: Option 1 projected impacts on services and outcomes**

Area of activity	Reduction in FTE activity	Impact on regulatory services and maritime outcomes
<b>Corporate Services; Research, Analytics and Intelligence</b>	<b>29% reduction</b> in Maritime Levy-funded FTE activity	Would impede progress on the digitisation of operator certification and development of the online portal for users to interact with Maritime NZ. This would constrain efficiency gains and service improvements, slowing delivery of digital channels relied on to reduce processing times and improve user experience. Reduced analytical capability would limit the ability to prioritise regulatory activity based on risk, evidence and insight. This would increase compliance costs and delays for operators, over time, heighten the risk of preventable maritime accidents due to less informed regulatory decision-making, reducing the effectiveness of the maritime regulatory system.

Area of activity	Reduction in FTE activity	Impact on regulatory services and maritime outcomes
<b>Engagement and Harm Prevention Programmes</b>	<b>67% reduction</b> in Maritime Levy-funded FTE activity	Would significantly reduce Maritime NZ's ability to engage with the sector to design and deliver proactive, risk-based harm prevention programmes across international shipping, cruise, fishing and other domestic operators. This would shift the regulatory away from early intervention and partnership and increasingly toward reactive compliance and enforcement. Over time, reduced proactive harm-prevention activity would increase the likelihood of serious safety incidents and environmental harm, weakening overall maritime safety outcomes and increasing costs and risk for operators and the wider sector.
<b>Technical Advice</b>	<b>19% reduction</b> in Maritime Levy-funded FTE activity	Would reduce the availability of specialist technical advice to frontline staff, operators and policy partners and constrain Maritime NZ's ability to participate effectively in international regulatory forums. This would slow progress on emerging issues such as low-emissions vessels and new maritime technologies and reduce the quality and consistency of regulatory and operational decision-making. Over time, diminished technical capability would increase the risk that regulatory settings and decisions do not adequately manage evolving maritime risks, leading to poorer safety and environmental outcomes.
<b>Regulatory Reform</b>	<b>29% reduction</b> in Maritime Levy-funded FTE activity	Would significantly reduce capacity to progress the rules reform programme sought by the sector, slowing the removal of outdated, inefficient or costly rules and delaying reforms intended to enable innovation and productivity. This would limit Maritime NZ's ability to respond to sector priorities and system risks. Over time, outdated and inflexible regulatory settings would increase compliance costs, constrain innovation, and heighten safety and environment risks by preventing timely adaption of rules to changing maritime operations and technologies.
<b>Legal and Investigations</b>	<b>22% reduction</b> in Maritime Levy-funded FTE activity	Would reduce the capacity to investigate serious maritime incidents and undertake enforcement action where thresholds are met, limiting the deterrent effect of prosecutions and other regulatory interventions. Fewer investigations would also reduce Maritime NZ's ability to respond promptly to serious incidents and hold scenes where required. Over time, weakened enforcement and investigatory capability would increase the likelihood of repeat non-compliance and serious harm events, undermining safety outcomes, fairness across the sector, and confidence in the maritime regulatory regime.
<b>Certification and Licensing</b>	<b>18% reduction</b> in Maritime Levy-funded FTE activity	Would reduce capacity to process and quality-assure certification and licensing applications, increasing delays beyond existing performance targets and limiting Maritime NZ's ability to provide timely and consistent decisions. Operators would face greater uncertainty when entering, continuing, or modifying operations, leading to operational disruption and increased compliance costs. Over time, slower and less robust certification processes increase the likelihood that vessels operate with unresolved safety issues, heightening the risk of maritime accidents and environmental incidents and reducing confidence in the effectiveness and integrity of the maritime regulatory system.

48. Early certainty—ideally by early 2026—would be required to enable planning, consultation, and the management of redundancy costs within limited reserve levels.

### Option 2 - Maritime Levy adjustment to cover inflation

49. Under Option 2, Maritime NZ would need to reduce staffing although to a lesser extent than under Option 1. Approximately 25-30 roles would be disestablished (compared with around 35 in Option 1), with associated redundancy costs incurred in the first year of the cycle. Most of

the service and delivery impacts identified under Option 1 would still occur, although slightly mitigated.

50. Option 2 requires an additional \$2.5 million in 2027/28 for redundancy payments and inflationary pressures, then \$1 million in each of 2028/29 and 2029/30 for inflationary pressures. This option results in a 6.35% increase in the Maritime Levies rates in the first year, followed by 2.5% in the second and third years. Indicative impacts include:
- a. An additional cost of approximately 12 cents per cruise passenger per voyage
  - b. An increase of \$422 (to \$7,067) per port visit for a foreign container ship of 40,000 gross tonnes would increase in Year 1, reducing to a \$169 in Years 2 and 3.
  - c. An increase of \$7 (to \$123) per annum for a 5.9 metre domestic fishing vessel in Year 1, reducing to a \$3 in Years 2 and 3.
  - d. An increase of \$19,435 (to \$325,729) per annum for a domestic passenger ferry carrying up to 1,350 passengers in Year 1 by, reducing to \$7,774 in Years 2 and 3.

Further detail is provided in Appendix 2.

### **Option 3 - Maritime Levy adjustment to address inflation and revenue shortfall**

51. Option 3 avoids the major risks and service reductions associated with Options 1 and 2. It enables Maritime NZ to continue delivering its core regulatory functions without significant reductions in staffing or service levels, supporting the sector's preference for a proactive, risk-based regulator and preserving progress made in areas such as digital transformation, harm prevention, and rule reform sought by the sector through the last levy review and beyond.
52. This option includes a mechanism to address any potential over-recovery by refunding levies if revenue exceeds expenditure requirements by more than 2% in any levy year. Justification of the refund mechanism is provided below.
53. Option 3 requires an additional \$5.3 million per annum in the three-year period 2027/28 to 2029/30, resulting in a 13.2% increase in Maritime Levies rates. For cruise the levy increases are small relative to total voyage cost being an additional cost of approximately 26 cents per cruise passenger per voyage. Other indicative impacts include:
- a. An increase of \$877 (to \$7,522) per port visit for a foreign container ship of 40,000 gross tonnes
  - b. An increase of \$15 (to \$130) per annum for a 5.9-metre domestic fishing vessel
  - c. An increase of \$40,431 (to \$346,724) per annum for a domestic passenger ferry carrying up to 1,350 passengers

Further detail is provided in Appendix 3.

### **Over-recovery Refund mechanism**

#### **Justification for the over-recovery refund mechanism**

54. The proposed over-recovery refund mechanism has been selected as the most appropriate and proportionate way to manage uncertainty in activity levels over the levy period, while remaining consistent with cost-recovery principles of equity, efficiency, and transparency.
55. Alternative approaches were considered but were not preferred. Waiting until the next scheduled triennial levy review would risk sustained over-recovery during the levy period if

cruise or cargo activity recovered more quickly than forecast, creating inequitable outcomes for levy payers and undermining confidence in the full cost-recovery framework. Mid-cycle rate resets, while theoretically possible, would introduce complexity, regulatory uncertainty, and additional administrative cost for both Maritime NZ and levy payers, and would be challenging to implement given the long lead times required by the maritime sector—particularly cruise operators—to incorporate levy changes into commercial pricing. Importantly, such approaches would also risk requiring Maritime NZ to first reduce and then subsequently rebuild regulatory capability as activity fluctuates, resulting in avoidable deadweight costs associated with redundancies, recruitment, and retraining, and the loss of institutional capability.

56. Ad hoc Ministerial interventions would reduce predictability, risk inconsistent treatment of levy payers, and weaken the transparency and durability of the established cost-recovery regime.
57. The refund mechanism provides a transparent, rule-based response to over-recovery that preserves stable levy rates while ensuring levy payers are not charged more than required to fund agreed regulatory services. By allowing for refunds or credits when revenue exceeds expenditure requirements by more than two percent in any levy year, the mechanism supports fairness and equity across the sector and reduces financial risk to levy payers in the event of an unexpected recovery in activity.
58. Importantly, the mechanism also increases confidence in the full cost-recovery approach by demonstrating that levy settings operate symmetrically: just as under-recovery must be addressed to maintain regulatory capability and solvency, over-recovery will be transparently identified and corrected. This reinforces trust in levy setting, supports sector acceptance of the proposed increases, and ensures levy funding remains aligned with actual demand for regulatory services over the levy period.

### **Precedent considerations**

59. Maritime NZ has considered the risk that introducing an over-recovery refund mechanism could be viewed as setting a precedent for other government agencies that recover costs through levies. The mechanism is not intended to establish a general expectation that levies will be routinely adjusted or refunded mid-cycle, nor does it represent a departure from established cost-recovery principles.
60. The mechanism reflects the specific characteristics of the Maritime Levy and the operating environment of the maritime sector. Levy rates are set for a three-year period, activity levels—particularly cruise and cargo volumes—are subject to significant volatility, and levy payers have long commercial lead times for pricing and operational planning. In this context, a transparent, rule-based mechanism to address material over-recovery provides greater certainty and fairness than frequent rate changes or discretionary interventions.
61. Importantly, the mechanism is tightly constrained. It applies only where revenue exceeds expenditure requirements by more than a defined threshold, operates within the existing legislative framework, and is limited to the levy period under review. It does not alter the underlying full cost-recovery model, the allocation methodology, or the expectation that levy rates are generally fixed for the duration of a review cycle.
62. The approach is therefore consistent with cost-recovery guidance that emphasises equity, transparency, and proportionality, while recognising that agencies may adopt different mechanisms where justified by the nature of the regulated sector, the volatility of demand, and the materiality of potential over- or under-recovery. The inclusion of this mechanism should be understood as a targeted response to the specific risks identified in this review, rather than as a precedent for levy-funded activities more generally.

## Assessment of options against objectives

Table 8: Table of options against objectives

Objective	Option 1 <i>No levy increase</i>	Option 2 <i>Inflation-only increase</i>	Option 3 <i>Address inflation + revenue shortfall</i>
<b>1. Maintain delivery of core regulatory services</b>	<b>X</b> Requires disestablishing around 35 roles (a ~36% reduction including efficiencies), with reductions concentrated in corporate services, harm-prevention programmes, regulatory reform, technical advice, legal/investigations, and certification. Frontline inspections roles are largely protected, but overall regulatory capacity falls significantly.	<b>Δ</b> Requires disestablishing 25–30 roles. Some service reductions avoided, but many capability gaps remain and several Option 1 impacts still occur.	<b>✓</b> Maintains current regulatory service levels across inspection, certification, harm prevention, regulatory reform, and technical advice.
<b>2. Meet statutory cost-recovery and solvency obligations</b>	<b>X</b> Does not meet statutory cost recovery or solvency requirements; reserves fall below minimum thresholds.	<b>Δ</b> Partially addresses inflation but does not close the structural funding gap; solvency risks remain over the levy period.	<b>✓</b> Fully addresses inflation and the structural shortfall; maintains solvency and meets statutory requirements.
<b>3. Support safe, clean, and efficient maritime outcomes</b>	<b>X</b> Reduced regulatory capability results in slower certification, reduced investigation capacity, limited rules reform, and loss of proactive harm-prevention activity, weakening safety and environmental outcomes.	<b>Δ</b> Some safety and environmental functions retained, but reduced capacity affects timeliness, consistency, and effectiveness of regulatory delivery.	<b>✓</b> Sustains safety oversight, environmental protection, proactive harm-prevention activity, and regulatory improvement.
<b>4. Provide predictability and stability for industry</b>	<b>Δ</b> No levy increase supports short term affordability, but service reductions and delay on improvement work increases delays, uncertainty, and indirect costs for operators.	<b>Δ</b> Moderate levy increases with continuing service reductions limit predictability and certainty for operators.	<b>✓</b> Provides stable levy settings for the full three-year period, an 18-month lead-in, and a refund mechanism to manage changes in activity levels.
<b>5. Ensure equity, transparency, and alignment with cost-recovery principles</b>	<b>X</b> Under-recovery creates risks of service erosion and inconsistency with full cost-recovery principles.	<b>Δ</b> Partially aligns charges with costs but does not fully reflect the cost of delivering services.	<b>✓</b> Strong alignment with cost-recovery principles, with transparent treatment of over- or under-recovery.
<b>6. Minimise unnecessary compliance and cost impacts on levy payers</b>	<b>✓</b> Avoids direct levy increases but imposes higher indirect costs through reduced service quality, delays, and inefficiencies.	<b>Δ</b> Moderates levy impacts but indirect costs from service reductions remain.	<b>Δ</b> Higher levy increase, but indirect costs avoided through maintained service levels and system efficiency.

**✓ Meets objective**

Indicates the option substantially achieves the objective over the full levy period,

**Δ Partially meets objective**

Indicates the option contributes to the objective but does not fully achieve it.

**X Does not meet objective**

Indicates the option fails to achieve the objective and would result in material negative impacts.

63. The assessment of options against the objectives of this review highlights clear differences in the extent to which each option supports sustainable regulatory delivery, statutory obligations, and desired maritime outcomes.
64. **Option 1 (no levy increase)** performs poorly against most objectives. While it avoids an immediate increase in direct costs to levy payers, it does not meet Maritime NZ's statutory cost recovery and solvency obligations and would require substantial reductions in regulatory services. These reductions—including the removal of approximately 35 roles and cuts of up to 36% in Maritime Levy funded activity—would materially affect inspections, investigations, certification and licensing, regulatory reform, and engagement and harm prevention programmes. As a result, Option 1 would weaken safety and environmental outcomes, increase delays and uncertainty for operators, and impose indirect costs on industry through inefficiencies, disruption, and heightened operational risk. Although short term affordability is maintained, overall predictability and system performance would decline.
65. **Option 2 (inflation only adjustment)** partially addresses cost pressures but does not resolve the underlying structural funding gap. While it improves Maritime NZ's financial position relative to Option 1, it still requires the disestablishment of 25–30 roles and continuation of many service reductions. As a result, Option 2 only partially meets the objectives of maintaining regulatory capability and supporting safe, clean, and efficient maritime outcomes. Statutory cost recovery and solvency risks remain over the levy period, and service reductions would continue to affect timeliness, quality, and consistency of regulatory delivery. Stakeholder feedback reflected that this option neither sufficiently protected regulatory outcomes nor avoided levy impacts, limiting its overall effectiveness.
66. **Option 3 (addressing inflation and the revenue shortfall)** performs strongest against the full set of objectives. It closes the structural funding gap, maintains solvency, and allows Maritime NZ to continue delivering core regulatory services at current levels. This supports stable safety oversight, proactive harm prevention, regulatory reform, and efficient certification and licensing services valued by the maritime sector. Although Option 3 involves a higher increase in levy rates, these costs are relatively small on a per operator or per passenger basis and are offset by avoided indirect costs associated with service degradation, delays, and regulatory uncertainty. The option also provides predictability for industry through stable levy settings over the three-year period, an 18-month lead in for implementation, and a refund mechanism that addresses over recovery if activity increases.
67. Overall, the comparison demonstrates that only Option 3 fully meets the objectives of this review. It provides a sustainable and transparent funding solution that balances affordability with the need to maintain effective regulatory services, meet statutory obligations, and support safe, clean, and efficient maritime outcomes for New Zealand.

## Consultation

68. Public consultation ran from 6 November to 8 December 2025 to seek stakeholder feedback on the three proposed options. A sector-wide webinar was delivered and recorded on 12 November and made available on the Maritime NZ website. The consultation webpage recorded 1,115 views and 178 downloads of the discussion document during the consultation period. The same three levy adjustments options outlined in the Impact analysis section were presented in the Discussion Document.
69. Maritime NZ engaged key industry representatives, including cruise associations, shipping agents, regional councils, ports, and the fishing and cargo sectors. Direct emails were sent to all levy payers and surveyors.

## Summary of submissions

70. A factual summary of the 33 submissions received is provided in Appendix 4.
71. Cruise Sector submitters supported **Option 1** citing the cumulative cost impacts on the sector and the signal a levy increase could send in relation to cruise activity. However, many cruise submitters also indicated they did not support reductions in Maritime NZ services and considered that any funding shortfall should be met by the Government. Some fishing and aquaculture sector submitters also predominantly supported Option 1 due to cost impacts, notwithstanding that the changes to the levy for these operators are relatively small.
72. Most large and small shipping operators, importers and exporters, Port Chief Executives, and seafarer welfare submitters supported **Option 3**, noting they preferred to pay the levy increase rather than see a reduction in Maritime NZ services and improvement work, which they regard as critical to the sector's efficient and effective operation.
73. Most submitters were positive about the lead-in time, the refund mechanism, and the efficiencies and cost savings made by Maritime NZ ahead of the review.
74. There was very little support for **Option 2**. Submitters indicated that it was unlikely to address sector concerns, as it would result in a levy increase for those opposed to any change while not maintaining regulatory services for those prioritising service continuity.
75. In some cases, a non-response from key stakeholders may indicate implicit support or a lack of concern about the proposed level of increase. Many stakeholders that Maritime NZ contacted to explain what was in the levy review and increase, advised that the proposed changes appeared reasonable and they did not intend to contest them (for example, Sealord). These stakeholders have previously made submissions on regulator funding reviews when they have had concerns (for example Shipping New Zealand).

## Levy funding and Crown contribution considerations

76. This review has considered submissions suggesting that the Maritime Levy funding shortfall could be met, in whole or in part, through increased Crown contributions rather than levy adjustments. Maritime NZ acknowledges that some of the activities funded through the Maritime Levy deliver broader public benefits alongside direct benefits to levy-paying sectors, and that Crown funding for Maritime NZ has not been subject to regular inflation adjustment.
77. Under current government policy settings, however, the activities funded through the Maritime Levy are largely treated as attributable to identifiable users, reflecting their characteristics as predominantly club goods. Crown funding is generally applied to activities that deliver non-excludable and non-rival public goods, where benefits accrue more broadly and cannot be readily attributed to specific users.
78. The services funded through the Maritime Levy—such as certification and licensing, inspections, investigations, regulatory reform, technical advice, and harm-prevention programmes—directly enable operators to enter, operate within, and exit the maritime system safely and efficiently. These activities directly support compliance, reduce delays, and manage operational and safety risks for levy payers sectors.
79. Maritime NZ is required under the Maritime Transport Act 1994 to take all reasonable steps to recover costs for specified functions, and under the Crown Entities Act 2004 to operate in a financially responsible and sustainable manner. These statutory obligations, together with established Cabinet and Treasury expectations, provide the basis on which this review has been undertaken. Accordingly, the review does not propose changes to the underlying funding model or allocation methodology.

## Conclusions and recommendations

80. The Cost Recovery Impact Statement assesses the extent to which each option meets Maritime NZ's statutory cost recovery obligations, maintains solvency requirements, and supports the effective and efficient delivery of regulatory functions over the 2027/28 to 2029/30 levy period. The review has been undertaken in the context of slowing import growth, reduced cruise activity, and inflationary cost pressures, which together have created a structural funding gap that cannot be sustained through savings or reserves alone. The CRIS therefore considers how each option aligns with cost recovery principles, sector expectations, and the wider policy objective of maintaining a safe, clean, and sustainable maritime system.
81. Maritime NZ considers **Option 3** to be the most appropriate path forward. It provides a sustainable funding level that enables the organisation to continue delivering its core regulatory functions, maintain regulatory capability, and meet statutory expectations for cost recovery and solvency. Option 3 also directly reflects the priorities raised by the majority of submitters, including the importance of maintaining safety, environmental protection, and continuity of essential services.
82. The option incorporates features designed to mitigate cost pressures—such as an over-recovery refund mechanism—and, for the cruise sector, provides the extended lead-in time requested to allow any levy increase to be incorporated into ticket pricing and recovered through normal commercial processes. While Maritime NZ acknowledges submitters' concerns about cumulative costs, the cost increase under Option 3 is recognised as being relatively small on a per-passenger basis for cruise vessels, and similarly modest for operators in the fishing and aquaculture sectors.
83. Submitters also acknowledged that Maritime NZ has already implemented significant efficiencies and that no changes are proposed to the Oil Pollution Levy as part of this review.
84. **Option 2** is considered a feasible but less effective alternative. While it partially addresses inflationary pressures, it does not fully close the funding gap and would require reductions in regulatory capacity that many operators indicated would affect the quality, timeliness, and reliability of services they depend on. As a result, Option 2 is unlikely to provide a stable or efficient basis for cost recovery across the levy period.
85. **Option 1** presents the highest level of risk. Maintaining current levy settings would necessitate significant reductions in cost recovered activity, resulting in material impacts on regulatory capability, safety outcomes, and the resilience of the maritime system. It would also place Maritime NZ at risk of not meeting statutory expectations, including its obligations under the Crown Entities Act. For these reasons, Option 1 is not considered a viable or sustainable approach to cost recovery.
86. Maritime NZ is continuing to finalise its advice to the Minister.

## Implementation plan

87. Options 2 and 3 will be implemented through updates to Maritime NZ systems to reflect the new levy rates from 1 July 2027. No additional transitional arrangements are required, as the levy structure and allocation methodology remain unchanged. Stakeholders have been provided with an 18-month lead time to incorporate any adjustments into pricing and operational planning.
88. Implementation risks are low as the organisational changes required are contained and largely relate to ongoing efficiencies and effectiveness rather than major structural shifts. The primary risk relates to system accuracy and timely communication of new rates. This will be mitigated through rigorous internal testing prior to go-live, early and clear communication of confirmed

rates to levy payers and industry representatives, and alignment with existing invoicing and compliance processes to avoid disruption.

89. Compliance costs for levy payers will remain low as the proposal does not introduce any new reporting or administrative requirements. Existing processes for levy calculation and payment will continue unchanged, ensuring no additional burden on operators.
90. No new regulatory activities are required, as the options do not introduce additional functions.
91. The proposal does not alter the Maritime Transport Act 1994 or associated regulations beyond updating levy rates in the Maritime Levies Regulations 2016. However, for Option 3, Maritime NZ has proposed a regulatory mechanism to address over-recovery and reduce levy costs.

#### *Implementation of the Refund mechanism*

92. This mechanism will allow refunds of maritime levies if revenue exceeds stated expenditure requirements by more than 2% in any levy year during the 2027/28 to 2029/30 period. The mechanism will be established through a new class of case in clause 19 of the Maritime Levies Regulations 2016 and was included in public consultation. There is no scope to reduce or remove other existing regulations, as the underlying framework remains fit for purpose.
93. Refunds will be applied on an equitable and proportional basis, consistent with the existing levy allocation methodology and classes of levy payers. The mechanism will operate within the existing regulatory framework and will not require changes to the underlying levy structure or rates during the levy period.
94. Maritime NZ will notify levy payers if the over recovery mechanism is triggered following completion of annual financial statements. Where a refund applies, Maritime NZ will provide clear information on the basis for the adjustment, the method of calculation, and the timing of any refund or levy credit.
95. Transparency will be maintained through Maritime NZ's existing financial reporting and accountability processes. Information on levy revenue, expenditure, and any application of the refund mechanism will be disclosed in Maritime NZ's Annual Report and, where relevant, in reporting to the Minister of Transport. This will provide assurance to levy payers, the sector, and central agencies that levy settings remain aligned with actual costs and are administered in a fair, transparent, and predictable manner.

## **Monitoring and evaluation**

96. No changes are proposed to existing monitoring and reporting arrangements. Maritime NZ will continue to apply its current performance and financial reporting processes to ensure transparency and accountability. These include regular internal monitoring of levy revenue and expenditure, quarterly and annual reporting to the Ministry of Transport, and publication of audited financial statements in the agency's Annual Report.
97. For Option 3, the proposed refund mechanism to address over-recovery will be monitored through Maritime NZ's financial management systems. Any revenue exceeding stated expenditure requirements by more than 2% in a levy year will trigger the refund or waiver process under the new provision in clause 19 of the Maritime Levies Regulations 2016. Clear tracking and reporting of revenue will be essential to ensure the sector—and the Ministry—has full visibility, particularly when a refund is required.
98. No additional compliance or reporting requirements will be introduced for levy payers, and existing regulatory frameworks remain fit for purpose. Monitoring will continue to focus on ensuring levy settings align with actual costs and statutory obligations under the Maritime Transport Act 1994 and the Crown Entities Act 2004.

## Review

99. The Maritime Levy and Oil Pollution Levy cost recovery regime will continue to be reviewed on a triennial basis, consistent with Cabinet expectations and good regulatory practice. The next scheduled review is expected to occur around 2030, ahead of the levy period commencing 1 July 2031.
100. The review process will involve updating this Cost Recovery Impact Statement template, reassessing levy rates against actual costs and demand, and consulting with stakeholders across the maritime sector. It will also include analysis of economic conditions, activity levels, and inflationary pressures to ensure levies remain fair, efficient, and aligned with statutory obligations under the Maritime Transport Act 1994 and the Crown Entities Act 2004.
101. If significant changes in sector activity or government policy occur before the scheduled review, Maritime NZ may initiate an earlier review to maintain compliance with cost recovery principles and ensure financial sustainability.

## Appendix 1: Impact of Option 1 on outputs and service levels

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
<p><b>Corporate Services; and</b></p> <p><b>Research, Analytics and Intelligence</b></p>	<ul style="list-style-type: none"> <li>• 12-15 FTE</li> <li>• <b>29% reduction</b> in ML FTEs activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>• Maritime NZ has overhead functions in many places which are one or two people deep.</li> <li>• Overheads are already efficient by public or private sector standards at 26%.</li> <li>• Corporate business partners are 1 for over 100FTE (usually between 1.2 to 1.5 per FTE in most medium to large businesses).</li> <li>• The overhead functions are non-discretionary to run our business and meet public sector accountability requirements.</li> <li>• People in many of these areas are already stretched.</li> <li>• Our regulatory approach is based on prioritisation of activity (audits, inspections education, guidance and rules reform, etc) to where the greatest harm is and where we can make the biggest impact. This requires data, evidence and insights.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>• Creates risks for an organisation which already has efficient overheads, as it creates “over starvation” of critical corporate functions which drive performance and efficiency. For example, risks quality of financial management, information services, performance and risk management, people and organisational performance management. This will exhibit itself in potential lapse of public sector accountability timelines and expectations, and poorer people, risk and financial management.</li> <li>• It will impede progress on critical digitisation work, which will mean efficiency and quality improvements for those regulated parties interacting with us, are not realised over the short to medium term. In particular, it will result in delays in the digitisation of operator certification (a key pain point for operators), and the implementation of MyMNZ (the online portal for those interacting with Maritime NZ which would ensure all interactions and information is in one place making it easier to transact digitally).</li> <li>• Decreasing resource in this area risks that our activity is not prioritised where it can make the most impact, and that activity is not monitored and evaluated to demonstrate whether interventions are successful in delivering outcomes or need to be changed. Activity is also less coordinated and disciplined and linkages not made. This will particularly impact commercial international and domestic maritime operators and our work with them in harm prevention programmes below.</li> </ul>
<p><b>Engagement and Harm Prevention Programmes</b></p>	<ul style="list-style-type: none"> <li>• 4 FTE</li> <li>• <b>67% reduction</b> in ML FTEs/activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>• Our Regulatory Approach is based on getting a better balance between reactive and proactive work and partnering with the sector on our harm prevention programmes to deliver interventions that address harm before it happens.</li> <li>• We also engage with the sector to understand issues and context to support maritime sector issues more broadly across Government.</li> <li>• Our partnership with the sector results in the sharing of data and insight, buy-in, and more effective implementation of interventions.</li> <li>• It also creates more trusted relationships with the Maritime industry and better delivery of outcomes.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>• Removal of these 4 roles will significantly impact our ability to actively work with, engage, and deliver proactive interventions for international shipping, cruise, fishing, and other domestic operators. It will impact on our sector leadership role and support for working groups in relation to these operators, which are needed to deliver our safe, secure, clean and sustainable outcomes.</li> <li>• Many in the sector have invested significant time and effort into these programmes and initiatives and if they are curtailed it will result in criticism particularly around sunk cost and effort and lack of follow through.</li> </ul>

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
		<ul style="list-style-type: none"> <li>We are also likely to see progress being made reversed and lose mandate with operators in this part of the maritime sector, becoming seen again as an ad hoc and reactive regulator.</li> </ul>
<b>Technical Advice</b>	<ul style="list-style-type: none"> <li>3 FTE</li> <li><b>19% reduction</b> in ML FTEs/activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>Provide high quality technical advice to key internal stakeholders regarding international, domestic, maritime, environmental, and port and flag state control matters, and provide support to surveyors.</li> <li>Some in the sector believe we do not have enough maritime technical support currently.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Reduced quality of rules and decision-making due to a reduction in technical expertise.</li> <li>Fewer specialists to engage at IMO to influence international settings.</li> <li>Critical projects will progress slower—such as low emissions and new and emerging technology.</li> </ul>
<b>Regulatory Reform</b>	<ul style="list-style-type: none"> <li>4 FTEs</li> <li><b>29% reduction</b> in ML FTEs/activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>In the last levy review an additional 5 FTE was provided to meet the sector desire to more quickly amend Rules which impeded productivity (i.e. created unnecessary pain points and cost or were no longer fit for purpose) and/or did not enable innovation or green fuels.</li> <li>As part of Crown savings of 6.5% we had to give up 2 FTE working on Rules given there was limited other discretionary funding within our Crown funding and a small amount of Crown funding went to rules.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>With removal of these 4 FTE, and the 2 FTE from Crown Savings, we will go backwards to less resource than before the last levy review on regulatory reform.</li> <li>The Rules programme will be halved and impacting work in areas like workforce and low carbon technologies. This will mean that we are much slower to enable innovation and address Rules which are out of date, not fit for purpose, and create cost.</li> <li>Less capacity to influence and provide advice on maritime issues, as well as regulatory changes led by other agencies that impact the sector, for example, low carbon issues which intersect between land and maritime, supply chains, port efficiency, biofouling impacts, health and safety reform etc.</li> </ul>
<b>Legal and Investigations</b>	<ul style="list-style-type: none"> <li>4 FTE</li> <li><b>22% reduction</b> in ML FTEs/ activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>Our Regulatory Approach is focussed on addressing serious harm. Investigators are only used where there has been an incident involving serious harm or likelihood of serious harm (e.g. a death or permanent disability).</li> <li>Prosecutions only occur where there was a serious harm or likelihood of serious harm, and other criteria are met like whether the behaviour was wilful reckless, or negligent, taking into account compliance history, and public interest.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Our investigations and legal team are already at capacity and struggling with workload. Reductions will mean some significant maritime events are not investigated, and even where high thresholds are met, not prosecuted. This impacts on regulatory incentives, outcomes, and heightens risk of regulatory failure.</li> <li>Reduced ability to respond to notifications where there are insufficient investigators able to respond to serious events and hold the scene, this leads to disruption of maritime activity and costs for operators and ports.</li> <li>Loss of confidence in the regulator and regulatory regime if some serious offences result in no action.</li> </ul>

Category	Approx FTE and Savings	Impacts on Outputs and Service Levels
<b>Certification and Licensing</b>	<ul style="list-style-type: none"> <li>• 6 FTE</li> <li>• <b>18% reduction</b> in ML FTEs/ activity in this area</li> </ul>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>• We are currently digitising seafarer certification processes, and which when complete we will have reduced administration and workflow needs. However, some of the resource funding freed up from this work we would then use to provide support to digitising operator processes and certification advice and decision-making to also speed up timeliness and quality.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>• While many of the improvements in seafarer certification will be complete by 1 July 2027, reductions in this area, combined with those listed above in corporate services Information Services and Delivery, regulatory reform and engagement and harm prevention programmes will slow down our work on improving certification improvements.</li> <li>• This will mean we do not achieve performance expectation improvements in operator licensing times, impacting on efficient industry operation and creating costs for operators.</li> <li>• It would also undermine industry confidence that Maritime NZ is committed to improving its performance. In some cases, it may affect choice of operators flagging in New Zealand, resulting in operators operating around our coast on less robust flags, less regulatory tools to manage issues, and poorer safety outcomes</li> </ul>




## Appendix 2: Impact of Option 2 on vessels and operators

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

**Table 9: Option 2 impact on vessels – an initial 6.35% increase in the first year**

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

**Table 10: Option 2 impact on vessels – a 2.5% increase in the second and third years**

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

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

**Table 11: Option 2 impact on Operators – a 6.35% increase in the first year**

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




**Table 12: Option 2 impact on Operators – a 2.5% increase in the second and third years**

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

## Appendix 3: Impact of Option 3 on vessels and operators

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

**Table 13: Option 3 impact on vessels – a 13.2% increase**

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

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

**Table 14: Option 3 impact on Operators – a 13.2% increase**

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

## Appendix 4: Summary of Submissions

As per Aide Memoire MNZ 25-052 on 15 December 2025.

### Cruise Sector

1. **Carnival, Cruise Lines International Association (CLIA), NZ Cruise Association (NZCA), Heritage Expeditions** and **Beachcomber Cruises** did not support a levy increase and supported Option 1.
2. The key reasons for this were the cumulative costs imposed on the cruise sector by agencies and ports, and that any cost increase will impact confidence in cruise return and send the wrong message.

*Any increase to the Maritime Levy at this time would contribute to the compounding cost environment driving cruise lines away from New Zealand...Maintaining the current levy level will help stabilise the operating environment, support government's intention to rebuild cruise visitation, and ensure regional New Zealand continues to benefit from the economic activity cruise brings. (NZCA)*

3. Many of the cruise submitters supported the importance of maritime safety and commented that they:

*recognise and value the essential work Maritime NZ undertakes. The agency plays a critical role in ensuring safe shipping, environmental protection, and effective incident response, and the sector appreciates its professionalism and partnership.*

4. They did not want a reduction in Maritime NZ activity, but instead NZCA, CLIA and Heritage Expeditions all believed that the Government should fund any shortfall.

*Maritime NZ should not be expected to reduce its workforce or curtail core functions to manage a funding shortfall. Maritime safety is a public good, and if government is committed to restoring cruise visitation, then bridging any funding gap should be considered a public investment, not an additional industry charge.*

5. They acknowledged Maritime NZ's commitment to deliver and maintain cost savings and welcomed the proposed long-lead approach to levy changes.

### Large Domestic Shipping Operators

6. **The New Zealand Shipping Federation (NZSF)**, representing Chatham Islands Shipping, Coastal Bulk Shipping, Holcim, Interislander, NIWA, Pacifica, Silver Fern Shipping, and StraitNZ Bluebridge, supported Option 3 to maintain current services. They noted:

*while the current fiscal environment for domestic operators is challenging... the Shipping Federation has been working closely with Maritime NZ to identify regulatory and other changes that are required to improve the operating environment for domestic vessel operators. It is imperative that this work...is addressed or completed. No other option in the consultation document delivers on the ongoing improvement that is required.*

7. The submission reflected that NZSF believes the business benefits gained from maintaining Maritime NZ's regulatory services and improvement initiatives outweigh the additional cost of the levy.
8. **KiwiRail** also submitted, supporting a well-resourced maritime regulator focused on safety, environmental protection, and resilience, but emphasising the need for cost management and fairness in levy increases. For this reason, KiwiRail supported Option 2 (inflation-only

adjustment), noting that Option 1 risks regulatory quality and Option 3 is only acceptable if revenue exceeds baseline projections.

### Smaller Domestic Operators

9. **The Marine Transport Association (MTA)** representing a large number, and broad cross-section of domestic commercial operators, including ferry operators, aquaculture and fishing vessels, workboats, charter operators, and coastal freight vessels across New Zealand supported Option 3.

*Option 3 is the only option that maintains regulatory capability at a level consistent with the needs of domestic operators... Our support is contingent on Maritime NZ delivering the value and service improvements that operators are paying for.*

10. The support of the MTA was on the condition that the work underway with the sector by Maritime NZ on regular rules reform, strengthened oversight and auditing of surveyors, and digitisation and improvement of certification timeliness continued to make good progress. Like NZSF, the MTA saw the business benefits gained from maintaining Maritime NZ's regulatory services and improvement initiatives as outweighing the additional cost of the levy
11. Two small operators: **Moturoa Island** and **Benjamin Swale** also supported Option 3. Three small operators: **West Coast Charterers**, **Megisti Sailing Charters Limited**, and **Kiwi Journeys** did not support a levy increase citing tough financial times and cost as the reason.
12. One small operator, **Haku Marine**, supported Option 2 as fairer.
13. Three small operators did not select an option: **Compass Charters** was unable to provide feedback due to being in their busy season; **Maddens Nursery and Contracting** stated that any fee is unnecessary for small inland operators using trailer-mounted vessels on lakes; and **Sunflower Fishing Charters and Sight Seeing** feels the current vessel levy is excessively high compared to their actual operations and is disproportionate to usage.

### Fishing and Aquaculture

14. **NZ Federation of Commercial Fishermen (NZFCF)**, representing small commercial fishers, argued that Maritime NZ should focus on cost restraint, productivity gains, and restructuring rather than passing costs to operators, especially during economic hardship. While acknowledging levies are low, NZFCF notes members face rising compliance costs and therefore supports Option 1 (no increase) as the only fair approach. NZFCF also made the following point:

*The Federation does not consider it is fair and reasonable that the commercial sector should be expected to face an increase of 6% or 13% in the Maritime Levy while the Crown allocation does not increase.*

15. **Aquaculture NZ (AQNZ)** rejected Option 3, arguing that domestic aquaculture should not subsidise shortfalls caused by reduced cruise activity, however they supported a refund mechanism, which was slightly confusing given they did not accept Option 3.

*Passing additional costs onto the aquaculture sector could negatively affect growth and sustainability.*

*We support a levy refund mechanism as a responsive means to prevent over-recovery of Maritime levies over the upcoming three-year cycle.*

16. **Sanford** strongly advocated for Option 1, arguing that Maritime NZ should focus on its core purpose and rationalise resources rather than passing rising costs onto operators. Two smaller operators **SUNZ Seafood** and **KC McBride Fishing** supported Option 1 however didn't provide comment.

## Port Chief Executives

17. The **NZ Port Company CEO Group** representing the 13 commercial ports supported Option 3. They noted:

*The relationship with Maritime New Zealand is excellent.*

*The Group wants to see Maritime New Zealand maintain the improvements and commitments made during the last levy review. We do not want to see any service reduction.*

*Normally we would be concerned at any increases in costs. However, in this case we see the need for Maritime New Zealand to maintain capability, and we approve of the way Maritime New Zealand has sought to keep cost increases under control.*

*The Group is expecting continuing strong demand for our exports over the next few years and a period of reasonably strong growth in the domestic economy from about now. We strongly support the proposed mechanism to address over-recovery should cargo and/or cruise activity increase over the levy period.*

18. The submission also sought for Maritime NZ to have further capacity in London to support International Maritime Organization (IMO) negotiations and supported the fact there was a long lead in time provided.

## Exporters and Importers

19. The **NZ Council of Cargo Owners (NZCOC)** represents the shipping supply chain interests of New Zealand's major port users, including the country's largest exporters and importers and supports Option 3.

*NZCOC acknowledges the need for Maritime NZ to be both an effective and efficient regulator; we commend your efforts to keep costs under control in recent years while maintaining a high level of service.*

*NZCOC notes that any increase in the Maritime Levy will be paid either directly or indirectly by cargo owners and add to their burden of increased costs across the freight supply chain.*

*Weighed against this... it is important that Maritime NZ maintain capability; we do not want to see any quality reduction over the long term.*

20. They also strongly supported the proposed mechanism to address over-recovery in Option 3, the long lead in time, and wanted increased investment in New Zealand's participation in the IMO but saw the funding for this potentially coming from a range of agencies.
21. **Ravensdown Shipping Services** supported Option 1 due to concerns it would raise operating costs at time when margins were tight.

## Seafarer Welfare Committees and Interests

22. **South Canterbury Welfare Committee, Mission to Seafarers, Maritime Welfare Limited, the Auckland International Seafarer's Centre** and the **Mission to Seafarers (Nelson)** all supported Option 3 to ensure Maritime NZ could deliver essential services and the safety, regulatory and welfare infrastructure underpinning the sector could continue to be sustainable and seafarers to be effectively supported.

## Harbourmasters

23. One **Harbourmaster** supported no levy review as local government was being told to restrict spending and rates caps were being considered, so they did not believe additional costs should be imposed. While another **Harbourmaster** supported Option 3 noting Maritime NZ

plays a vital role in keeping our communities safe and water clean, and that they require resources to do this, and that the levy should address shortfalls and inflation.

## **Oil and Gas**

24. **OMV** provided no comment on Maritime Levy options but focused on the Oil Pollution Levy (OPL), acknowledging the importance of oil spill response and noting that the OPL fund is in surplus and that there was not an increase. OMV wanted to re-litigate the underpinning OPL model, which was not a focus for this levy review, and which was canvassed in some detail at the last levy review.