



Livestock Levy

14/05/2019

Due to increase overheads and compliance costs, CISL are reviewing all areas of the its revenue to promote a sustainable future.

In 2019 alone, increases from port costs, stock feed costs, Maritime NZ costs, etc., and the minimum wage increase, have significantly impacted CISL. As an example, CISL spent \$29,483.00 last year on stock feed alone. Unfortunately, CISL is no longer able to shield its customers from these cost increases.

From July 1st, 2019 (in addition to CISL's published base rates) CISL will apply a livestock levy to all animals as follows:

Destination	Small Animal – (Not Cattle and Horses)	Large Animal (Cattle and Horses)
Napier	\$2.00	\$8.19
Timaru	\$2.85	\$9.79

These charges are the result of the costs directly incurred from the livestock themselves through port charges and consumption of stock feed. The cost of stock feed averaged out over total exported animals within the last 12 months is as follows:

- Sheep \$0.55
- Cattle \$1.65

Current Port Charges

Port	Cost per small animal– (Not Cattle and Horses)	Cost per large animal- (Cattle and Horses)
Napier	\$1.25	\$5.75
Timaru	\$2.10	\$7.35
Waitangi	\$0.20	\$0.79
Note, Ports do not separate Yearlings from fully grown Cattle		

Livestock is the highest commodity by volume shipped by CISL, however over the last 12 months (01/05/2018 – 31/04/2019) livestock proceeds only contributed to ~26% of CISL's total revenue (not including cargo required for farming of livestock). Imported cargo has been subsidising livestock and this is unsustainable.

From CISL’s perspective:

- Livestock is a major contributor to NZ port berthage costs as it takes a full day to discharge the vessel and clean it to a satisfactory condition to receive general cargo. This equates to 50% of total berthage fees.
- The size of the vessel required to service the Chatham Islands. Imported cargo requires no more than 50 % of the current vessel, exported Livestock requires 80% or greater.
- The vessels dead weight tonnage required in order to provide enough surface area for the animals. (this relates to the amount of sea water it needs to displace resulting in kilo watts of power)
- Number of crew onboard for adequate stock handling.
- Prohibits the vessel sailing in adverse conditions or requires a longer passage to NZ.
- There is a significant revenue variance between a partially loaded inbound and fully loaded livestock outbound voyage.
- Livestock freight rates have not kept pace with inflation. Using the 2007 BRF base rate for shorn lambs of \$18.55, today's rate should be in excess of \$25.00.

Can we fit more animals on per voyage?

CISL is often asked if we can fit more animals on the vessel. This is a fair question. Maritime Rules Part 24C: Carriage of Cargoes – Specific Cargoes specifies as follows:

Appendix 2 – Penning Requirements

2.1 Sheep

Number that may be carried

- (1) The maximum number of sheep that may be carried on a ship or a part of a ship engaged in the carriage of export livestock (and to which rule 24C.18 applies) is to be determined by calculating the number permitted by Appendix 2.1(2) and applying the following—
 - (a) a 5 percent reduction for sheep penned on an open deck; or
 - (b) a 10 percent reduction for sheep penned on enclosed decks.

For lines of horned sheep an additional 10 percent of pen space must be allowed, and as a minimum there must be room for all sheep in a pen to lie down at the same time.

- (2) The maximum number of sheep is obtained by—
 - (a) determining the average mass of sheep to be carried, in a manner acceptable to a MPI veterinary officer, and deriving the minimum permissible floor area per sheep in accordance with Table 1; and
 - (b) dividing the pen area available in square metres, excluding any area for spare pens required by Appendix 2.7, by the minimum permissible floor area per sheep.

Table 1

Average mass of sheep determined in accordance with Appendix 2.1(3) (kilograms)	Minimum permissible floor area per sheep (square metres)
20 or less	0.24
40	0.29
60	0.34
80	0.44
100	0.54
120 or more	0.64

- (3) A record of the aggregating totals of the mass and number of sheep must be made available to the surveyor and a MPI veterinary officer by the shipper.
- (4) The maximum number of sheep that may be carried on a ship engaged in the carriage of livestock within New Zealand (and to which rule 24C.17 applies) is to be determined from the loading densities given in the *Code for animal transportation in New Zealand*.

Below Deck Pens

Our pens below are 3m x 3m = 9sq meters.

The table below demonstrates the maximum allowance per animal weight.

Size	Formula	Qty	Total available pens	Total Capacity
<20Kg's	9 ÷ 0.24 less 10% reduction	33.75 animals	48	1620.00
>20Kg's	9 ÷ 0.29 less 10% reduction	27.93 animals		1340.64

Top Deck Pens

Our pens above deck are:

Stock box – 5.9m x 2.4m less gates and troughs = 14sq meters

Mid Ships (in between Stock boxes) – 5.9m x 4.8m less gates and troughs = 18 sq meters.

The table below demonstrates the maximum allowance per animal weight.

Size	Formula	Qty	Total available pens
<20Kg's	Stock Box, 14 ÷ 0.24 less 5% reduction	55.42 animals	Dependent on other General Cargo requirements
<20Kg's	Mid Ships (2 x stock box equivalents) 18 ÷ 0.24 less 5% reduction	110.83 animals	
>20Kg's	Stock Box, 14 ÷ 0.29 less 5% reduction	45.86 animals	
>20Kg's	Mid Ships (2 x stock box equivalents) 18 ÷ 0.29 less 5% reduction	91.72 animals	

Higher capacity stock boxes.

We have researched acquiring higher capacity stock boxes to the extent of producing three-dimensional CAD drawings. In theory the initiative has merit from an animal capacity perspective. We are yet unable to ascertain how a crew member will be able to **safely** access all areas of the stock crate to remove a sick animal as per **Transport within New Zealand Code of Welfare, 1st October 2018**

8.3 Transport of Animals within New Zealand Waters

Minimum Standard No. 12 – Transport within New Zealand Waters

b) The driver and/or stock attendant must be available during the voyage to provide care during transit. The master must allow these people access to the animals for inspections and appropriate treatment, if circumstances allow.

Maritime rule 24c prescribes a minimum height allowance of 1.5 metres for sheep. This will place the floor of the second second tier in any stock box configuration at 1.9 meters from the deck when considering 200mm for waste fluid containment and floor structural integrity for both levels.

Ultimately the overall design is much more complex than simply applying a second shelf in a container. This is due to the loading and discharge considerations, feeding and watering of animals in transit and crew access. Cost of fabrication is also a deterrent.

For the foreseeable future when considering the current pressing overheads, we intend to continue with the current method on the current vessel.

2.2 Cattle

Number that may be carried

- (1) The maximum number of cattle that may be carried on an international voyage in pens on a ship or a part of a ship must be determined in accordance with Appendix 2.2(2).
- (2) The maximum number of cattle is obtained by—
 - (a) determining the average mass of cattle to be carried, in a manner acceptable to a MPI veterinary officer, and deriving the minimum permissible floor area per head in accordance with Table 4; and
 - (b) dividing the pen area available in square metres, excluding any area for spare pens required by Appendix 2.7, by the minimum permissible floor area per head.

Table 4

Average mass of Cattle (kilograms) ⁶	Minimum permissible floor area per head of cattle (square metres)		Average mass of cattle (kilograms) ⁷	Minimum permissible floor area per head of cattle (square metres)	
	Voyages of less than 10 days	Voyages of 10 days or more		Voyages of less than 10 days	Voyages of 10 days or more
200 or less	0.770	0.770	420	1.505	1.518
210	0.804	0.804	430	1.533	1.552
220	0.838	0.838	440	1.560	1.586
230	0.872	0.872	450	1.588	1.620
240	0.906	0.906	460	1.615	1.654
250	0.940	0.940	470	1.643	1.688
260	0.974	0.974	480	1.670	1.722
270	1.008	1.008	490	1.698	1.756
280	1.042	1.042	500	1.725	1.790
290	1.076	1.076	510	1.753	1.824
300	1.110	1.110	520	1.780	1.858
310	1.144	1.144	530	1.808	1.892
320	1.178	1.178	540	1.835	1.926
330	1.212	1.212	550	1.863	1.960
340	1.246	1.246	560	1.890	1.994
350	1.280	1.280	570	1.918	2.028
360	1.314	1.314	580	1.945	2.062
370	1.348	1.348	590	1.973	2.096
380	1.382	1.382	600	2.000	2.130
390	1.416	1.416	650	2.150	2.500
400	1.450	1.450	700	3.000	3.000
410	1.478	1.484			

- (3) A record of the aggregating totals of the mass and number of cattle must be available to a surveyor or a MPI veterinary officer during the loading of the ship.
- (4) Distribution of cattle must be—
 - (a) such that the floor area per head is not less than the minimum permissible under Table 4; or
 - (b) if a MPI veterinary officer considers it necessary that cattle be grouped according to mass or type, such that the floor area per head is not less than the minimum permissible in respect of the average mass for each group, determined under Table 4.
- (5) If cattle are carried in stalls, mature bulls must be carried in a separate stall.
- (6) The maximum number of cattle that may be carried on a ship engaged in the carriage of livestock within New Zealand (and to which rule 24C.17 applies) is to be determined from the loading densities given in the *Code for animal transportation in New Zealand*.

⁶ In respect of an average mass per head of cattle between the figures given, the minimum permissible floor area is determined by linear interpolation using only four figures after the decimal point.

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Best regards,

Greig Robertson

General Manager.

Chatham Island Shipping Ltd

References used in this letter:

Maritime Rule 24c

<https://www.maritimenz.govt.nz/rules/part-24C/Part24C-maritime-rule.pdf>

Transport within New Zealand Code of Welfare

<https://www.mpi.govt.nz/dmsdocument/1407/send>