

31 July 2015

Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir/Madam

Inquiry into the increasing use of Flag of Convenience shipping in Australia

The New Zealand Ministry of Transport wishes to submit the following to this inquiry by the Rural and Regional Affairs and Transport References Committee.

On 5 October 2011, the Liberian-registered container vessel *MV Rena* (the *Rena*) ran aground on Otaiti (Astrolabe) Reef, near Motiti Island in New Zealand's Bay of Plenty. The *Rena* carried 1,733 tons of heavy fuel oil, lighter fuels and 1,368 containers.

Approximately 350 tonnes of heavy fuel oil leaked, and much of it, along with containers and debris, washed ashore. The vessel eventually spilt in two. Despite salvage and wreck removal operations, sections of it remain on the reef along with a debris field on the sea floor. As of 5 June 2015, The Swedish Club (the *Rena*'s insurers) reported USD428.7 million in the cost of recovery operations.

In October 2012, the *Rena*'s owner, Daina Shipping Company, agreed to pay NZD27.6 million to settle the claims of the Crown and public bodies regarding the incident. The settlement addressed the environmental, social, cultural and economic impacts and options for dealing with the remainder of the wreck. It did not relate to claims by private interests or local Māori, who are able to make claims against the owner directly.

The negotiated settlement was much higher than the NZD11.3 million the owner was obligated to pay under the Convention on Limitation of Liability for Maritime Claims 1976. In 2014, New Zealand acceded to the 'Protocol of 1996' to this Convention that increased its liability limits.

The settlement also provided that if the owner applied for, and was granted, a resource consent under the Resource Management Act to leave part of the wreck in place, the owner would pay an additional NZD10.4 million to the Crown. This reflected lower salvage costs for the owner compared with full wreck removal (subsequently established not to be technically feasible).

In May 2014, the owner lodged resource consent applications to leave the remainder of the wreck and debris in place, and to provide for any future discharges of contaminants that may arise. The hearing will commence in the week of 7 September 2015, and updates will be available online at www.renaresourceconsent.org.nz.

Yours sincerely

Martin Matthews
Chief Executive and Secretary for Transport