Owners of Grounded Ship Settle with New Zealand

NICK PERRY, Associated Press

WELLINGTON, New Zealand (AP) — A Greek shipping company has agreed to pay the New Zealand government up to $31.5 million toward the cleanup costs of a cargo ship's grounding on a reef near popular swimming and surfing beaches last year. But taxpayers will still be footing some of the bill.

The vessel Rena ran onto the Astrolabe reef near Tauranga on a calm night last October. It spilled hundreds of tons of oil and killed thousands of sea birds in what authorities say was New Zealand's worst maritime environmental disaster.

Daina Shipping, a subsidiary of Greek-based Costamare, along with its insurers agreed Tuesday to settle with New Zealand for $22.9 million for oil cleanup costs incurred so far and another $8.6 million if it doesn't remove the pieces of the wreck that still sit on the reef.

The company has also spent an estimated $80 million on a separate salvage operation — removing oil, hundreds of shipping containers and some parts of the ship's frame.

The New Zealand government says the disaster has cost it $38.9 million (NZ$47 million), meaning Tuesday's settlement will leave it out of pocket at least $7.4 million, but that maritime laws limit Costamare's financial liability.

"I think it's a very good result given all of the circumstances," said Keith Manch, the chief executive of Maritime New Zealand, the agency that oversees shipping in the country.

He said it isn't ideal that taxpayers end up having to pay some of the costs. However, he said, Costamare had agreed to pay more than double the limit it was legally obliged to under New Zealand shipping laws enacted some 36 years ago.

Transport Minister Gerry Brownlee said the government is planning to change the law to increase the amount that companies like Costamare will need to pay in the future.

Brownlee said liability limitations remain important, however, in encouraging ships to come to New Zealand.

"This is part of the risk we take in an economy that relies on trade," he said. "We're going to increase the limitation going forward, and maybe that should have been done sooner. But nobody expects these types of things."

Costamare did not immediately return calls Tuesday.

Aside from the latest settlement, Costamare also still faces charges under New Zealand's environmental laws. If found guilty, it would face a maximum fine of about $500,000.

Last month, the captain and navigator of the Rena were deported from New Zealand to their home country of the Philippines after completing prison sentences for their role in the grounding.

Capt. Mauro Balomaga and navigator Leonil Relon were each sentenced to seven months in prison in May after pleading guilty to operating the ship dangerously and altering ship documents after the crash. They were deported after serving half that time, a typical amount for lesser crimes under New Zealand law.

Investigators concluded that the pair took shortcuts on their planned route as they tried to reach the nearby Port of Tauranga by a deadline.

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