



Environment Southland Marine Fee Reserve Allocation Policy

This policy has been adopted by Council and sits alongside the Deed of Agreement that Council has with the Cruise Ship Industry, to ensure there is clarity as to how funds held in its Marine Fee Reserve is to be allocated.

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Policy No.	Policy Sponsor	Approval Date and Date of Next Scheduled Review	Approved By	MORF Reference	Related Standards
B14.5	Executive	Approved – 14 February 2015 Reviewed – 28 March 2018 Reviewed – 22 May 2019 Reviewed – 16 December 2020 Reviewed – March 2024	Council	A359694	-

2. Purpose of the Marine Fee Reserve Allocation Policy

The Marine Fee Reserve Allocation Policy was established to implement the Environment Southland Marine Fee (ESMF), which forms part of the Deed of Agreement between ES and cruise ship operators (the Deed). This policy outlines the source of the funds and the process for allocating these funds in accordance with the purposes set out in the Deed. The Deed is a regulatory tool provided for by the Regional Coastal Plan for Southland (RCP). Regional Coastal Plans are required by the Resource Management Act 1991.

3. Funding source

The source of these funds is the ESMF. This is a fee that each cruise ship operator, who is a signatory to the Deed, must pay, for each visit to the Internal Waters of Fiordland and Stewart Island (defined as 'the Internal Waters'). The method for calculating this fee is outlined in clause 7 of the Deed. This funding source is directly affected by the operation of cruise industry in New Zealand.

4. Purpose of Marine Fee

The ESMF is a means of the user paying or contributing to the monitoring of the environmental effects of their activities, as well as contributing to enhancement of the environment in the areas they visit.

The funds generated from the ESMF are used to assist Environment Southland in managing the Southland coast. In accordance with Schedule 3 of the Deed, Environment Southland's coastal management activities include but are not limited to:

- development and implementation of the RCP;
- administration;
- research;
- environmental education;
- information dissemination;
- coastal state of the environment monitoring;
- consent monitoring;
- coastal permit processing and monitoring;
- enforcement (including complaint response);
- regional level oil spill contingency planning and response;
- navigation and safety functions; and
- harbourmaster responsibilities.

As specified in the Deed, this does not include port dues or port charges such as costs of pilots, tugs, wharf infrastructure or cargo handling.

5. Alignment criteria for allocation

Funding allocation must align directly with the coastal management activities specified in Schedule 3 of the Deed and must contribute to Council's coastal management functions and obligations under the Resource Management Act 1991, the New Zealand Coastal Policy Statement 2010, the Regional Policy Statement 2017, the Regional Coastal Plan, the Biosecurity Act 1993, the Maritime Transport Act 1994, or, the Maritime Rules Part 91: Navigation Safety Rules.

6. Priorities for allocation of funds

6.1 Allocation priority will be to Resource Management Act and Harbourmaster functions and obligations

Allocations from the ESMF should not be the first or main source of funding for any activity that is managed by legislation other than the Resource Management Act or Harbourmaster/navigation safety activities. This especially applies where those other Acts provide a means of generating user pay funds or charges.

6.2 Allocation to Environment Southland's activities

Environment Southland's nominated coastal or marine related programmes, projects and activities can have fixed annual allocations as contributions towards actual project costs. These may be permanent or of longer duration, and are uncontested as recipients of funds from the Reserve (set as a lump sum contribution towards the actual project costs), until the Council decides otherwise and changes the content of the ESMF Allocation Schedule (held separately to this Policy and published in the Long-term Plan).

6.3 Programmes not nominated for annual allocation

Any programmes, projects and activities not already catered for in the ESMF Allocations Schedule, must seek approval from the Council through the Long-term Plan or Annual Plan budgeting process for funds from the Reserve.

6.4 Allocation to community programmes and projects

Community projects and activities that Environment Southland considers relevant can have:

- *fixed annual allocations*—these nominated community programmes, projects and activities are of a longer duration or permanent and are uncontested as recipients of funds from the Reserve until the Council decides otherwise and changes the content of the ESMF Allocations Schedule; or
- *one-off contributions* – requests for one-off funding contributions must be made with a business case and may be made at any time. This consideration process can only proceed if there are any funds remaining unallocated in the year they are to be received after Environment Southland allocations have been made.

Each request shall:

- be considered, on a case-by-case basis, at the Council's discretion;
- be assessed on the merits of each case; and
- must directly align with the allocation criteria.

The Council retains the discretion to decline any request for an allocation of project funds from the Reserve to any programme, project or activity.

6.5 Expected level of annual expenditure against predicted income

There is difficulty in estimating the expected income from cruise ship visits to the Internal Waters. Scheduling of cruise ship visits is undertaken on an ongoing basis, sometimes three years ahead of visit dates, with the actual number of booked visits varying season by season depending on market demand. In addition, weather issues and mechanical difficulties can result in cancellations, as can other international events such as the COVID-19 pandemic.

Attempting to plan expenditure when there is a significant level of uncertainty means that the Council's allocation of funds from the Reserve must be undertaken prudently. The funds are applied to Council income in lieu of rates income.

6.6 Retention of the reserve balance

The Marine Fee Reserve must be managed to provide resilience to the fluctuating nature of the cruise industry and the associated income. The Council will – with best endeavours – retain at least one year's scheduled income in the Reserve at all times. Council acknowledges that the cruise sector will likely take some time to return to the pre-COVID-19 visit levels and as a result, the balance of the Reserve may be affected.

Prudent management of the Reserve balance will enable the Council to plan and provide alternative funding sources for continuity of coastal and harbour management activities, should other interruptions to the industry occur.

6.7 Reporting

Reporting on the use of annual allocations from the fund and the outcomes achieved, will be made to the Council and the community through the Annual Report process.

Reporting to the cruise industry shall occur through the annual consultative meetings between Environment Southland, the New Zealand Cruise Association, Cruise Lines International Association, port agents and cruise ship operators who are signatories to the Deed. The matters to be included are outlined in clause 8 of the Deed.

7. Review of policy

This Policy will be reviewed every three years within the Long-term Plan process unless the Council considers that there are circumstances that require an earlier review such as a review of the Regional Coastal Plan.