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Submission on SOLAS-related Amendments 2016

The Wood Processors and Manufacturer's Association of New Zealand welcomes the opportunity to make a submission on the SOLAS-related Amendments 2016 and will restrict comments to the proposed amendments to **Part 24B: Carriage of Cargoes – Stowage and Securing**.

WPMA, its members and sector value

WPMA advocates on behalf of a broad membership spanning the whole of New Zealand's wood supply chain. WPMA represents one of New Zealand's biggest manufacturing sectors and is the 3rd biggest export sector currently valued at \$2.5 billion per annum. WPMA members handle in excess of 85% of the wood processed in New Zealand. We produce pulp, paper, sawn lumber, panels, laminated products and mouldings for export and the maritime shipment of these from New Zealand is mainly in containerised form.

Submission Points

WPMA understands that from 1 July 2016 there will be a regulatory requirement on shippers to provide a verified gross mass (VGM) on all containers bound for maritime shipment. MSC 1 / Circ. 1475 defines "the shipper" as "a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document as the shipper, and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company".

We also understand that the Amendment to Part 24B allows for two methods of gross mass measurement – Method 1: Weighing the container accurately after it is packed or Method 2: Weighing all the cargo and contents of the container (including any dunnage, pallets etc), then adding the tare weight of the container to derive the VGM.

Maritime New Zealand's (MNZ) recent Advisory Circular on the proposed Amendment to Rule 24B states that there may be other routes to compliance – "This does not preclude *the Director from finding additional or alternative methods....*" and, relating to Method 2, suggests an alternative method may be used to *calculate the weight of each cargo item*

using a system based on predetermined quantities, (such as an Enterprise Resource Planning System), the weights for which are obtained using trade approved equipment, verified and marked with a current “certificate” of accuracy” in accordance with the existing weights and measures legislation”.

We assume that the weighing process/equipment to be used in New Zealand for the purposes of compliance with Amendment 24B is regulated under the Weights and Measures Act 1987. Compliant weighing equipment will be of approved type and be verified and stamped by Trading Standards Officer or an accredited person. **WPMA requires assurance that the responsibility (and therefore legal liability) for maintaining the certificate of compliance of the weighing equipment lies solely with owner of the weighing equipment/service.**

In a recent presentation by MNZ to the Ministry for Primary Industries Forest Products Exports Committee (22nd February 2016) MNZ stated that it is not proposing an enforcement tolerance upon weighing systems in New Zealand. This appears in line with authorities in Australia and the USA who also do not plan to adopt or publish an allowable error variance for weighing systems. That said WPMA is concerned that, by reference to the NZ Weights and Measures Act 1987 in the regulation, there is, *de facto*, a very stringent accuracy requirement being imposed.

Whilst we understand that the driver for the amended SOLAS regulation is to enhance safety we question whether the imposition of a level of weighing accuracy designed to meet the exacting requirements of consumer fair trading is commensurate with meeting the objective of safety at sea. **WPMA is in full support of this effort to improve safety at sea but requests that MNZ investigate and report the economic impact of imposing NZ Weights and Measures Act 1987 specifications in support of the SOLAS Amendment.**

Notwithstanding the above, WPMA is of the view that compliance with Method 1 will incur extra cost but is procedurally straightforward where access to certified weighing equipment is available *en route* to port. There does however appear to be considerable confusion over the need to have a VGM prior to arrival at port. We have been told by the NZ Ports CEO Group that no port will allow entry of a container without a VGM. That position conflicts with regional reports that some ports are prepared to accept containers without VGMs and that these ports will provide the certified weighing services. **WPMA requests that MNZ obtain a clear statement of position from individual ports around the country to enable the removal of this considerable ambiguity.**

A further complexity arises where WPMA members use services at the port to pack containers. In this situation we clearly have no control over the process that ensues at port to provide a VGM prior to lading. In the past, the producer of the timber product sent to port in individual packets may have been deemed “the shipper”. However, by fact that the container packing process and subsequent provision of the VGM will be outside the control of the producer we assume that they can no longer be considered “the shipper”. Whilst this may not be a problem where companies have always used packing services it does demonstrate how legal ambiguities can arise for other producers. In these situations there may also be considerably higher administrative costs incurred where shipping documentation preparation procedures need to change to take account of altered responsibilities, delegations and revised timing for documentation preparation. **WPMA request that MNZ take a staged approach to the implementation of the SOLAS Amendment to allow administrative ambiguities to be removed.**

In terms of compliance with Method 2 WPMA would like to point out that world trade in timber operates on a volumetric basis. The international unit of trade is the cubic metre. This is the measure used by our international standard setting organisation, the UN Food and Agriculture Organisation and is reflected in the unit by which the NZ Ministry for Primary Industries reports on the sector.

Where it is necessary to convert from a volumetric measure to a mass then specific conversion factors are used. These conversion factors are published internationally, for example, by The United Nations Economic Commission for Europe (Forest Product Conversion Factors for the UNECE Region, 2010). They may also be published nationally. In the case of New Zealand where we have developed, over decades, a detailed understanding of the characteristics of *Pinus radiata* products, scientific publications such as the NZ Forest Research Institute Bulletin No. 49 "Density Conversions for Radiata Pine", 1983 have enabled NZ wood producers to make accurate volume/mass conversions.

Use of scientifically- based volume/mass conversions factors for wood products has enabled the industry to comply with the requirements set out in the NZTA regulations for truck loading. Given that this is the case it would seem that the use of our existing systems for volume/mass conversions should also be considered to comply with the requirements of the SOLAS Amendment.

WPMA requests that MNZ consider how the volumetric approach outlined above satisfies the requirement that Method 2, "*use an alternative method to calculate the weight of each cargo item using a system based on predetermined quantities*".

WPMA would welcome the opportunity to work with MNZ further on implementation of an industry-wide, SOLAS- compliant approach to Method 2.

Thank you for the opportunity to make a submission on this topic.
Yours sincerely,



Dr Jon Tanner
Chief Executive