

19 May 2014

TEL +64 4 473 0111 FAX +64 4 494 1263  
Level 10,1 Grey Street, PO Box 25620, Wellington 6146  
New Zealand

Regulatory Institutions and Practices Inquiry  
New Zealand Productivity Commission  
PO Box 8036  
The Terrace  
WELLINGTON 6143

Our ref: PARE/GSM  
By email

email: info@productivity.govt.nz

Dear Sir

### **Response to Productivity Commission draft report – Regulatory Institutions and Practices**

Thank you for the opportunity to make a submission on the draft report and agreeing to extend the time to make it.

We have elected to only address key issues arising from your draft report. The chapters/issues covered in Maritime New Zealand's submission are in the following order:

- General comments
- System wide regulatory review
- Regulator independence and institutional form
- Funding regulators
- Accountability and performance monitoring
- Regulator practice (including culture and leadership)
- Workforce capability

We recognise that this structure does not align with the sequencing in the draft report but given the interconnectedness of regulatory regime design features we have assumed the report sequencing does not reflect a linear relationship between the issues.

### **General Comments**

The draft report is a comprehensive and readable document, with a structure and key issue demarcation that greatly assists in preparing a response. There is however an overarching characteristic of a regulatory system that, while noted early in the report, deserves consistent attention throughout. This characteristic – *the interconnectedness of design features* (refer page 3 where this is noted and the page 4 'jigsaw' diagram) – *is so critical to the success of a regulatory system and individual regulators, it may justify more fulsome coverage and perhaps also description as a standalone section early in the final report.* The section need only be brief, but as the connection between various elements of the system is referenced in various places throughout the report, articulating the interconnectedness (through text or a diagram) up front may be helpful.

The risk in not emphasising and fulsomely analysing the relationship the design features have on each other is that features such as funding (which impact every element of the performance of a regulatory system) may be perceived as secondary to, for example, accountability and performance monitoring. Essentially, given the mutual interdependence, there is no 'features hierarchy' in an optimally effective and efficient regulatory system, and the early emphasis of this characteristic will ensure it is brought to bear in the consideration of each separate design feature.

In various chapters, the report uses similar but different words or phrases and it is difficult to know if this is the same thing described slightly differently, or different things. Examples of this are set out in the attachment to this letter. As a general comment, we therefore reiterate the comment made in our submission on the issues paper regarding the importance of uniform



terminology, and would add that including a comprehensive lexicon would facilitate discussion and analysis.

### **System-wide regulatory review / Making it happen (Chapters 15 and 16)**

Our response to Question 16.2 proposes drawing a link between the recommendations about system wide review (which are all based on extant structures and arrangements), the recommended system-wide improvements (which are again based on extant arrangements and processes), and what *Maritime New Zealand regards as the appropriate solution of an independent 'super' monitoring, practice and capability initiative*. This could be defined as the 'support arrangement' for the minister with responsibility for regulatory management (as per the reference to an 'independent agency' on page 390), and could perform a leadership function for monitoring, practice and capability drawing on expertise across the regulatory system. In proposing this option, we have considered the following:

- **Status Quo** – for reasons already expressed in the Commission's report, this is not delivering optimal results and we do not consider it to be a realistic option.
- **A Functional Leadership Approach** – This option involves leadership and co-ordination of:
  - system-wide monitoring, by applying a framework such as the Performance Improvement Framework (PIF) and leaving the core performance monitoring with the respective departments as is the approach under the current model. While this model may improve system wide understanding of good practice it is likely to involve an additional layer of oversight and reporting to that which already exists and is likely to burden smaller regulators (as noted in our comments on page 8 below); and
  - system-wide practice and workforce capability development. This would mean a direct link would exist between understanding the performance of the system through the monitoring, and feeding that into practice and workforce capability development.
- **A Full Agency option** – establishing a dedicated regulatory monitor (or "super" monitor) encompassing system wide monitoring of the effectiveness of regulatory outcomes. This option would enable a clearer monitoring framework for all agencies (whether Departments or Crown Entities) with regulatory functions, which will provide a much clearer layer of support to the minister with responsibility for regulatory management and the existing PIF system. It will also enable a much clearer delineation of respective accountability mechanisms under the Crown Entities Act, reducing the burden on smaller agencies, yet ensuring that monitoring by the super monitor focuses on the achievement of regulatory outcomes. Such an Agency could also facilitate functional leadership and coordination of regulatory practice and workforce capability development - ensuring a clear link between the "findings" of system monitoring activity and the ongoing development of regulatory practice and workforce capability development. Further reasons for our support for this option are set out below.

*Maritime New Zealand favours the Full Agency option*

We note that if this option is not carried forward, the Functional Leadership option should be the preferred alternative, giving due consideration to the risks presented by the monitoring overload mentioned above.

The Functional Leadership option, as an alternative, would need to be developed within an appropriate agency (respectively existing or newly established) that links to the relevant minister. In practice the main difference between the second and third options above is that under the third option, departments and ministries with policy and regulatory monitoring functions would no longer have those regulatory monitoring functions (thus dealing with the conflicts already identified) - and accordingly under the third option the monitoring agency could also monitor regulatory activity in departments and ministries. This would achieve a more comprehensive and consistent "whole of government" approach to monitoring of regulatory activity, rather than the "intensity" of monitoring being driven by regulatory organisational form.

The OECD oversights quoted at page 389 indicate that a specialist regulatory oversight body is a key success factor, and the report sets out (as pages 389 and 390) high level options for a ministerial 'support agency' (a specialist regulatory oversight body?). With the exception of the full (independent) agency option, all others appear at first glance to have fundamental disadvantages. The only disadvantage of the full agency option, apart from additional establishment cost, is a lack of clarity in terms of capacity to advise the Minister. Given the stated advantages of sharper focus and more openness to innovation, and other advantages such as dedicated expertise in regulatory issues, no competing priorities, potential for centralisation of regulatory agency monitoring by a specialist monitoring body, and a community wide perspective, is, in the view of Maritime New Zealand, the best approach.

We note with caution that the language in this Chapter and also in Chapter 14 could be construed as linking systems changes too closely to control/compliance without due regard to the purpose of monitoring.

*We consider it important to place emphasis on the fact that in the monitoring of any agency with regulatory responsibilities the focus should be on performance of the regulatory system, and should provide assurances to Ministers and the public that taxes and levies are being spent appropriately to address the harms that the regulatory system is designed to mitigate.*

The table of proposed system wide improvements (page 382 refers) and associated example tasks (page 383 refers) may each go some way to addressing the issues raised in the Commission's investigations, but this 'patch work' approach mirrors what is already a patchwork (and not entirely effective) strategy to address the various weak points in New Zealand's regulatory framework. Maritime New Zealand's view is that a decision on the placement, form, mandate, and functions of a specialist regulatory oversight body (or 'super monitor') needs to pre-empt and inform the scale and nature of the system wide improvements – including the arrangements for regulatory stock management and monitoring.

Notwithstanding the above view, in respect to Recommendation 15.3 (page 377 refers) we note the following for your consideration. Firstly, New Zealand's 'regulatory stock' includes a plethora of Legislative instruments ranging from Acts of Parliament to (inter alia) rules, notices, and orders. Many tertiary instruments are not considered by Cabinet and plans for monitoring, evaluation or review of new legislation requiring Cabinet Legislation Committee agreement would only go some way to ensuring a 'set and forget' approach to regulation is disabled. For regulated parties, particularly in the context of delegated legislative powers, it is the detailed requirements of Rules, Notices, Orders or other tertiary instruments that are often highly particularised and have the most impact. We therefore support the recommendation of a systematic review of the legislative stock, but caution that this may not be the full answer to ensuring that the system remains fit for purpose if other instruments are excluded from such regular review.

We do not think that the Cabinet Legislation Committee is the right place for regulators to present (for agreement) monitoring, evaluation and review plans. While this would certainly formalise and document decisions on the plans, there are two grounds on which we consider this approach is not desirable. Firstly, Cabinet Committees are invariably 'time limited' with a focus on advancing the agenda of the Government of the day. Monitoring, evaluation and review plans on legislation that maintains the regulatory stock is unlikely to get priority attention because of the commitment to other policy priorities that need to be delivered within a short electoral cycle. Further, there will be potentially hundreds of such plans brought to the attention of Cabinet (and agreed by it) and unless there is a formalised monitoring mechanism for delivery of the body of such plans, they might too fall into a 'set and forget' pattern.

One of the advantages of having a specialist regulatory oversight body (or 'super monitor') is that there can be a formalised, systematic and enduring oversight of regulation both in terms of process, regulatory impact and achievement against purpose. Other advantages Maritime New Zealand sees in a specialist regulatory oversight body are noted in other parts of this response.

## Regulatory independence and Institutional form (Chapter 5)

This element of the Maritime New Zealand response will focus on regulator independence and the dimensions of the same set out on page 98.

The term 'regulation independence' is described as pertaining to discretion to set and adjust secondary (regulations) and tertiary (rules) regulatory instruments. 'Regulation' in this context is used to describe the nature of the instruments rather than in the wider sense of 'Regulation' which includes all instruments from Acts of Parliament down to secondary and tertiary instruments. In the wider sense, there is no regulation independence and there cannot be - given Parliamentary sovereignty in New Zealand's Constitution. The 'regulatory framework' therefore has elements that are not relevant to regulator independence because in no circumstances can the regulator unilaterally set or adjust enactments. The nature and extent of Ministerial delegation prescribed in the enactments is however critical to regulation independence (applying the meaning that 'regulation independence' is given in figure 5.4).

As set out in Maritime New Zealand's previous submission, the delegated legislative regime in the maritime transport sector inhibits a responsive regulatory system because the power to set standards rests solely with the Minister through the making of Rules. While Maritime New Zealand leads the development of Rules - and has a leading hand in their design and the framework a series of Rules creates, there is no mandated capacity to adjust Rules except through the Ministerial Rule making process<sup>1</sup>, even when changes are of a highly technical and specialised nature.

*We agree with the general proposition of R 5.1 (page 101 refers) but suggest that the recommendation should extend to a wider review of the fitness for purpose of all transport regulatory regimes*

In our view, the differences between the aviation and maritime sectors do not justify decoupling the consideration of legislative flexibility in the civil aviation context from consideration of the same across the maritime sector.

In respect to budgetary independence, this links to regulator funding and we have commented on that under the 'Funding Regulators' Chapter comments below.

An element of regulator independence that is not reflected in the chapter is the day to day relationship between a crown entity and a department. In the department / crown entity arrangement, independence on the part of the crown entity can be significantly affected by the working relationship / arrangements with the department. On a day to day basis, the priorities, resourcing, and decision making processes relating to a crown entity (by the department), can materially affect how the crown entity is able to conduct/achieves its business. There is, to a varying degree, opportunity for a crown entity (at a governance level) to operate independently of a department, in terms of providing advice to the Minister and working directly to him/her on matters relevant to regulatory performance. However the extant arrangements (including recent amendments to the Crown Entities Act, which increased the role of the monitoring department) bind the organisations in a way that makes the achievement of the entity goals directly contingent on the responsiveness of the department. The relative differences in focus and priority between a policy department and an operational agency causes an inherent pressure on the attention that the department can devote to agency specific (i.e. regulatory) priorities.

*Maritime New Zealand's view is that the adoption of a separate 'super monitor' (as noted earlier) will fundamentally change the inherent tensions within the current system and greatly facilitate the policy engagement that should exist between a Crown Entity and its Policy Ministry*

In respect to Q5.1 (the role of the Regulations Review Committee if regulators are delegated greater regulation making powers), we support the view that strengthening the Regulations Review Committee is desirable. You have sought views on options to do so, and we recommend consideration of the recent New Zealand Law Society comments to the Regulations

<sup>1</sup> The concerns about the limitations of this system were reflected by comments made to reviewers in the Review of the Ministry of Transport (Performance Improvement Framework report), August 2013.

Review Committee Inquiry into oversight of disallowable instruments that are not legislative instruments. The submission is available on the New Zealand Law Society website.

Maritime New Zealand supports and agrees with F5.2, based on the proposition reflected in Figure 5.3 (page 94 refers).

*Maritime New Zealand also strongly supports F5.7 (scope for greater use of delegating legislative authority)*

This is expressed in light of Maritime New Zealand's experience of the Rule setting process / authorisation and the limitations this places on responsive development and amendment to Rules<sup>2</sup>. We consider the majority of maritime regulation to be narrowly focused on a specialist sector that seeks a more responsive regulatory regime and we consider this finding vital in advancing an appropriate solution to that problem. This was elaborated in our earlier submission.

### **Funding regulators (Chapter 13)**

The impact on regulator independence of the design of regulator funding cannot be overstated, and while the chapter gives good coverage of the plethora of issues that regulator funding represents and creates, the emphasis appears to be on the disciplines and processes around setting fees and levies. This is important, but of equal and enduring importance are two other funding related matters.

The first of these; which the chapter covers very briefly on page 317 is the Treasury distinction between public and private goods. While not suggesting a review or overhaul of the established public / club / merit /private goods distinction, the *arguably clear distinction between public versus private / club goods (the latter two generally being cost recovered by the regulator) has the effect of 'setting' many regulators funding frameworks heavily toward cost recovery and all of the ensuing obligations, resources, and issues this creates*. The allocation of costs according to benefits (as defined under the prevailing public / private / club model) is therefore dictated by the quantum of regulatory effort (on a case by case basis) required to produce and sustain cost recovered revenue streams. Maritime New Zealand therefore strongly supports Finding 13.2 (page 319 refers) but notes that a more refined appreciation of the wider public interest that is served by regulatory interventions may be needed particularly in sectors such as the maritime sector where this is often widely disputed.

In the case of Maritime New Zealand, the majority of funding is cost recovered through maritime levies (over \$17 million), and fees and charges (over \$ 2 million). The distinction between club and private goods (which can be subject to debate) is therefore not a benign funding framework lever but a matter that justifies further future consideration. Our experience has been that Treasury acknowledges this in its guidance on these matters.

Secondly, the level of revenue that is cost recoverable is driven by what the regulator needs to do to carry out mandated regulatory functions (where these are not Crown funded) at a level quantitatively driven by a mix of regulatory design<sup>3</sup> / estimated demand for services, and qualitatively driven and disciplined by public sector performance expectations and oversight. The level and ratio of fees, charges and levies (calculated by applying the costs of delivering services or performing activities that are not Crown funded) is largely driven by the gap that exists between Crown funding and total revenue required to deliver the regulatory function.

<sup>2</sup> As highlighted in the Ernst & Young Value for Money Review of Maritime New Zealand – December 2010 (available at: <http://www.maritimenz.govt.nz/VFM/Value-for-money-review-MNZ.pdf>).

<sup>3</sup> An example of regulatory design is the new Maritime Operator Safety System (prescribed in Maritime Rules), which includes a requirement that a maritime transport operator must have a Maritime Transport Operating Certificate (MTOC) issued by the Director of Maritime New Zealand. This prescribed requirement (which was consulted with industry and assessed as justified in the regulatory impact analysis), necessitates Maritime New Zealand being resourced and funded to undertake an estimate volume of assessments requiring an estimated quantum of effort hours. This effectively 'locks in' in the required fee.

A third matter goes to the impact cost recovery has on the effectiveness of the regulator and the behaviour of regulated parties.

*In terms of the effectiveness of the regulator, the compulsion to recover costs from regulated parties – that is, charge for regulatory and compliance activities – can have perverse outcomes.*

This includes regulated parties actively seeking to limit their engagement with the regulator because time costs. For example, there is a risk of pressure from industry to reduce the time spent in inspection and audit activities because these are charged at an hourly rate. Regulators who conduct such activities are in turn at risk of limiting their oversight or interaction with regulated parties in recognition of the fact that their engagement may be perceived as an unnecessary financial burden or penalty.

In terms of the susceptibility to lobbying and capture that it is suggested dependency on fees and levies can create, such risk (at the fee setting end) is modified by the scrutiny fee regulations are subject to by the Executive and by Government in processes such as Regulations Review Committee enquiries.

A high reliance on cost recovery, where the majority of regulatory activity is funded through fees and levies paid by the regulated industry can also have the perverse outcome of taking people out of business and adversely impacting New Zealand's economy. An appropriate balance therefore needs to be reached between the public interest in having a sustainable and robust regulatory system and the public interest in a thriving economy.

In respect to linking funding to regulatory independence (refer 'budgetary independence in Chapter 5), Maritime New Zealand's view is that a high ratio of Crown funding does not necessarily compromise independence per se. If the other three dimensions of regulator independence (refer Figure 5.4) are set at optimal independence, guaranteed government funding to cover a high proportion of agency costs would not necessarily compromise independence.

We note and agree with F13.1 (that there is no general requirement for ex post evaluation of the impact of cost recovery and little published evidence of how well funding arrangements are working) and would add that there is merit in including proposals to ensure that evaluation and review of funding is required to ensure the sustainability of funding arrangements for a regulator and ensuring that funding models work well to enable sectors to work well. Finding an approach that allows this to happen in a way that balances the policy priorities of the Government of the day may be challenging, but would also avoid the risks of the "set and forget" approach highlighted in the report.

Regular reviews of funding (either limited to cost recovered funding or going more widely to funding sources and distribution) need to be a relatively low cost activity and synchronised with regular independent reviews of the regulator's performance.

#### **Accountability and performance monitoring (Chapter 14)**

We agree with the sentiments in this chapter that accountability of regulators through external means is an important factor in effective regulation. Such monitoring needs to be both external to the regulator and external to the parties it regulates, who have specific/conflicted interests in the way the regulator operates and needs to be about outcomes, not outputs.

As signalled earlier in this response, our comments focus on the recommendations on improving the performance of monitoring. This is because we think real gains can be made here in particular. We agree with the Commission's view that monitoring is a key link and the weakest link in the current accountability system (page 365 refers), but suggest that a focus on improving monitoring should be approached with a view to achieving improved regulatory outcomes - and avoid the recommendations being proposed by the Commission becoming yet another 'initiative' that fails to deliver meaningful regulatory system improvement.

It is accepted that adopting the recommended actions may, over time, serve to improve the performance but the fundamental conflict (as set out on page 351) cannot be resolved through

those actions. That conflict; articulated as the 'two hats' of a monitoring department is neither diminished or removed through more detailed guidance on monitoring, performance measures that reflect good practice in monitoring, or more explicit statements of roles and responsibilities of the monitoring department. This is why we would reiterate the advantage of having a dedicated regulatory monitor (as per option 3 on page 2), where no issues of conflict would exist or arise.

As noted earlier, it is our experience that the performance of a crown entity, such as Maritime New Zealand, cannot be entirely separated from the performance of the monitoring department.

By way of example, Maritime New Zealand is responsible for the delivery of maritime and marine protection rules for the Minister of Transport. While the majority of the actions associated with delivery of the programme certainly rest with Maritime New Zealand, the Ministry of Transport also has a key role as the Minister's advisor. The delivery of the programme therefore relies on both agencies in terms of process and policy and legal input. In monitoring Maritime New Zealand's performance against the annual Rules' programme it would be difficult to have a performance measure that isolates the Maritime New Zealand contribution or that can reasonably be construed as reflecting only on Maritime New Zealand performance. Maritime New Zealand considers effective and up to date rules to be critical to the performance of the overall regulatory system.

In a general sense, the relationship between the two agencies suggests that the monitoring hat cannot effectively be worn independently of the policy hat at the same time. This is not to suggest that the majority of the elements of the performance monitoring framework raise similar issues of conflicting objectives, but it does illustrate that on a day to day basis there is a partnership in various areas that significantly diminishes the prospect of independent monitoring involving tough questions and free and frank reporting on monitoring results.

In relation to the importance of monitoring agencies understanding the regulators they monitor, we support F14.6 (page 357 refers) and would note as we have done earlier, that an appropriate level of understanding of the regulatory role is necessary to undertake effective monitoring of regulatory outcomes.

*Maritime New Zealand agrees with the sentiments of the Commission that an understanding of the regulator should not involve a duplication of capability or involve second guessing decisions made by boards. We believe that effective and proportionate monitoring requires the monitoring agency to have a well-developed understanding of regulatory practice, as this enables it to meaningfully assess the performance of a regulator.*

For this reason, we consider the similarities across all regulators to be greater than their different mandates and we question the efficacy of the current model that distributes this across various departments, whose weakness in monitoring, as reflected in F14.5, is symptomatic of the weakness of the current system as a whole. We would also suggest that the preponderance of repeated new initiatives to improve monitoring and performance measurement is further evidence of the inefficiency of the current model.

A further matter of considerable concern for smaller regulatory agencies is the monitoring burden imposed by new initiatives. There is a need to ensure that monitoring and performance measurement is equally fit for purpose and scalable, so that smaller agencies are not inadvertently led into regulatory failure due to the one size fits all burdens imposed by the various monitoring and reporting frameworks.

### **Regulator practice (Chapter 11)**

*Maritime New Zealand is of the view that a 'super monitor' agency (as per option 3 on page two of this response) should also lead regulator practice and capability development.*

Improved guidance for the regulator community, particularly if that guidance is prepared by an entity populated by/involving regulatory leaders, is in principle supported as a helpful step forward in promoting contemporary best practice among regulators. It is noted at page 285 that this guidance will reflect the "practical challenges in implementing and integrating risk-based



and responsive compliance and enforcement strategies”, which assumes that it will reasonably accommodate the range of legislative frameworks and instruments that exist across the regulatory landscape. One of the features of a really responsive compliance approach is the institutional setting of the regulatory regime, which includes the “constitutional, statutory, and legal requirements” that influence the regulator’s actions.

Given the report’s consistent theme of regulators having to work with legislation that is outdated, inflexible, and not fit-for-purpose, this suggests that for some regulators the regulatory regime they are giving effect to can limit or restrict the extent to which they can lawfully adopt a responsive or risk-based compliance approach. This may go to insufficient or inappropriate enforcement tools in legislation that has not been amended in several decades; powers being vested in the Minister in parent legislation with limited capacity for delegation; or ‘one size fits all’ statutory requirements that sit uneasily with a risk based approach.

In short, compliance and enforcement strategies do not exist in isolation from the legislative framework a regulator works within. Therefore, Recommendation R11.2 – making take up and use of the guidance material a performance measure for the 3-5 year funding contract - may need to be modified. This is not to suggest that the extent to which the guidance is ‘taken up’ is not relevant to its usefulness (or value for money), but there does need to be explicit recognition, in fairness to the contracted entity and to regulators, that there are factors outside the control of the regulator that can materially affect the extent to which elements of the guidance can be reasonably taken up.

Irrespective of performance measures for the funding contract (as per R11.2), individual agencies need to be very clear of the status of the guidance and the expectations of Cabinet in respect to it. The recommendation that there is active monitoring by the Treasury and portfolio departments of participation in communities of practice, and the revision to Cabinet’s Expectations for Regulatory Stewardship<sup>4</sup> can be read to infer that take up of the guidance will be an expectation. This needs to be explicit given it is one thing to participate in communities of practice and share experiences; another to seek to raise one’s performance as a regulator; and another again to be expected or compelled to apply a recognised set of guidance.

Maritime New Zealand strongly supports R11.1, but we would note that this action could be an excellent adjunct to the formation of a ‘super’ monitor’ and could be delivered through that monitor. We would also note that participants in such forums should be drawn from across the public sector, irrespective of their institutional form.

### **Workforce capability (Chapter 12)**

The chapter on workforce capability potentially focusses the competencies required of those performing front line regulatory enforcement roles and the competencies of staff performing other roles (and who have a regulatory impact) within a regulatory agency. The commentary and the examples in the chapter suggest that ‘workforce capability’ is about regulatory staff, or frontline staff or staff performance enforcement roles. The ‘workforce’ of a regulatory agency is much wider than this and the effectiveness of a regulator is entirely dependent on the capability of all of the staff. A significant factor in this includes the skills and capabilities needed to assist front line staff with operational policy advice to effectively implement the underlying policy intent set out in legislation. Likewise, the evaluation of regulatory interventions is a priority to ensure that compliance initiatives can be adapted if they do not have the desired effect on regulatory outcomes.

In summary, the text on workforce capability might benefit from defining and clarifying the scope of the workforce at issue; referencing the importance of other parts of the overall workforce to the performance of regulatory staff; and explicitly linking workforce (as defined) capability and the quality of legislation and regulation.

---

<sup>4</sup> We note as an aside that we support R15.2 (page 376 refers) that Treasury should publish the findings of the Regulatory System Report about departmental stewardship. The fact that regulators like Maritime New Zealand have had no visibility of these initiatives raises a question about the health of the system.

In this regard, we note the first bullet of Recommendation 12.1 and would suggest that appropriate industry knowledge and front line experience should be a prerequisite to some regulatory roles, the engagement of staff with competency and experience in matters such as policy, finance and strategy also contributes to the capability of the regulatory workforce.

*Maritime New Zealand strongly supports the CCCP work and initiatives on capability development and sees the CCCP as an 'appropriate group of regulators' (refer Recommendation 12.4).*

We are aware that the CCCP submission supports the functional leadership model and accept that the CCCP would evolve in response to the design of a functional leadership framework should that be advanced.

Please do not hesitate to contact us if you have any queries regarding this submission. Stephanie Winson, General Manager Legal and Policy, is the point of contact for Maritime New Zealand. She can be reached by email on [stephanie.winson@maritimenz.govt.nz](mailto:stephanie.winson@maritimenz.govt.nz) or by telephone on (04) 494 1244.

Yours faithfully

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

**Keith Manch**  
Chief Executive