

# NZ Maritime Forum

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## Productivity Commission: Regulatory Institutions and Practices: draft report

### Submission

#### NZ Maritime Forum

The NZ Maritime Forum is a semi-official group established in 2012 for the primary purpose of providing a reference point for engagement with Maritime NZ. The group as currently constituted consists of twelve individuals who are reflective of a wide spectrum across the maritime sector including international shipping, domestic coastal operations, inshore operations, education and training, manufacturing, fishing and tourism. The group meets formally with the Maritime NZ Board and senior management bi-annually to discuss matters of mutual interest and concern.

#### The maritime sector

The maritime sector is critical to NZ's economy. More than 99% of all of our exports and imports by volume are carried by sea involving the movement of more than 1.2 million containers through our ports each year. In addition, NZ ports receive more than 6,000 visits by foreign vessels and they receive more than 500 cruise liner visits each year. Five million

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passengers are carried on harbour ferries and more than 1 million people cross the Cook Strait by ship each year.

## **Productivity and fees**

Currently, one of the matters of greatest concern to the maritime sector is the growing compliance costs facing the sector. By way of example, Maritime NZ fees are due to rise from a current level of \$144 per hour to \$235 per hour progressively over five years. This increase has the potential to be a major impost on literally thousands of operators. While the fee rate is one driver of the cost to stakeholders, the other one is the amount of time taken to undertake a specific task. This is where productivity comes in.

On this matter of fees and charges, we are confident that if canvassed, many other sector groups would identify these as key areas of concern.

This brings us to productivity. In our view, productivity has the capacity to reduce those compliance costs or at the very least moderate the increases, especially through reducing the amount of time being taken to undertake a fee-charging task. It is for this reason we are keenly interested in this Draft Report.

## **Reducing compliance costs**

We note that the report does address two areas in particular which are relevant to this matter of fees. These are: *Regulator Culture and Leadership* and *Consultation and Engagement*. While both of these areas attract a number of findings, it is disappointing to see that the findings do not result in any recommendations. Productivity, if it is to mean anything, must deliver tangible benefits, i.e. reduced costs. While there may not be much we can do to reduce the hourly rate of \$235, disturbingly high as it is, we are intensely interested in steps that can be taken to reduce the amount of time taken on fee-charging tasks. **We would like to know, therefore, what steps our regulator should be taking to reduce their costs to their stakeholders.** We are hopeful that the Commission's final report will include specific recommendations on this matter of fee-charging activities based on an hourly rate.

## **Survey weakness**

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With respect to the survey of regulator CEOs we would make the observation that the survey is poorly designed. On the key question of how much time CEOs spend on various functions, the majority of responses included “*Dealing with stakeholders*” or something similar. The point here is that the statement is meaningless. It does not identify which stakeholders are being dealt with, nor does it indicate the nature of the engagement. Is it constructive and positive or is it negative and dealing with complaints?

### **Recommendations:**

1. An additional survey be undertaken with regulatory CEOs on the specific area of ‘*Dealing with stakeholders*’. The purpose of this survey should be gain a more in-depth understanding of the nature of this important engagement.
2. Conduct a survey of CEOs of businesses subject to regulation for the purposes of identifying their principal concerns with respect to their regulator. Since productivity is the primary focus we would suggest that the survey should have focus on compliance costs in general and fee charging on an hourly basis in particular.

Yours sincerely,

Jim Doyle

Chair, NZMF

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