2009/10 ANNUAL REPORT

MARITIME NEW ZEALAND

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ANNUAL REPORT 2009/10

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Maritime New Zealand
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The year in review

From the Chairman

Introduction

Maritime New Zealand (MNZ) is a relatively small organisation, with complex and extensive responsibilities that directly shape safety, security, environmental and economic outcomes in New Zealand's maritime environment – extending from the South Pacific to our coastal waters and into our inland rivers and lakes.

The work that MNZ does touches all those New Zealanders and visitors who work on our seas and waterways – and the many New Zealanders and tourists who use those same areas for recreation.

In examining opportunities to ensure that it is delivering value for money, MNZ is required not only to consider the benefits and costs of its services to the Government and the public, it also needs to look closely at the benefits and costs right across the maritime industry.

Challenges in 2009/10

Challenges during 2009/10 impacted on MNZ organisationally and on the transport sector in which it operates.

MNZ was not immune from the effects of fiscal pressures across the government sector. Retention and recruitment of "the right people with the right skills", and in the right numbers, presented special challenges. As did the need to ensure those activities critical to the continuous operation of the broad "maritime system", and the more particular maritime industry component, were not compromised by the need to manage major projects simultaneously.

Our operating environment was influenced by the varying effects of the recession on the maritime industry in New Zealand and overseas. As a consequence, economic and safety imperatives needed to be balanced as carefully as possible against each other, and the case for a more relevant and responsive regulatory framework became more compelling.

It was evident, too, that constructive engagement between the industry and MNZ would be critical to making good progress in the key areas identified in the 2009–2012 Statement of Intent (SOI).

Achievements in 2009/10

As indicated in the SOI for 2009–2012, at the core of MNZ's work programme for 2009/10 was "the overarching goal of continually improving the delivery of efficient and effective services to our wide range of stakeholders" (SOI, p. 14). Good progress was made in moving towards this goal, including in the following major projects:

- The final elements of a major restructuring of MNZ, which will, in time, enable "smarter and faster services", were put in place.
- Two major projects that are fundamental to moving New Zealand's maritime regulatory environment into the 21st century – the maritime operator safety system (MOSS) and qualifications and operational limits (QOL) projects – continued to make good progress and to enable dialogue between MNZ and industry.
- Work continued on the National Maritime Distress and Safety Communications Strategy, which aims to ensure New Zealand maintains an appropriate level of distress communications capability.
- A review of the national oil pollution preparedness and response capability was in its early stages at the year's end.

At the same time, work continued to improve MNZ's internal processes and to ensure that an appropriate level of capability was maintained for the Marine Pollution Response Service (MPRS) and Rescue Coordination Centre New Zealand (RCCNZ).

Intensive and extensive work also continued, to make sure New Zealand is able to meet its extensive commitments in the international regulatory environment.

In the last month of the year, a "value for money" review was initiated, to address Authority concerns around whether or not MNZ was providing value for money for all stakeholders, and the need to provide a sustainable funding regime for MNZ. This will be followed by a funding review that will be completed during 2011.

Looking ahead

It is important for MNZ, and for New Zealand's maritime sector in its broadest sense, that the progress made in key areas in 2009–10 is continued and that the momentum generated around important initiatives can, if at all possible, be accelerated.

To this end, MNZ reviewed the 2009–2012 SOI to ensure that the organisation's programme of work was tightly focused on achieving the right outcomes. The result of this work by and large confirms the direction in which MNZ has been moving over the past few years, but that "it will take persistence and time to achieve the best results for all participants in the maritime sector" (SOI 2010–2013, p.3).

Conclusion

During 2009–10, MNZ successfully managed an extensive programme of work that ensured the continuous operation of New Zealand's maritime system and will, in time, position MNZ and the maritime sector well for the future. These results were achieved in the context of MNZ being required to operate in an especially complex environment.

That the results were as good as they were is due in very large measure to the efforts of MNZ personnel (including its volunteers), the support of much of the maritime sector and the support provided by the Ministry of Transport. Finally, on behalf of the MNZ Authority, to all of these people, "Thank you."

David Ledson
Chairman, Maritime New Zealand

Director's review

It has been a very busy and productive year for Maritime New Zealand (MNZ) and the maritime community. Over the last year, an extensive programme of work was undertaken to carry out our regulatory safety and operational activities.

Given the challenges MNZ faces and the limited resources available, it has taken persistence and courage by staff and all those who work and play in the maritime sector to continue to work together and bring us closer to our vision of ensuring that the marine environment remains safe, secure and clean.

One of our current key areas of focus for 2009/10 and over the coming year is to implement a safety regulatory framework that is simple, risk-aligned and minimises compliance costs. We have made significant progress in the development of our proposed Maritime Operator Safety System (MOSS) and our review of maritime Qualifications and Operating Limits (QOL), and ensuring that our service delivery continues to meet the changing needs of our customers.

During the year, MNZ was invited by Oil Spill Response (UK) to provide support to the clean-up of the Deepwater Horizon oil spill in the Gulf of Mexico. Staff from MNZ and the Marine Pollution Response Service (MPRS) were deployed to Alabama and Louisiana to fill positions as Operations Liaison Officers. Two other members of MPRS were deployed later in the year to fill similar roles. The experience gained by those involved is very valuable to MNZ.

In September last year, the Authority and the Executive Team visited Christchurch to meet with local maritime stakeholders. This included meetings with the Port of Christchurch, Pacifica Seafoods and Solid Energy. These visits help provide a deeper understanding and appreciation of the issues facing the industry.

MNZ has worked with the Department of Labour and a number of other agencies to develop the report on the Review of Risk Management and Safety in the Adventure and Outdoor Commercial Sectors in New Zealand. This review assessed the current safety practices of adventure tourism operators and identified areas where improvements could be made.

Cabinet has considered the final report of the review and agreed in principle with the recommendation that commercial adventure activities enter a compulsory registration scheme. This scheme will include a requirement for initial and ongoing safety audits to a level that depends on the risk threshold of the business.

MNZ spent part of the year assisting our Pacific neighbours to improve maritime safety within their areas. Projects undertaken included:

- working with New Zealand's international aid and development agency (NZAID) to find a replacement ferry for Tonga
- working with the Ministry of Foreign Affairs and Trade (MFAT) and NZAID to employ a Pacific Shipping Safety Advisor, whose role will be to identify gaps in Pacific Island maritime safety
- hosting a VIMSAS (Voluntary International Maritime Organization (IMO) Member State Audit Scheme) training course for IMO member states from the Pacific.

We have accomplished some major achievements over the past year. It is an honour and privilege to work with a team of proactive and passionate staff who are committed to continually improving safety, security and environmental protection in the maritime sector.

Catherine Taylor

Director, Maritime New Zealand

Key achievements

Our major projects undertaken this year include:

- Maritime Operator Safety System (MOSS)
- Qualifications and Operational Limits (QOL) review
- lifejacket safety campaign.

Other initiatives undertaken by MNZ are:

- helping to improve safety in the Pacific
- providing support to the Deepwater Horizon oil spill recovery
- promoting registration of 406MHz distress beacons.

Progress on strategic focus areas

SFA 1: Deliver exemplary functions and service

Work is continuing on developing appropriate systems and procedures to facilitate compliance with regulatory mandates.

SFA 2: Lead and support the maritime community

The lifejacket safety campaign fully achieved its milestones, but the vessel stability campaign was only partially achieved.

SFA 3: Ensure MNZ's people capability is appropriate

Work on developing and implementing a leadership framework was broadened to focus on personal development in response to feedback received from the Best Workplaces staff working groups.

SFA 4: Ensuring resources are effective, efficient and sustainable

All milestones were fully achieved.

Outcome performance

Target A: International vessels

The fatality index fluctuated over the last year, as a result of two fatalities on board a log carrier at Marsden Point.

Target B: SSM and SOP vessels (non-fishing)

The fatality index increased over the year due to a fatality on a passenger vessel in the Marlborough Sounds.

Target C: Pleasure boating

The National Pleasure Boat Safety Forum has endorsed the continuing strategy of targeting educational messages.

Target D: Fishing

Analysis shows that accidents, serious injuries and fatalities are commonly a result of human error. MNZ is proposing a new framework to help address this and other issues.

Target E: Oil spilled from vessels

Since the introduction of Marine Protection Rule Part 200, there has been a substantial reduction in the number and quantity of oil-in-water spills.

Target F: Adventure tourism

Serious injuries in the adventure tourism sector have decreased over the year.

Target G: Commercial paddle craft

During the year, MNZ released guidelines for commercial kayaking and canoeing operations, as one element of a five-year strategy for promoting safety in paddle craft.

Target H: Maritime workplace activity

Although fatalities resulting from maritime workplace activity fluctuated over the year, the total has remained below the desired target.

Financial performance

MNZ's consolidated result for the year ended 30 June 2010 shows a surplus of $1.457 million, compared with a budgeted deficit of $649,000.

The Oil Pollution Fund (OPF) result for the year ended 30 June 2010 can be summarised as:

- revenue of $3.4 million received, with $3 million from oil pollution levies
- total expenditure incurred of $4.6 million.

MARITIME NEW ZEALAND SECTORS, FUNCTIONS AND ACTIVITIES – 2009/10

	COMMERCIAL											Recreational boating	OTHER			
	International operators		NZ SOLAS operators		Domestic operators			Outdoor & adventure activities								
	Cargo	Cruise	Interisland passenger / freight ferries	Coastal traders, tankers and research vessels	Fishing	Passenger	Non-passenger	White-water rafting	Commercial jet boating	Kayaking	River boarding	All activities	Port & harbour	Offshore oil & gas industry	Pacific islands	Royal New Zealand Navy
MNZ FUNCTIONS & ACTIVITIES	738 ships 63 oil tankers 2,072 voyages 5,517 port visits 9.74m tonnes oil	24 ships 78 voyages 338 port visits 100,000 passengers	4 ferries 1 UK-flagged ferry 7,000 annual crossings 1m passengers	2 tankers (2.32 million tonnes oil) 1 coastal bunker barge 7 coastal traders 1 dredger 1 research vessel	1,109 vessels	1,486 vessels 5 million passengers	678 vessels	39 operators 271 rafts 80,000 participants	43 operators 108 jet boats 310,000 participants	150+ operators 100,000 participants	7 operators 15,700 participants	500,000 boats	14 ports 31 pilotage areas 12,000 piloted movements 17 Harbour Safety Mgnt systems	2 FPSOs 1 well head 4 gas platforms 2 drilling rigs		
Fatalities: 2009/10	2					1						20				
Serious harm injuries: 2009/10	18		3		17	10	3	3	1			Unknown				
Advise Minister on technical maritime safety policy	As required, through briefing papers, regular meetings, quarterly reports, annual report (including marine environment protection)														Provided to MFAT as per MOU	
Administer the international obligations of the Crown	IMO participation: New Zealand is a signatory to 24 IMO & ILO conventions, plus 10 IMO conventions relating to marine environment protection											International rules apply		10 IMO conventions		International rules apply
Promote maritime safety, security & marine environment protection & compliance			Quarterly publications: *Safe Seas Clean Seas, Lookout. Issue* marine guidance notices, fatigue & FishSAFE guidelines. Distribute 36,000 recreational safe boating packs													
Provide information & advice & foster information & education programmes	A wide variety of interactions including industry liaison meetings. 83 visits to SOP operators, liaison visits, attendance at 9 regional boat shows. Attend national & regional forums & seminars															
Develop & maintain maritime safety & marine protection rules	38 maritime rules & 28 marine protection rules including policy development									Guidance material		2 maritime rules	1 marine protection rule	2 marine protection rule		
Exercise entry control through the granting of maritime documents & marine protection documents			1,772 certificates issued for SSM & SOP vessels, 81 surveyor recognitions											Marine protection documents		
Issue exemptions			219 exemptions processed													
Administer the HSEA for work on board ship & ships as places of work			180 health and safety education/liason visits to SSM operators. 73 statutory notifications received regarding serious harm													
Maintain the New Zealand Register of Ships			571 vessel registration transactions									All craft that travel overseas				
License ships, their operation & their crew			1,598 licensing transactions, including 90 pilot licences & 200 master's pilotage exemptions										290 pilot exemptions			
Investigate maritime transport accidents & incidents, plus maritime security breaches & incidents & complaints	56 reported accidents, incidents & mishaps		75 reported accidents, incidents & mishaps		281 reported accidents, incidents & mishaps			48 reported accidents, incidents & mishaps				75 reported accidents, incidents & mishaps		Occasional accidents, incidents & mishaps	At TAIC's request, as required	Occasional accidents, incidents & mishaps
Enforcement action	Average of 20 prosecutions under MTA & HSEA															
Monitor adherence to regulatory requirements through audit			500 maritime document holders audited, covering 34 different maritime activities										4 Port & harbour safety code audits	All installations audited	At MFAT's request, as required	
Monitor adherence to regulatory requirements through inspections	558 port state control inspections		14 flag state inspections		1,084 safety inspections							Yachts that travel overseas		Comply with national oil spill contingency plan	At MFAT's request, as required	
Maritime security	Collect and assess intelligence to determine maritime security levels (1,800 ships risk profiled)		Regulate vessels travelling internationally & provide guidance to passenger vessels										9 exercises & 14 inspections	Manage security plan	Capacity building, at RMP's request	
Provide aids to navigation	23 lighthouse & 118 lighthouse beacons and buoys maintained outside harbour limits; aids to navigation approved															Navigational aids
Provide appropriate distress & safety radio communications systems	30 VHF and 1 HF radio network sites covering 98% of coastal waters & inland waterways to 30–50 miles offshore, monitored 24/7, HF & SatCom for NAV Area XIV covering 30 million sq km											VHF, HF & SatCom				VHF, HF & SatCom
Provide oil spill response & preparedness	24/7 response to oil spills, plus training & preparedness to respond to oil spills. 479 trained oil response personnel												24/7 response		As requested	24/7 response
Maintain & operate RCCNZ	24/7 coordination of SAR services covering 30 million sq km, plus all distress beacon alerts, including some Pacific countries within New Zealand's SAR region; 333 distress beacon alerts; 690 category II SAR incidents. 20 joint training courses with NZ Police															

Note: All figures are indicative and are based on 2009/10 figures.

Successes and challenges

Maritime New Zealand

Successes

Maritime Operator Safety System

MNZ is proposing a new framework, referred to as MOSS (Maritime Operator Safety System), to improve maritime operator safety. This framework proposes changes to the rules guiding what is currently known as the safe ship management (SSM) system outlined in Rule Parts 21 and 46.

Formal consultation began in April 2010 and will continue until 30 July 2010. About 2,300 consultation packs were posted out in advance of about 900 emails that provided links to online resources. MOSS was MNZ's first consultation to use online forms to capture stakeholder submissions. This process is being considered as a method for all consultation in the future.

Public meetings took place in 22 towns and cities across the country in May, attended by more than 300 people. MNZ also accepted written submissions, presented orally over a two-day period in July.

MNZ is now reviewing all of the submissions. Consideration will be given to any key issues or themes that arise, with further consultation undertaken if required.

Qualifications and Operational Limits review

MNZ is undertaking a review of qualifications and operational limits (QOL) to develop a clear and logical framework to meet the current and future needs of the commercial maritime sector. During the year, MNZ met with industry representatives from all over the country, completing 139 interviews. In total, 435 operators from across a broad range of commercial operations were consulted.

This process identified key themes and areas of the current rules that need to be fixed, and these were published as a document in February 2010. Issues were found in the following areas:

- barriers to entry
- career progression
- qualifications
- engineering
- sea time
- operational limits
- revalidation
- syllabuses
- training
- industry-specific training under Part 35
- examinations
- application of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978 (STCW).

At the end of the financial year, MNZ was more than halfway through the review. A series of workshops has been held with design advisors and stakeholder groups to design the new qualifications and operational limits framework.

The next step, of finalising the design phase with industry, will be completed by 27 September 2010. Public consultation, which follows, will include 17 public meetings across New Zealand.

Recreational boating

Figure 1 Auckland Boat Show

Recreational boating is an important area, where MNZ looks to make improvements each year.

MNZ organised a number of group meetings and forums focused on boating safety during the year. The National Pleasure Boat Safety Forum met twice, with task groups meeting more regularly. There were a further five Regional Forum meetings. These forums, which are open to the public and all local boating organisations, helped greatly with MNZ's appreciation of what is happening on the water.

MNZ hosted a stand at all eight boat shows during the year, where we provided advice and distributed several thousand safety packs. The MNZ stand was staffed by a combination of recreational and RCCNZ staff, who were assisted by voluntary MNZ safe boating advisers. MNZ publications and DVDs were made available and a wide range of lifejacket types, locator beacons and other safety equipment formed part of the display.

In partnership with Coastguard and Water Safety New Zealand, MNZ organised boating safety days at boat ramps and marinas to further promote safety on the water. The Recreational and Small Craft team also undertook many speaking engagements at boating and service clubs, promoting safety and MNZ's role in the recreational sector.

Lifejacket safety campaign

Figure 2 Lifejacket safety campaign

MNZ's main safety campaign in 2009/10 concerned lifejackets.

Television commercials ran from January to March, and wearing lifejackets was publicised in other print and web-based promotions published both internally and externally throughout the year.

The results of the life jacket safety campaign are summarised as follows:

- 72 percent of all New Zealanders and 76 percent of boat owners had seen or heard advertisements about lifejackets in the previous three months
- 91 percent of those people saw the advertisement on television
- 8 percent heard the advertisement on radio and 7 percent saw it in the newspaper
- there was a 6 percent increase in boat owners carrying or wearing a lifejacket on a regular basis.

In addition to this campaign, MNZ released Maritime Rule Part 91 for public consultation.

Safety in the Pacific

Following the sinking of the Tongan ferry ***Princess Ashika***, New Zealand launched its largest international search and rescue response.

MNZ has been helping our Pacific Island neighbours to improve maritime safety within their areas of responsibility. The projects undertaken to promote safety in the Pacific include:

- working with New Zealand's international aid and development agency NZAID to find a temporary replacement ferry for Tonga until a new one could be built
- working with the Ministry of Foreign Affairs and Trade (MFAT) and NZAID to employ a Pacific Shipping Safety Advisor (PSSA). The advisor's role will be to identify gaps in Pacific island safety capabilities, and to recommend and implement projects to close these gaps
- hosting a VIMSAS (Voluntary International Maritime Organization (IMO) Member State Audit Scheme) training course for IMO member states from the Pacific. As well as training auditors, this course gave attendees the opportunity to understand what is required of them during an audit, which will help them ensure their own systems are robust before they are audited as part of the mandatory scheme.

MNZ also attended a number of international conferences related to safety in the Pacific. At the Asia-Pacific's Oil Spill Prevention and Preparedness Conference (SPILLCON), the Director of MNZ and Group Manager of MPRS each gave presentations on:

- legislation and policies
- regional agreements and greater cooperation with New Zealand's Pacific neighbours
- New Zealand's management of spills of hazardous and noxious substances, and the technology it uses in oil spill response efforts.

This was a successful conference for MNZ and demonstrated that MNZ's performance is world class in some areas. For example, the wildlife management programme is one of the top four in the world and the recently completed Marine Oil Spill Risk Assessment being available online is also a world first.

At the Asia Pacific Heads of Maritime Safety Agencies (APHoMSA) forum, the Director delivered a presentation titled "Regulating domestic commercial operations to achieve safety outcomes". The issue of domestic commercial operations in Asia and the Pacific raised by the presentation is of concern to the regulatory authorities who attended the meeting.

Safety in kayaking and canoeing

Figure 3 White-water kayaking

In August 2009, MNZ formally recognised a number of national standards for commercial kayaking and canoeing. The recognition covered qualifications for guides and instructors, as well as certification schemes for safety systems. Recognition was extended to qualifications issued by the New Zealand Outdoor Instructors Association (NZOIA), Skills Active and the OutdoorsMark and Qualmark certification schemes.

MNZ worked throughout the year with the qualifications and certification bodies to promote and measure uptake of the national standards by commercial operators.

Maritime security and incident response

Over the past year, significant improvements have been made to maritime incident response capability. More than 70 MNZ staff have been trained in the management of emergency incidents. MNZ personnel were seconded to Incident Command Facilities in the United States during the Deepwater Horizon oil spill, to assist in the response effort and to gain experience in incident management and oil spill response. Over the same period, the

Maritime Incident Response Team has been activated for four maritime incidents.

Challenges for the coming year

Maritime Operator Safety System

In the coming year, the key focus will be determining a gap analysis between the current SSM model and the proposed MOSS framework. This will provide the necessary information to start work on the transition to the proposed model.

Qualifications and Operational Limits review

The release of the proposal provides further opportunity for the maritime industry to contribute to the new QOL framework. Feedback from the consultation will be used to help fine-tune the framework for release in April 2011. Further work will then be undertaken to finalise the framework and obtain approval for it to be written into the maritime rules.

It is anticipated that the new framework for qualifications and operational limits will be introduced during 2013.

All existing holders of qualifications will be required to transition to the new qualifications over time. It is MNZ's intention that people will not be disadvantaged in the move to the new framework, and the change over will happen progressively.

Adventure and outdoor commercial sector review

MNZ has worked with the Department of Labour and a number of other agencies to develop a report on the Review of Risk Management and Safety in the Adventure and Outdoor Commercial Sectors in New Zealand. This review assesses the current safety practices of adventure tourism operators and identifies areas for improvement could be made.

The Minister of Labour is considering the final report before any recommendations are presented to Cabinet for discussion. The Government expects to release the full report and announce its decisions in the next quarter. The review's findings may have implications for MNZ's safety management of adventure activities in the maritime sector. Any additional responsibilities will drive a corresponding need for additional resources.

International regulatory environment

To transport world trade efficiently, the shipping industry requires a common set of international safety, environmental and security standards. The IMO is the principal organisation responsible for coordinating the development of these international standards, which are set out in the form of international conventions. MNZ is charged with developing and maintaining maritime and marine protection rules, on behalf of the Minister of Transport, that give effect to these conventions.

One way New Zealand is tasked to comply with international regulations is by 'tacit acceptance'. This is now incorporated into most IMO conventions and enables conventions to be quickly and simply modified to keep pace with rapidly evolving technology in the shipping world. Instead of requiring that an amendment shall enter into force after being accepted by, for example, two-thirds of the parties, the 'tacit acceptance' procedure provides for an amendment to enter into force at a particular time, unless objections to the amendment are received from a specified number of parties before that date.

The number and speed with which these conventions are being updated, coupled with the relatively short time before they come into force, means MNZ's maritime rules programme is not keeping pace. MNZ is considering ways to address this issue and its associated risks, including making greater use of 'incorporation by reference' when drafting rules.

Standards of Training and Certification for Watchkeepers

The STCW convention, previously updated in 1995 (STCW95), was amended in June at a diplomatic conference in Manila. MNZ has to give effect to the convention within its maritime rules (primarily Parts 31A, 32, 34 and 35) by

1 January 2012. These amendments include four new qualifications and a mandatory maximum blood alcohol limit for watchkeepers.

Significant work will be required to implement these amendments, including:

- reviewing all syllabuses and approving courses offered by New Zealand training institutions
- revisiting agreements for recognition of qualifications that New Zealand has with other administrations
- setting up the transitional processes
- revalidating certificates and training
- familiarising staff with the new requirements.

Funding review

The Value for Money review is nearing completion. Following this, MNZ is planning to complete a funding review of MNZ. The Authority is considering a proposal that provides specialist advice to MNZ on:

- developing a comprehensive project scope and plan
- establishing the policy questions that the funding review must answer, and from these derive the information sets that need to be compiled
- developing and implementing changes to the financial cost codes and timesheets
- developing a report back to the Minister on the proposed approach.

In December, the Authority will review the detailed project plan. It is anticipated that the funding review will commence shortly afterwards, subject to approval from the Authority.

Technology

Alignment with business strategy

Although core business functions have not changed dramatically, the onset of major new projects such as MOSS and QOL, as well as an increased awareness of our responsibilities in the areas of search and rescue, and major incident response, has changed the landscape within which Information Services (IS) operates. Alongside this, a need to ensure “more is delivered with less” has generated a need to revisit the IS strategy. This presents a significant challenge at a time when MNZ generally is very busy and when budgets are tight.

Shared services

The new services appearing and in development from the Department of Internal Affairs present an opportunity for MNZ to reduce costs and improve service. However, to investigate these opportunities further requires resources, time and money when all these are scarce. Also, the suitability of these proposed services can only be measured against reliable, recent and reasonably stable business requirements.

Funding

It has been recognised that there is insufficient budget available this year to meet all IS project work identified as needed. There has been rigorous prioritisation of this work, but it is highly likely that additional funding will be sought from the Authority in the next month or two. A significant proportion of internal IS effort is currently expended on support activities, but funded from capital budgets. This is creating a growing depreciation stream, which still needs to be funded from operational budgets.

IS capability and capacity

In line with other challenges and opportunities identified, there is a risk that the current IS team does not have the right match of skills and experience to meet current demands. The challenge is to meet these demands, but also to develop and position capability to meet future requirements in the light of a trend towards shared services and outsourcing.

Marine Pollution Response Service

Successes

MNZ support to Deepwater Horizon oil spill

MNZ has deployed a rotation of staff to the United States since June 2010, at the request of Oil Spill Response, a British company contracted by BP to assist with the response to the Deepwater Horizon oil spill.

The deployments, to various areas of the response effort, include:

- the Shoreline Clean-up Assessment Team (SCAT), involving the systematic assessment of shorelines and planning how best to protect and clean them
- the command centre, helping coordinate the deployment of teams into the field
- aerial dispersant operations.

The ongoing requests MNZ receives for staff to assist in international spill responses reflect our experience and skill, and the standing our experts have with their international colleagues.

The first-hand experience gained in working with the 33,000-strong response team in the Gulf of Mexico will prove invaluable for this country's own preparedness for an oil spill.

Offshore drilling

There have been a number of developments for offshore drilling throughout the year:

- Australian Worldwide Exploration (AWE) has had two addenda approved for the discharge management plan (DMP) for the mobile offshore drilling unit ***Kan Tan IV*** drilling programme, for two additional exploration wells.
- The ***Kan Tan IV*** has drilled a number of exploration wells for AWE off the coast of Taranaki.
- Shell Todd Oil Services (STOS) has submitted a revised DMP for the Pohokura oil field for MNZ approval.
- Origin Energy has submitted and had approved a DMP for an exploration well north of Taranaki, using the ***Kan Tan IV***.

Review of oil pollution preparedness and response capability

Marine Oil Spill Risk Assessment

A Marine Oil Spill Risk Assessment (MOSRA) has been completed. The new MOSRA is web-based, which means it can be used as a dynamic risk assessment tool to help contingency planning for an oil spill response in New Zealand.

Review of capability

Terms of reference have been approved for the capability review of MNZ's marine oil spill preparedness and response capability. The capability review will consider how MNZ meets its marine oil spill preparedness and response obligations under the 1990 International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC 90 Convention), the Maritime Transport Act (MTA) and MNZ's Statement of Intent.

The review intends to examine the structure and resourcing of equipment and people, to ensure an effective response can be provided. This review will be finalised in June 2011 and will provide the basis for a review of the 2006 Marine Oil Spill Response Strategy, to be completed in the second half of 2011.

Figure 4 Scott Read and Auckland Regional Council's Mick Courtnell inspect a land-sea boom

Oil Pollution Levy

A discussion document has been prepared for the Oil Pollution Levy (OPL) and is nearing finalisation. A number of funding options are provided and assessed against specific criteria. A preferred option is presented, supported by the Oil Pollution Advisory Committee (OPAC), of moving to a threat-based apportionment model with full cost recovery.

As part of this process, MNZ has also sought the Minister's agreement to set the level of reserves for the Oil Pollution Fund at $2 million.

MPRS deployment to Samoa

On 3 September 2009, the Samoan government requested assistance from New Zealand after a container vessel ran aground. ***Forum Samoa II*** had grounded on a reef at the entrance to Apia harbour, with 356 tonnes of fuel oil and 38 tonnes of diesel on board. Initial reports indicated the vessel was damaged and there was a high risk of a large-scale oil spill.

MNZ activated its Maritime Incident Response Team (MIRT) and the MPRS. With support from MFAT and the New Zealand Defence Force, a Hercules was sent to Apia with personnel and equipment on board.

The MNZ team's support for the Samoan authorities was appreciated and the preventative measures put in place were vital to risk management for the incident.

Montara Wellhead Platform incident

Through its agreement with MNZ, the Australian Maritime Safety Authority (AMSA) requested trained oil spill response staff for the Montara Wellhead spill off Darwin in the December 2009 quarter.

MPRS received a request from AMSA in October for help with planning and logistics during the first attempt to intercept the well from a relief well. It supplied a planning officer and a logistics officer for the Command Centre in Darwin, and later supplied field operations personnel for on-water oil recovery operations.

By providing assistance to AMSA, MNZ gains further experience and knowledge about oil response issues, and the request illustrates AMSA's confidence in MNZ's oil response team.

Bream Bay shoreline clean-up

The first land-based clean-up exercise held in New Zealand took place on the sandy beaches of Bream Bay in Northland in May. The multi-agency exercise was run by Northland Regional Council (NRC) and involved members of the National Response Team, MNZ, the Department of Conservation and local industries.

The scenario was a 9,000 litre oil spill from the bilges of a passing ship coming ashore at Ruakaka. A local helicopter company ran mock dispersant operations, and 'oily' sand was removed by heavy machinery, with about 25 people using rakes and shovels. The exercise was a valuable training tool for all those taking part and will add to the already considerable experience of local oil spill responders.

Challenges for the coming year

Regulation of the offshore sector

A health, safety and environment review led by the Ministry of Economic Development (MED) is comparing current New Zealand law and institutional capacity with regimes in a selection of other offshore jurisdictions. The aim is to identify areas where New Zealand requirements and organisational capability are falling below international best practice.

Because it administers Part 200 of the Marine Protection Rules, which regulates discharges from offshore installations in the exclusive economic zone (EEZ) and oil spill contingency planning for all installations operating on the New Zealand continental shelf, MNZ is involved in the official group.

Rescue Coordination Centre New Zealand

Successes

Distress beacons

Figure 5 EPIRB and PLB

This is the first full year in which the satellite system has detected and processed only alerts from 406MHz distress beacons. This has eliminated many of the false alarms that arose from the older, 121.5MHz distress beacons. As expected, the change has had a dramatic effect on the number of false alarms, with reports of beacon activations halving from 722 the previous year to 333 this year. This, in turn, has seen the total number of recorded search and rescue (SAR) incidents in which RCCNZ had some involvement reduce from 1,059 in the 2008/09 financial year to 690 in 2009/10.

However, the number of *real* distress incidents notified by distress beacons has remained very similar to previous years. There were 91 this year, compared with 98 in 2008/09.

The registration of 406MHz distress beacons continues to pay dividends. The vast majority of false or inadvertent activations are solved by a simple phone call to the contact person recorded in the beacon's database. There are now more than 25,000 distress beacons registered with RCCNZ, with several hundred new registrations each month.

Trend analysis shows that while the number of aviation and marine incidents involving distress beacons is similar to previous years, the take-up and use of distress beacons by people involved in outdoor recreation is increasing. As a consequence, these devices are notifying more real distress situations on land.

Search and rescue

The year began tragically when a ferry sank in Kiribati in July, with many lives lost. This was followed in August by the Tongan ferry ***Princess Ashika*** sinking, which resulted in great loss of life. RCCNZ was involved in the SAR responses to both incidents, and had a significant role in the ***Princess Ashika*** incident and subsequent inquiry.

The highest-profile New Zealand incident was the extensive search for the yacht ***Tafadzwa***, which went missing in March on a routine voyage from Tauranga to Gisborne. RCCNZ coordinated a very extensive search, but the yacht was not found until many days later, adrift off the Chatham Islands. This incident was the subject of wide media and public interest and was independently reviewed. The independent report endorsed RCCNZ's actions and highlighted the depth and breadth of experience it has available for SAR coordination.

Other high-profile operations included the rescue of a solo Austrian sailor from his yacht in the Tasman Sea, west of Fiordland, by the cruise liner ***Seven Seas Mariner***; the rescue of the crew of the yacht ***Matahari*** off the west coast of the North Island; and the rescue of the crew of the dismasted yacht ***Tar Baby II*** near Niue.

The delivery of other SAR services included long-range medical evacuations, one from the cruise liner ***Pacific Sun*** in the northern Cook Islands and another involving the recovery of a crew member from a yacht at Raoul Island.

Other activities

In addition to its operational responsibilities, RCCNZ has been extensively involved in many other activities and forums, designed to improve the effectiveness of responses across the SAR sector. These included participation in international SAR forums; a specialised aviation workshop; marine, LandSAR and avalanche workshops; arranging air observers' courses, attended by more than 400 students during the year; and an on-scene coordinators' workshop; as well as undertaking cross-border SAR exercises with equivalent organisations of the nations bordering New Zealand's Search and Rescue Region.

Challenges for the coming year

National Maritime Distress and Safety Communication Strategy

Work began during the year to develop a comprehensive strategy for distress and safety radio for 2012–25.

In the coming year, the following tasks will be progressed:

- preliminary discussions with potential suppliers about technical and delivery options (July)
- development of a request for tender (August to December)
- refinement and validation of cost models
- refinement of the strategy and delivery model.

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SAR incidents in 2009/10

	Aviation		Land		Maritime		Unknown		Totals	
	No.	%	No.	%	No.	%	No.	%	No.	%
Category II	266	38.5	75	10.9	184	26.7	67	9.7	592	85.8
Category I	1	0.1	4	0.6	76	11.0	0	0	81	11.7
Other	1	0.1	0	0	9	1.4	7	1.0	17	2.5
Totals	**268**	**38.7**	**79**	**11.5**	**269**	**39.1**	**74**	**10.7**	**690**	**100**

Note: Category II incidents are coordinated by RCCNZ and Category I incidents are managed by the New Zealand Police.

Our organisation

About Maritime New Zealand

Our vision

A vibrant, viable maritime community that works and plays safely and securely on clean waters.

Our mission

To act as guardian of the public interest in maritime safety, by leading and supporting the maritime community to take responsibility for contributing to safe, secure and clean seas and waterways.

Our guiding principles

Maritime New Zealand (MNZ) has developed principles that complement the standards of service set out in the Service Charter. These principles guide how the organisation, through its people, will perform and behave as it works to achieve its vision, deliver its mission and meet stakeholder expectations.

The principles have two dimensions: how we will engage with our stakeholders in the maritime community, and how we will engage with our employees.

Our stakeholders in the maritime community

MNZ intends to undertake its safety, security, marine protection and other functions in a way that contributes to an integrated, safe, responsive and sustainable maritime transport system.

To achieve this, we will:

- provide leadership to promote safety, security and marine environment protection
- establish standards that are appropriate to the risk generated by the activity
- monitor adherence to regulatory requirements to ensure people involved in maritime activities are responsible for their actions
- inform, educate and promote safe, secure and clean seas
- work in accordance with our statutory responsibilities and legal obligations
- proactively work with the maritime community to achieve effective safety outcomes
- investigate to learn when things go wrong, but not tolerate reckless behaviour
- maintain open and honest conversations with all our stakeholders.

Our values

Our success depends on the commitment, performance and attitudes of all those who work for MNZ. To achieve this, we demonstrate the following values:

Integrity

- We are honest, ethical and trustworthy.
- We treat one another and others fairly and consistently.

Commitment

- We are committed to achieving high-quality work to improve outcomes for the public, industry and MNZ.
- We are responsible for our actions.
- We are committed to our team and the organisation, and support each other and set each other up for success.

Respect

- We respect one another's views and the value that different skills and experience can bring to our work.
- We respect competence and technical expertise.
- We listen to and respect each other, working together to achieve better outcomes.

Our role

MNZ is a Crown entity comprising a five-member board known as the Authority (see Sections 429 and 429A of the Maritime Transport Act), appointed under the Crown Entities Act 2004.

MNZ's primary functions and duties are laid out in the Maritime Transport Act 1994 (MTA), which sets out the objective of the Authority (Section 430) as follows:

To undertake its safety, security, marine protection and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

The diagram displayed in the section 'Year in review' shows the sectors MNZ is responsible for, the functions it performs and the activity level for each of the sectors.

MNZ has additional obligations and functions under the following legislation:

- Maritime Security Act 2004 (MSA): MNZ has been designated as the agency responsible for administering this Act for the effective implementation of the International Code for the Security of Ships and of Port Facilities.
- Section 14C of the Civil Aviation Act 1990: MNZ is responsible for coordinating Category II search and rescue operations, and for operating and maintaining the Rescue Coordination Centre New Zealand (RCCNZ).
- Health and Safety in Employment Act 1992 (HSE Act): MNZ has been designated as the responsible agency to administer this Act for work on board ships and for ships as places of work.
- Ship Registration Act 1992: MNZ is required to maintain the New Zealand Register of Ships.

Statutory functions

Under the MTA, MNZ has the following functions:

- To promote maritime safety and security, and protection of the marine environment in and beyond New Zealand, in accordance with New Zealand's international obligations
- To ensure the provision of appropriate distress and safety radio communication systems and navigational aids for shipping
- To ensure New Zealand's preparedness for, and ability to respond to, marine oil pollution spills
- To license ships, their operation and their crews
- To cooperate with, or provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister
- To provide information and advice with respect to maritime transport and marine protection, and to foster appropriate information and education programmes with respect to maritime transport and marine protection
- To investigate and review maritime transport accidents and incidents, and maritime security breaches and incidents
- To maintain the New Zealand Register of Ships
- To maintain and preserve records and documents relating to the Authority's functions

- To advise the Minister on technical maritime safety policy.

Other functions

- To administer the HSE Act for work on board ships and for ships as places of work
- To administer the international obligations of the Crown under the treaties, memoranda and other international maritime and marine environment protection agreements, as agreed with the Minister of Transport
- To develop and maintain maritime safety and marine protection rules
- To ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act
- To maintain and operate the Rescue Coordination Centre New Zealand (RCCNZ), and participate in the coordination of any search and rescue operation, as required under the Civil Aviation Act
- To ensure New Zealand's Long Range Identification and Tracking of ships (LRIT) system obligations are maintained.

Functions of the Director

The Authority is required to appoint a chief executive officer (CEO), who shall also fulfil the statutory office of Director of MNZ.

Under the MTA, the Director has the following functions:

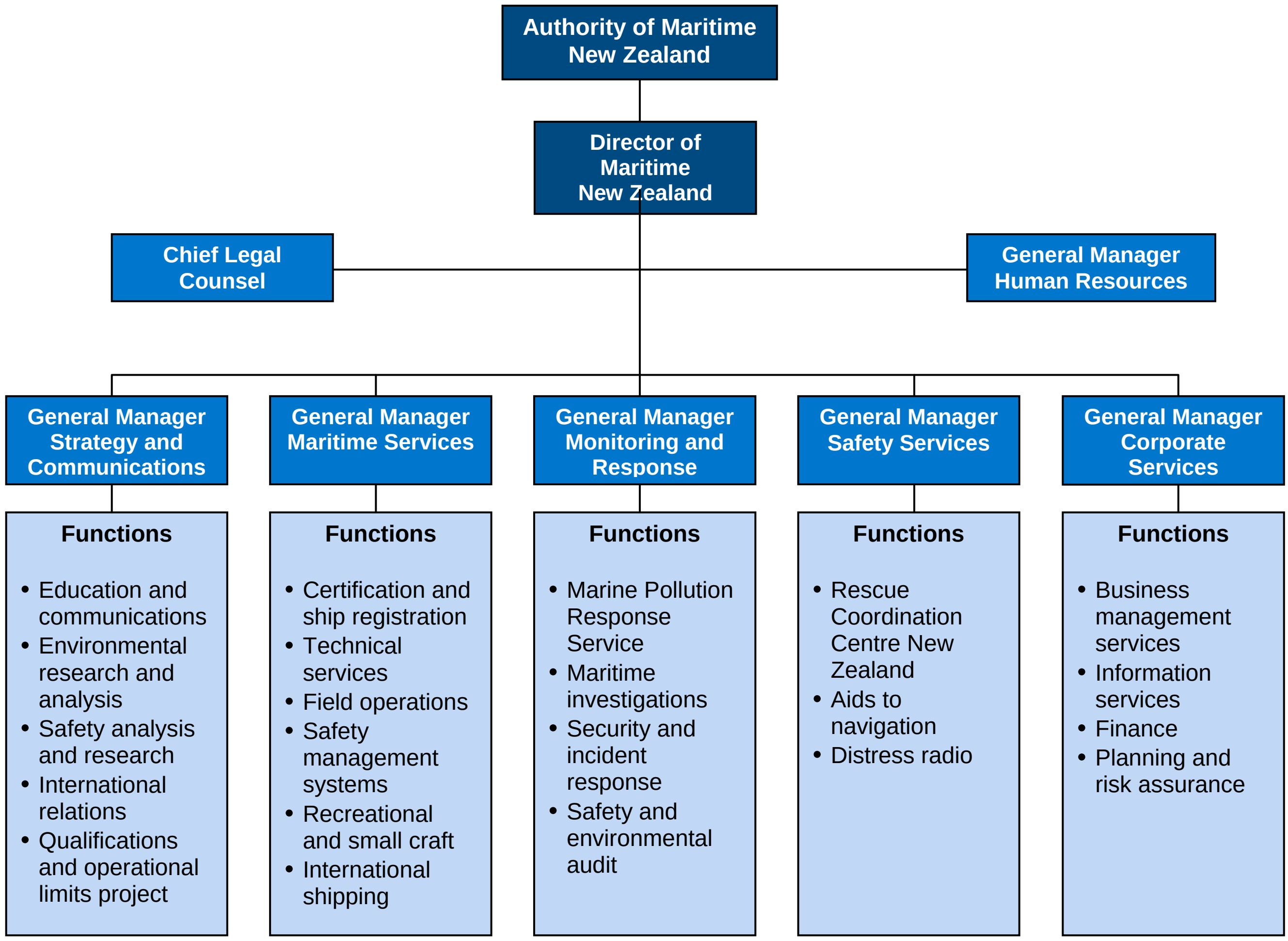
- To exercise control over entry into the maritime transport system through the granting of maritime documents and marine protection documents. (A maritime document is any licence, permit, certificate or other document issued by the Director of MNZ under Section 41 of the MTA, including certificates of competency, safe ship management (SSM), surveyor recognition and safe crewing documents)
- To take such action as may be appropriate in the public interest to enforce the provisions of the MTA and other Acts (such as the MSA, Hazardous Substances and New Organisms Act (HSNO Act) and HSE Act), and of regulations and rules made under these Acts, including the carrying out or requiring of inspections and audits
- To monitor adherence within the maritime transport system to any regulatory requirements relating to safety and security, access and mobility, public health and environmental sustainability
- To ensure regular reviews of the maritime transport system and to promote the improvement and development of its safety and security
- To promote compliance with safety and marine pollution standards in the maritime transport system.

The Director has statutory independence from the Authority and the Minister when performing the following functions in a particular case:

- Granting, suspending or revoking maritime documents or marine protection documents
- Granting exemptions from maritime rules or marine protection rules
- Enforcing the provisions of the MTA and other Acts.

Organisational structure

MNZ has an established staff of 153.6 full-time employees (FTEs), who work throughout New Zealand. Most of the staff are based in its national office in Wellington. Two large teams are also based at the Marine Pollution Response Centre (MPRS) in Auckland and at the Rescue Coordination Centre New Zealand (RCCNZ) in Lower Hutt. The MPRS is funded by the Oil Pollution Fund (OPF).



Capability and support systems

Our people

The professional skills and qualifications of MNZ staff cover a range of disciplines. MNZ is the biggest New Zealand employer of professional qualified seafarers outside the shipping industry.

At 30 June 2010, MNZ had 107.6 FTEs based in its Wellington office and 10 regional offices, 8 FTEs in the MPRS at Te Atatu and 21 FTEs at RCCNZ in Lower Hutt.

Workplace profile of MNZ

MNZ workplace profile (30 June 2010)	2010 (No.)	2010 (%)	2009 (No.)	2009 (%)
Staff count				
FTEs	136.6		140.6	
Gender				
Male	93	64	96	64
Female	52	36	54	36
Senior management				
Male	4	50	4	50
Female	4	50	4	50
Management				
Male	18	86	20	83
Female	3	14	4	17
Age				
Under 20	0	0	1	1
20–29	14	10	10	7
30–39	35	24	34	23
40–49	42	29	46	31
50–59	34	23	34	23
Over 60	18	12	21	14
Undeclared	2	1	4	3

Good employer principles

MNZ has a clear policy on equal employment opportunities (EEO) and ensures that all employees are treated fairly and encouraged to achieve their full potential. We have embraced the States Services Commission's seven key good employer principles.

Value for money review

The purpose of this project, which began in June 2010, is to ensure that those who fund MNZ (government and industry) are getting value for money through MNZ providing the right services. It will also identify whether the current level of funding is appropriate for the services being delivered.

The governance structure is working well and includes MNZ senior staff, Ministry of Transport (MoT) officials, a sector reference group and the external consultants appointed to undertake the review and assessment work.

The bulk of this work is expected to take place in the coming months.

Current state analysis:

- An assessment of current functions and obligations, mapped against existing activities and services
- An analysis of current capabilities, processes and systems, gauged from documentary analysis and interviews with key persons, including stakeholders
- An analysis of costs and outputs derived from, among other things, a gap analysis of direct funding enablers and current business costs, as well as an assessment of the relevance of outputs to the strategic direction of MNZ and to stakeholder needs.

Funding, results and performance analysis:

- An assessment of the quality and value of the services being performed, including policy analysis of the wider benefits of those services to the industry and public
- An analysis of the understanding within MNZ of the sources and uses of its funding
- An assessment of performance targets and measures, and their ability to impact on intended organisational objectives and strategies.

When this work is complete, a draft report will be considered by the MNZ Authority and then presented to the Minister. The review is expected to be completed in early November 2010.

Maritime Services review

Towards the end of 2009, the Maritime Services team was reviewed and a new structure finalised in December. Although the structure is based on existing FTE levels within the group, significant structural changes were made to streamline customer services and improve the group's efficiency and effectiveness.

Implementation of the new structure began in March 2010. Maritime Services now covers the following areas:

- Maritime operations (maritime safety inspectors or MSIs)
- Recreational boating
- Safety management systems
- Seafarer licensing
- Ship registration.

Information services

Navigator, a new database system to manage all technical and other information related to domestic commercial vessels, was launched internally on 12 April 2010, after a three-year development period. The system is scheduled to start being extended to external service providers during the 2010/11 financial year.

Benefits to MNZ from the Navigator system include:

- a single central database of vessel information
- an electronic ship register requiring no paper intervention
- safety management by recording and tracking visits, inspections and deficiencies
- the ability to view and monitor certificate history
- the ability to raise charges by embedding a charging policy and linking to the finance system
- accessibility by external surveyors and safe ship management companies.

Further work planned for this year will build on these functions and deliver improved reporting functionality for operational managers, as well as contributing to organisational performance monitoring.

MNZ has been taking full advantage of the internet to improve its communications with the maritime industry. This supports the 'engagement' and 'education' aspects of MNZ's safety and regulatory strategies.

Innovations include:

- *Online subscriptions to MNZ publications:* The number of subscriptions continues to grow at a steady rate. The initial figure of 266 subscribers at the beginning of January 2010 has grown to 541.
- *Online consultation:* The consultation for the maritime operator safety system (MOSS) used online forms to capture stakeholder submissions. This made engagement easier, with less economic impact on stakeholders.
- *Social networks:* The website has recently extended its media and consultation updates to allow stakeholders to receive updates via the popular social networking tool Twitter.

Our work in detail

Progress on strategic goals

Strategic focus areas

In the 2009–2012 Statement of Intent, MNZ outlined four key strategic focus areas (SFAs). Progress against these areas during 2009/10 is outlined below.

SFA1: Deliver exemplary functions and services

Efficient, effective service delivery continued to be a focus area for 2009/10. This SFA centres on excellence and delivering outstanding service to our stakeholders.

It is essential that all of MNZ's functions and services have clearly documented policies and procedures, to ensure that it acts within its legal mandate and that standards developed are effectively and efficiently communicated and, when required, enforced in a consistent manner.

Strategic goal – MNZ promotes a culture of continuous improvement

Key milestones	Due date	Status	Description
MNZ's internal audit programme approved by the Audit and Risk Management Committee	31 Jul 2009	Achieved	Approved by the Audit and Risk Management Committee in June 2009.
MNZ has a robust quality management system	31 Dec 2009	Partly achieved	A position paper on a proposed new quality management system (based on a business excellence programme) has been approved and will be implemented in 2010/11. This will include an external organisational assessment against the business excellence criteria in August 2010. Once the assessment is complete, an action plan will be developed and implemented.
As part of their business planning process, MNZ teams complete a situational analysis and identify areas for improvement	30 Jun 2010	Achieved	Completed templates, together with identified operational improvement opportunities, were completed by 30 June 2010 and will form part of each team's business plan for 2010/11. Business plans, including a situation analysis, have been provided and reviewed.

Strategic goal – MNZ and the maritime industry are clear about MNZ's regulatory role

Key milestones	Due date	Status	Description
Develop appropriate systems and procedures to facilitate compliance with the regulatory mandate	30 Jun 2010	Partly achieved	A compliance model has been developed for implementation across MNZ teams, to enable adoption of policies and procedures that ensure legal obligations are effectively achieved. There is ongoing work in this area, which will be picked up by strategic goal 2.4 under the new Statement of Intent.
Develop and implement a compliance policy for industry that outlines how MNZ will implement its regulatory model	30 Jun 2010	Achieved	A compliance statement was developed and approved by the Authority in December 2009 and has been publicised to staff. Its integration with other work on the facilitation of compliance will be undertaken in 2010/11.

Strategic goal – A maritime qualifications and operational limits regulatory framework is appropriate for safe vessel operations

Key milestone	Due date	Status	Description
Identify maritime industry requirements for qualifications and operational limits	30 Jun 2010	Achieved	Phase three, during which a proposed framework for qualifications and operational limits has been developed, in conjunction with industry advisors and stakeholder groups, began on time. An updated vision and design principles have been approved by the Authority. After developing a draft framework, in conjunction with internal design advisors, a series of six design workshops was held, with 22 individuals selected to consider this framework. Positive comments and many constructive suggestions were received. An amended framework taking into account these suggestions has been developed and further refined after internal discussions. Presentations on the QOL review have been made at a number of stakeholder meetings.

Strategic goal – Ensure effective management of vessel safety management

Key milestones	Due date	Status	Description
Develop a strategy for safe operational plans (SOPs)	31 Dec 2009	Achieved	Policies and procedures have been confirmed and focus shifted to operationalising these policies and procedures.
Implement safe ship management (SSM) development initiatives: • Establish quality procedures for issue of all certificates • Establish a professional development plan for surveyors • Devise and implement an industry training plan • Establish, implement and monitor SSM company and surveyor oversight plans	30 Jun 2010	Partly achieved	The establishment of quality procedures for issue of all certificates has been completed. An initial professional development plan for surveyors has been completed and trialled. This approach is under review, as field trips and observations have shown the plan to be too theoretical and beyond the needs of SSM surveyors. An industry training plan has been developed and is currently being implemented. The SSM company and surveyor oversight plan for 2010 has been completed.
Ensure Maritime Rule Parts 21 and 46, governing safe ship management, are consistent with the regulatory framework for delivery of maritime safety services	30 Jun 2010	Partly achieved	Formal public consultation started on 21 April and ended on 30 July 2010. Mailouts of the proposal were sent to 2,500 stakeholders and advertisements placed in MNZ's *Safe Seas Clean Seas*, *Professional Skipper* and major newspapers. Public meetings were held in 22 towns and cities during May. All submissions will be reviewed over the coming months.

SFA2: Lead and support the maritime community

It is essential that MNZ continues to provide a strong leadership role by providing direction, guidance and support to the maritime community. It is equally important that the maritime industry and recreational sectors take greater responsibility and accountability for safety, security and marine protection in carrying out their activities.

Strategic goal – MNZ provides effective leadership to the maritime community

Key milestones	Due date	Status	Description
Implement new lifejacket message in the recreational boating safety education programme	31 Dec 2009	Achieved	Television commercials finished in March 2010, but print advertisements continue to run. The Education and Communications team is looking at a longer-term strategy for this initiative.
Plan and implement a vessel stability campaign	30 Jun 2010	Partly achieved	During the quarter, the production of online and print resources continued. With a new Education and Communications Manager now recruited, this initiative is expected to be completed by the end of August 2010.

SFA3: Ensure MNZ's people capability is appropriate

MNZ will ensure that it attracts, develops and retains the right people in the right roles. Through the implementation of a best-practice human resource strategy, MNZ will ensure that its people are supported to provide exemplary service and leadership in their roles.

Strategic goal – MNZ people demonstrate effective leadership

Key milestones	Due date	Status	Description
Select a leadership development programme for MNZ	30 Sep 2009	Partly achieved	The milestones relating to this strategic initiative have been revised, following development work by the Best Places to Work teams and feedback from the MNZ Executive Team and Authority. Rather than focusing only on leadership, the focus has broadened to encompass personal development for each staff member, of which leadership (specialist/technical or managerial) is a component. Actions relating to MNZ Learning and Development and Organisational Culture are set out in the 2010/11 HR Team Business Plan.
Develop a leadership framework	31 Mar 2010		
Implement a leadership framework	30 Jun 2010		

Strategic goal – MNZ retains, develops and attracts the right people (right people, right roles)

Key milestone	Due date	Status	Description
Following the organisational review, MNZ will develop a human resources plan that supports MNZ and its people	30 Jun 2010	Achieved	An HR Team Business Plan for the 2010/11 financial year was developed and will be implemented in 2010/11.

SFA4 – Ensuring resources are effective, efficient and sustainable

MNZ will continue to review and prioritise its financial capability to ensure it is effective, efficient and provides value-for-money services to the government and maritime industry. This SFA will include development of a financial modelling system that provides information to support effective decision making.

Strategic goal – MNZ regularly reviews capability and resources to ensure they are effective, efficient and represent value for money

Key milestone	Due date	Status	Description
Develop financial modelling that provides information to support effective decision making	30 Jun 2010	Achieved	Financial forecasting for the current financial year was developed in the TM1 (financial budgeting) system and is available for use by managers. A long-term forecasting system has been developed that will allow MNZ to model various future scenarios. Further work is proposed to enhance the model's robustness. This will assist in decision making for future years, particularly in relation to the financial viability of the three entities.
Provide organisational support services that are efficient and effective, and meet the needs of the maritime industry	30 Jun 2010	Achieved	Performance measures have been developed that identify the effectiveness of support services. These indicators will assist MNZ operational areas, which in turn will help meet the needs of the maritime industry. These indicators will be implemented in the 2010/11 financial year.

Outcome performance

MNZ has developed a series of outcome measures (referred to as ‘targets’) that monitor progress against MNZ’s desired maritime sector outcomes:

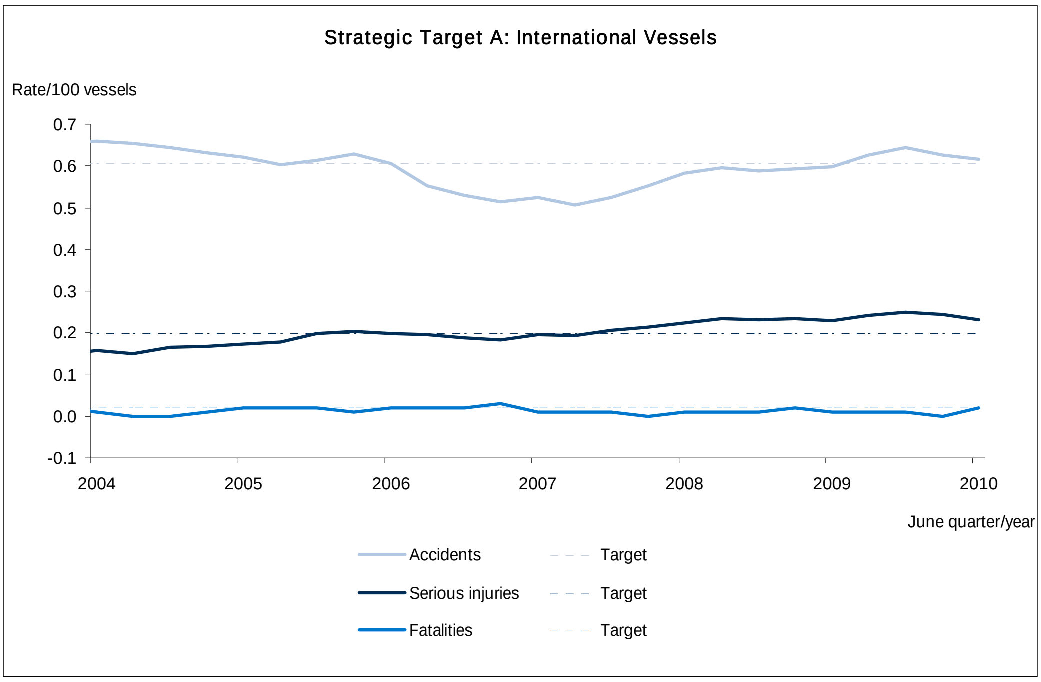
- maritime safety (minimise all maritime accidents, injuries and fatalities – all targets except E)
- maritime pollution (minimise the impact of marine oil spilled into the environment – target E).

Progress against these targets is detailed below.

Target A: International vessels

Target A’s outcome is to minimise all accidents, fatalities and serious injuries involving international SOLAS vessels (any ship to which the International Convention for the Safety of Life at Sea applies) in New Zealand waters and New Zealand SOLAS vessels anywhere.

The target is to see no increase from a starting point per 100 vessels of 0.07 fatalities, 2.37 accidents and 0.66 injuries per year. (The use of the word ‘minimise’ in the targets emphasises that continuing reductions of small numbers may not be possible in the longer term, and that the resources needed to achieve those reductions may be prohibitive.)



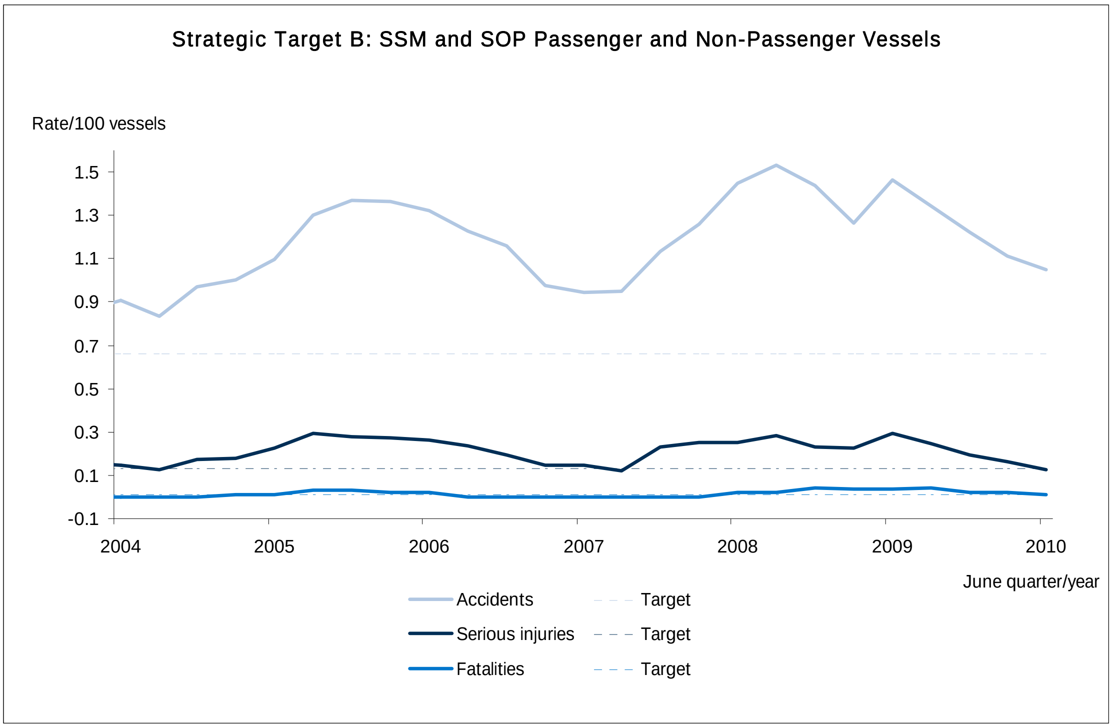
Over the last six years, the accident rate has fluctuated. In the last financial year, the index peaked mid year and then decreased in the last two quarters. The serious harm index has increased over the last six years, from a low in September 2004 to a high in December 2009. In the last financial year, the index peaked mid-year and then decreased in the second two quarters. Both of these indexes remain above the desired target rate.

The fatality index has fluctuated over the six-year period and spiked in the last quarter of the last financial year. This is a result of two fatalities on board a log carrier at Marsden Point, Whangarei. This rate is below the desired target.

To address the increases, MNZ is continuing to carry out risk-dependent port state inspections as part of New Zealand’s membership of the Tokyo Memorandum of Understanding (MoU). MNZ is also planning to lift the awareness of statutory obligations under the MTA through flag state inspections and audits.

Target B: SSM and SOP vessels (non-fishing)

Target B's outcome is to achieve a 50 percent reduction in all accidents, fatalities and serious injuries involving passenger and non-passenger vessels operating under safety management systems (excluding commercial jet boats and rafts). This decrease is based on a starting point of 0.07 fatalities, 6.26 accidents and 1.44 injuries per year, per 100,000 operating hours.

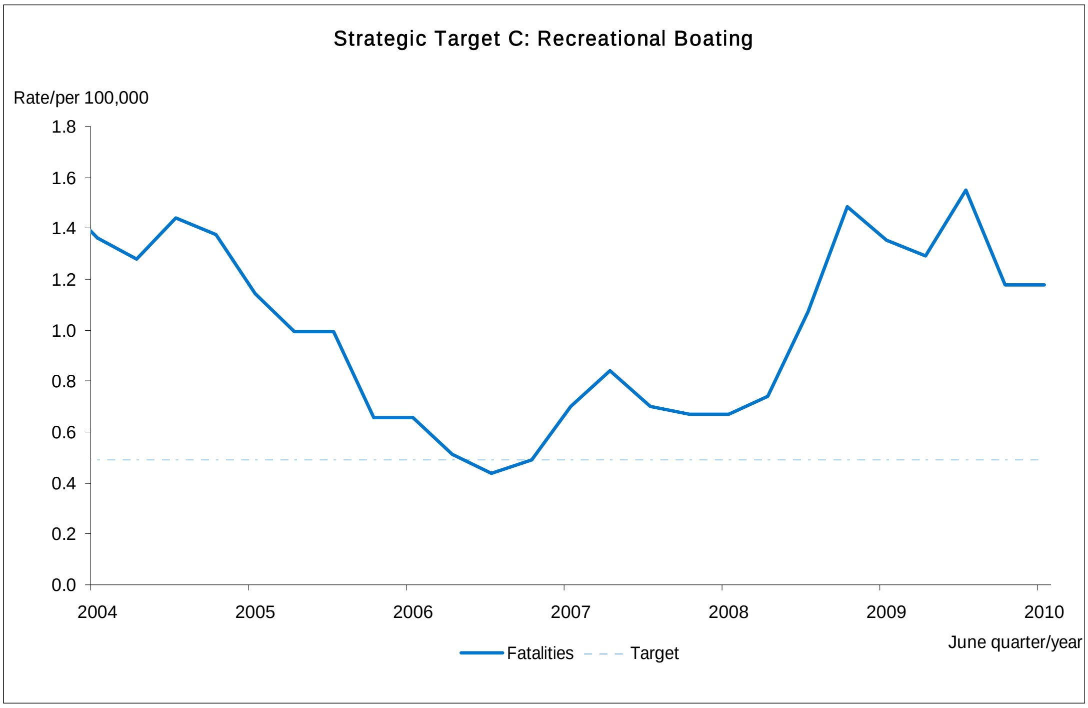


Over the last six years, the accident index has gradually increased from a low in September 2004 to a high in June 2010. The accident index continued this trend over the last financial year and remains above the desired target rate. The serious harm index has also gradually increased over the period. Over the last financial year, the index has been static and remains over the desired target rate. Over the last six years, the fatality index has also increased. This increase was most pronounced in 2008. Over the last financial year, there was an increase resulting from a fatality on a passenger vessel in the Marlborough Sounds. Since that time, the fatality index has remained static but remains over the desired target.

Analysis of the New Zealand commercial fleet has found that the majority of accidents, serious harm and fatalities are a result of operator error. To address operator error, the increasing trends and a number of other issues, MNZ is proposing a new framework and changes to the maritime rules. This is expected to have an impact on the above outcome measures.

Target C: Pleasure boating

Target C's outcome is to achieve a 25 percent reduction in all accidents, fatalities and serious injuries involving pleasure boats. This is based on a starting point of 0.03 fatalities per year, per 100,000 operating hours.

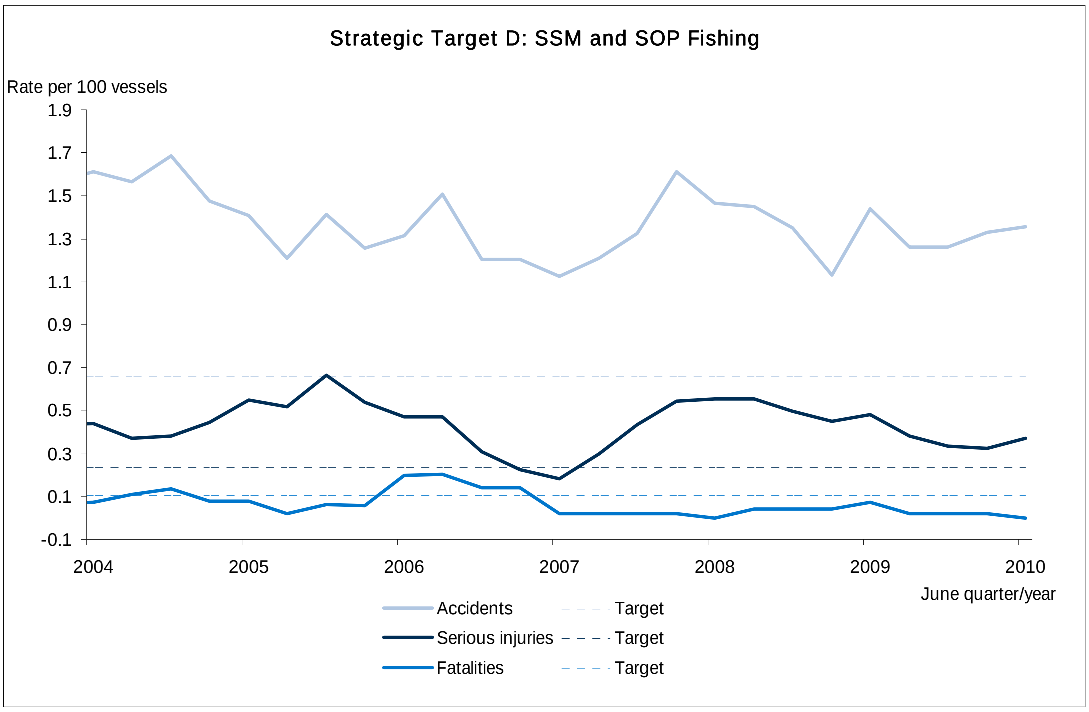


The fatality index was decreasing until the March 2008 quarter, when it began to increase.

The National Pleasure Boat Safety Forum has endorsed the continuing strategy of targeting educational messages at key factors in fatal accidents – for example, the wearing of lifejackets. The forum is also focused on increasing coordination among agencies working to improve safety in this area.

Target D: Fishing

Target D's outcome is to achieve a reduction in all accidents, fatalities and serious injuries involving New Zealand commercial and New Zealand foreign-chartered fishing vessels. The target is a 50 percent decrease from a starting point of 0.18 fatalities, 2.34 accidents and 1.07 injuries per 100,000 operating hours, per year.



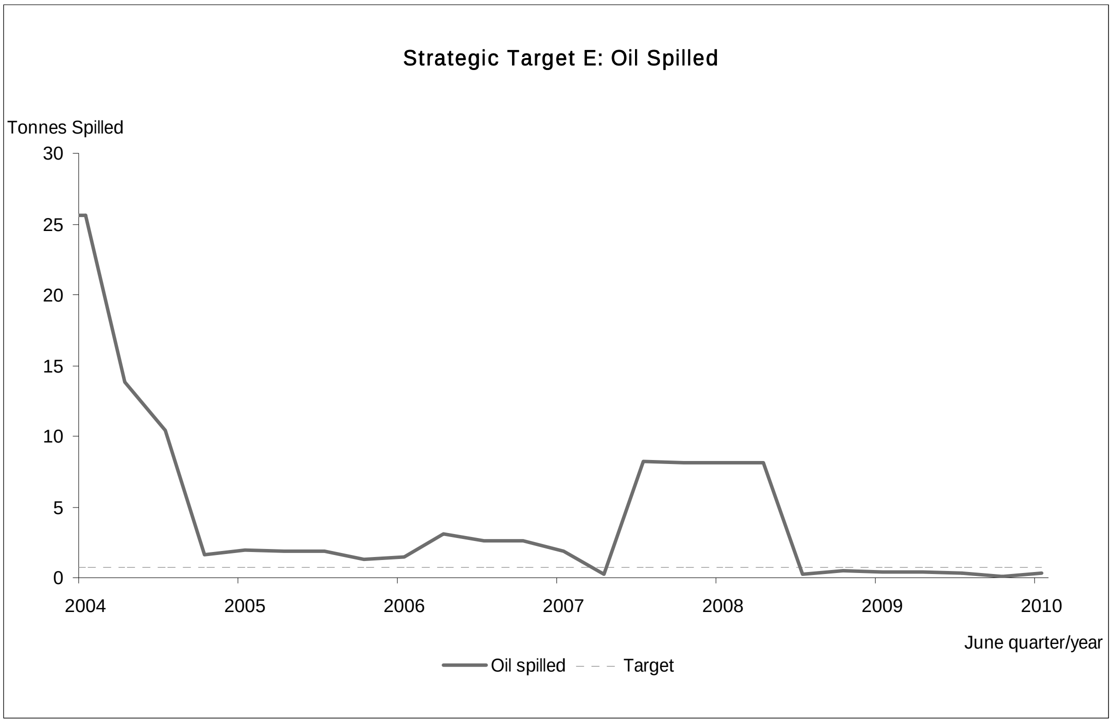
Over the last six years, the accident index has fluctuated, and over the last financial year it has remained relatively static. The serious injury index has also fluctuated over the last six years, following a similar trend line. Over the last financial year, the serious injury index has increased. Both these indexes are above the desired target rate.

The fatality index reached a high point in 2006, and since that time has shown a decreasing trend. Over the last financial year, the fatality index was static and then declined in the last quarter. The index is below the desired target rate.

Again, analysis has shown that accidents, serious injuries and fatalities are commonly a result of human error in New Zealand's commercial domestic fleet, and MNZ is proposing a new framework and maritime rules to help address this and other issues. In addition, MNZ is developing an action plan for the fishing sector, which forms part of the Workplace Health and Safety Strategy. This action plan will outline how government and industry will improve the health and safety performance of the fishing sector over the next three years. MNZ will continue its collaboration with FishSAFE in this action plan.

Target E: Oil spilled from vessels

Target E's outcome is to achieve a 50 percent reduction in the amount of oil spilled from vessels into the marine environment. This target is set from a starting point of 44.7 tonnes of oil spilled per year.

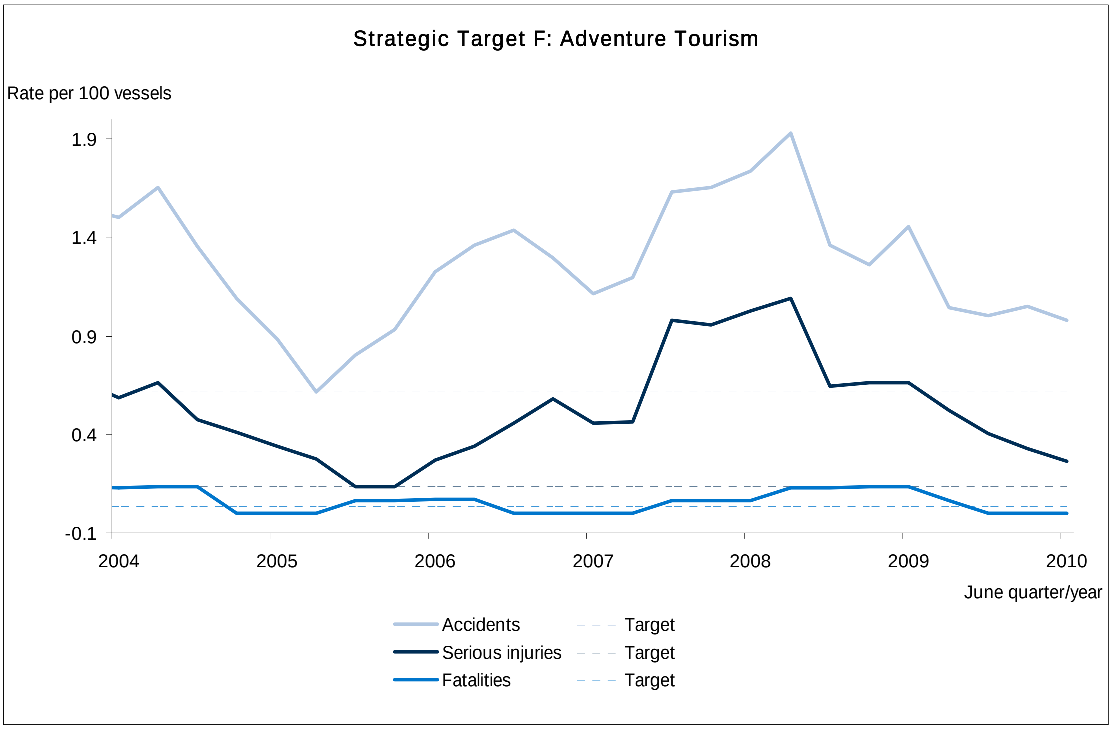


An oil spill off the Taranaki coast in 2007/08 from the floating production storage and offloading vessel ***Umuroa*** resulted in 32,500 litres of oil being spilt into the environment. Total spills from all offshore installations during 2007/08 amounted to 33,965 litres.

MNZ has since introduced Marine Protection Rule Part 200, requiring offshore installations to implement a more stringent discharge management plan for oil-processing operations, and these are regularly audited by MNZ. This has led to a substantial reduction in the number (down from 168 in 2007/08 to five) and quantity (down from 33,965 litres in 2007/08 to 27 litres) of oil-in-water spills into the environment.

Target F: Adventure tourism

Target F's outcome is to achieve a 50 percent reduction in all accidents, fatalities and serious injuries involving commercial marine craft engaged in adventure tourism. This is from a starting point of 0.27 fatalities, 3.46 accidents and 2.57 injuries per 100 vessels, per year.

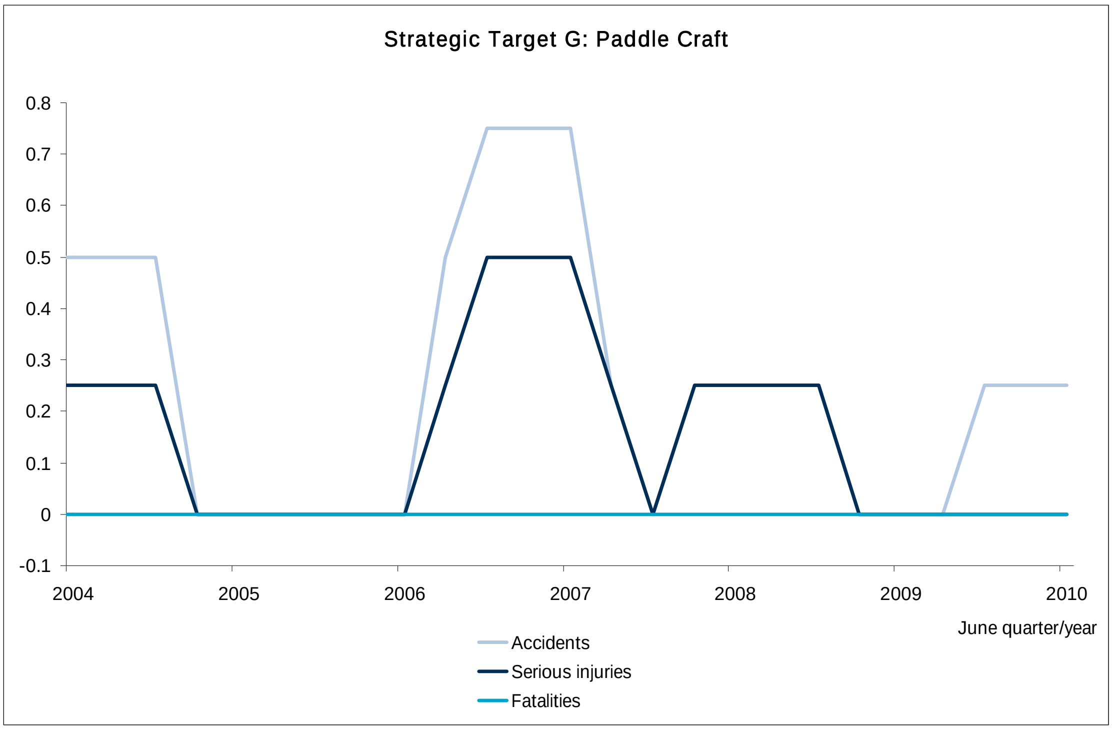


The accident index has been generally increasing over the last six years, and was relatively static in the last financial year. The serious injury rate increased, particularly since September 2007, and has been decreasing in the last financial year. The fatality rate has fluctuated over the last six years and has been static for nearly the last two financial years. All three indexes remain above the desired target rate.

The maritime rules governing these activities are soon to go out for public consultation and are scheduled to come into force towards the end of 2011.

Target G: Commercial paddle craft

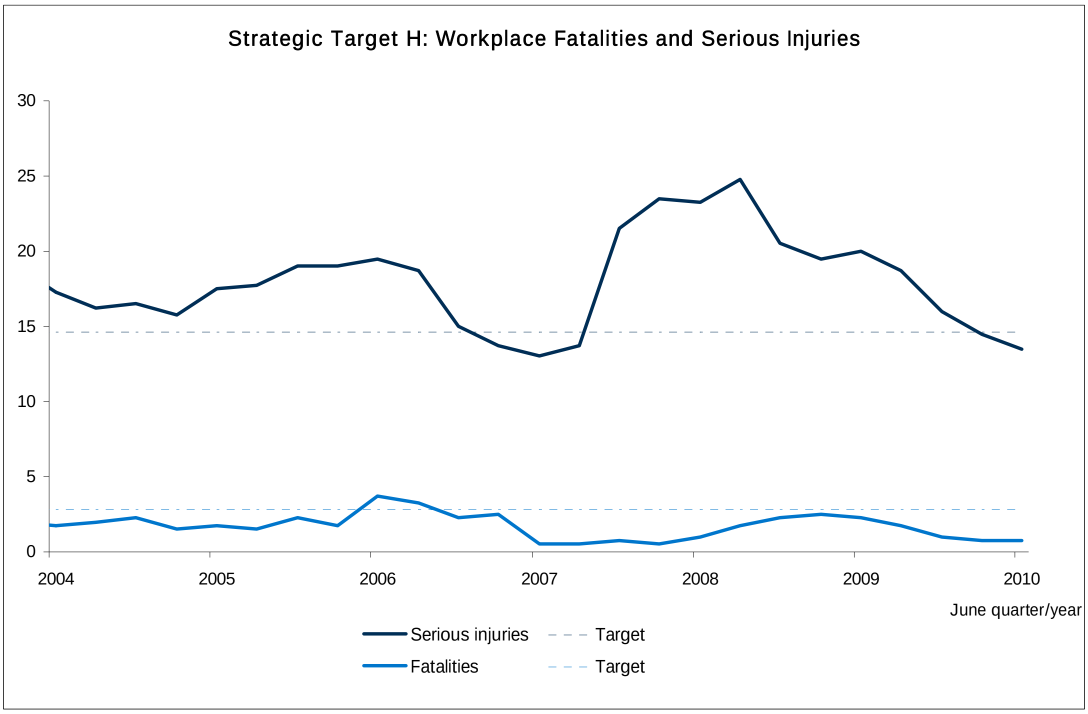
Target G's outcome is to minimise all fatalities, accidents and serious injuries involving all paddle craft (other than river rafts) operating commercially. The target is to see no increase from a starting point of 0 fatalities, 0.33 accidents and 0 injuries per year.



During the year, MNZ released guidelines for commercial kayaking and canoeing operations, as one element of a five-year strategy for promoting safety in paddle craft. The guidelines emphasised the legal duty to report accidents and incidents, highlighted the availability of reporting forms and identified MNZ's view of what represents good practice in managing the safety of paddle craft operations.

Target H: Maritime workplace activity

Target H's outcome is to achieve a 25 percent reduction in all fatalities and serious injuries resulting from maritime workplace activity. This is from a starting point of 9.33 fatalities and 76 serious harm injuries per year.



Since the peak in 2006, the rate of fatalities has decreased. The rate fluctuated over the last financial year and has remained below the desired target rate. The rate of serious injuries has increased over the six years, but was static over the last financial year.

Statement of service performance

MNZ's statement of service performance (SSP) has been prepared in accordance with generally accepted accounting practice. The SSP spans three output classes:

- Output class 1: Maritime regulation and monitoring
- Output class 2: Marine environment protection
- Output class 3: Search and rescue activities.

These classes highlight the wide range of activities and responsibilities MNZ is asked to oversee.

Output class 1: Maritime regulation and monitoring

The purpose of this output class is to promote safety, security and protection of the marine environment in New Zealand and beyond New Zealand, in accordance with New Zealand's international obligations. It also includes the promotion of compliance with safety and marine pollution standards in the maritime system.

This output class contains the following sub-outputs:

- 1.1: Legislative and regulatory frameworks
- 1.2: Communication and education
- 1.3: Maritime operations and services
- 1.4: Maritime security
- 1.5: Maritime distress and safety radio, and navigational aids
- 1.6: Health and safety on board vessels.

Output 1.1: Legislative and regulatory frameworks

Key functions:

- to administer the international obligations of the Crown under the treaties, memoranda and other international maritime and marine environment protection agreements agreed with the Minister of Transport
- to develop and maintain maritime rules
- to advise the Minister of Transport on technical maritime safety policy
- to ensure regular reviews of the maritime transport system to promote the improvement and development of its safety and security
- to maintain and preserve records and documents relating to the Authority's functions.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
40	Replies to ministerial correspondence and parliamentary questions	78	65–85
New measure	Maritime rules under development	11	11
New measure	Cabinet papers on which MNZ is consulted	10	8
New measure	Transport Accident Investigation Commission (TAIC) recommendations 'closed'[1]	4	5
New measure	IMO meetings attended	11	10
	Quality		
97%	Draft replies to ministerial correspondence and parliamentary questions accepted by the MoT on first submission	100%	90%
	Timeliness		
New measure	Ministerial correspondence and parliamentary questions provided within timeframes specified by the Minister's office or MoT	79% (62 of 78)[2]	100%
New measure	Maritime rules programme completed[3] in accordance with the rules contract, subject to any variations agreed with MoT	100% (3 of 3)	100%
$2,031,000	**Revenue**	$1,807,000	$2,315,000
$1,935,000	**Expenditure**	$2,094,000	$2,367,000
$96,000	**Surplus/(deficit)**	($287,000)	($52,000)

1 Recommendations are closed after TAIC is satisfied that MNZ has actioned them appropriately.

2 Fourteen parliamentary questions were received on 16 December 2009, with a response due on 18 December 2009. A significant amount of statistical information was requested relating to human resources and a response could not be provided in time.

3 The status of 'completed' is achieved on the date the Minister signs the rule.

Output 1.2: Communication and education

Key functions:

- to provide information with respect to maritime transport and marine protection
- to foster appropriate information education programmes with respect to maritime transport and marine protection that promote MNZ's objectives.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	Regional boat shows attended by MNZ	9	6
New measure	Recreational boating television advertising campaigns run to promote safety awareness	1	1
New measure	Safety resource packs[4] distributed to the recreational community	36,000 packs	25,000 packs
New measure	Number of times MNZ's key safety magazine *Lookout!* is published	4	4
New measure	Number of times MNZ's corporate magazine *Safe Seas Clean Seas* is published	4	4
	Quality		
95%	Survey respondents who find MNZ key publications *Lookout!* and *Safe Seas Clean Seas* useful	94%	75%
New measure	People who recall boating safety television advertising (as gauged by survey)	76%	75%
	Timeliness		
100%	Availability of MNZ's 24/7 media line	100%	100%
100%	Key publications *Lookout!* and *Safe Seas Clean Seas* completed by scheduled due date	100% (4 of 4)	100%
New measure	MNZ guidance notices (including safety bulletins) published and distributed within 10 days of receiving the final draft	100% (10 of 10)	100%
$2,952,000	**Revenue**	$2,652,000	$2,646,000
$3,133,000	**Expenditure**	$2,255,000	$3,430,000
($181,000)	**Surplus/(deficit)**	$397,000	($784,000)

4 Resource packs include a DVD on safe boating in New Zealand; a booklet entitled *Safe Boating: An essential guide*; a boat dashboard sticker covering tips about boating safety, including basic rules and a safety checklist, the *Boaties Book,* containing advice and local knowledge; and a waste disposal/pollution sticker.

Output 1.3: Maritime operations and services

Key functions:

- to exercise control over entry into the maritime transport system through the granting of maritime documents
- to maintain the New Zealand Register of Ships
- to license ships, their operation and their crews
- to monitor adherence, within the maritime transport system, to any regulatory requirements
- to take such action as may be appropriate in the public interest to enforce the provisions of the MTA and HSNO Act, and of regulations and rules made under these Acts, including the carrying out or requiring of inspections and audits
- to investigate and review maritime transport accidents and incidents
- to grant exemptions from any specified requirement and any maritime rule.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
776	Ship registration transactions	571	600–800
New measure	Seafarer licensing transactions	1,598	1,000–1,200
New measure	Exemptions from rule requirements processed	219	240
22 (157%)	Flag state inspections[5] completed	14 (93%)[6]	15 (100%)
94%	Eligible port state inspections[7] undertaken	99% (558 of 564)	80%
New measure	Mandatory audits completed as per MNZ's external audit schedule	100% (49 of 49)	100%
New measure	Certificates issued for SSM and SOP vessels	1,772	1,500–1,700
New measure	Safety inspections	1,084	750
New measure	Education/liaison visits to SOP operators	83	80–90
New measure	Statutory notifications received by MNZ regarding accidents, incidents and mishaps	504	350–500
New measure	Notified maritime fatalities preliminarily investigated:		
	Commercial fatalities	100%	100%
	Recreational fatalities	94%	90%
New measure	Operational complaints received	68	70-90
New measure	SOP audits carried out within statutory timeframe	96%	100%
New measure	Harbour safety management system verification audits completed	4	2
	Quality		
New measure	Required flag state follow-up inspections carried out	100%	90%
New measure	Safety inspections that meet 'pass' criteria	83%	90%

5 Inspection of New Zealand-registered ships to verify that the condition of the ship, equipment and safety systems meet New Zealand's legal requirements.

6 A follow-up inspection was conducted on one vessel, which is why the YTD actual is greater than the yearly target.

7 Inspection of foreign ships in New Zealand ports to verify that the condition of the ship and equipment comply with the requirements of international conventions.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Timeliness		
New measure	Ship registration enquiries responded to and transactions processed within 10 working days	93% 534 of 571)[8]	100%
New measure	Seafarer certificates issued within 10 working days of receipt of all necessary documentation	100%	100%
New measure	Average time to issue certificates (excluding seafarers') on receipt of all necessary documentation	4.9 working days	5.0 working days
New measure	Port state inspections carried out in accordance with eligibility criteria	99%	90%
New measure	Flag state non-compliances closed out within agreed timeframes	–[9]	90%
New measure	Mandatory audits completed as per audit schedule	100%	100%
New measure	Section 54 audits initiated within two working days of receiving a request from the Director	–[10]	100%
New measure	Safety inspections carried out within timelines specified in the issued certificate	95%[11]	100%
New measure	Statutory notifications received, logged, reviewed and assessed within two weeks of notification	90%	90%
New measure	Enforcement files processed within six months of the date of the incident	100% (13 of 13)	100%
New measure	Operational complaints dealt with within three months	97% (64 of 68)	100%
New measure	Harbour safety management system verification audits completed within three months of due date	50% (2 of 4)	100%
$10,625,000	**Revenue**	$11,336,000	$9,008,000
$11,314,000	**Expenditure**	$11,244,000	$7,985,000
($689,000)	**Surplus/(deficit)**	$92,000	$1,023,000

8 An increased workload in the seafarer licensing team has meant that resources were diverted to the higher-risk area, leading to this target not being achieved for the first time since the measure of this target began.

9 These figures are currently not being collated in a readily retainable format. This measure has been removed from the 2010–2013 Statement of Intent.

10 No additional audits outside of planned audits, to which this measure relates, were conducted.

11 While this percentage is increasing over time, on average it is still not at target levels. MNZ is reviewing resourcing commitments in this area and ensuring that owners are aware of their obligations to present for inspection.

Output 1.4: Maritime security

Key functions:

- to ensure effective implementation of the International Code for the Security of Ships and of Port Facilities (ISPS) in accordance with the Maritime Security Act (MSA)
- to take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Security Act and of regulations and rules made under this Act, including the carrying out of inspections and audits
- to investigate and review maritime security breaches and incidents.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
14	Port security inspections per annum	14	14
13	Port security exercises completed per annum	9[12]	14
	Quality		
New measure	Port security exercise objectives that align with security plans, as stipulated in the MSA	100%	100%
New measure	Potential threats to New Zealand port facilities that are advised in time for appropriate action to be taken	N/A	100%
	Timeliness		
New measure	Responses made within one hour of receiving specific intelligence concerning terrorist threats for New Zealand ports and ships	N/A	100%
$1,279,000	**Revenue**	$1,276,000	$1,181,000
$1,139,000	**Expenditure**	$921,000	$1,266,000
$140,000	**Surplus/(deficit)**	$355,000	($85,000)

12 The MSA allows port security exercises to be conducted every 18 months. For this reason, exercises will be conducted outside the calendar year reporting period on occasion. This year, six ports – NZRC and Northport (12/10/10), (POAL (31/8/10), Centreport (13/7/10), Lyttelton Port Company (13/9/10) and South Port (23/9/10) – fell into this category.

Output 1.5: Maritime distress and safety radio, and navigational aids

Key function:

- to ensure the provision of appropriate distress and safety radio communication systems and navigational aids for shipping.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
141	MNZ navigational aids maintained	141[13]	142
New measure	Regional navigational aid audits	1[14]	3
	Quality		
99.9%	Time that lighthouses are operational	99.9%	99.8%
100%	Time that day-beacons are operational	99.9%	97%
100%	Time that buoys are operational	100%	97%
99.9%[14]	Time that radio stations are operational	99.9%	99.8%
99.9%	Time that a 24/7 distress/safety radio service is provided	100%	100%
	Timeliness		
New measure	Planned regional navigational aid audits completed	33%[15]	100%
$6,739,000	**Revenue**	$7,068,000	$6,090,000
$5,250,000	**Expenditure**	$5,395,000	$5,778,000
$1,489,000	**Surplus/(deficit)**	$1,673,000	$312,000

Output 1.6: Health and safety on board vessels

Key functions:

- to administer the Health and Safety in Employment (HSE) Act 1992 for work on board ships and for ships as places of work
- to take appropriate action as required in the public interest to enforce the provisions of the HSE Act and regulations and rules made under this Act, including carrying out or requiring inspections and audits.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	Health and safety education/liaison visits to SSM operators	180	150
New measure	Statutory notifications received regarding serious harm	73	75–85
–	**Revenue**	$400,000	$400,000
–	**Expenditure**	$800,000	$800,000
–	**Surplus/(deficit)**	($400,000)	($400,000)

13 The Hautapu Buoy was transferred to Environment Waikato during the year.

14 This percentage is an average of two separate measures that were reported in 2008/09 and combined into one measure in 2009/10.

15 Due to other priorities, the targets set for dedicated audits of aids to navigation have not been met. However, the management of aids to navigation is already being covered at an overview level in MNZ's audits for approval and verification of harbour safety management systems (SMS) which has continued to be on target through the period.

Output class 2: Marine environment protection

Through this output class, MNZ delivers marine environment protection services that contribute directly towards MNZ's vision of safe, secure and clean seas. This output class also contributes to the sector outcomes of promoting a maritime community that is reducing its negative impacts on the environment.

This output class contains the following sub-outputs:

- 2.1: Marine pollution response capability[16]
- 2.2: Marine environment services.

Output 2.1: Marine pollution response capability

Key function:

- to ensure New Zealand's preparedness for, and ability to respond to, marine oil spills.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	Personnel in regions trained for oil response	479[17]	362
New measure	Equipment (Tier 2)[18] ready for response	100%	90%
New measure	Equipment (Tier 3)[19] ready for response	95%	90%
New measure	Training courses conducted	12	6
New measure	Regional council plans that are current	15[20]	16
New measure	Number of times the MPRS key oil prevention magazine *The Good Oil* is published	5	4
	Quality		
Green	Status of the Oil Spill Preparedness Index[21]	Green	Green
New measure	Attendees on oil pollution training courses who were satisfied or very satisfied with their oil pollution response training	100%	90%
	Timeliness		
100%	Time that a 24/7 advice and response capability service is provided	100%	100%
100%	Responses to Tier 2 and Tier 3 spills activated within two hours of notification to MNZ	100%	100%

16 This output is delivered by the Marine Pollution Response Service (MPRS), based in Te Atatu.

17 This measure reports the cumulative number of trained responders available to be called on as at 30 June 2010. This figure fluctuates throughout the year as responders drop off the list or new responders are trained and added to the list.

18 Responsibility for a Tier 2 response lies with regional councils within their part of the territorial sea (12 nautical miles), where the oil spill exceeds the capability of the party originally responsible for the spill (Tier 1), or for which no responsible party can be identified.

19 Responsibility lies with MNZ for managing spills that are beyond the resources of the region, or that occur within New Zealand's exclusive economic zone (200 nautical mile limit) but outside regional council boundaries.

20 The plan for Otago is out for consultation and due for approval after that process.

21 This index measures the degree to which current arrangements for responding to Tier 2 and Tier 3 marine oil spills are at the optimum level specified in the national strategy. Behind the index sits a checklist that is used to objectively assess the level of preparedness. The checklist is available on request from MNZ. Preparedness is based on an assessment of 'green' (able to respond), 'amber' (able to respond in most circumstances) and 'red' (not able to respond).

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
$3,479,000	**Revenue**	$3,385,000	$3,317,000
$4,207,000	**Expenditure**	$4,575,000	$4,757,000
($728,000)	**Surplus/(deficit)**	($1,190,000)	($1,440,000)

Output 2.2: Marine environment services

Key functions:

- to provide technical policy advice and analysis on marine environment protection where MNZ has defined statutory responsibility
- to develop and maintain marine protection rules
- to exercise control over entry into the maritime transport system through the granting of marine protection documents.

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	Marine protection rules under development	3	3
New measure	Applications processed for dumping waste at sea	5	5–7
New measure	Harmful substance (other than oil) evaluations carried out as part of MNZ's discharge management plan approval process[22]	19	10
New measure	Papers submitted to the IMO Marine Environment Protection Committee (and related subcommittees and technical groups)	11	4
	Timeliness		
New measure	Marine protection rules programme completed in accordance with the MoT rules contract, subject to any agreed variations	100% (2 of 2)[23]	100%
–	**Revenue**	$230,000	$230,000
–	**Expenditure**	$230,000	$230,000
–	**Surplus/(deficit)**	–	–

22 These numbers are driven by applications from offshore operators to use eco-toxic chemicals not approved in their original discharge management plans.

23 MoT withdrew one marine protection rule (Part 160: Prevention of Pollution by Sewage from Ships) from the rules programme.

Output class 3: Search and rescue activities

Through this output class, MNZ delivers coordination of search and rescue (SAR) operations within the internationally mandated New Zealand SAR region.[24] Services include the operation and maintenance of a 24/7 SAR coordination centre (Rescue Coordination Centre New Zealand, RCCNZ), funding of SAR operations, the management and coordination of the emergency distress beacon system for New Zealand, and work to ensure the effective coordination and performance of SAR operations across the SAR sector in New Zealand.[25]

This output class contains the following sub-outputs:

- 3.1: Search and rescue coordination
- 3.2: Distress beacon management and coordination
- 3.3: Training and coordination of SAR operations.

Output 3.1: Search and rescue coordination centre

Key functions:

- to operate a 24/7 SAR coordination centre – RCCNZ
- to provide an immediate response to all notified distress alerts within the New Zealand SAR region, gathering and evaluating information, then planning and executing appropriate SAR operations
- to coordinate activities covering sea, air and land operations managed at the national level, as well as activities and operations related to emergency distress beacons.[26]

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	Logged incidents	690	500–750
	Quality		
100%	Time that a minimum of two fully trained SAR officers are on duty 24/7	100%	100%
	Timeliness		
100%	Time that a 24/7 uninterrupted coordination service is provided	100%	100%
100%	SAR incidents logged within two minutes of receiving a notification message	100%	100%
100%	Category II SAR incidents where identification of the SAR units required is begun within five minutes of a distress phase being declared	100%	100%
$4,068,000	**Revenue**	$3,174,000	$3,243,000
$4,719,000	**Expenditure**	$3,547,000	$3,871,000
($651,000)	**Surplus/(deficit)**	($373,000)	($628,000)

All performance measures and targets have been met. RCCNZ has now finished its first full financial year of activity since the satellite detection of 121.5MHz distress beacons was terminated and the

24 An area of more than 30 million kilometres, which extends from the Pacific Islands to Antarctica, halfway to Australia and halfway to Chile.

25 Working with other government departments and agencies, commercial SAR providers and volunteer groups and organisations, more than 10,000 people contribute to SAR activity in New Zealand.

26 SAR operations within New Zealand are defined by the level of coordination – local (Category I) or national (Category II) as per the formal agreement reached at the SAR Council. The New Zealand Police coordinates and manages Category I SAR operations; RCCNZ coordinates and manages Category II SAR operations.

system focused exclusively on 406MHz beacons. As expected, the switch has removed most 'unknown' distress beacon alerts, meaning that the total number of beacon-related incidents logged at RCCNZ fell to 333 in 2009/10, compared with 641 in 2008/09. This fall is reflected in the overall total of logged incidents, which was 690 for 2009/10, compared with 911 for 2008/09.

There was a slight reduction in the number of air and land incidents and an identical number of marine incidents compared with last year. The four-year trends show slight declines in sea and air incidents and a rise in the number of land incidents. This rising trend confirms the increased use of distress beacons on land.

Output 3.2: Distress beacon management and coordination

Key function:

- operation and maintenance of the ground-based equipment that forms part of the international satellite system that detects, locates and alerts SAR authorities about emergency distress beacons, and the operation and maintenance of the emergency distress beacons database.[27]

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
New measure	406MHz beacon alerts received	333	300–500
New measure	Time that the ground-based satellite equipment is available	99.7%	98.0%
New measure	406MHz distress beacon alerts received by RCCNZ where the beacon is registered	71%	70%
	Quality		
New measure	Beacons entered into New Zealand database where entry has been audited (confirmed) within the previous two years (at 30 June)	66%	50%
	Timeliness		
New measure	Beacon registrations received at RCCNZ and processed into database by the end of the next working day	99%	98%
–	**Revenue**	$793,000	$745,000
–	**Expenditure**	$793,000	$780,000
–	**Surplus/(deficit)**	–	($35,000)

Overall beacon alerts are just below the expected range for the year. Total 'real' distress beacon alerts for 2009/10 stand at 91, compared with 98 last year. Marine alerts are still trending downwards, while air and land numbers are comparable with last year's but have risen markedly over the four-year period since 2006/07.

Analysis of beacon registrations shows that of the 91 'real' alerts, 86 were for registered beacons (94.5%), and of the 333 total alerts, 236 were for registered beacons (70.8%). This overall registration percentage meets the target set in the Statement of Intent.

27 Modern distress beacons (operating on the 406MHz frequency) contain unique identification codes that allow users to register information against the beacon, such as names and contact details of the user, user activity, user vessel or vehicle details, emergency contacts and next of kin. For New Zealand-registered beacons, this information is maintained in a database operated and managed by RCCNZ. This ensures efficient and effective SAR operations, as well as saving costs by reducing the number of inappropriate responses to false alerts. In January 2009, there were 17,000 entries in the database, with new registrations running at 500–1,000 per month.

The quality and timeliness measures achieved have fallen slightly below the annual targets. This is due to the volume of work at the start of the year and periods of staff absence due to sickness in the fourth quarter. For 2010/11, additional funding has been secured to guarantee the provision of staff resources to improve this performance.

Output 3.3: Training and coordination of SAR operations

Key function:

- provision of joint training courses and other liaison and development activities required to improve the effective coordination and performance of SAR operations within the New Zealand SAR region.[28]

Actual 2008/09	Performance measure	Actual 2009/10	Target 2009/10
	Quantity		
8	Service level agreements (SLAs) developed with key stakeholders in SAR community[29]	0[30]	10–15
New measure	Maintain established SLAs with key stakeholders in SAR community (percentage of planned reviews of existing SLAs completed in the period)	100% (4 of 4)	100%
10	Joint training courses conducted with New Zealand Police	20	(15–20)
–	**Revenue**	$650,000	$511,000
–	**Expenditure**	$650,000	$511,000
–	**Surplus/(deficit)**	–	–

In 2009/10 there has been extensive joint training activity with New Zealand Police, resulting in the Statement of Intent target being met in this area. Also during the year, there were multiple SAR exercises across the country, along with 16 air observer and air observer refresher training courses (graduating 407 students).

The current SLAs with key volunteer stakeholders (Coastguard New Zealand, New Zealand Land Search and Rescue, Surf Life Saving New Zealand and Amateur Radio Emergency Communications) have been revised and reconfirmed for the next financial year.

The target for agreement of new SLAs has not been achieved. The aviation sector SLAs have been delayed due to legal issues, but should be progressed early in the next period. Notwithstanding this delay, the relationships across the sector have improved markedly in recent years, with significant positive feedback from stakeholders at the workshops and conferences held during the year.

28 The New Zealand SAR sector received two years of funding in 2008/09 to address risks around the coordination of SAR activity and the level of funding available to volunteer groups working in the sector. Through MNZ, RCCNZ received an element of the funding to enable the centre, working jointly with New Zealand Police, to act as a lead authority for training, development and liaison across the sector, working to improve cooperation and communication, and to raise service standards.

29 The intention is to conclude agreements with all stakeholders. The measure is reported in terms of total number of agreements versus number of agencies, commercial providers (including marine, aviation and technology) and volunteer groups worked with during the year.

30 Fourteen SLAs have already been developed, which MNZ maintains on an annual basis. Constraints on resources in the 2009/10 financial year meant further SLAs were unable to be developed.

Financial statements

Statement of responsibility

The financial statements of Maritime New Zealand (MNZ) and the judgements used are the responsibility of the Authority members and MNZ management, and have been prepared in accordance with the Crown Entities Act 2004.

The establishment and maintenance of an internal control system designed to provide reasonable assurance as to the integrity and reliability of the financial statements for the year ended 30 June 2010 is the responsibility of the Board members and MNZ management.

In the opinion of the Authority members and MNZ management, financial statements for the year ended 30 June 2010 fairly reflect the financial position and operations of MNZ.

David Ledson
Chairman, Maritime New Zealand
Dated: 29 October 2010

Dave Morgan
Deputy Chairman, Maritime New Zealand
Dated: 29 October 2010

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of
Maritime New Zealand's
financial statements and statement of service performance
for the year ended 30 June 2010

The Auditor-General is the auditor of Maritime New Zealand (Maritime NZ). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of Maritime NZ for the year ended 30 June 2010.

Unqualified Opinion

In our opinion:

- The financial statements of Maritime NZ on pages 60 to 90:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect:
        - Maritime NZ's financial position as at 30 June 2010; and
        - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of Maritime NZ on pages 43 to 54 :
    - complies with generally accepted accounting practice in New Zealand; and
    - fairly reflects for each class of outputs:
        - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
        - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 29 October 2010 and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Maritime NZ as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, Maritime NZ's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. Maritime NZ's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in Maritime NZ.

John O'Connell

John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of comprehensive income

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Income				
Revenue from Crown	2	10,247	10,088	9,607
Marine Safety Charge revenue		16,936	14,452	15,973
Interest revenue		295	315	424
Other revenue	3	2,710	2,204	2,389
Gains	4	43	–	10
Total income		**30,231**	**27,059**	**28,403**
Expenditure				
Personnel costs	5	14,164	13,258	13,248
Depreciation and amortisation expenses	14, 15	1,737	1,474	1,629
Capital charge	6	847	886	838
Finance costs	7	4	–	6
Other expenses	8	12,022	12,090	12,478
Total expenditure		**28,774**	**27,708**	**28,199**
Net surplus/(deficit)		**1,457**	**(649)**	**204**
Other comprehensive income				
Gains/(losses) on land and building revaluation		–	–	–
Total other comprehensive income for the year		–	–	–
Total comprehensive income for the year		**1,457**	**(649)**	**204**

Explanations for significant variances against budget are detailed in Note 30.

Statement of movements in equity

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Balance at 1 July		**16,108**	**15,490**	**14,645**
Amounts recognised directly in equity:				
Property, plant and equipment revaluation gains/(losses) taken to equity	19	(83)	–	–
Total comprehensive income for the year		1,457	(649)	204
Capital contribution	19	750	–	1,259
Balance at 30 June		**18,232**	**14,841**	**16,108**

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of financial position

At 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
ASSETS				
Current assets				
Cash and cash equivalents	9	4,328	4,652	4,929
Debtors and other receivables	10	2,179	2,300	1,687
Prepayments		324	180	396
Inventories	11	241	290	267
Investments	12	5,448	–	3,579
Total current assets		12,520	7,422	10,858
Non-current assets				
Property, plant and equipment	14	5,182	6,321	6,030
Intangible assets	15	4,240	4,100	3,203
Total non-current assets		9,422	10,421	9,233
Total assets		**21,942**	**17,843**	**20,091**
LIABILITIES				
Current liabilities				
Creditors and other payables	16	2,442	2,436	2,661
Employee entitlements	17	1,156	566	1,119
Provisions	18	3	–	95
Total current liabilities		3,601	3,002	3,875
Non-current liabilities				
Provisions	18	109	–	108
Total non-current liabilities		109	–	108
Total liabilities		3,710	3,002	3,983
Net assets		18,232	14,841	16,108
EQUITY				
Crown contribution	19	13,355	12,826	12,605
Retained earnings	19	4,312	1,367	2,855
Revaluation reserve	19	565	648	648
Total equity		**18,232**	**14,841**	**16,108**
Total equity and liabilities		**21,942**	**17,843**	**20,091**

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of cash flows

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Cash flows from operating activities				
Receipts from Crown revenue		10,247	10,088	9,702
Interest received		285	322	413
Fees funding		17,367	16,625	16,740
Receipts from other revenue		1,664	–	1,806
Payments to suppliers		(12,555)	(12,570)	(12,607)
Payments for capital charge		(847)	(886)	(838)
Payments to employees		(13,709)	(13,450)	(12,861)
Goods and services tax (net)		27	(51)	(142)
Net cash from operating activities	20	2,479	78	2,213
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		50	–	78
Receipts from sale of investments		3,532	–	3,116
Purchase of property, plant and equipment		(500)	(795)	(296)
Purchase of intangible assets		(1,461)	(1,200)	(1,414)
Acquisitions of investments		(5,401)	–	(3,543)
Net cash from investing activities		(3,780)	(1,995)	(2,059)
Cash flows from financing activities				
Capital contribution	19	750	–	1,259
Net cash from financing activities		750	–	1,259
Net (decrease)/increase in cash and cash equivalents		(551)	(1,917)	1,413
Cash and cash equivalents at start of year	9	4,929	6,569	3,516
Cash and cash equivalents at end of year	9	4,328	4,652	4,929

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

Note 1: Statement of accounting policies for the year ended 30 June 2010

Reporting entity

Maritime New Zealand (MNZ) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, MNZ's ultimate parent is the New Zealand Crown.

MNZ's primary objective is to provide services to the New Zealand public as opposed to that of making a financial return. Accordingly, MNZ has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

These financial statements for MNZ are for the year ended 30 June 2010 and were approved by the Authority on 29 October 2010.

Basis of preparation

Statement of compliance

The financial statements of MNZ have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand's generally accepted accounting practice (NZ GAAP).

The financial statements comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Functional and presentation currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of MNZ is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

MNZ has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements* (Revised 2007) Replaces NZ IAS 1 *Presentation of Financial Statements* (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Ministry has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes of equity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted, and which are relevant to MNZ include:

- NZ IAS 24 Related Party disclosures. The revised standard clarifies the disclosure of transactions with Ministers of the Crown who are "key management personnel" of the Government ("the parent").

Ministers are "key management personnel" of the parent, Ministers (and their close family members) are also related parties of all Government entities. Therefore, Government entities should disclose in their annual accounts related-party transactions with Ministers, if they exist.

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement.* NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1, on the classification and measurement of financial assets, has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Ministry has not yet assessed the effect of the new standard and expects it will not be early adopted.

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

MNZ receives funding from the Crown, and is restricted in its use for the purpose of MNZ meeting its objectives, as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at balance date. The stage of completion is assessed by reference to surveys of work performed or for marine safety charges (MSC) based on information from New Zealand Customs regarding port visits.

Interest income is recognised using the effective interest method.

Revenue from the sale of goods is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Leases

Leases that transfer to MNZ substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the commencement of the lease term, MNZ recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether MNZ will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to MNZ are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive income.

Lease incentives received are recognised in the statement of comprehensive income over the lease term as an integral part of the total lease expense.

Taxation

MNZ is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for. MNZ is not exempt from indirect tax legislation such as that relating to good and services tax, PAYE or ACC, and therefore is required to comply with these regulations.

Goods and services tax (GST)

All items in the financial statements are presented on a GST-exclusive basis, with the exception of accounts receivable and accounts payable, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are derived from the Statement of Intent, as approved by the Authority at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by MNZ for the preparation of the financial statements.

Cost allocation

MNZ has determined the cost of outputs by using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that can not be identified in an economically feasible manner with a specific output. Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Other indirect costs are assigned to outputs, based on the proportion of full-time equivalents (FTEs).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, both domestic and international, other short-term, highly liquid investments, with original maturities of three -months or less.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method less any provision for impairment. Impairment of a receivable is established when there is objective evidence that MNZ will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Investments

At each balance sheet date, MNZ assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost, using the effective interest rate method.

For bank deposits, impairment is established when there is objective evidence that MNZ will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (determined on the weighted average cost method), adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. This valuation includes allowances for slow moving and obsolete stock.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of comprehensive income in the period of the write-down.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment asset classes consist of:

- lighthouses
- navigational aids
- plant and equipment

- motor vehicles
- furniture, fittings and office equipment
- computer equipment and software
- leasehold improvements
- land.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Revaluations

Land has been revalued as at 30 June 2010 to ensure that the carrying amount does not differ materially from fair value and is revalued at least every three years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations

MNZ accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to MNZ and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to MNZ and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Asset type	Useful life (years)	Depreciation method
Lighthouses	10–40	straight-line
Leasehold improvements	2–9	straight-line
Furniture, fittings and office equipment	5	straight-line
Motor vehicles	5	straight-line
Navigational aids	10–20	straight-line
Plant and equipment	5–10	straight-line
Computer equipment	3	straight-line

Leasehold improvements are depreciated over the unexpired period of the lease, or the estimated remaining useful lives of the improvements, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by MNZ, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Other software-related costs are recognised as follows:

- staff training costs are recognised as an expense when incurred.
- costs associated with maintaining computer software are recognised as an expense when incurred.
- costs associated with the development and maintenance of MNZ's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software type	Useful life (years)	Depreciation method
Acquired	3–5	straight-line
Developed	8	straight-line

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where MNZ would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of comprehensive income.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Employee entitlements

Short-term employee entitlements

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date.

Employee entitlements that MNZ expects to be settled within 12 months of balance date are measured at undiscounted nominal values, based on accrued entitlements at current rates of pay. Annual leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

MNZ does not recognise a liability for sick leave, as staff have an unlimited entitlement.

MNZ recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Obligations for contributions to KiwiSaver and the Government Superannuation Fund are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Provisions

MNZ recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring

A provision for restructuring is recognised when MNZ has approved a detailed formal plan for the restructuring that has either been announced publicly to those affected, or for which implementation has already commenced.

Critical accounting estimates and assumptions

In preparing these financial statements, MNZ has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment and intangible assets' useful lives and residual value

At each balance date, MNZ reviews the useful lives and residual values of its property, plant and equipment and intangible assets. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangible assets requires MNZ to consider a number of factors, such as the physical condition of the asset, expected period of use of the asset by MNZ, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation/amortisation expense recognised in the statement of comprehensive income, and on the carrying amount of the asset in the statement of financial position. MNZ minimises the risk of this estimation uncertainty by:

- physical inspections of assets
- asset replacement programmes
- review of second-hand market prices for similar assets
- analysis of prior asset sales.

MNZ has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements

No critical judgements have been applied in the preparation of these financial statements.

Capital commitments

Future expenses and liabilities to be incurred on contracts that relate to unperformed goods or services that have been entered into at balance date are disclosed as commitments. Commitments disclosed include those operating and capital commitments arising from non-cancellable contractual or statutory obligations.

Contingent assets and liabilities

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Statement of cash flows

Cash means cash and cash equivalents on hand, held in bank accounts and demand deposits in which MNZ invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and records the cash payments made for the supply of goods and services, personnel expenses, interest and capital charge.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, intangible assets and investments.

Financing activities comprise the change in equity and debt capital structure of MNZ.

Note 2: Revenue from the Crown

MNZ has been provided with funding from the Crown for specific purposes of MNZ, as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2009: nil).

Note 3: Other revenue

	Actual 2010	Actual 2009
	$000	$000
Seafarer licensing	569	327
Ship registration	121	122
Oil pollution recovery	845	709
Funding from Crown entities:		
Ministry of Transport – rules contract	710	856
NZ International Aid and Development Agency	11	–
User charges	132	70
Bad debts recovered	31	5
Other income	291	300
Total other revenue	**2,710**	**2,389**

Note 4: Gains

	Actual 2010	Actual 2009
	$000	$000
Gain on foreign exchange	(1)	3
Gain on sale of property, plant and equipment	44	7
Total gains	**43**	**10**

Note 5: Personnel costs

	Actual 2010 $000	Actual 2009 $000
Personnel and related costs	13,646	12,531
Employer contributions to defined contribution plans	481	432
Increase/(decrease) in employee entitlements (Note 17)	37	285
Total personnel costs	**14,164**	**13,248**

Employee contributions to defined contribution plans include contributions to KiwiSaver and the Government Superannuation Fund.

Note 6: Capital charge

MNZ pays a capital charge to the Crown on its taxpayers' funds at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2010 was 7.5% (2008: 7.5%).

Note 7: Finance costs

	Actual 2010 $000	Actual 2009 $000
Discount unwind on provisions (Note 18)	4	6
Total finance costs	**4**	**6**

Note 8: Other expenses

	Actual 2010 $000	Actual 2009 $000
Administration	977	872
Authority members' fees (Note 24)	123	123
Bad debts written off	47	31
Donations	13	8
Fee to auditors – audit fees for financial statement audit	69	67
Impairment of receivables (note 10)	(2)	–
Maintenance	971	734
Marketing and public relations	1,007	1,019
Operating	1,232	1,139
Operating lease expenses	989	962
Professional and safety services	5,091	5,500
Search and rescue variable costs	533	859
Travel	959	1,108
Website development expense	13	56
Total other expenses	**12,022**	**12,478**

Note 9: Cash and cash equivalents

	Actual 2010 $000	Actual 2009 $000
Cash on hand and at bank	89	188
Cash equivalents – term deposits	4,239	4,741
Total cash and cash equivalents	**4,328**	**4,929**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for short-term deposits is 3.4% (2009: 5.9%).

Note 10: Debtors and other receivables

	Actual 2010 $000	Actual 2009 $000
Debtors and other receivables	1,721	1,623
Less: provision for impairment	(2)	(4)
Net trade debtors	1,719	1,619
Other accounts receivable	460	68
GST refundable	–	–
Total debtors and other receivables	**2,179**	**1,687**

The carrying value of receivables approximates their fair value. As at 30 June 2010 and 2009, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	40	–	40	18	–	18
Past due 1–30 days	55	–	55	988	–	988
Past due 31–60 days	1,269	–	1,269	23	–	23
Past due 61–90 days	303	(2)	301	494	(1)	493
Past due > 90 days	54	–	54	100	(3)	97
Total	**1,721**	**(2)**	**1,719**	**1,623**	**(4)**	**1,619**

The provision for impairment has been calculated based on expected losses for MNZ's pool of debtors. Expected losses are based on an analysis of MNZ's losses in previous periods, and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As at 30 June 2010, MNZ has identified two debtors (2009: 1) totalling $11,087.44 (2009: $115.92) that are insolvent.

Movements in the provision for impairment of receivables are as follows:

	Actual 2010 $000	Actual 2009 $000
Balance at 1 July	4	4
Additional provisions made during the year (Note 8)	(2)	–
Receivables written off during the period	–	–
Balance at 30 June	**2**	**4**

Note 11: Inventories

	Actual 2010	Actual 2009
	$000	$000
Spare parts	241	267
Total inventories	**241**	**267**

The write-down of inventories held for distribution amounted to $nil (2009: $nil). There have been no reversals of write-downs. No inventories are pledged as security for liabilities; however, some inventories are subject to retention of title clauses.

Note 12: Investments

	Actual 2010	Actual 2009
	$000	$000
Current investments are represented by:		
Term deposits	5,448	3,579
Total current portion	5,448	3,579
Total investments	**5,448**	**3,579**

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits	Actual 2010	Actual 2009
	$000	$000
Term deposits with 4–6 month maturities (average maturity 155 days)	5,448	3,579
Weighted average effective interest rate	4.59%	6.7%

The carrying amount of term deposits with maturities less than 12 months approximates their fair value.

Term deposits are invested at fixed rates ranging from 2.62% to 7.00%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact on the measurement of the investments, and therefore there would be no impact on the surplus or equity.

Note 13: Derivative financial instruments

The notional principal amount of outstanding forward exchange contracts at 30 June 2010 was $nil (2009: $nil). The fair value of forward exchange contracts has been determined using a discounted cash flow valuation technique based on quoted market rates.

Note 14: Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Light-houses	Buoys, day beacons, navigational lights	Plant & equipment	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Leasehold improve-ment	Land	Work in progress	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Cost or valuation										
Balance 1 July 2008	1,649	2,137	8,880	793	1,314	1,813	1,626	648	727	19,587
Additions	–	64	79	–	31	157	–	–	58	389
Work in progress (WIP)	–	–	–	–	–	–	–	–	–	–
Revaluation increase	–	–	–	–	–	–	–	–	–	–
Transfer from WIP	121	–	303	–	76	75	6	–	(581)	–
Disposals	–	–	–	(30)	–	(42)	(7)	–	–	(79)
Balance 30 June 2009	**1,770**	**2,201**	**9,262**	**763**	**1,421**	**2,003**	**1,625**	**648**	**204**	**19,897**
Balance 1 July 2009	1,770	2,201	9,262	763	1,421	2,003	1,625	648	204	19,897
Additions	59	46	76	–	29	222	3	–	–	435
Work in progress	–	–	–	–	–	–	–	–	119	119
Revaluation increase	–	–	–	–	–	–	–	(83)	–	(83)
Transfer from WIP	–	–	204	–	–	–	–	–	(204)	–
Disposals	–	–	–	(88)	–	(54)	–	–	–	(142)
Balance 30 June 2010	**1,829**	**2,247**	**9,542**	**675**	**1,450**	**2,171**	**1,628**	**565**	**119**	**20,226**
Accumulated depreciation and impairment losses										
Balance 1 July 2008	718	1,712	7,166	384	857	1,232	496	–	–	12,565
Depreciation expenses	44	47	505	144	143	308	148	–	–	1,339
Elimination on disposal	–	–	–	(25)	–	(12)	–	–	–	(37)
Elimination on revaluation	–	–	–	–	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–	–	–	–	–
Balance 30 June 2009	**762**	**1,759**	**7,671**	**503**	**1,000**	**1,528**	**644**	**–**	**–**	**13,867**
Balance 1 July 2009	762	1,759	7,671	503	1,000	1,528	644	–	–	13,867
Depreciation expenses	63	44	441	127	148	339	151	–	–	1,313
Elimination on disposal	–	–	–	(84)	–	(52)	–	–	–	(136)
Elimination on revaluation	–	–	–	–	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–	–	–	–	–
Balance 30 June 2010	**825**	**1,803**	**8,112**	**546**	**1,148**	**1,815**	**795**	**–**	**–**	**15,044**
Carrying amounts										
At 30 June 2009	1,008	442	1,591	260	421	475	981	648	204	6,030
At 30 June 2010	1,004	444	1,430	129	302	356	833	565	119	5,182

Land transferred from the Ministry of Transport (MoT) at no cost on the establishment of MNZ in 1993 has been revalued by an independent registered valuer, Graeme Horsley Limited, on 19 June 2010. The total fair value of land valued by Graeme Horsley Limited amounted to $565,000.

The net carrying amount of property, plant and equipment held under finance leases is $nil (2009: $nil).

Note 15: Intangible assets

Movements for each intangible asset class are as follows:

	Acquired software	Internally generated software	Work in progress	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2008	2,947	–	602	3,549
Additions	19	339	1,097	1,455
Transfer from WIP	–	–	–	–
Disposals	–	–	–	–
Balance at 30 June 2009	**2,966**	**339**	**1,699**	**5,004**
Balance at 1 July 2009	2,966	339	1,699	5,004
Additions	101	1,141	219	1,461
Transfer from WIP	–	1,699	(1,699)	–
Disposals	–	–	–	–
Balance at 30 June 2010	**3,067**	**3,179**	**219**	**6,465**
Accumulated depreciation and impairment				
Balance at 1 July 2008	1,511	–	–	1,511
Amortisation expenses	252	38	–	290
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Balance at 30 June 2009	**1,763**	**38**	–	**1,801**
Balance at 1 July 2009	1,763	38	–	1,801
Amortisation expenses	23	401	–	424
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Balance at 30 June 2010	**1,786**	**439**	–	**2,225**
Carrying amounts				
At 30 June 2008	1,203	301	1,699	3,203
At 30 June 2009	**1,281**	**2,740**	**219**	**4,240**

There are no restrictions over the title of MNZ's intangible assets, and no intangible assets pledged as security for liabilities.

Note 16: Creditors and other payables

	Actual 2010 $000	Actual 2009 $000
Trade creditors	823	957
GST payable	62	35
Accrued expenses	1,557	1,533
Revenue in advance	–	136
Total creditors and other payables	**2,442**	**2,661**

Creditors and other payables are non-interest-bearing and are normally settled on 30-day terms; therefore, the carrying value of creditors and other payables approximates the fair value.

Note 17: Employee entitlements

	Actual 2010 $000	Actual 2009 $000
Current annual leave	798	798
Current salary and wages	358	321
Total employee entitlements	**1,156**	**1,119**

Note 18: Provisions

	Actual 2010 $000	Actual 2009 $000
Current provisions are represented by:		
Restructuring	–	95
Lease make-good	3	–
Total current portion	3	95
Non-current provisions are represented by:		
Restructuring	–	–
Lease make-good	109	108
Total non-current portion	109	108
Total provisions	**112**	**203**

Movements for each class of provision are as follows:

	Restructuring	Lease make-good
	$000	$000
Balance at 1 July 2008	–	105
Additional provisions made	95	–
Amounts used	–	–
Used amounts reversed	–	(3)
Discount unwind (Note 7)	–	6
Balance at 30 June 2009	**95**	**108**
Balance at 1 July 2009	95	108
Additional provisions made	–	–
Amounts used	(95)	–
Amounts reversed	–	–
Discount unwind (Note 7)	–	4
Balance at 30 June 2010	**–**	**112**

Lease make-good

In respect of its leased premises, MNZ is required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings, and to remove any fixtures or fittings installed by MNZ. In many cases, MNZ has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises. Information about MNZ's leasing arrangements is disclosed in Note 21.

Note 19: Equity

	Actual 2010	Actual 2009
	$000	$000
General funds		
Balance at 1 July as previously reported	15,460	13,997
Adjustment for application of amended NZ IAS 2	–	–
Restated balance	**15,460**	**13,997**
Surplus/(deficit)	1,457	204
Capital contribution	750	1,259
Balance at 30 June	**17,667**	**15,460**
Revaluation reserve		
Balance at 1 July	648	648
Revaluations	(83)	–
Balance at 30 June	565	648
Total equity at 30 June	**18,232**	**16,108**

The revaluation reserve for the year ended 30 June 2010 consists of land $565,000 (2009: land $648,000).

Note 20: Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual 2010 $000	Actual 2009 $000
Net surplus/(deficit)	1,457	204
Add/(less) non-cash items		
Depreciation and amortisation expense	1,737	1,629
Net foreign exchange (gain)/loss	1	(3)
Total non-cash items	**1,738**	**1,626**
Add/(less) items classified as investing/financing activities		
(Increase)decrease in fixed asset accruals	–	(160)
Loss/(gain) on sale of fixed assets	(44)	(7)
Total items classified as investing/financing activities	**(44)**	**(167)**
Add/(less) movements in working capital items		
(Increase)/decrease in inventories	26	15
(Increase)/decrease in debtors and other receivables	(492)	216
Increase/(decrease) in accounts payable, incl provisions	(278)	483
(Increase)/decrease in prepayments	72	(164)
Net movements in working capital items	**(672)**	**550**
Net cash from operating activities	**2,479**	**2,213**

Note 21: Capital commitments and operating leases

	Actual 2010 $000	Actual 2009 $000
Capital commitments		
Property, plant and equipment	85	–
Intangible assets	15	310
Total capital commitments	**100**	**310**

Operating leases as lessee

Future aggregate minimum lease payments to be paid under non-cancellable and operating leases:

	Actual 2010 $000	Actual 2009 $000
Not later than 1 year	935	868
Later than 1 year and not later than 5 years	3,446	3,099
Later than 5 years	543	1,163
Total non-cancellable operating leases	**4,924**	**5,130**

MNZ leases 14 properties, with terms as follows:

Office location	Lease start date	Lease renewal date	Lease expiry date
Auckland District Office, Level 1, 2A Augustus Tce, Parnell	1 Sep 10	1 Sep 13	31 Aug 16
72 Gore St, Bluff	28 Nov 05	28 Nov 11	28 Nov 14
Level 1, Shipping House, 38 Graham St, Port Nelson, Nelson	1 May 06	1 May 12	30 Apr 15
Mariners Mall, High St, Picton	21 Oct 08	20 Oct 11	20 Oct 14
Level 1, Shipping Services Building, Norwich Quay, Lyttelton	1 Apr 05	1 Apr 10	31 Mar 13
Hutchen Pl, Port Taranaki, New Plymouth	1 Jul 95	None	3 months notice
Suite 3, Nikau House, Nikau Cres, Mount Maunganui	1 Apr 03	1 Apr 09	30 Mar 12
1 Birch St, Dunedin	1 Dec 06	None	1 month notice
NZWTA Building, Cnr Lever & Bridge Sts, Aruhuri, Napier	1 Jul 05	31 Dec 09	30 Jun 13
Portacom A1, Ralph Trimmer Dr, Marsden Point	1 Jul 10	None	6 months notice
Wellington Head Office, 1 Grey St, Wellington	9 Mar 07	9 Mar 10	07 Mar 16
Wellington (MOC), Level 3, Avalon TV Studios, Percy Cameron St, Avalon	1 Jul 94	1 Jul 09	30 Jun 14
Wellington (DAT), Level 6, Avalon TV Studios, Percy Cameron St, Avalon	1 Apr 05	1 Apr 08	31 Mar 14
Wellington (RCCNZ), Avalon TV Studios, Percy Cameron St, Avalon	1 Apr 04	1 Apr 08	31 Mar 14

A significant portion of the total non-cancellable operating lease expense relates to the lease of two floors of an office building for the head office in Grey Street, Wellington. The lease expires in March 2016, with an option to vacate the premises at the lease renewal date of March 2010. MNZ has assumed it will not vacate the premises at the lease renewal date of March 2010. MNZ does not have the option to purchase the asset at the end of the lease term.

MNZ has recognised a make-good provision of $112,000 (2009: $108,000) in respect of these leases (refer Note 18).

Note 22: Contingencies

Contingent liabilities

MNZ has a contingent liability of $50k (2009: $nil) relating to a district court claim for civil damages on seafarer certification requirements.

Contingent assets

MNZ has no contingent assets (2009: $Nil).

Note 23: Related party transactions

Related party transactions

MNZ is a wholly owned entity of the Crown. The government significantly influences the role of MNZ, in addition to being a major source of its revenue.

MNZ enters into transactions with government departments, state-owned enterprises and other Crown entities. Transactions that occur within a normal supplier or client relationship, on terms and conditions no more or less favourable than those which it is reasonable to expect MNZ would have adopted if dealing with that entity at arm's length in the same circumstances, have not been disclosed as related-party transactions.

The following transactions were carried out with related parties other than those described above. All related-party transactions have been entered into on an arm's length basis. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Transaction	Ref	Transaction value Year ending 30 June		Balance outstanding Year ending 30 June	
		2010	2009	2010	2009
		$000	$000	$000	$000
MNZ – provision of services to New Zealand Oil Pollution Fund	1	845	709	154	49
Ex- Chairman – provision of services to Tower Limited (superannuation payments)	2	7	173	–	–
Chairman – payment of provider fees to Tower Limited (administration fees)	3	–	48	–	–
Director – Catherine Taylor – Life Flight Trust	4	55	105	–	–

1. MNZ is responsible for administering the New Zealand Oil Pollution Fund (OPF), and in doing so incurs costs directly. These costs are recovered from the fund.
2. The Chairman (Ex) is a director of Tower Limited. Tower Employee Benefits Limited, a subsidiary of Tower Limited, has been contracted to administer the MNZ employee superannuation scheme. This service was supplied on normal terms and conditions.
3. The Chairman (Ex) is a director of Tower Limited. MNZ pays Tower Employee Benefits Limited a monthly provider fee for administration of the MNZ employee superannuation scheme. This service was supplied on normal terms and conditions.
4. The Chief Executive and Director of MNZ is a Trustee of Life Flight Trust. MNZ pays Life Flight Trust for provision of search services.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2009: $nil).

Key management personnel compensation

	Actual 2010 $000	Actual 2009 $000
Salaries and other short-term benefits	1,563	1,538
Employer contributions to superannuation schemes	76	60
Termination benefits	42	82
Total key management personnel compensation	**1,681**	**1,680**

Key management personnel include all Authority members, the Chief Executive, and the remaining seven members of the Executive Team.

Note 24: Authority (Board) member remuneration

The total value of remuneration paid or payable to Authority members during the year was as follows:

	Actual 2010 $000	Actual 2009 $000
David Ledson (Chairman)	16	–
Susie Staley (Ex-Chairman)	23	39
David Morgan (Deputy Chairman)	24	24
Ken Gilligan	20	20
Adrienne Young Cooper	20	20
Michael Ludbrook	20	20
Total Authority member remuneration	**123**	**123**

There have been no payments made to committee members appointed by the Authority who were not Authority members during the financial year.

MNZ has provided a deed of indemnity to directors for certain activities undertaken in the performance of MNZ's functions.

MNZ has effected directors' and officers' liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Authority members and employees.

Note 25: Employee remuneration

Total remuneration paid or payable ($)	Actual 2010	Actual 2009
100,000–109,999	4	8
110,000–119,999	6	6
120,000–129,999	3	3
130,000–139,999	5	2
140,000–149,999	3	3
150,000–159,999	3	1
160,000–169,999	1	1
170,000–179,999	2	2
180,000–189,999	1	1
190,000–199,999	1	–
270,000–279,999	–	–
280,000–289,999	1	2
Total employees	**30**	**29**

During the year ending 30 June 2010, four (2009: five) employees received compensation and other benefits in relation to cessation totalling $82,324 (2009: $130,278). No Authority members received compensation or other benefits in relation to cessation (2009: $nil).

Note 26: Events after balance sheet date

There were no significant events after the balance sheet date.

Note 27: Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2010 $000	Actual 2009 $000
Loans and receivables		
Cash and cash equivalents (Note 9)	4,328	4,929
Debtors and other receivables (Note 10)	2,179	1,687
Investments – term deposits (Note 12)	5,448	3,579
Total loans and receivables	**11,955**	**10,195**
Fair value through profit and loss – held for trading		
Derivative financial instrument assets	–	–
Derivative financial instrument liabilities	–	–
Financial liabilities measured at amortised cost		
Creditors and other payables (Note 16)	2,442	2,661
Total financial liabilities measured at amortised cost	**2,442**	**2,661**

Note 28: Financial instrument risks

MNZ's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. MNZ has a series of policies to manage the risks associated with financial instruments, and seeks to minimise exposure from financial instruments. These policies do not allow any transactions to be entered into that are speculative in nature.

Market risk

The interest rates on MNZ's investments are disclosed in Note 12.

Fair-value interest rate risk

Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. MNZ's exposure to fair-value interest rate risk is limited to its bank deposits, which are held at fixed rates of interest.

Cash-flow interest rate risk

Cash-flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose MNZ to cash-flow interest rate risk. MNZ's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. MNZ currently has no variable interest rate investments.

Sensitivity analysis

As at 30 June 2010, if interest rates on term deposits had been 0.5% higher or lower, with all other variables held constant, the deficit for the year would have been $39,196 (2009: $27,000) higher/lower. This movement is attributable to increased or decreased interest received on term deposits.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. MNZ purchases goods and services overseas, which requires it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises. MNZ does not operate any overseas-currency bank accounts.

It is MNZ's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contracts to hedge the foreign-currency risk exposure.

Credit risk

Credit risk is the risk that a third party will default on its obligation to MNZ, causing MNZ to incur a loss. Due to the timing of its cash inflows and outflows, MNZ invests surplus cash with registered banks. MNZ's investment policy limits the amount of credit exposure to any one institution. MNZ has processes in place to review the credit quality of customers prior to the granting of credit.

MNZ's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (Note 9), net debtors (Note 10) and term deposits (Note 12). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

MNZ has no significant concentrations of credit risk, as it has a small number of credit customers and invests funds only with registered banks with specified Standard and Poor's credit ratings.

MNZ holds cash with Westpac, ANZ National, Bank of New Zealand and ASB. These banks are part of the Crown Retail Deposit Guarantee Scheme, which guarantees all deposits up to $1M. There are no term deposits exceeding $1M with any of these banks.

Liquidity risk

Liquidity risk is the risk that MNZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity-risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. MNZ aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, MNZ maintains a target level of investments that must mature within specified timeframes.

The table below analyses MNZ's financial liabilities into relevant maturity groupings, based on the remaining period at the balance date to the contract maturity date. The amounts disclosed are the contractual undiscounted cash flows..

	Less than 31 days	Between 31 and 60 days	Between 61 and 90 days	Over 90 days
	$000	$000	$000	$000
2009				
Creditors and other payables (Note 16)	1,709	798	107	47
2010				
Creditors and other payables (Note 16)	2,423	12	4	3

Note 29: Capital management

MNZ's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

MNZ is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives.

MNZ manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and investments, and general financial dealings to ensure MNZ effectively achieves its objectives and purpose while remaining a going concern.

Note 30: Explanation of significant variances against budget

Explanations for significant variations from MNZ's budgeted figures in the *Statement of Intent 2009–2012* are as follows:

Statement of financial performance

Revenue from the Crown

Additional revenue of $139k was received for search and rescue training courses. Of this, $90k was held from the 2008/09 year and applied to the additional costs incurred in the 2009/10 financial year.

Marine Safety Charge (MSC)

MSC revenue from cruise liners was higher than the budget by $2 m. With the revision of the MSC effective from 1 December 2008, levies for cruise liners are calculated on the basis of passenger capacity and the number of ports visited while in New Zealand. With an increase in the number of cruise liners visiting New Zealand and a large increase in the number of ports visited, the revenue collected from this source is significantly more than expected.

'MSC international other' was greater than budgeted, and this can be attributed to the impact of changing from gross tonnage to deadweight tonnage and an increase in rates for this financial year. This is particularly relevant for container ships and bulk carriers, as they account for a large proportion of the MSC revenue from international vessels.

Other revenue

Seafarer licensing was higher than budgeted, due to additional training courses being offered which allowed students to apply for their certification more quickly. This was particularly evident in the case of Marine Engineer Class 3 qualifications.

Interest revenue

This is lower than budgeted, because interest rates have reduced during the year as a result of the global economic downturn.

Personnel expenses

These costs are greater than budgeted, as savings in staff attrition did not materialise due to the need to replace permanent staff when they left. The use of contract staff was also required to fill some of these positions until appointments could be made. In some cases, this took longer than expected and this cost was not built into the budget.

Other expenses

Legal costs incurred were higher than planned, due to an increased level of activity in some key litigation cases. This also included meeting the cost of a judicial review.

Depreciation/amortisation

The depreciation budget was based on the value of assets forecast to be capitalised at June 2009. As more assets were capitalised at year end than expected, this had an unfavourable impact on the depreciation charge for the year.

Statement of financial position

Cash and cash equivalents and investments

These are greater than budgeted because of receiving more MSC revenue from cruise liners, as explained above.

Also contributing to this variance is the reimbursement of search and rescue variable costs relating to the 2008 and 2009 financial years, amounting to $750k.

The other factor is that the opening balance is significantly better than the budgeted balance.

Non-current assets

These are less than budgeted due to the deferral of capital expenditure related to upgrading infrastructure sites.

Creditors and other payables

These are higher than budgeted due to the timing of expected payments.

Employee entitlements

Employee entitlements are higher than budgeted due to some staff carrying higher annual leave balances than planned.

Statement of changes in equity

Surplus/(deficit) for the year

The surplus for the year was greater than budgeted due to the budget variances explained in the statement of comprehensive income above. The most significant item was the additional revenue from the cruise sector.

Note 31: Directions issued by Ministers

There were no Directions issued by the Minister within the financial reporting period.

Output class 1: Summary

	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Income			
Revenue from Crown	5,709	5,689	5,689
Marine Safety Charge revenue	16,936	14,452	15,973
User charges	690	610	596
Crown agencies	11	–	–
Ministry of Transport (rules contract)	710	658	856
Other	1,343	936	936
Interest income	215	215	285
Total income	**25,614**	**22,560**	**24,335**
Expenditure			
Government services	2,094	2,367	1,935
Communication and education	2,255	3,430	3,133
Monitoring and compliance services	12,044	8,785	11,314
Security services	921	1,266	1,139
Safety services and infrastructure	5,395	5,778	5,959
Transfer to Output Class 2	1,075	920	–
Total expenditure	**23,784**	**22,546**	**23,480**
Net surplus/(deficit)	**1,830**	**14**	**855**

Output class 2: Summary

	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Income			
Oil pollution levies	3,013	2,915	3,026
Other revenue	193	52	114
Interest	179	350	339
Total income	**3,385**	**3,317**	**3,479**
Total expenditure	**4,575**	**4,757**	**4,207**
Net surplus/(deficit)	**(1,190)**	**(1,440)**	**(728)**

Output class 3: Summary

	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000
Income			
Revenue from Crown	4,538	4,399	3,918
Other revenue	(1)	–	11
Interest income	80	100	139
Total income	**4,617**	**4,499**	**4,068**
Total expenditure	**4,990**	**5,162**	**4,719**
Net surplus/(deficit)	**(373)**	**(663)**	**(651)**

APPENDICES

Appendix 1: Financial statements for New Zealand Oil Pollution Fund

Chairman's report

New Zealand Oil Pollution Fund

The Oil Pollution Fund (OPF) comprises levies collected from all contributing commercial ships and offshore oil installations and pipelines. The levy is risk-based, to reflect the level of risk attributable to different categories of ships and types of oil.

A five-year forecast and an annual budget are endorsed by the Oil Pollution Advisory Committee (OPAC) for consideration by the Authority, which in turn recommends a capital and operating budget for approval by the Minister of Transport.

The accumulated monies in the OPF and the ongoing annual contributions from levies are applied, in accordance with the Maritime Transport Act 1994, to the development and maintenance of an effective marine oil pollution response system for New Zealand.

David Ledson
Chairman, Maritime New Zealand

Statement of responsibility

The financial statements of the New Zealand Oil Pollution Fund (OPF) and the judgements used are the responsibility of the Authority members and Maritime New Zealand (MNZ) management, and have been prepared in accordance with the Crown Entities Act 2004.

The establishment and maintenance of an internal control system designed to provide reasonable assurance as to the integrity and reliability of the financial statements for the year ended 30 June 2010 is the responsibility of the Authority members and MNZ management.

In the opinion of the Authority members and MNZ management, financial statements for the year ended 30 June 2010 fairly reflect the financial position and operations of the New Zealand OPF.

David Ledson
Chairman, Maritime New Zealand
Dated: 29 October 2010

Dave Morgan
Deputy Chairman, Maritime New Zealand
Dated: 29 October 2010

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of the New Zealand Oil Pollution Fund's financial statements for the year ended 30 June 2010

The Auditor-General is the auditor of New Zealand Oil Pollution Fund (the Fund). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements included in the annual report of the Fund for the year ended 30 June 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Fund on pages 97 to 123:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect:
        - the Fund's financial position as at 30 June 2010; and
        - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 29 October 2010 and this is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Fund as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The Board's responsibilities arise from the Maritime Transport Act 1994.

We are responsible for expressing an independent opinion on the financial and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Fund.

John O’Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of comprehensive income

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Income				
Oil pollution levies		3,013	2,915	3,026
Other revenue	2	193	52	99
Interest revenue		179	350	339
Gains	3	–	–	15
Total income		**3,385**	**3,317**	**3,479**
Expenditure				
Oil spill response		67	80	64
Personnel costs	4	1,374	1,251	1,283
Depreciation and amortisation expenses	12, 13	384	337	383
Finance costs	5	4	–	3
Other expenses	6	2,746	3,089	2,474
Total expenditure		**4,575**	**4,757**	**4,207**
Net operating surplus/(deficit)		**(1,190)**	**(1,440)**	**(728)**
Other comprehensive income				
Gains/(losses) on land and building revaluation		–	–	–
Total other comprehensive income for the year		–	–	–
Total comprehensive income for the year		**(1,190)**	**(1,440)**	**(728)**

Explanations of significant variances against budget are detailed in Note 26.

Statement of movements in equity

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Balance as at 1 July as previously reported		**10,459**	**9,241**	**11,236**
Adjustments to retained surpluses on initial application of amended NZ IAS 2	17	–	–	(49)
Total comprehensive income for the year		(1,190)	(1,440)	(728)
Balance at 30 June	**17**	**9,269**	**7,801**	**10,459**

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of financial position

At 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
ASSETS				
Current assets				
Cash and cash equivalents	7	1,029	2,590	3,163
Debtors and other receivables	8	112	452	74
Prepayments		20	–	35
Inventories	9	1,528	950	1,530
Investments	10	2,937	–	564
Total current assets		**5,626**	**3,992**	**5,366**
Non-current assets				
Investments	10	572	–	1,323
Property, plant and equipment	12	3,975	4,322	4,186
Intangible assets	13	346	–	404
Total non-current assets		**4,893**	**4,322**	**5,913**
Total assets		**10,519**	**8,314**	**11,279**
LIABILITIES				
Current liabilities				
Creditors and other payables	14	1,117	419	703
Employee entitlements	15	83	94	71
Total current liabilities		**1,200**	**513**	**774**
Non-current liabilities				
Provisions	16	50	–	46
Total non-current liabilities		**50**	**–**	**46**
Total liabilities		**1,250**	**513**	**820**
Net assets		**9,269**	**7,801**	**10,459**
EQUITY				
General funds	17	9,269	7,801	10,459
Total equity		**9,269**	**7,801**	**10,459**

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of cash flows

Year ended 30 June 2010

	Notes	Actual 2010 $000	Budget 2010 $000	Actual 2009 $000
Cash flows from operating activities				
Receipts from fees and charges		2,940	2,712	3,159
Receipts from other revenue		193	52	99
Interest received		151	355	363
Payments to suppliers		(2,973)	(3,607)	(2,507)
Oil spill response		(67)	–	(64)
Payments to employees		(750)	(722)	(1,259)
Goods and services tax (net)		25	18	40
Net cash from operating activities	18	**(481)**	**(1,192)**	**(169)**
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		–	–	77
Receipts from sale of investments		1,822	–	14,788
Purchase of property, plant and equipment		(60)	(448)	(487)
Purchase of intangible assets		–	–	(4)
Acquisition of investments		(3,415)	–	(11,660)
Net cash from investing activities		**(1,653)**	**(448)**	**2,714**
Cash flows from financing activities				
Capital contributions	17	–	–	–
Net cash from financing activities		**–**	**–**	**–**
Net (decrease)/increase in cash and cash equivalents		(2,134)	(1,640)	2,545
Cash and cash equivalents at the start of year		3,163	4,230	618
Cash and cash equivalents at end of year	7	**1,029**	**2,590**	**3,163**

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

Note 1: Statement of accounting policies for the year ended 30 June 2010

Reporting entity

The New Zealand Oil Pollution OPF (the OPF) has been established by Maritime New Zealand (MNZ) pursuant to Section 330 of the Maritime Transport Act 1994. The OPF is domiciled in New Zealand. The OPF's ultimate parent is the New Zealand Crown.

The OPF's primary objective is to meet the ongoing costs of maintaining New Zealand's oil spill response capability, including contingency plans, equipment, and training and response costs (where they are unable to be recovered from the spiller). Levies imposed on shipping and oil sites are paid into the OPF to finance these costs.

Accordingly, the OPF has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

While the financial statements of the OPF form part of the financial reports of the Authority, they are presented separately in order to clearly identify the income and expenditure associated with the Authority's oil pollution response activities.

The financial statements of the OPF have been prepared in accordance with Section 330(7) of the Maritime Transport Act 1994.

The financial statements for the OPF are for the year ended 30 June 2010 and were authorised for issue on 29 October 2010.

Basis of preparation

Statement of compliance

The financial statements of the OPF have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with NZ IFRS's, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment.

Functional and presentation currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the OPF is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

MNZ has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements* (Revised 2007) Replaces NZ IAS 1 *Presentation of Financial Statements* (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Ministry has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes of equity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted, and which are relevant to OPF include:

- NZ IAS 24 Related Party disclosures. The revised standard clarifies the disclosure of transactions with Ministers of the Crown who are "key management personnel" of the Government ("the parent").

Ministers are "key management personnel" of the parent, Ministers (and their close family members) are also related parties of all Government entities. Therefore, Government entities should disclose in their annual accounts related-party transactions with Ministers if they exist.

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement.* NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Ministry has not yet assessed the effect of the new standard and expects it will not be early adopted.

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

Revenue

The OPF earns revenue from interest on investments and levies to third parties for the provision of services. Such revenue is recognised when earned, and is reported in the financial period to which it relates.

Revenue is measured at the fair value of consideration received or receivable.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Provision of services

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed or Oil Pollution Levy (OPL), based on information from New Zealand Customs regarding port visits.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the OPF are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive income.

Lease incentives received are recognised in the statement of comprehensive income over the lease term as an integral part of the total lease expense.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, the OPF recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item, or the present value of the minimum lease payments.

The finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the OPF will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with domestic banks, and other short-term, highly liquid investments, with original maturities of 3 months or less.

Debtors and other accounts receivable

Debtors and other accounts receivable are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the OPF will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

Investments

At each balance sheet date, the OPF assesses whether there is any objective evidence that an investment is impaired.

Investments in bank deposits are initially measured at fair value plus transaction costs.

Short-term investments are deposited with registered New Zealand banks. Short-term investments are recognised at lower of cost or net realisable value.

For bank deposits, impairment is established when there is objective evidence that the OPF will not be able to collect amounts due according to the original term of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Inventories

Inventories held for consumption in the provision of services that are not issued on a commercial basis are measured at the lower of cost (determined on the weighted average cost method), adjusted when applicable, for any loss of service potential. The replacement cost or service potential of spare parts inventory held for distribution reflects any obsolescence or any other impairment. The write-down from cost to current replacement cost or net realisable value is recognised in the statement of comprehensive income in the period when the write-down occurs.

Inventory items used to repair or maintain an asset are recorded as an expense in the statement of comprehensive income. Items that replace an existing asset and are over $2,000 are recorded as property, plant and equipment, with the asset being replaced written off. If the replacement item is under $2,000, the cost is usually recorded as repairs and maintenance unless the item is part of an operating asset unit, in which case the cost is recorded as property, plant and equipment.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment asset classes are as follows:

- plant and equipment
- vessels
- motor vehicles
- furniture, fittings and office equipment
- computer equipment
- leasehold improvements.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Revaluations

All asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. Additions between revaluations are recorded at cost.

Accounting for revaluations

The OPF accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to the revaluation reserve for that class of asset. Where this results in a debit balance in the revaluation reserve, this balance is expensed in the statement of comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the OPF and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to general OPFs.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to the OPF and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Asset type	Useful life (years)	Depreciation method
Plant and equipment	5–50	straight-line
Vessels	10–35	straight-line
Motor vehicles	5	straight-line
Furniture, fittings and office equipment	5	straight-line
Computer equipment	3	straight-line
Leasehold improvements	2–9	straight-line

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease. Items under construction are not depreciated. The total cost of a capital project is transferred to the appropriate asset class on its completion and then depreciated.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by the OPF, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs and costs associated with the development and maintenance of the OPF's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Software type	Useful life (years)	Depreciation method
Acquired computer software	3–5	straight-line
Developed computer software	8	straight-line

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the OPF would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the asset revaluation reserve for that class of asset. Where that results in a debit balance in the asset revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the asset revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of comprehensive income.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date.

Employee entitlements that the OPF expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

Annual leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings, in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

The OPF does not recognise a liability for sick leave, as staff have an unlimited entitlement.

The OPF recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Obligations for contributions to KiwiSaver and the Government Superannuation OPF are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Provisions

The OPF recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Goods and services tax (GST)

All items in the financial statements are presented on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are stated with GST included. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The OPF is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are derived from the Statement of Intent, as approved by the Authority at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the OPF for the preparation of the financial statements. Some budget numbers have been classified differently from the SOI to bring them into line with the classifications used in the financial statements.

Expenses

Expenses are recognised in the financial period to which they relate.

Cost allocation

The OPF has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that can not be identified in an economically feasible manner, with a specific output.

All costs are tracked by account code, cost centre and activity code. Direct costs are charged directly to outputs. Indirect costs are allocated to cost centres on the basis of cost drivers and related activity/usage information. The cost centres are assigned or apportioned to an output or outputs. For the majority of cost centres, there is a one-to-one relationship with outputs. All overheads are allocated to outputs on the basis of full-time equivalents (FTEs).

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the OPF has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment and intangible assets useful lives and residual value

At each balance date, the OPF reviews the useful lives and residual values of its property, plant and equipment and intangible assets. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangible assets requires the OPF to consider a number of factors, such as the physical condition of the asset, expected period of use of the asset by the OPF, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciation/amortisation expense recognised in the statement of comprehensive income, and on the carrying amount of the asset in the statement of financial position. The OPF minimised the risk of this estimation uncertainty by:

- physical inspections of assets
- asset replacement programmes
- review of the second-hand market prices for similar assets
- analysis of prior asset sales.

The OPF has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements

No critical judgements have been applied in the preparation of these financial statements.

Capital commitments

Future expenses and liabilities to be incurred on contracts that relate to unperformed goods or services that have been entered into at balance date are disclosed as commitments. Commitments disclosed include those operating and capital commitments arising from non-cancellable contractual or statutory obligations.

Contingent assets and liabilities

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Statement of cash flows

Cash means cash and cash equivalents on hand, held in bank accounts, and demand deposits in which the OPF invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and records the cash payments made for the supply of goods and services, personnel expenses, interest, and capital charges.

Investing activities are those activities relating to the acquisition and disposal of non-current assets, intangible assets and investments.

Financing activities comprise the change in equity and debt capital structure of the OPF.

Note 2: Other revenue

	Actual 2010 $000	Actual 2009 $000
Oil spill recoveries	–	–
Bad debts recovered	4	–
Equipment hire	27	27
Recovery of expenses	155	–
Other income	7	72
Total other revenue	**193**	**99**

Note 3: Gains

	Actual 2010 $000	Actual 2009 $000
Gain on sale of property, plant and equipment	–	15
Total gains	**–**	**15**

Note 4: Personnel costs

	Actual 2010 $000	Actual 2009 $000
Salaries and wages	720	733
Salaries recovered by MNZ	609	500
Employer contributions to defined contribution plans	33	30
Employee entitlement increase/(decrease) (Note 15)	12	20
Total personnel costs	**1,374**	**1,283**

Note 5: Finance costs

	Actual 2010 $000	Actual 2009 $000
Discount unwind on provisions (Note 16)	4	3
Total finance costs	**4**	**3**

Note 6: Other expenses

	Actual 2010 $000	Actual 2009 $000
Administration	43	33
Bad debts written off	1	4
Costs covered by MNZ	236	209
Consultancy	217	73
Cost of goods sold	7	21
Fees to auditors (financial statement audit)	9	9
Impairment of receivables (Note 8)	–	–
Maintenance	134	247
Marketing and public relations	26	5
Operating lease expense	204	181
Other	51	58
Professional services	474	327
Regional council costs	938	826
Staff travel	178	151
Training and exercises	228	330
Total other expenses	**2,746**	**2,474**

Note 7: Cash and cash equivalents

	Actual 2010 $000	Actual 2009 $000
Cash on hand and at bank	2	17
Cash equivalents – term deposits	1,027	3,146
Total cash and cash equivalents	**1,029**	**3,163**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The weighted average effective interest rate for short-term deposits with maturity dates of three months or less is 3.2% (2009: 4.7%).

Note 8: Debtors and other receivables

	Actual 2010 $000	Actual 2009 $000
Trade debtors	7	33
Less: provision for impairment	–	–
Net trade debtors	7	33
Other accounts receivable	87	34
GST refundable	18	42
Total debtors and other receivables	**112**	**109**

The carrying value of receivables approximates their fair value.

As at 30 June 2010 and 2009, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	5	–	5	28	–	28
Past due 1–30 days	2	–	2	–	–	–
Past due 31–60 days	–	–	–	3	–	3
Past due 61–90 days	–	–	–	1	–	1
Past due > 90 days	–	–	–	1	–	1
Total	**7**	**–**	**7**	**33**	**–**	**33**

The provision for impairment has been calculated based on expected losses for the OPF's pool of debtors. Expected losses are based on an analysis of the OPF's losses in previous periods, and review of specific debtors.

The specific debtors that are insolvent are fully provided for. As at 30 June 2010, the OPF has identified one debtor (2009: nil) totalling $2,094.21 (2009: $nil) that is insolvent.

Movements in the provision for impairment of receivables are as follows:

	Actual 2010 $000	Actual 2009 $000
Balance at 1 July	–	–
Additional provisions made during the year (Note 6)	–	–
Receivables written off during the period	–	–
Balance at 30 June	**–**	**–**

Note 9: Inventories

	Actual 2010 $000	Actual 2009 $000
Spare parts	1,528	1,530
Total inventories	**1,528**	**1,530**

The write-down of inventories held for distribution amounted to $1,747 (2009: $53,330). There have been no reversals of write-downs. No inventories are pledged as security for liabilities; however, some inventories are subject to retention of title clauses. A prior period adjustment has been made to record inventory held at locations nationwide; this inventory was not previously recognised.

Note 10: Investments

	Actual 2010 $000	Actual 2009 $000
Current investments are represented by:		
Term deposits	2,937	564
Total current portion	2,937	564
Term deposits	572	1,323
Total non-current portion	572	1,323
Total investments	**3,509**	**1,887**

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits	Actual 2010 $000	Actual 2009 $000
Term deposits with maturities 4–6 months (average maturity 149 days)	–	–
Weighted average effective interest rate	–	–
Term deposits with maturities 6–12 months (average maturity 365 days)	2,937	564
Weighted average effective interest rate	6.3%	6.3%
Term deposits with maturities in excess of 12 months (average maturity 730 days)	572	1,323
Weighted average effective interest rate	6.3%	6.3%

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

Term deposits are invested at fixed rates ranging from 4.50% to 8.95%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact on the measurement of the investments and there would therefore be no impact on the deficit or equity.

Note 11: Derivative financial instruments

The notional principal amount of outstanding forward exchange contracts at 30 June 2010 was $nil (2009: $nil). The fair value of forward exchange contracts has been determined using a discounted cash flow valuation technique based on quoted market rates.

Note 12: Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Plant & equipment	Vessels	Motor vehicles	Furniture, fittings & office equipment	Computer equipment	Leasehold improvement	Work in progress	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost or valuation								
Balance at 1 July 2008	9,236	467	315	95	23	60	45	10,241
Additions	138	–	–	3	–	–	206	347
Work in progress	–	–	–	–	–	–	–	–
Transfer to/(from) WIP	34	11	–	–	–	–	(45)	–
Disposals	(3)	(24)	(28)	–	–	–	–	(55)
Balance at 30 June 2009	**9,405**	**454**	**287**	**98**	**23**	**60**	**206**	**10,533**
Balance at 1 July 2009	9,405	454	287	98	23	60	206	10,533
Additions	60	–	–	–	–	–	–	60
Work in progress	–	–	–	–	–	–	54	54
Transfer to/(from) WIP	206	–	–	–	–	–	(206)	–
Disposals	–	–	–	–	–	–	–	–
Balance at 30 June 2010	**9,671**	**454**	**287**	**98**	**23**	**60**	**54**	**10,647**
Accumulated depreciation and impairment losses								
Balance at 1 July 2008	5,594	106	208	93	21	54	–	6,076
Depreciation expenses	249	32	40	2	1	–	–	324
Elimination on disposal	(2)	(23)	(28)	–	–	–	–	(53)
Impairment losses	–	–	–	–	–	–	–	–
Balance at 30 June 2009	**5,841**	**115**	**220**	**95**	**22**	**54**	**–**	**6,347**
Balance at 1 July 2009	5,841	115	220	95	22	54	–	6,347
Depreciation expenses	256	31	35	1	1	1	–	325
Elimination on disposal	–	–	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–	–	–
Balance at 30 June 2010	**6,097**	**146**	**255**	**96**	**23**	**55**	**–**	**6,672**
Carrying amounts								
At 30 June 2009	3,564	339	67	3	1	6	206	4,186
At 30 June 2010	**3,574**	**308**	**32**	**2**	**–**	**5**	**54**	**3,975**

Note 13: Intangible assets

Movements for each intangible asset class

	Acquired software	Internally generated software	Work in progress	Total
	$000	$000	$000	$000
Cost				
Balance at 1 July 2008	488	27	–	515
Additions	4	–	–	4
Disposals	–	–	–	–
Balance at 30 June 2009	**492**	**27**	**–**	**519**
Balance at 1 July 2009	492	27	–	519
Additions	–	–	–	–
Disposals	–	–	–	–
Balance at 30 June 2010	**492**	**27**	**–**	**519**
Accumulated depreciation and impairment losses				
Balance at 1 July 2008	56	–	–	56
Amortisation expenses	58	–	–	58
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Balance at 30 June 2009	**114**	**–**	**–**	**114**
Balance at 1 July 2009	115	–	–	115
Amortisation expenses	58	–	–	58
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Balance at 30 June 2010	**173**	**–**	**–**	**173**
Carrying amounts				
At 30 June 2009	377	27	–	404
At 30 June 2010	**319**	**27**	**–**	**346**

There are no restrictions over the title of the OPF's intangible assets, and there are no intangible assets pledged as security for liabilities.

Note 14: Creditors and other payables

	Actual 2010 $000	Actual 2009 $000
Trade creditors	171	233
Accrued expenses	946	470
Total creditors and other payables	**1,117**	**703**

Creditors and other payables are non-interest-bearing and are normally settled on 30-day terms; therefore, the carrying value of creditors and other payables approximates their fair value.

Note 15: Employee entitlements

	Actual 2010 $000	Actual 2009 $000
Current annual leave	69	60
Current salary and wages	14	11
Total employee entitlements	**83**	**71**

Note 16: Provisions

	Actual 2010 $000	Actual 2009 $000
Current provisions are represented by:		
Lease make-good	–	–
Total current portion	**–**	**–**
Non-current provisions are represented by:		
Lease make-good	50	46
Total non-current portion	50	46
Total provisions	**50**	**46**

Movements for each class of provision are as follows:

Movement in provisions statement	Lease make-good $000
Balance at 1 July 2008	43
Additional provisions made	–
Amounts used	–
Discount unwind (Note 5)	3
Balance at 30 June 2009	**46**
Balance at 1 July 2009	46
Additional provisions made	–
Amounts used	–
Discount unwind (Note 5)	4
Balance at 30 June 2010	**50**

Lease make-good

In respect of its leased premises, the Fund is required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings, and to remove any fixtures or fittings installed by the Fund. In many cases, the Fund has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises. Information about the Fund's leasing arrangements is disclosed in Note 19.

Note 17: Equity

	Actual 2010 $000	Actual 2009 $000
General funds		
Balance at 1 July, as previously reported	10,459	11,236
Adjustment to retained surpluses on initial application of amended NZ IAS 2	–	(49)
Surplus/(deficit)	(1,190)	(728)
Total equity at 30 June	**9,269**	**10,459**

Note 18: Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual 2010 $000	Actual 2009 $000
Net surplus/(deficit)	(1,190)	(728)
Add/(less) non-cash items		
Depreciation and amortisation expenses	384	383
Total non-cash items	**384**	**383**
Add/(less) items classified as investing/financing activities		
(Increase)/decrease in fixed asset accruals	–	74
Loss/(gain) on sale of fixed assets	–	15
Total items classified as investing/financing activities	**–**	**89**
Add/(less) movements in working capital items		
(Increase)/decrease in inventories	2	55
(Increase)/decrease in debtors and other receivables	(66)	130
Increase/(decrease) in accounts payable, including provisions	374	(98)
(Increase)/decrease in prepayments	15	–
Net movements in working capital items	**325**	**87**
Net cash from operating activities	**(481)**	**(169)**

Note 19: Capital commitments and operating leases

	Actual 2010 $000	Actual 2009 $000
Capital commitments		
Property, plant and equipment	63	–
Intangible assets	–	–
Total capital commitments	**63**	**–**

Operating leases as lessee

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Actual 2010 $000	Actual 2009 $000
Not later than 1 year	147	131
Later than 1 year and not later than 5 years	332	425
Not later than 5 years	–	–
Total non-cancellable operating leases	**479**	**556**
Other non-cancellable commitments		
Not later than 1 year	295	462
Later than 1 year and not later than 5 years	20	258
Not later than 5 years	–	–
Total other non-cancellable lease commitments	**315**	**720**
Total commitments	**857**	**1,276**

The Fund leases one property, as follows:

Office location	Lease start date	Lease renewal date	Lease expiry date
Auckland (MPRS), 755 Te Atatu Rd, Te Atatu	1 Oct 98	1 Oct 10	30 Sep 13

The Fund has recognised a make-good provision of $50,000 (2009: $46,000) in respect of these leases (Note 16).

Note 20: Contingencies

The OPF has no contingent assets or liabilities as at 30 June 2010 (2009: $nil).

Note 21: Related-party transactions

Related-party transactions

The OPF is a wholly owned entity of the Crown. The government significantly influences the role of the OPF. The OPF enters into transactions with government departments, state-owned enterprises and other Crown entities.

Transactions that occur within a normal supplier or client relationship, on terms and conditions no more or less favourable than those which it is reasonable to expect the OPF would have adopted if dealing with that entity at arm's length in the same circumstances, have not been disclosed as related-party transactions.

The following transactions were carried out with related parties other than those described above. All related-party transactions have been entered into on an arm's-length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Transaction	Ref	Transaction value year ended 30 June		Balance outstanding year ended 30 June	
		2010	2009	2010	2009
		$000	$000	$000	$000
The OPF – cost recovered by MNZ	1	236	709	46	65

1. MNZ is responsible for administering the Oil Pollution Fund (OPF). The costs relating to this administration have been paid to MNZ on a cost recovery basis.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2009: $nil).

Key management personnel compensation

	Actual 2010	Actual 2009
	$000	$000
Salaries and other short-term benefits	140	136
Employer contributions to superannuation schemes	7	6
Termination benefits	–	–
Total key management personnel compensation	**147**	**142**

Key management personnel includes the manager of the OPF.

Employee remuneration

Total remuneration paid or payable	Actual 2010	Actual 2009
110,000 to 119,999	2	2
140,000 to 149,999	1	1
Total employees	**3**	**3**

During the year ending 30 June 2010, no (2009: 0) employees received compensation and other benefits in relation to cessation totalling $nil (2009: $nil). No Authority members received compensation or other benefits in relation to cessation (2009: $nil).

Note 22: Events after balance sheet date

There were no significant events after the balance sheet date.

Note 23: Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2010 $000	Actual 2009 $000
Loans and receivables		
Cash and cash equivalents (Note 7)	1,029	3,163
Debtors and other receivables (Note 8)	112	109
Investments – term deposits (Note 10)	3,509	1,887
Total loans and receivables	**4,650**	**5,159**
Financial liabilities measured at amortised cost		
Creditors and other payables (Note 14)	1,117	703
Total financial liabilities measured at amortised cost	**1,117**	**703**

Note 24: Financial instrument risks

The OPF's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The OPF has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions to be entered into that are speculative in nature.

Market risk

The interest rates on the OPF's investments are disclosed in Note 10.

Fair-value interest rate risk

Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The OPF's exposure to fair-value interest rate risk is limited to its bank deposits that are held at fixed rates of interest.

Cash-flow interest rate risk

Cash-flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the OPF to cash-flow interest rate risk.

The OPF's investment policy requires a spread of investment maturity dates, to limit exposure to short-term interest rate movements. The OPF currently has no variable-interest rate investments.

Sensitivity analysis

As at 30 June 2010, if interest rates on term deposits had been 0.5% higher or lower, with all other variables held constant, the deficit for the year would have been $26,928 (2009: $31,420) higher/lower. This movement is attributable to increased or decreased interest received on term deposits.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The OPF purchases goods and services overseas that require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises. The OPF does not operate any overseas currency bank accounts.

It is the OPF's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contracts to hedge the foreign currency risk exposure.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the OPF, causing the OPF to incur a loss.

Due to the timing of its cash inflows and outflows, the OPF invests surplus cash with registered banks. The OPF's investment policy limits the amount of credit exposure to any one institution.

The OPF has processes in place to review the credit quality of customers prior to the granting of credit.

The OPF's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (Note 7), net debtors (Note 8) and term deposits (Note 10). There is no collateral held as security against these financial instruments, including instruments that are overdue or impaired.

The OPF has no significant concentrations of credit risk, as it has a small number of credit customers and invests OPFs only with registered banks with specified Standard and Poor's credit ratings.

The OPF holds cash with Westpac, ANZ National, Bank of New Zealand and ASB. These banks are part of the Crown Retail Deposit Guarantee Scheme, which guarantees all deposits up to $1 m. There are no term deposits exceeding $1 m with any of these banks.

Liquidity risk

Liquidity risk is the risk that the OPF will encounter difficulty raising liquid OPFs to meet commitments as they fall due. Prudent liquidity-risk management implies maintaining sufficient cash, the availability of Oil Pollution Funding through an adequate amount of committed credit facilities and the ability to close out market positions. The OPF aims to maintain flexibility in Oil Pollution Funding by keeping committed credit lines available.

In meeting its liquidity requirements, the OPF maintains a target level of investments that must mature within specified timeframes.

The table below shows the OPF's financial liabilities in relevant maturity groupings, based on the remaining period at the balance date to the contract maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 31 days	31–60 days	61–90 days	Over 90 days
	$000	$000	$000	$000
2009				
Creditors and other payables (Note 14)	703	–	–	–
2010				
Creditors and other payables (Note 14)	1,113	4	–	–

Note 25: Capital management

The OPF's capital is its equity, which comprises accumulated OPFs and other reserves. Equity is represented by net assets.

The OPF is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The OPF manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities and investments, and general financial dealings to ensure the OPF effectively achieves its objectives and purpose while remaining a going concern.

Note 26: Explanation of significant variances against budget

Explanations for significant variations from the OPF's budgeted figures in the Statement of Intent are as follows:

Statement of financial performance

Oil pollution levies

These were higher than budgeted, mainly due to there being more visits from foreign-going vessels and cruise ships.

Interest revenue

This was significantly lower than budgeted, because interest rates have reduced during the year as a result of the global economic downturn.

Personnel expenses

Personnel costs were higher and this is mainly attributable to the salary support costs provided by Corporate Services.

Other expenses

Operating expenses were less than budgeted as a result of fewer training exercises conducted during the year. These relate to courses for regional council staff and those run by the Marine Pollution Response Service (MPRS).

Statement of financial position

Cash and cash equivalents and investments

This was better than budgeted, primarily due to lower levels of expenses being incurred, particularly in the area of training, as mentioned above. The other contributing factor was that less plant and equipment was purchased than planned.

Intangible assets

This was greater than budgeted, due to the transfer of the information management systems software project from the Rescue Coordination Centre of New Zealand (RCCNZ) to the OPF, which occurred at the 2009 year end but was not included in the current budget.

Creditors and other payables

These are greater than budgeted, mainly because of year-end accruals relating to regional council training costs.

Statement of changes in equity

Surplus/(deficit) for the year

The deficit for the year was less than budgeted, which contributed to an improved equity position.

Note 27: Directions issued by Ministers

There were no Directions issued by Ministers within the financial reporting period.

Appendix 2: Additional financial information

The financial statements of the Authority consolidate the activities of the Rescue Coordination Centre New Zealand (RCCNZ) with MNZ's traditional business activities. This appendix provides additional financial information that does not form part of MNZ's audited accounts, to give readers more detail about the cost of operating RCCNZ.

Statement of comprehensive income

Year ended 30 June 2010

	MNZ			RCCNZ			Group		
	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Income									
Revenue from Crown	5,709	5,689	5,689	4,538	4,399	3,918	10,247	10,088	9,607
MSC revenue	16,936	14,452	15,973	–	–	–	16,936	14,452	15,973
Interest revenue	215	215	285	80	100	139	295	315	424
Other revenue	2,710	2,204	2,381	–	–	8	2,710	2,204	2,389
Gains	44	–	7	(1)	–	3	43	–	10
Total income	**25,614**	**22,560**	**24,335**	**4,617**	**4,499**	**4,068**	**30,230**	**27,059**	**28,403**
Expenditure									
Personnel costs	11,514	11,109	11,191	2,650	2,660	2,057	14,164	13,769	13,248
Depreciation	1,538	1,292	1,428	199	182	201	1,737	1,474	1,629
Capital charge	693	693	655	154	193	183	847	886	838
Finance costs	4	–	6	–	–	–	4	–	6
Other expenses	10,035	9,452	10,200	1,987	2,127	2,278	12,022	11,579	12,478
Total expenditure	**23,784**	**22,546**	**23,480**	**4,990**	**5,162**	**4,719**	**28,774**	**27,708**	**28,199**
Net surplus	**1,830**	**14**	**855**	**(373)**	**(663)**	**(651)**	**1,457**	**(649)**	**204**

Statement of movements in equity

Year ended 30 June 2010

	MNZ			RCCNZ			Group		
	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance as 1 July	**14,185**	**13,601**	**12,330**	**1,923**	**1,889**	**2,315**	**16,108**	**15,490**	**14,645**
Amounts recognised directly in equity									
Property, plant and equipment revaluation gains/(losses)	(83)	–	–	–	–	–	(83)	–	–
Surplus/(deficit) for the year	1,830	14	855	(373)	(663)	(651)	1,457	(649)	204
Total recognised income and expenses	15,932	13,615	13,185	1,550	1,226	1,664	17,476	14,841	14,849
Capital contribution	–	–	1,000	750	–	259	750	–	1,259
Balance at 30 June	**15,932**	**13,615**	**14,185**	**2,300**	**1,226**	**1,923**	**18,232**	**14,841**	**16,108**

Statement of financial position

At 30 June 2010

	MNZ			RCCNZ		
	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000	$000	$000	$000
ASSETS						
Current assets						
Cash and cash equivalents	3,188	3,727	4,465	1,140	929	464
Debtors and other receivables	2,270	2,255	1,772	61	40	4
Prepayments	172	55	175	152	125	221
Inventories	241	290	267	–	–	–
Investments	4,168	–	2,257	1,280	–	1,322
Total current assets	**10,039**	**6,327**	**8,936**	**2,633**	**1,094**	**2,011**
Non-current assets						
Property, plant and equipment	4,917	5,621	5,586	265	700	444
Intangible assets	4,134	3,950	3,149	106	150	54
Total non-current assets	**9,051**	**9,571**	**8,735**	**371**	**850**	**498**
Total assets	**19,090**	**15,898**	**17,671**	**3,004**	**1,944**	**2,509**
LIABILITIES						
Current liabilities						
Creditors and other payables	2,078	872	2,329	516	659	421
Employee entitlements	975	506	960	181	59	159
Provisions	3	–	95	–	–	–
Total current liabilities	**3,056**	**1,378**	**3,384**	**697**	**718**	**580**
Non-current liabilities						
Provisions	102	905	102	7	–	6
Total non-current liabilities	102	905	102	7	–	6
Total liabilities	**3,158**	**2,283**	**3,486**	**704**	**718**	**586**
Net assets	**15,932**	**13,615**	**14,185**	**2,300**	**1,226**	**1,923**
EQUITY						
Crown contribution	9,238	9,238	9,238	4,117	3,588	3,367
Retained earnings	6,129	3,729	4,299	(1,817)	(2,362)	(1,444)
Revaluation reserves	565	648	648	–	–	–
Total equity	**15,932**	**13,615**	**14,185**	**2,300**	**1,226**	**1,923**

Statement of financial position (continued)

At 30 June 2010

	ELIMINATIONS			GROUP		
	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000	$000	$000	$000
ASSETS						
Current assets						
Cash and cash equivalents	–	–	–	4,328	4,656	4,929
Debtors and other receivables	(152)	–	(89)	2,179	2,295	1,687
Prepayments	–	–	–	324	180	396
Inventories	–	–	–	241	290	267
Investments	–	–	–	5,448	–	3,579
Total current assets	**(152)**	**–**	**(89)**	**12,520**	**7,421**	**10,858**
Non-current assets						
Property, plant and equipment	–	–	–	5,182	6,321	6,030
Intangible assets	–	–	–	4,240	4,100	3,203
Total non-current assets	**–**	**–**	**–**	**9,422**	**10,421**	**9,233**
Total assets	**(152)**	**–**	**(89)**	**21,942**	**17,842**	**20,091**
LIABILITIES						
Current liabilities						
Creditors and other payables	(152)	–	(89)	2,442	1,531	2,661
Employee entitlements	–	–	–	1,156	565	1,119
Provisions	–	–	–	3	–	95
Total current liabilities	**(152)**	**–**	**(89)**	**3,601**	**2,096**	**3,875**
Non-current liabilities						
Provisions	–	–	–	109	905	108
Total non-current liabilities	**–**	**–**	**–**	**109**	**905**	**108**
Total liabilities	**(152)**	**–**	**(89)**	**3,710**	**3,001**	**3,983**
Net assets	**–**	**–**	**–**	**18,232**	**14,841**	**16,108**
EQUITY						
Crown contribution	–	–	–	13,355	12,826	12,605
Retained earnings	–	–	–	4,312	1,367	2,855
Revaluation reserve	–	–	–	565	648	648
Total equity	**–**	**–**	**–**	**18,232**	**14,841**	**16,108**

Statement of cash flows

Year ended 30 June 2010

	MNZ			RCCNZ			Group		
	Actual 2010	Budget 2010	Actual 2009	Actual 2010	Budge t 2010	Actual 2009	Actual 2010	Budget 2010	Actual 2009
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Cash flows from operating activities									
Receipts from Crown revenue	5,709	5,689	5,689	4,538	4,399	4,013	10,247	10,088	9,702
Interest received	206	222	285	79	100	128	285	322	413
Fees and charges	17,367	16,625	16,739		–	–	17,367	16,625	16,739
Receipts from other revenue	1,513	–	1,799	(151)	–	8	1,664	–	1,807
Payments to suppliers	(10,155)	(9,932)	(10,399)	(2,390)	(2,634)	(2,208)	(12,555)	(12,566)	(12,607)
Payments to capital charge	(693)	(693)	(655)	(154)	(193)	(183)	(847)	(886)	(838)
Payments to employees	(11,704)	(11,301)	(10,878)	(2,005)	(2,149)	(1,983)	(13,709)	(13,450)	(12,861)
Goods and services tax (net)	(11)	(47)	(44)	38	(4)	(98)	27	(51)	(142)
Net cash from operating activities	2,434	563	2,536	(45)	(481)	(323)	2,479	82	2,213
Cash flows from investing activities									
Receipts from sale of property, plant and equipments	50	–	78	–	–	–	50	–	78
Receipts from sale of investments	2,222	–	2,844	1,310	–	272	3,532	–	3,116
Purchase of property, plant and equipment	(482)	(1,785)	(172)	(18)	(210)	(124)	(500)	(1,995)	(296)
Purchase of intangible assets	(1,408)	–	(1,414)	(53)	–	–	(1,461)	–	(1,414)
Acquisition of investments	(4,133)	–	(2,233)	(1,268)	–	(1,310)	(5,401)	–	(3,543)
Net cash from investing activities	(3,751)	(1,785)	(897)	(29)	(210)	(1,162)	(3,780)	(1,995)	(2,059)
Cash flows from financing activities									
Capital contribution	–	–	1,000	750	–	259	750	–	1,259
Net cash from financing activities	–	–	1,000	750	–	259	750	–	1,259
Net (decrease)/increase in cash and cash equivalents	(1,277)	(1,222)	2,639	676	(691)	(1,226)	(601)	(1,913)	1,413
Cash and cash equivalents at start of year	4,465	4,949	1,826	464	1,620	1,690	4,929	6,569	3,516
Cash and cash equivalents at end of year	**3,188**	**3,727**	**4,465**	**1,140**	**929**	**464**	**4,328**	**4,656**	**4,929**
Note: Cash, bank and investments at end of year									
Cash and cash equivalents at end of year	3,188	3,727	4,465	1,140	929	464	4,328	4,656	4,929
Investments greater than 3 months at end of year	4,168	–	2,257	1,280	–	1,322	5,448	–	3,579
Closing cash, bank and investments	**7,356**	**3,727**	**6,722**	**2,420**	**929**	**1,786**	**9,776**	**4,656**	**8,508**

Appendix 3: Corporate governance and management

Accountability

Section 429 (1) of the Maritime Transport Act 1994 (MTA) establishes the Authority[1] as a Crown entity known as Maritime New Zealand (MNZ). The Crown Entities Act (CEA) 2004 also places further responsibilities on MNZ, including implementing government policy when directed to do so by a responsible Minister. While MNZ's authority and accountability is based principally on these two Acts, it also has additional obligations under the following legislation:

- Maritime Security Act 2004: MNZ undertakes the activities necessary for the effective implementation of the International Ship and Port Facility Code.
- Section 14C of the Civil Aviation Act 1990: MNZ is responsible for providing Category II search and rescue operations 24 hours a day, 7 days a week, 365 days a year.
- Section 28B of the Health and Safety in Employment Act 1992: MNZ is responsible for administering the Act on board ships and for ships as places of work.
- Ship Registration Act 1992: MNZ is required to maintain the New Zealand register of ships.

Under the CEA, MNZ is required to produce an annual Statement of Intent, which includes MNZ's strategic objectives over the next three-year period, and an annual report, with both tabled in Parliament.

Conflict of interest

MNZ actively identifies and manages conflicts of interest to ensure that its business is carried out in a transparent and fair manner. MNZ board members and staff must declare all interests that may conflict with their duties. This information is held in a register and regularly updated.

1 A five-member board appointed under Section 28(1)(a) of the Crown Entities Act 2004.

Appendix 4: Delegations and contracting out

The following lists the significant functions and powers of the Authority and the Director of Maritime New Zealand (MNZ) that are delegated or contracted out, or for which appointments have been made, or for which there is memoranda of understanding.

The Authority has assigned the following operational activities to contractors by way of contracts for services:

- A contract for repair and maintenance services has been entered into with Pinnacle NavAid for MNZ's Aids to Navigation in the Northland and Auckland regions, effective from 1 July 2010 until 30 June 2014.
- A contract for repair and maintenance services has been entered into with Downer EDI for MNZ's Aids to Navigation in the Wellington North, Christchurch South and Chatham Islands regions, effective from 1 July 2010 until 30 June 2014.
- A contract for the provision of maintenance services for the MNZ Maritime Distress and Safety Radio Network has been entered into with Downer EDI, effective from 1 July 2010 until 30 June 2012.
- A contract for services has been entered into with Massey University for the preparedness and response capability to respond to oiled marine wildlife arising from certain Tier 2 and all Tier 3 marine oil spills.

The Director of MNZ has delegated numerous powers and functions to persons and organisations who are not employees of the Authority, as follows:

- The issue of statutory certificates in respect of convention ships registered under the New Zealand flag has been delegated to the following classification societies:
    - American Bureau of Shipping – effective until 1 May 2014
    - Bureau Veritas – effective until 1 May 2014
    - Det Norske Veritas – effective until 1 May 2014
    - Germanischer Lloyd – effective until 1 May 2014
    - Lloyds Register – effective until 1 May 2014.
- The inspection of New Zealand pleasure craft departing for overseas has been delegated to Yachting New Zealand – effective until 30 March 2014.
- Harbourmasters have been delegated the power:
    - under Section 48 of the Maritime Transport Act 1994 to set, conduct and administer examinations and tests for the issue of pilot licences and master's pilotage exemptions, and
    - under Section 60A to direct that a pilot be taken on board a ship in New Zealand waters in specified circumstances.
- The enforcement of Section 198 of the Maritime Transport Act 1994 (regarding coastal shipping) has been delegated from the Minister to the Secretary for Transport.
- The power to conduct examinations of seafarers has been delegated to recognised examiners.
- The power to issue maritime documents under Maritime Rule Part 35 (training and examinations) of the maritime rules has been delegated to a number of organisations.
- The power to approve the erection or alteration of a navigational aid in the Marlborough District, under section 200(7) of the Maritime Transport Act 1994, has been delegated to Alex van Wijngaarden as Harbourmaster, Marlborough District Council.

The Authority has also delegated the following activities associated with the protection of the marine environment:

- The power to investigate marine oil spills within the coastal marine area, under Section 235 of the MTA, has been delegated to specified persons in regional councils.
- The power to approve and audit oil transfer site marine oil spill contingency plans has been delegated to the chief executives of regional councils.

The following contracts have been entered into with persons and organisations outside the Authority in relation to the provision of services relating to Output Class 3 and Rescue Operations:

- EMS Pacific Pty Ltd Maintenance Services Agreement, for the maintenance of the COSPAS-SARSAT Local User Terminal (facilities installed at the RCCNZ)
- EMS Pacific Pty Ltd Software Subscription/Support Services Agreement, for the software support of the COSPAS-SARSAT Local User Terminal
- Australian Maritime Safety Authority Agreement in respect of the operation of the Local User Terminal
- memorandum of understanding with Life Flight Trust to supply medical advice.

Appendix 5: Glossary of terms

ACC	Accident Compensation Corporation
Authority	five-member board of Maritime New Zealand
CEO	chief executive officer
EEO	equal employment opportunity
EEZ	exclusive economic zone
FTE	full-time employees
GST	goods and services tax
HSE	Health and Safety in Employment Act 1992
HSNO	Hazardous Substances and New Organisms Act 1996
IMO	International Maritime Organization
IS	information systems
ISPS	International Ship and Port Facility Security Code
LRIT	Long Range Identification and Tracking (of ships)
MFAT	Ministry of Foreign Affairs and Trade
MIRT	Maritime Incident Response Team
MNZ	Maritime New Zealand
MOSS	Maritime Operator Safety System
MoT	Ministry of Transport
MPRS	Marine Pollution Response Service
MSC	marine safety charge
MTA	Maritime Transport Act 1994
NZ GAAP	New Zealand's generally accepted accounting practice
NZ IAS	New Zealand International Accounting Standard
NZ IFRS	New Zealand International Financial Reporting Standards
OPF	Oil Pollution Fund
OPL	Oil Pollution Levy
RCCNZ	Rescue Coordination Centre New Zealand
RMP	Regional Maritime Programme
SAR	search and rescue
SLA	service level agreement
SOI	Statement of Intent
SOLAS	International Convention for the Safety of Life at Sea 1974
SOP	safe operational plan
SSM	safe ship management
SSP	statement of service performance
STCW	International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978
TAIC	Transport Accident Investigation Commission

Appendix 6: Directory

National office

Level 10, Optimation House
1 Grey Street
PO Box 27006
Wellington 6141

Phone: +64 4 473 0111
Toll-free info line: 0508 22 55 22
Fax: +64 4 494 1263

District offices

Whangarei

Portacom A1
Ralph Trimmer Drive
Marsden Point 0171
PO Box 195
Ruakaka 0151

Phone: +64 9 432 7056
Fax: +64 9 432 7056

Auckland

2A Augustus Terrace
Level 1
Parnell 1052
PO Box 624, Shortland Street
Auckland 1140

Phone: +64 9 307 1370
Fax: +64 9 309 3573

Tauranga

Level 1, suite 3, Nikau House
27–33 Nikau Crescent
Mount Maunganui 3116
PO Box 5288
Mount Maunganui 3150

Phone: +64 7 575 2079
Fax: +64 7 575 2083

Napier

NZWTA Building
Cnr Lever & Bridge Streets 4110
PO Box 12012
Ahuriri
Napier 4144

Phone: +64 6 835 4889
Fax: +64 6 831 0008

Nelson

Shipping House
36 Graham Street 7201
PO Box 5015
Port Nelson
Nelson 7043

Phone: +64 3 548 2434
Fax: +64 3 548 2998

Picton

Mariners Mall, High Street
Picton 7220
PO Box 301
Picton 7250

Phone: +64 3 520 3068
Fax: +64 3 520 3068

Lyttelton

Level 1
Shipping Services Building
Norwich Quay 8082
PO Box 17
Lyttelton 8841

Phone: +64 3 328 8734
Fax: +64 3 328 9423

Dunedin

1 Birch Street
Dunedin 9016
PO Box 1272
Dunedin 9054

Phone: +64 3 477 4055
Fax: +64 3 477 9121

Bluff

72 Gore Street
Bluff 9814
PO Box 1709
Invercargill 9840

Phone: +64 3 212 8958
Fax: +64 3 212 8578

Marine Pollution Response Centre

755 Te Atatu Road
Te Atatu 0610
PO Box 45-209
Auckland 0651

Phone: +64 9 834 3908
Fax: +64 9 834 3907

Rescue Coordination Centre New Zealand

Level 6
Avalon TV Studios
Percy Cameron Street
Avalon 5011
PO Box 30050
Lower Hutt, 5040

Phone: +64 4 577 8034 (office)
Toll-free 24-hour: 0508 472 269
Fax: +64 4 577 8041

Accident reporting: Phone: 0508 222 433

Beacon registration: Phone: 0800 406 111 or email 406registry@maritimenz.govt.nz

Website

www.maritimenz.govt.nz

Auditor

Audit New Zealand
Wellington
On behalf of the Auditor-General

Insurance broker

Aon Risk Services (NZ) Limited
Wellington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