

18 January 2019

Mid-point Review of the Oil Pollution Levy

Maritime New Zealand

Submitted by email to oilpollution@maritimenz.govt.nz

PEPANZ Submission *Mid-point Review of the Oil Pollution Levy*

Introduction

This document constitutes the Petroleum Exploration and Production Association of New Zealand's ("PEPANZ") submission in respect of Maritime New Zealand's consultation document *Mid-point Review of the Oil Pollution Levy*¹, for which submissions close on 18 January 2019.

PEPANZ represents private sector companies holding petroleum exploration and mining permits, service companies and individuals working in the industry.

Submission

1. PEPANZ supports Option 3 in the consultation document, which is also Maritime New Zealand's preferred option. We support this revised levy and allocation because it:
 - equitably ensures the marine sectors are paying the correct amount according to actual risk posed, and
 - enables Maritime New Zealand to raise extra funds through the Capability Levy to ensure it is appropriately equipped in line with its 2015 Capability Plan to manage any oil spills risk and incidents.
2. PEPANZ supports fair and evidence-based policies which will achieve the intended policy outcome, and we consider that Option 3 in the consultation document will best do this.
3. The upstream oil and gas sector currently pays levies based on a dated risk assessment which indicated our sector contributes approximately 4% of the total revenue for levies (which is approximately \$322,000 per annum). However, in 2015 a revised Marine Oil Spill Risk Assessment (MOSRA) indicated that the risk from the upstream sector was in fact extremely low, at around 0.03%, and although Government at the time accepted this assessment the allocation of levies was not amended. The current consultation, informed by the 2018 risk assessment which indicates 0.03% is still the appropriate allocation to the upstream sector, proposes to improve the situation by recalibrating the allocation of the levy amongst marine sectors and we support this.
4. We note that in addition to revising allocations of levies in accordance with the 2018 MOSRA, Maritime New Zealand is considering whether to increase the Capability Levy to ensure the agency can complete its 2015 Capability Plan. We support funded implementation of Capability Plan on the basis that it is appropriate for Maritime New Zealand to conduct its functions effectively and we consider there is value in asset maintenance and replacement and capability development.

[END]

¹ <https://www.maritimenz.govt.nz/public/consultation/OPL/default.asp>