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ANNUAL REPORT 2008/09

New Zealand Government

MARITIME NEW ZEALAND

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Published November 2009
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This document is available on our website: www.maritimenz.govt.nz

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FROM THE CHAIR

I am pleased to present this annual report. This year we have continued to focus our attention on achieving progress against our key strategic priorities – the safe ship management development programme and the commencement of a comprehensive review of maritime qualifications. Emphasis has been placed on ensuring that Maritime New Zealand (MNZ) is effectively resourced to deliver on these operational objectives. The Authority sees the achievement of these priorities as vital to the organisation's core functions now, and into the future.

The safe ship management (SSM) development programme is on schedule. As part of that programme, there has been a comprehensive review of Maritime Rule Part 21 (SSM) and Part 46 (Surveys), including a review of who is responsible for management and oversight of the regulatory requirements. In the past year there has been a focus on the development and implementation of surveyor and industry training plans, to ensure that all participants in the SSM system are aware of their roles and responsibilities.

Relevant qualifications are fundamental to the safe and effective operation of New Zealand's maritime industry. MNZ has initiated a review of maritime qualifications and related operational limits, with widespread input from the maritime community. The review is the first step in a long-term programme to update maritime qualifications and better align them with operational limits. It aims to deliver a clear and logical qualifications and operational limits framework that is responsive to changing industry needs and provides for the competencies required now and in the future. We believe this will assist the industry to attract and retain skilled people in the face of a worldwide shortage.

The outcomes of these key strategic priorities will support MNZ's vision of safe, secure and clean seas.

The policy of the Authority to visit different maritime centres and meet with local maritime operators continued during 2008/09. The Authority held its September 2008 meeting in Queenstown. This visit included a meeting with the senior management team of Queenstown Lakes District Council and visits to several adventure tourism operators, including Shotover Jet, Goldfields Jet, Queenstown Rafting, and Real Journeys. In May 2009 when visiting New Plymouth, the Authority also met with a broad range of maritime sector participants, including Australian Worldwide Exploration, Shell Todd Oil Services, Fitzroy Yachts New Zealand, Port Taranaki and M&O Pacific. These visits provided a deeper understanding of the issues facing the maritime industry.

I have enjoyed my role as Chair and the challenges it brings. I believe MNZ is operating well although there are still plenty of challenges ahead. I thank my fellow Authority members for the work and willingness to always provide constructive debate and support during the year. I acknowledge the leadership of Catherine Taylor and her Executive Team and thank MNZ staff for their commitment in helping to provide a safe secure and clean maritime environment.

Susie Staley
Chairman, Maritime New Zealand

DIRECTOR'S REVIEW

During the year we have continued to work extensively with the maritime industry. This work has included standards development, seafarer qualifications and licensing, oil spill prevention and response, search and rescue, inspection of foreign and New Zealand-flagged ships, port and ship security, commercial and recreational vessel safety, accident investigation and aids to navigation. What we do touches the lives of many New Zealanders as well as international visitors and sea-borne traffic, on a daily basis.

With at least 20,000 people beginning boating each year and over 1 million people taking to the water annually, the task of educating the recreational boating public is a daunting one. Over the past year MNZ has continued its work with community groups, principally in a national co-ordination role, to ensure safety messages are consistent and relevant.

During 2008/09 a new recreational boating safety campaign was developed by MNZ for the 2009/10 boating season. This campaign will focus on promoting lifejacket wearing on small craft (under 6 metres) as being normal behaviour, using a variety of mediums such TV, radio, direct mail, billboard and print advertising. The campaign aims over time to increase the percentage of people wearing lifejacket on small craft from an estimated 15% to 50%.

On 1 February 2009 the international distress beacon system underwent significant change with the switching off of the satellite processing of 121.5 and 243.0 MHz beacon transmissions. From February only 406 MHz beacons continue to be detected by satellite. The transition went very smoothly, which reflected positively on the extensive educational advertising campaign. In addition the registration of individual 406 MHz beacons has meant that the Rescue Co-ordination Centre New Zealand (RCCNZ) has been able to resolve the majority of false or inadvertent activations with a simple telephone call. Beacon registration allows RCCNZ to retrieve the beacon owners' details from the database and make preliminary checks as to the probable nature of the alert. This is very cost-effective and was impossible with the older style 121.5 and 243 MHz beacons, as they did not transmit a unique identification code.

An organisational review was completed during the latter half of 2008/09 to assess the effectiveness with which MNZ conducts its business and discharges its statutory obligations. The outcome of this review resulted in a realignment of MNZ's operational and support functions, to improve the efficiency and effectiveness of MNZ.

Given the challenges MNZ faces and the limited resources available, we have accomplished some major achievements over the past year, which brings us closer to our vision of ensuring the marine environment remains safe, secure and clean. It is an honour and privilege to work with a team of proactive and passionate people who are committed to continually improving safety, security and environmental protection in the maritime sector.

Catherine Taylor
Director, Maritime New Zealand

YEAR IN REVIEW

Progress on strategic goals (pages 11–16)

Five key strategic goals were identified in the Maritime New Zealand (MNZ) *Statement of Intent 2008–11*. Progress made on each of these is summarised below:

- Goal 1: clearly define the statutory role of MNZ – Completion of a high-level compliance statement and a policy development framework with associated processes.
- Goal 2: ensure effective delivery of safe ship management (SSM) – A preferred service delivery option was identified for Safe Ship Management (SSM) following informal consultation with the maritime industry. Formal consultation will be carried out late in 2009 in tandem with consultation on Maritime Rules Part 21 and 46, which underpin SSM service delivery.
- Goal 3: ensure maritime qualifications and operational limits are appropriate for safe vessel operations – The project scope and plan for the review of licensing, qualifications and operational limits (QOL Review) was completed. Communications announcing the review and key dates for consultation will be released in early 2009/10.
- Goal 4: ensure MNZ is appropriately resourced and trained to deliver on its operational objectives – A number of key human resources policies and procedures were drafted and will be implemented in 2009/10. New marine safety charges (MSC) were implemented during 2008/09 but implementation of revised oil pollution levies was deferred for implementation in 2009/10.
- Goal 5: Support government key objectives – MNZ contributed to the development of the brief on greenhouse gas emissions from ships for the New Zealand delegation to the 59th session of the International Maritime Organization's (IMO) Marine Environment Protection Committee in early 2009/10.

Outcome performance (pages 17–21)

MNZ has developed a series of 8 outcome measures (referred to as targets A–H) that monitor progress against MNZ's desired maritime sector outcomes. Significant developments that occurred during 2008/09 are outlined below:

- Target A (international vessels) – Although the numbers of fatalities and accidents have reduced, the number of reported incidents has increased, notably injuries to stevedores working on foreign-flagged ships.
- Target B (SSM and safe operational plans (SOP) vessels) – There was a concerning increase in both fatalities and serious injuries in this sector. Analysis has shown that the major factor in these increases is the lack of a safety culture.
- Target C (pleasure boating) – This year has seen an increase in the number of pleasure boat fatalities, although the number of fatalities had been reducing in preceding years. Not wearing lifejackets, inability to communicate distress following an accident, and lack of respect for the weather continue to be key factors in recreational fatalities.
- Target D (fishing) – Although fatalities have consistently declined over the past few years, the lack of significant impact on serious injuries is of concern. These injuries primarily occur during fishing or factory operations.
- Target E (oil spilled into the environment) – The introduction of more stringent discharge management plans for off-shore oil processing operations has led to a substantial reduction in the number (5 spills in 2008/09 down from 168 spills in 2007/08) and quantity (27 litres in 2008/09 down from 33,965 litres spilt in 2078/08) of oil-in-water spills into the environment.

- Target F (adventure tourism) – The increase in fatalities and serious injuries in the adventure tourism sector continues to be of concern. The maritime rules governing these activities are being reviewed to ensure that they support necessary changes in safety culture and operation. Research and analysis to support additional education, along with increased monitoring of the sector, is underway.
- Target G (commercial paddle craft) – During the year, MNZ released guidelines for commercial kayaking and canoeing operations, as one element of a 5-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 what, in MNZ's view, represents good practice in managing the safety of paddle craft operations.
- Target H (maritime workplace safety) – While the rate of workplace fatalities has decreased, serious injuries in a number of commercial sectors continues to increase. During 2008/09, MNZ has gained additional expertise in the health and safety area and developed additional resource material to promote workplace safety.

Financial performance (pages 22–23)

MNZ's consolidated result for the year ended 30 June 2009 shows a surplus of $204k, compared with a budgeted surplus of $68k. The main contributors to this result are as follows:

- revenue exceeded budget by $662k due to an increase in third-party revenue derived from an increase in the marine safety charge (MSC) effective 1 December 2008. This increase was across all sectors of the maritime industry, although substantially more revenue was received from cruise ships visiting New Zealand than budgeted
- expenditure exceeded budget by $526k due primarily to a $493k overspend on the cost of search and rescue activities undertaken during 2008/09.

A summary of the Oil Pollution Fund (OPF) result for the year ended 30 June 2009 is as follows:

- revenue of $3.5m received by the OPF with $3m being received through oil pollution levies
- expenditure incurred by the OPF totalled $4.2m.

Key achievements (pages 37–42)

Key achievements progressed during 2008/09 are summarised below:

- implementation of changes to improve the initial audits of SSM vessels
- streamlining of checking processes relating to the issue of SSM certificates has resulted in a more effective, efficient and robust certification process
- 8,436 new 406 MHz beacon registrations were processed (an 87% increase on 406 MHz beacons registered on the database at 30 June 2008). MNZ has encouraged people to hire or purchase and register 406 MHz beacons, as registration reduces the amount of time required and cost to rescue people in distress, and allows inadvertent activations to be resolved quickly
- a successful 2-day oil spill exercise was conducted in Otago harbour in April 2009. The exercise (assessed by members of the Australian Maritime Safety Authority AMSA)) demonstrated that the marine oil spill response system in New Zealand is robust, and that staff are well prepared and equipped to respond to a significant marine oil spill
- considerable progress was made developing a compliance statement to ensure that MNZ's regulatory functions and powers are applied consistently by MNZ employees

- a customer satisfaction survey undertaken to gauge how well MNZ is meeting the needs of its customers indicated that 84% of respondents strongly agreed or agreed that MNZ employees were competent. In terms of educational material provided to the maritime industry, 95% of respondents rated MNZ's publications very useful or useful
- MNZ launched a new website, providing a much-improved web experience for users.

CORPORATE GOVERNANCE AND MANAGEMENT

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 (HSE) 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 3-year period, and an annual report, with both tabled in Parliament.

In addition to these legislative provisions, MNZ must report against an annual Output Agreement with the Minister of Transport. This covers the agreed expectations about what outputs (services) will be delivered by MNZ during the financial year, how the effective delivery of these services will be measured, and specific requirements for MNZ to report to the Minister of Transport on a quarterly basis.

Functions of MNZ

The objective of MNZ as described in Section 430 of the MTA is:

> "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."

To achieve this objective MNZ has the following functions:

- to promote maritime safety and security and protection of the marine environment in New Zealand 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

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

- 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
- to maintain search and rescue capability and operate the Rescue Coordination Centre New Zealand (RCCNZ) and participate in the co-ordination of any search and rescue operation as required under the Civil Aviation Act
- to ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act.

Other functions/obligations of MNZ:

- 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.

Functions of the CEO/Director

The Authority is required by Section 439 of the MTA to appoint a chief executive officer (CEO), who is responsible for managing employees of MNZ. The CEO also performs the statutory role of Director.

The Director has the following functions:

- to exercise control over entry into the maritime transport system through the granting of maritime documents[2] and marine protection documents
- to take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Security Act, MTA, HSE Act, and Hazardous Substances and New Organisms 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
- to ensure regular reviews of the maritime transport system and to promote the improvement and development of its safety and security
- to grant exemptions from any specified requirement and any maritime rule
- to promote compliance with safety and marine pollution standards in the maritime transport system.

In performing the functions listed above, the Director has statutory independence from both the Minister of Transport and the Authority.

2 A maritime document is any licence, permit, certificate or other document issued by the Director of MNZ under Section 241 of the MTA, including certificates of competency SSM certificates, surveyor recognition and safe crewing documents.

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 authority members and staff must declare all interests that may conflict with their duties. This information is held in a register and regularly updated.

Corporate vision and business philosophy

MNZ's corporate vision and business philosophy is based on the statutory objective stated in Section 430 of the MTA.

Vision

Safe, secure and clean seas.

Mission statement

To lead and support the maritime community to take responsibility for ensuring safe, secure and clean seas.

Service charter

A service charter is required under Section 437 of the MTA. The charter covers the standard of service that the public can expect to receive, a complaints procedure, remedies should the standards of service not be met, and provision for the appointment of an independent person to assist in the resolution of disputes. MNZ's charter can be viewed on the MNZ website: www.maritimenz.govt.nz.

Guiding principles

MNZ has developed principles that define how the organisation will meet its vision, mission and expectations contained in the service charter. These overarching principles fall into two areas:

Work environment

- Leadership – provide leadership to promote safety, security and marine protection.
- Standards – establish standards that are appropriate to the risk generated by the activity.
- Monitor – actively monitor adherence to regulatory requirements to ensure people involved in maritime activities are responsible for their actions.
- Educate – inform, educate and promote safe, secure and clean seas.
- Legal – work in accordance with MNZ's statutory responsibilities and legal obligations.
- Empower – provide a framework to empower teams to make decisions to ensure timely and effective response efforts.
- Support – provide appropriate systems and tools to support the work MNZ does.
- Compliance – use appropriate regulatory tools to manage compliance.
- Partnership – work with the maritime community to achieve effective outcomes.
- Investigate – learn about why accidents happen and to not tolerate reckless behaviour.

People

- Ethics – staff act with integrity and professionalism.
- Respect – staff treat others with respect and act consistently and fairly.
- Leadership – leaders are skilled and trained to provide robust, credible leadership and support.
- Expertise – staff are valued and recognised for their skills, expertise and experience.
- Innovation – staff are listened to and ideas for innovation and improvement sought.

PERFORMANCE AGAINST STATEMENT OF INTENT

Progress on strategic goals

MNZ's in its *Statement of Intent 2008–11* outlined five key strategic goals it desired to focus on over a 3-year period. Progress made against these goals during 2008/09 is outlined below:

Goal 1 – clearly define the statutory role of MNZ

This goal is aimed at enhancing the safety regulatory framework within which the maritime community operates, with a focus on ensuring consistency of approach across the maritime rules, and ensuring that regulation supports safe and sustainable operators.

The desired outcome of this goal is to:

- ensure safety and environmental protection standards are effective, clearly understood and consistently applied across the industry
- encourage voluntary or willing compliance, so that operators in the industry assume responsibility for their own safety.

Strategic initiative

Develop a set of policy statements that describe how MNZ will meet its statutory and regulatory objectives

Key milestones	Due date	Status	Description
Develop a regulatory/ enforcement policy that takes into account "just culture" principles	June 09	Achieved	A high-level compliance statement was completed. Next steps include testing the proposal against decisions being made by the Director, and testing the proposal with the industry.
Develop and implement a rigorous framework for analysis and technical policy development	June 09	Achieved	A policy development framework and processes have been developed and implemented.

Goal 2 – ensure effective delivery of SSM

The desired outcome of this goal is to:

- ensure that the regulatory framework that the system is delivered within is robust and effective
- provide assurance that all functions carried out either under delegation or by recognised persons are being delivered in a consistent manner, to a high standard, and in accordance with the MTA and applicable rules
- ensure that all stakeholders are fully aware of their roles and responsibilities within the system, and are provided with the tools to ensure that they can fulfil those responsibilities.

Strategic initiative

Review of Maritime Rules Part 21 and 46

Key milestones	Due date	Status	Description
Complete the review of Maritime Rules Part 21 and 46 to ensure that they support the robust and effective implementation of SSM:			As part of the comprehensive review of the SSM system, MNZ sought feedback from stakeholders on two key maritime rules central to shaping the system's future direction: Maritime Rules Part 21 (SSM Systems) and 46 (Surveys, Certification and Maintenance).
• completion of formal consultation draft	July 08	Achieved	A first draft of Maritime Rules Part 21 and 46 was completed in the second half of 2008 and underwent considerable modification, following informal consultation with industry.
• completion of final draft	Nov 08	Partly achieved	Policy and indicative rule wording is now close to being finalised.
• rules implemented	May 09	Not achieved	Due to substantial changes that have been made to the rules following industry consultation, Parts 21 and 46 will now not be implemented until 2009/10.

Complete the review of the delivery options for SSM

Key milestones	Due date	Status	Description
Complete review of the delivery options for SSM to ensure that it is consistent and supports continuous improvement in safety and environmental protection on commercial ships in New Zealand:			A review of SSM delivery options was completed in the second half of 2008, including informal industry consultation on these delivery options. Formal consultation is scheduled to be carried out in November 2009 (alongside the drafts of Maritime Rules Part 21 and 46 which underpin SSM).
• completion of formal consultation draft	July 08	Not achieved	
• completion of final review report	Nov 08	Not achieved	
• commence implemen-tation of agreed delivery option	June 09	Not achieved	

Standardised SSM procedures and processes

Key milestones	Due date	Status	Description
Complete the review of SSM procedures and processes	Oct 08	Achieved	All processes and procedures have been reviewed and updated as appropriate. Streamlining of MNZ's SSM certification process during the year has resulted in a more effective and efficient certification process, meaning a generally shorter wait for those applying for or renewing SSM certificates. This has resulted in most applications being turned around within 1–2 days, once all the appropriate information is supplied by the applicant and their SSM company.

Develop surveyor training plan

Key milestones	Due date	Status	Description
Documented plan for ongoing surveyor professional development training:			
• plan completed	Sept 08	Partly achieved	Seminars held in October 2008 canvassed opinion about the introduction of formal requirements for continuous professional development for surveyors. These proposals are being considered in the review of delivery options for SSM. Development seminars are being held every 6 months. Surveyor checklists have been introduced and will be compulsory from 1 September 2009.
• introduction of common database	Feb 09	Not achieved	The introduction of a common database has been delayed due to technical development taking longer than expected.
• ongoing audits of surveyors	Jan 09	Achieved	Risk-based audits of surveyors are ongoing, and a formal 3-year oversight programme will begin early in 2009/10.

Develop industry training plan

Key milestones	Due date	Status	Description
Complete industry training and awareness package, including developing the associated mentor network:			While the training package was successfully trialled, full implementation of a mentor network has been delayed due to resourcing issues. It was launched in a limited scope in June 2009 using mentors from the FishSAFE health and safety programme to supplement the work of two dedicated MNZ employees.
• training package finalised	July 09	Achieved	
• mentor network scoped	Nov 09	Not achieved	
• full implementation of training and mentor network	June 09	Not achieved	

Goal 3 – ensure maritime qualifications and operational limits are appropriate for safe vessel operations

A fundamental review of the qualifications framework and operational limits has commenced to ensure that these continue to meet the needs of the modern maritime industry. The review will identify the issues with the current qualifications and operational limits that impact on the effective operation of a wide range of maritime businesses, from small operators through to the larger commercial sector. It will also assess, evaluate and make recommendations for changes and improvements across the various maritime rules that impact on seafarer qualifications and operational limits.

The focus will be on aligning qualifications and operational limits, retaining a trusted and respected qualifications system, breaking down barriers to employment, and ensuring efficient and effective pathways for obtaining maritime qualifications.

Strategic initiative

Review existing licensing and qualification systems and operational limits to ensure that they are still relevant and in alignment

Key milestones	Due date	Status	Description
Scope size and complexity of the licensing and qualification project	Dec 08	Achieved	The project scope, deliverables and approach to completing the licensing and qualification project was completed.
Develop project plan	Mar 09	Achieved	Project plan completed.
Seek feedback from the maritime industry on licensing and qualification system	June 09	Partly achieved	The approach for consultation has been agreed and key interested parties identified. It is intended that communications announcing the launch of the review and key dates for engagement and consultation will be released in 2009/10.

Goal 4 – ensure that MNZ is appropriately resourced and trained to deliver on its operational objectives

Organisational capability can be defined as having sufficient and appropriate sustainable resources for delivery on business as usual and strategic goals. This includes, but is not limited to, people, money, systems and equipment.

The desired outcome for organisational capability includes:

- development of a human resource strategy that both aligns with the strategic direction of the organisation and targets succession planning needs into the foreseeable future
- focused training investment in key areas of the business.

Strategic initiatives

Develop a strategic HR plan

Key milestones	Due date	Status	Description
Key factors to be addressed in the HR strategic plan include development of policies and procedures for: • remuneration • performance management (including template) • training/career development • skill profile development (individual and organisational)	June 09	Partly achieved	The organisational review has been a priority activity during the first 6 months of 2009. Following the approval of the final structure in June 2009 the emphasis will now move to implementation of the new structure, which is to take effect on 01 August 2009. HR policies and procedures have been drafted for performance management and training/career development (including skill profile development) in a process involving consultation with staff, managers and the PSA. A new performance management template has been developed, incorporating behaviours aligned with MNZ's guiding principles. A draft training programme for the organisation has been assembled and is being updated using information from the 2008/09 end of year performance reviews.

Staff survey benchmarking

Key milestones	Due date	Status	Description
Benchmark MNZ staff survey results with other similar organisations	June 09	Achieved	Benchmarking was completed in August 2008. This will now be carried out on an annual basis, via the "Best Places to Work" survey.

Implement the review of MNZ's direct and indirect charges

Key milestones	Due date	Status	Description
Implement direct and indirect charges	Aug 08	Achieved	New marine safety charges (MSC) were implemented with effect from 1 December 2008. Cruise ships are now being charged on a passenger capacity basis. This has had the impact of recovering more revenue than was originally anticipated due to the significant number of additional port visits that occurred during this financial year.

Complete review of OPF levy and implement revised levies

Key milestones	Due date	Status	Description
Consult with maritime industry and introduce revised OPF levies	June 09	Not achieved	The introduction of a revised OPF levy has been deferred with an implementation date of 1 July 2010 now being targeted. This is due to the complexity of the methodology and appropriate definitions of the methodology in the regulations.

Goal 5 – support government key initiatives

MNZ expects to provide strategic input in the following areas:

- provide direction for the transport sector until 2040 in the context of the government's sustainability agenda and other government strategies in the area of energy efficiency
- translate that direction into high-level targets for the transport sector and intermediate targets for the maritime industry
- develop an action plan on how the maritime industry will achieve these transport sector targets.

MNZ will also continue to contribute to specific government maritime policy development initiatives that may develop from time to time, in addition to the Rules Contract Programme agreed with the Ministry of Transport (MoT) on an annual basis.

Strategic initiatives

Contribute to MoT policy development

Key milestones	Due date	Status	Description
Continue to contribute to the development of policy for legislation to give effect to international conventions on liability for bunker oil pollution damage, ballast water management, planning and preparedness and response to Hazardous Noxious Substance (HNS) incidents	As agreed with MoT	Achieved	Policy development to give effect to international conventions on liability for bunker oil pollution and ballast water management was completed. The introduction of legislation will depend on the government's legislative programme.

Contribute to MoT policy development *(continued)*

Key milestones	Due date	Status	Description
Continue to contribute to development of policy on ships' airborne emissions	As agreed with MoT	Achieved	Contribution made to the development of the brief on greenhouse gas emissions from ships for the New Zealand delegation to the 59th session of IMO's Marine Environment Protection Committee in July 2009.

Contribute to cross-government initiatives

Key milestones	Due date	Status	Description
Continue to contribute to the development of measures aimed at managing New Zealand's exclusive economic zone (EEZ) and the environmental effects of climate change mitigation	As agreed with MoT	Achieved	No opportunities available to contribute to policy development on EEZ environmental management or climate change mitigation during 2008/09. MNZ staff were part of the New Zealand delegation to the World Ocean Conference in May 2009 in Manado, Indonesia, which focused on the oceans and climate change.

Contribute to the implementation of Transport Sector Strategic Direction (TSSD)

Key milestones	Due date	Status	Description
Participate in the work of the planning task force and associated working groups	As agreed with MoT	Not applicable	This group was disestablished by the MoT.

Contribute to the implementation of the updated New Zealand Transport Strategy (NZTS)

Key milestones	Due date	Status	Description
Work with MoT to define roles and responsibilities with regard to MNZ's obligations towards progressing the updated NZTS	As agreed with MoT	Achieved	MNZ made good progress in addressing the NZTS "short term supporting actions" by implementing the SSM development programme (see Goal 2) and the national pleasure boat safety strategy. Assistance was provided to MoT in developing policy to give effect to a range of international conventions and the Port and Harbour Safety Code, including a review of the regulatory framework that applies to coastal shipping.

Outcome performance

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

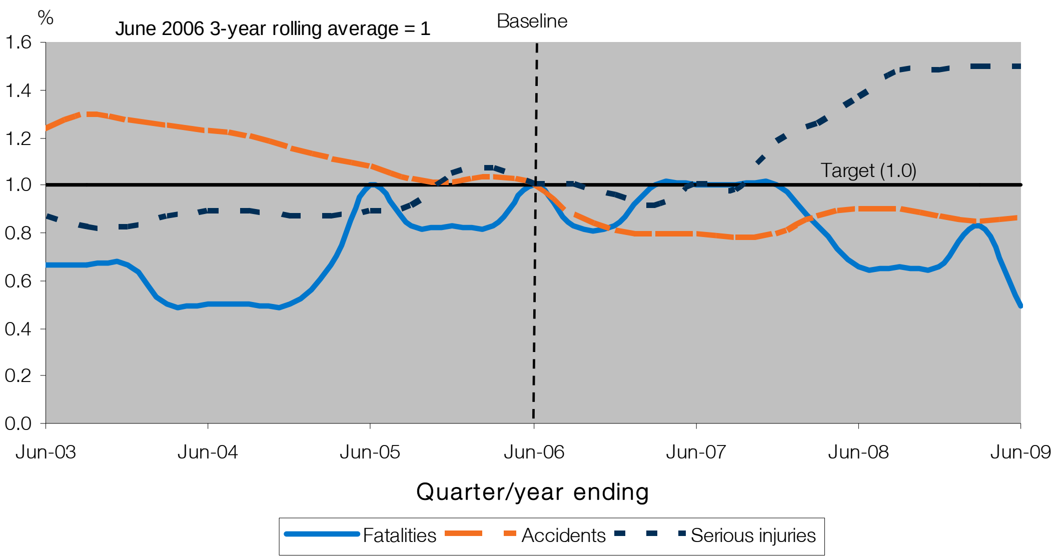
- maritime safety (minimise all maritime accidents, injuries and fatalities – all targets except E)
- maritime pollution (minimise the impact of marine oil spilled into the environment – target E).

Progress against these targets is detailed below.

Target A: International vessels

Target A outcome is to minimise[3] all accidents, fatalities and serious injuries involving international SOLAS[4] vessels 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.

Strategic Target A: International vessels



Though it is pleasing that the number of fatalities and accidents within this target group have reduced, the number of reported incidents has risen – notably in injuries through slips, trips and falls of stevedores working on foreign-flagged vessels.

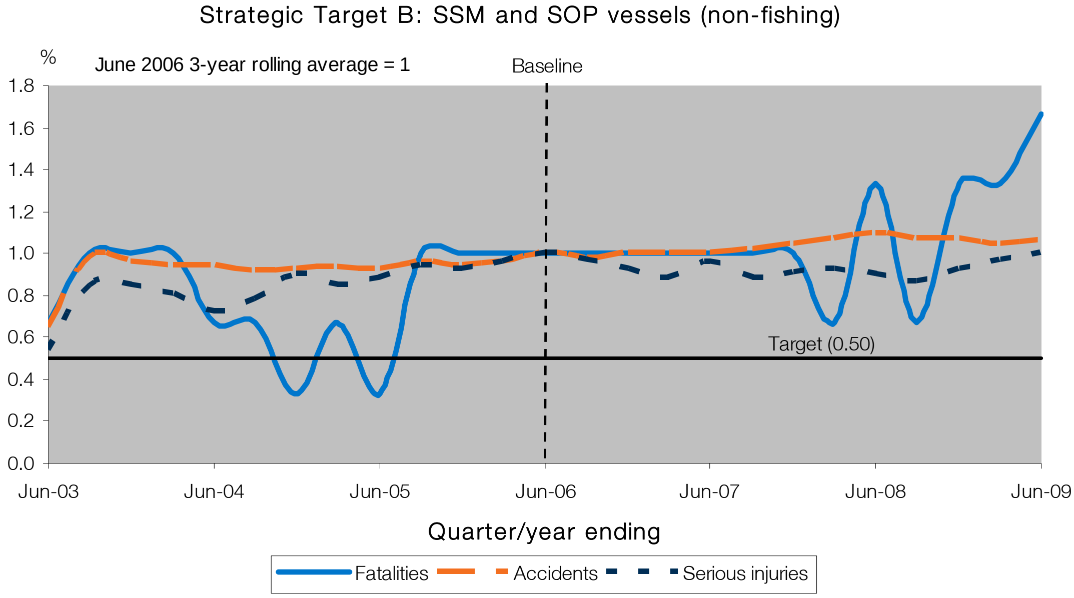
The maritime safety inspectors pay particular attention to the deck working areas on foreign-flagged vessels during port state control inspections to identify possible hazards in these areas. The procedures for both flag and port state inspections have undergone significant review and amendment within the past year. MNZ is also working with the stevedoring organisations to highlight known hazards.

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

Target B outcome is to achieve a 50% 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.

3 The use of the word "minimise" in the targets emphasises the point that continuing reductions of small numbers may not be possible in the longer term, and that the resources necessary to achieve those reductions may prohibitive.

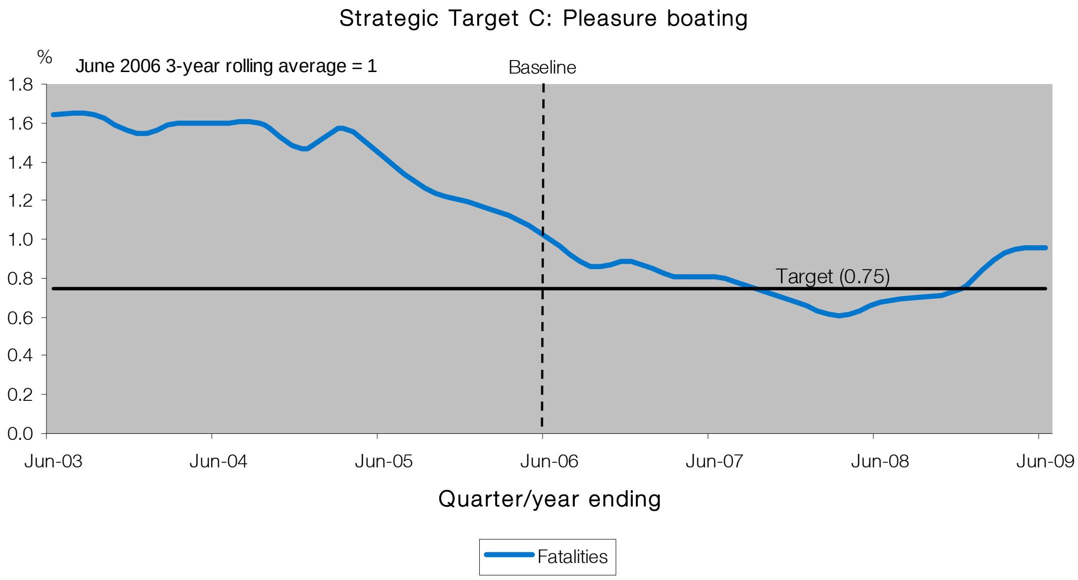
4 Means any ship to which the international convention for Safety of Life at Sea (SOLAS) applies.



The increase in fatalities and serious injuries in this sector is concerning, and is not specific to any one group. Analysis has shown that the major factor in these events is a lack of safety culture. During the year MNZ has increased its use of one-to-one mentoring and has re-developed educational material, to ensure that operators can easily understand and implement requirements that are designed to improve safety outcomes.

Target C: Pleasure boating

Target C outcome is to achieve a 25% 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.



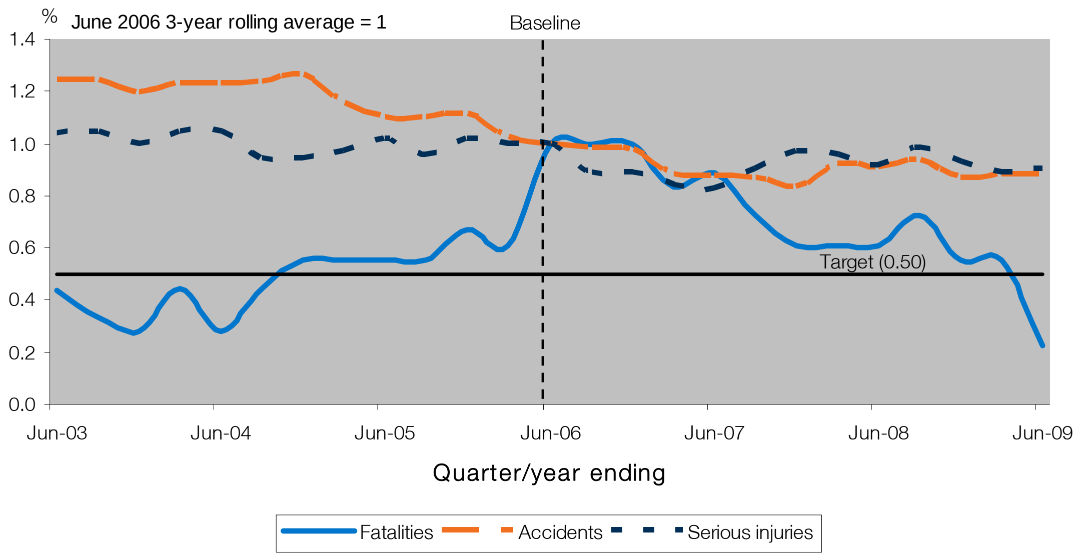
Initial success in reducing the number of pleasure boat fatalities did not continue over this year, with eight recreational fatalities over the summer period. Not wearing lifejackets, inability to communicate distress following an accident, lack of respect for the weather and consumption of alcohol continue to be key factors in recreational boating fatalities.

The National Pleasure Boat Safety Forum has endorsed the continuing strategy of targeting educational messages around these key factors, and efforts have also focused on increasing co-ordination amongst agencies working to improve safety in this area.

Target D: Fishing

Target D 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% decrease from a starting point of 0.18 fatalities, 2.34 accidents and 1.07 injuries, per 100,000 operating hours, per year.

Strategic Target D: Fishing

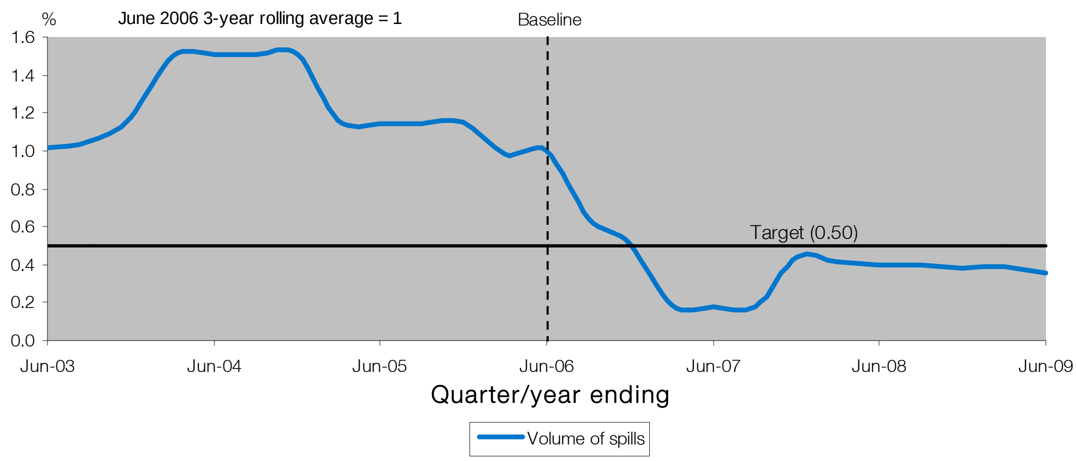


Although fatalities have consistently declined over the past few years, the lack of significant impact on serious injuries is of concern. These injuries are largely occurring during fishing or factory operations. The FishSAFE programme, an industry-led mentoring programme, which has led to an improved safety culture within the inshore fleet in recent years, has been extended to the factory fleet with a view to improving this trend. MNZ has continued its support of FishSAFE fishermen operate safely.

Target E: Oil spilled from vessels

Target E outcome is to achieve a 50% 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.

Strategic Target E: Volume of oil spilled



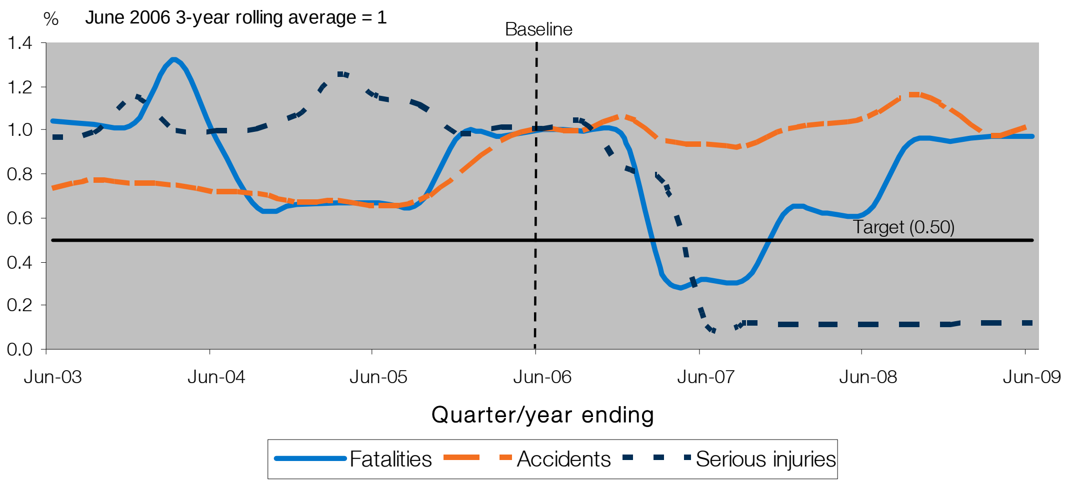
An oil spill off the Taranaki coast in 2007/08 from the floating production storage and off-take vessel Umuroa resulted in 32,500 litres of oil being spilt into the environment. Total spills from all off-shore installations during 2007/08 amounted to 33,965 litres.

MNZ has since introduced Marine Protection Rule (Part 200) requiring off-shore installations to implement a more stringent discharge management plan for oil processing operations, which are regularly audited by MNZ. This has led to a substantial reduction in the number (5 down from 168 in 2007/08) and quantity (27 litres down from 33,965 litres in 2007/08) of oil-in-water spills into the environment.

Target F: Adventure tourism

Target F outcome is to achieve a 50% 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.

Strategic Target F: Vessels involved in commercial jet boating and white-water rafting

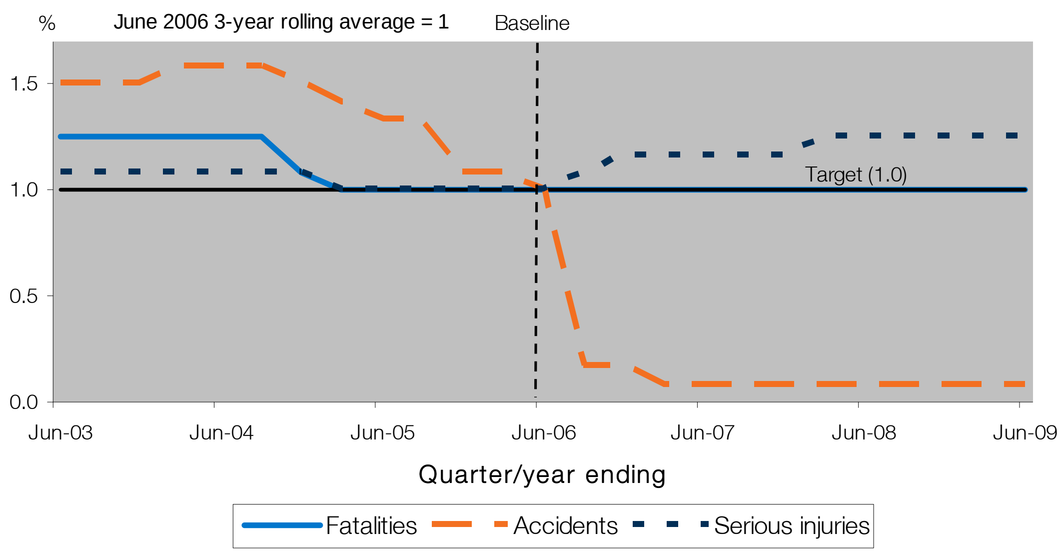


The increase in fatalities and serious injuries in the adventure tourism sector continues to be of concern. The maritime rules governing these activities are being reviewed to ensure that they support necessary changes in safety culture and operation. Analysis is underway to support additional education, along with increased monitoring of the sectors.

Target G: Commercial paddle craft

Target G 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.

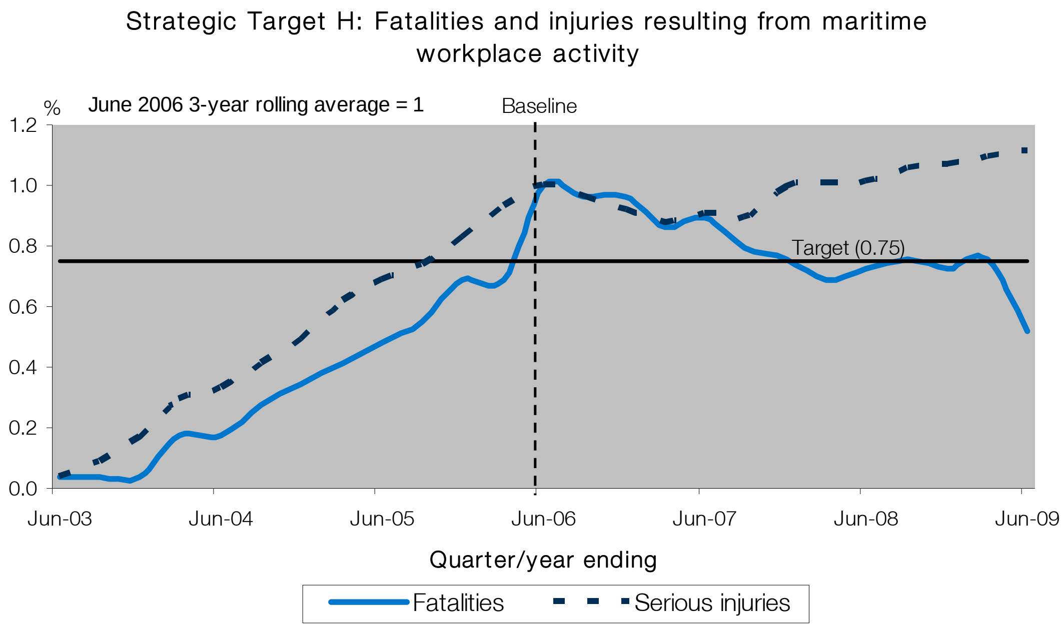
Strategic Target G: Paddle craft (other than river rafts) operating commercially



During the year, MNZ released guidelines for commercial kayaking and canoeing operations, as one element of a 5-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 what, in MNZ's view, represents good practice in managing the safety of paddle craft operations.

Target H: Maritime workplace activity

Target H outcome is to achieve a 25% 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.



While the rate of fatalities has decreased, it is apparent that there is an increase in serious injuries, which is common to a number of vessel sectors. During 2008/09, additional expertise in the health and safety area has been added to MNZ, and resource material to support this expertise has been developed.

Financial summary

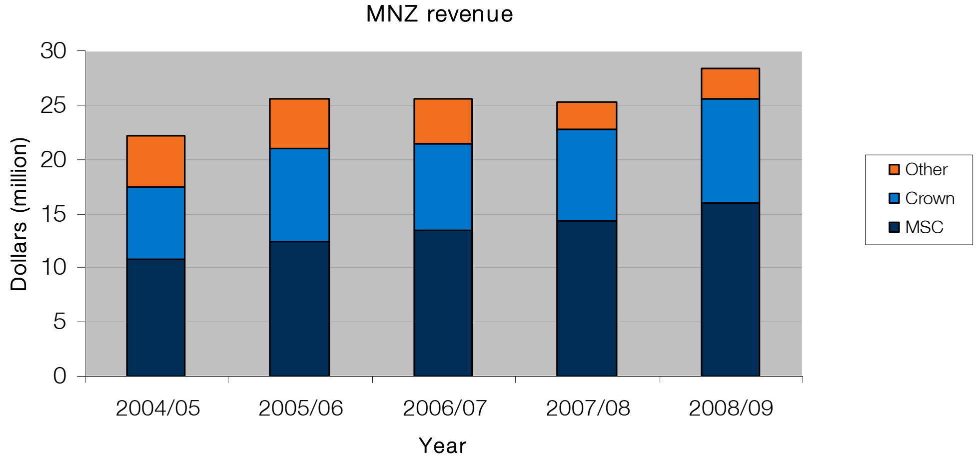
MNZ operates three separate financial entities. MNZ and RCCNZ operations are consolidated together as one entity for reporting purposes, while the OPF is reported against separately. Financial highlights for each of these two entities are provided below.

Consolidated MNZ results

Financial performance

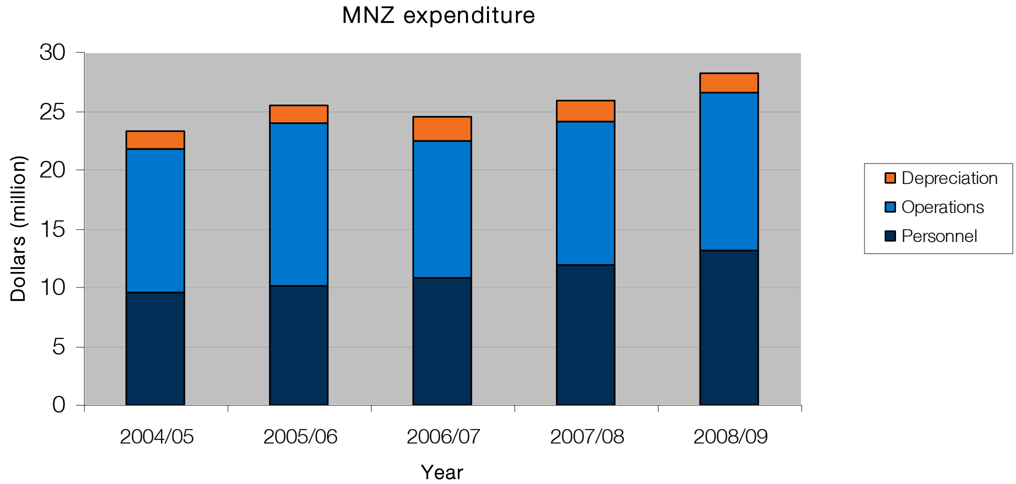
Revenue sources

MNZ's revenue totalled $28.4m and is derived from two main sources: Crown (34%) and the MSC (56%). During the year revenue exceeded budget by $662k, due primarily to an increase in revenue derived from cruise ships visiting New Zealand.



Expenditure

MNZ's expenditure totalled $28.2m and exceeded budget by $526k. This was due to the number and cost of search and rescue activities undertaken during 2008/09, resulting in a $493k unfavourable variance against budget for this activity.



Net surplus/(deficit)

MNZ's consolidated result for the year ended 30 June 2009 shows a surplus of $204k compared with a budgeted surplus of $68k (MNZ surplus $855k; RCCNZ deficit $651k).

Financial position

MNZ continues to have a healthy liquidity position with net working capital at 30 June 2009 of $7.0m and current assets 2.9 times higher than current liabilities. The average age of debtors (19 days) at 30 June 2009 was an improvement over the average of 23 days budgeted for in 2008/09 and 22 days achieved in 2007/08.

Financial performance measures

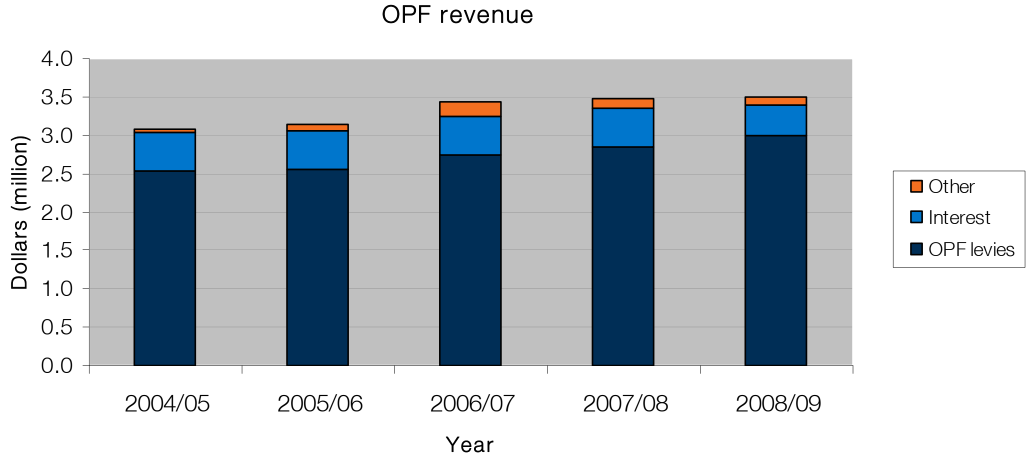
	2008/09 actual	2008/09 budget	2007/08 actual
Net working capital ($000)	6,983	4,114	5,678
Current ratio	2.8	2.4	2.7
Average age of debtors (days)	19	23	22
Average age of creditors (days)	27	25	28

Oil Pollution Fund (OPF) results

Financial performance

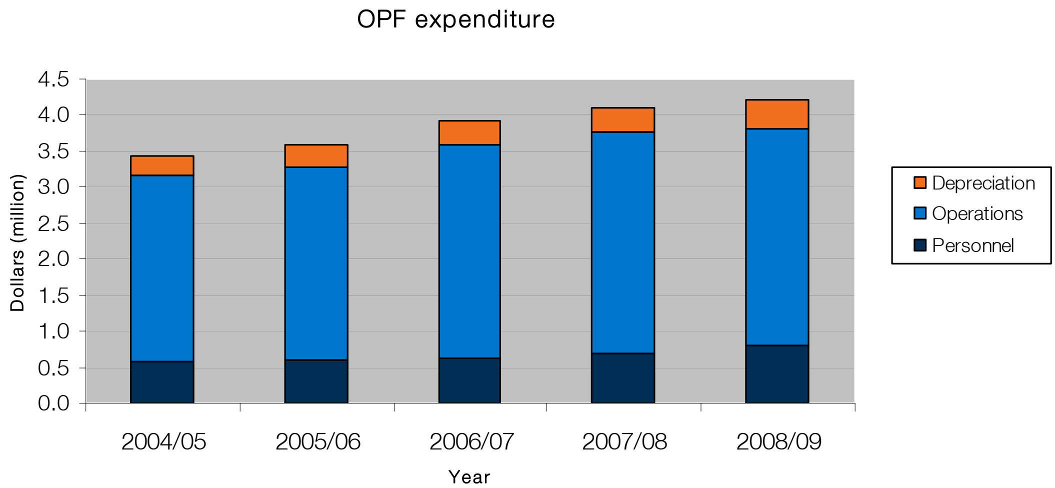
Revenue sources

OPF's revenue totalled $3.5m with $3m being received through oil pollution levies.



Expenditure

OPF expenditure totalled $4.2m, $0.7m less than budget. Regional council training costs were lower than anticipated during the year and the oil pollution risk assessment and development strategy was deferred until 2009/10.



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: maritime regulation and monitoring (output class 1); marine environment protection (output class 2); and search and rescue activities (output class 3). These classes highlight the wide range of activities and responsibilities that MNZ has been tasked 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.

Output 1.1: Legislative and regulatory frameworks

Description

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 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
20	Replies to ministerial correspondence	14	30–40
44	Reports to the Minister	55	60–70
16	Replies to Parliamentary questions	26	35–45
	Quality		
97	Percentage of draft replies to Ministerial correspondence and answers to parliamentary questions accepted by the MoT on first submission	97% (39 out of 40)	90%
	Timeliness		
95	Percentage of draft replies to Ministerial correspondence forwarded to the MoT within 10 business days from the time of receipt by MNZ	93% (13 out of 14)	100%
100	Percentage of reports to the Minister and answers to parliamentary questions within timeframes specified by the Minister's Office/ MoT	100% (81 out 81)	100%
$1,868,000	*Revenue*	$2,031,000	$2,117,000
$1,693,000	*Expenditure*	$1,935,000	$1,994,000

Quantity performance measures

Quantity performance measures are demand driven and unable to be influenced by MNZ. The targets for these measures are indicative of the likely workload that may be required for reports to the Minister, ministerial correspondence and parliamentary questions.

Rules development

MNZ carries out research and analysis to provide technical policy support, and safety and marine environmental advice to government. This leads to the development of maritime and marine protection rules and MNZ codes and guidelines. Rules are also developed to reflect international standards set by the IMO, who is responsible for promoting consistent levels of maritime safety and marine protection around the world.

Rules completed during 2008/09

The following rules were completed and signed off by the Minister of Transport in 2008/09

- Maritime (Various Amendments Rules 2008 (Parts 20–91)
- Maritime (Portable Fire Extinguisher) Amendment Rules 2008 (Parts 40C and 42B)
- Marine Protection Amendment Rules 2009: Prevention of Pollution by Oil and Prevention of Pollution by Garbage (Parts 120, 121A, 121B, 123A, 170 and 200) – introduces ship construction requirements (Parts 121A and 121B) for new ships' oil fuel tanks (double hulls, protective location and maximum size for individual tanks) where a tank's aggregate capacity is 600 cubic metres or more
- Maritime Rule Part 130C – Regional Marine Oil Spill Contingency Plans 2009 – deals with alignment of regional and national plans, requirements for exercising regional plans and maintaining currency of information. The existing Part 130C is revoked and the new part substituted
- Maritime Rule Part 132 – Dispersants and Demulsifiers Amendment Rules 2009 – introduce new toxicity testing requirements for dispersants and demulsifiers used to contain or clean up marine oil spills
- Maritime (Various Amendments) Rules 2009 (Parts 21–80) – most changes are minor in nature to remove inconsistencies, supply missing definitions and deal with minor administrative errors.

Key rules under review

Two key rules reviewed during 2008/09 included jet boating rules (Part 80A) and rafting rules (Part 80B).

Review of rafting rules

Consultation was completed on draft maritime rules for commercial rafting, which are intended to replace rules made by the Minister in 1998. The feedback was mostly positive with endorsement from the national body, the New Zealand Rafting Association.

The key changes in the draft rules include new requirements for raft guide training and raft hire and higher standards of first aid certification for senior and trip leader raft guides. Such guides must also periodically attend courses to retain currency in river rescue skills.

At the same time, the stringency of certain requirements, not justified on safety grounds, is relaxed for lower risk type rafting operations. The draft rules envisage that any inspection and audit functions undertaken by parties outside MNZ will be delegated by the Director of MNZ.

Review of jet boating rules
A draft set of rules for commercial river jet boat operations was completed and submitted to MoT for review. The driver training provisions of this rule, however, are still to be finalised. Key changes include:

- safety audit functions required under the MTA can only be carried out under delegation from the Director of MNZ
- proposed implementation of a commercial jet boat licence
- requirement to maintain a drivers log
- footrests for jet boats undertaking thrill-type trips
- a requirement for passengers to be briefed about the safety risk before the trip
- compulsory wearing of personal flotation devices
- provision for emergency exit.

Impact on sector outcomes
Output 1.1 provides a supporting function for all outputs (excluding outputs 1.2, 1.5 and 3.1) and therefore has an indirect impact on sector outcomes targets A–H (refer to page 17–21).

Output 1.2: Communication and education

Description
Key functions:

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

Actual 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quality		
New measure	Proportion of survey respondents who find MNZ key publications (*Lookout!*, *Safe Seas Clean Seas* and safety bulletins) useful	95%	75%
	Timeliness		
100%	Provision of a 24/7 media line	100%	100%
100%	Key publications and marketing material completed by scheduled due date	100%	100%
$2,658,000	*Revenue*	$2,952,000	$2,940,000
$3,358,000	*Expenditure*	$3,133,000	$3,360,000

Education and communication
During the 12-month period MNZ kept the maritime community regularly informed of safety issues, policy developments and changes affecting commercial operations. MNZ also experienced a high public profile in mainstream media, which proved to be a powerful way of informing and engaging the wider community on matters relating to safety on the water.

For the benefit of the commercial maritime industry MNZ issued three safety bulletins and two marine guidance notices. A new free subscription service for safety updates was introduced in the year and widely promoted through industry magazines, as well as through MNZ publications.

In MNZ's quarterly magazine *Lookout!* a total of 35 accidents and incidents were outlined, with key lessons and safety advice provided for each one. A new feature introduced to *Lookout!* was the inclusion of a detailed article on a particular safety aspect. Topics covered were lifejacket types, surviving cold water immersion, beacons, and distress flares. These articles will continue to be a feature in this education tool, which continues to receive high praise from readers.

MNZ articles and advertisements appeared in every issue of industry publications *Professional Skipper* and *Seafood New Zealand* as another way of reaching key groups within the industry.

Throughout summer the "switch to 406" beacons message was included in all MNZ media releases about recreational boating matters, to support the campaign run by the New Zealand Search and Rescue Council (SAR Council). A successful media "open day" at RCCNZ was held at the end of January, where representatives from SAR Council, Police, RCCNZ and New Zealand Land Search and Rescue provided comment and interviews with media on the beacon changeover.

The December/January period also was one of the busiest on record for MNZ's media team, largely because of a significant number of recreational boating deaths, accidents and near misses. Print and broadcast media coverage of the various accidents and incidents was widespread over several weeks and useful in maintaining awareness of key risk factors in recreational boating fatalities.

Website development

The new MNZ website was launched in May 2009 to improve access to our web-based information and services. This has been achieved by a major change to the website's look and feel, and editing of all web pages to better suit an online environment. Visitors can now find and understand our web-based information more easily.

Some of the key features include:

- a better search engine, providing improved search results
- a new home page, which has a different, updatable look or state when a major incident is occurring
- pathways to information based on a topic or type of information need
- better visibility of the latest news, developments, publications, and areas of consultation
- improved access to maritime rules and marine protection rules
- ongoing evaluation and improvement to our web-based information and services.

Customer satisfaction survey

In January 2009 a customer satisfaction survey was undertaken to gauge how well MNZ is meeting the needs of its customers with regard to service delivery. Overall the findings were pleasing in identifying what MNZ does well, as well as areas for improvement. Almost 300 people responded from around the country, representing a good cross-section of interest groups.

Key findings

- 84% of respondents strongly agreed or agreed that MNZ employees were competent.
- 77% of respondents strongly agreed or agreed that they were treated fairly.
- 80% were very satisfied or satisfied with the overall service they received from MNZ.
- 63% said MNZ service, compared with that of other government agencies, was excellent or very good.
- 95% rated MNZ publications very useful or useful.

Actions to improve our service
The call to simplify and standardise SSM is being addressed as part of the ongoing SSM review project. Information service projects, including a refreshed website, aim to make information more accessible and add some online services.

Impact on sector outcomes
Output 1.2 provides a supporting function for all outputs (excluding outputs 1.4 and 1.5) and therefore has an indirect impact on sector outcomes targets A–H.

Output 1.3: Maritime operations and services

Description

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 Maritime Transport Act, and Hazardous Substances and New Organisms 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 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
27 (193%)	Number (and percentage) of flag state inspections	22 (157%)	14 (100%)
809 (27%)	Number (and percentage) of risk assessments of SSM vessels	919 (31%)	750 (25%)[5]
650	Number of ship registration transactions	776	600–800
	Quality		
84%	Percentage of initial audits of SSM vessels carried out within 3-month exemption period	67%[6]	75%
New measure	Percentage of SSM vessels that pass their MNZ safety inspection	82%	95%
100%	Percentage of classification societies audited to ensure compliance with international requirements	100%	100%
90%	Percentage of eligible port state vessels that are inspected, as determined by the Tokyo Memorandum of Understanding	94%	80%
92%	Percentage of commercial rafting and jet boating operations audited	100%	100%
92%	Percentage of accident investigations completed and reported within 6 months where no prosecution has been initiated	82%	75%

5 This target represents 25% of approximately 3,000 SSM vessels that MNZ oversees.
6 MNZ ceased to conduct initial audits of SSM vessels from 1 September 2008, as this work was taken over by SSM companies. A new measure “percentage of SSM vessels that pass their MNZ safety inspection” was introduced to measure the quality of the SSM company certification process.

Actual 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Timeliness		
59%	Percentage of corrective actions from initial audits of SSM vessels closed out within agreed timeframes	55%[7]	95%
New measure	Percentage of safety inspections of SSM vessels carried out before expiry date of conditions on SSM certificate	78%	95%
45% (10 out of 22)	Percentage of corrective actions, produced from audits of SSM companies, closed out within timelines agreed between MNZ and the SSM company	100% (8 out of 8)	100%
Achieved	Maritime and marine protection rules developed in accordance with the programme agreed with the Minister	Partly achieved[8]	As agreed with MoT
$9,462,000	*Revenue*	$10,625,000	$10,297,000
$10,001,000	*Expenditure*	$11,314,000	$10,091,000

Performance measures

In September 2008, SSM companies became responsible for completing all documentation for all new vessels entering into the SSM system and submitting the documentation to MNZ. The issuing of the SSM certificate and subsequent follow up to ensure compliance of conditions specified on the SSM certificate is now the sole responsibility of MNZ.

Two new performance measures were developed to ensure a high safety standard is maintained for new vessels entering SSM. The first measure sets as an expectation that at least 95% of all SSM vessels pass their initial safety inspection conducted by MNZ. At 30 June 2009 (after 10 months of operation under these new requirements) only an 82% success rate was achieved. Considerable effort is being made by MNZ to provide formal training to SSM companies, surveyors, auditors, administrators and vessel owners to raise and standardise operations across the country. This is a new measure and continued progress toward the 95% target is expected during 2009/10.

The second measure is designed to ensure that the follow-up safety inspections by MNZ staff are carried out in a timely manner. At 30 June 2009 only 78% of inspections were carried out prior to the expiry date of the SSM certificate issued, against a target of 95%.

SOLAS ships

New Zealand has 15 registered vessels that are classified as SOLAS[9] ships. These range from coastal shipping vessels to internationally trading oil tankers. All New Zealand SOLAS vessels were subjected to at least one inspection, to the standard of a port state control inspection carried out on foreign-flagged vessels arriving in New Zealand ports, during 2008/09. The year saw the departure from the register of one SOLAS vessel, and the arrival of two replacement vessels – both intended for the coastal trade.

In 2008 MNZ completed a total of 561 port state control Inspections on foreign-flagged vessels in New Zealand ports. This compares with 511 inspections carried out in the previous year. A further 360 follow-up inspections were carried out to ensure that deficiencies were adequately corrected. The inspections raised a total of 1,152 deficiencies that required correction – a significant rise from the previous year where 795 deficiencies were identified. Eight ships (1.43%) were subject to detention for significant safety or environmental deficiencies, compared with five ships (0.98%) in 2007.

7 MNZ ceased to do initial audits of SSM vessels on 1 September 2008. This work is now undertaken by SSM companies. A new measure to ensure that SSM vessel inspections are carried out in a timely manner before the expiry date of conditions on the SSM certificate was introduced with effect from the same date.
8 The rules programme was varied with agreement of MoT during 2008/09 as a consequence of resourcing issues and changing legislative priorities.
9 A ship to which the International Convention for the Safety of Life at Sea 1974 (SOLAS) applies – a passenger ship (or non-passenger ship greater than 500 tonnes) engaged in an international voyage.

New Zealand is a member of the Tokyo Memorandum of Understanding on Port State Control in the Asia-Pacific Region, and co-ordinates its inspections with the other nations with the objective of eliminating sub-standard shipping from the Asia-Pacific region.

Exemptions

The Director of MNZ may exempt a ship from complying with a maritime rule under certain special circumstances. During 2008/09 a total of 259 exemptions were issued.

Investigations

One of the key reasons for incident and accident investigations is to share the knowledge gained, to help prevent similar events from happening to others. While the circumstances of each investigation will vary, MNZ will often make safety recommendations designed to alert others to potential safety issues. In a small number of cases, where there has been a serious breach of law, enforcement action may be taken.

The reporting and investigation of accidents is also critical in helping MNZ and other agencies to gather important data on incidents and accidents to better understand what causes them. This leads to targeted safety campaigns, identification of particular safety improvements, and channelling of resources into appropriate areas. During 2008/09 there were a total of 458 reported incidents requiring further investigation by MNZ 330 of which were completed by 30 June 2009. A summary of investigation activity during the 12-month period is summarised in the table below.

Investigations	Accidents	Injuries	Total
Reported during 2008/09	304	154	458
Completed during 2008/09	203	127	330
Investigations outstanding	101	27	128

Prosecutions

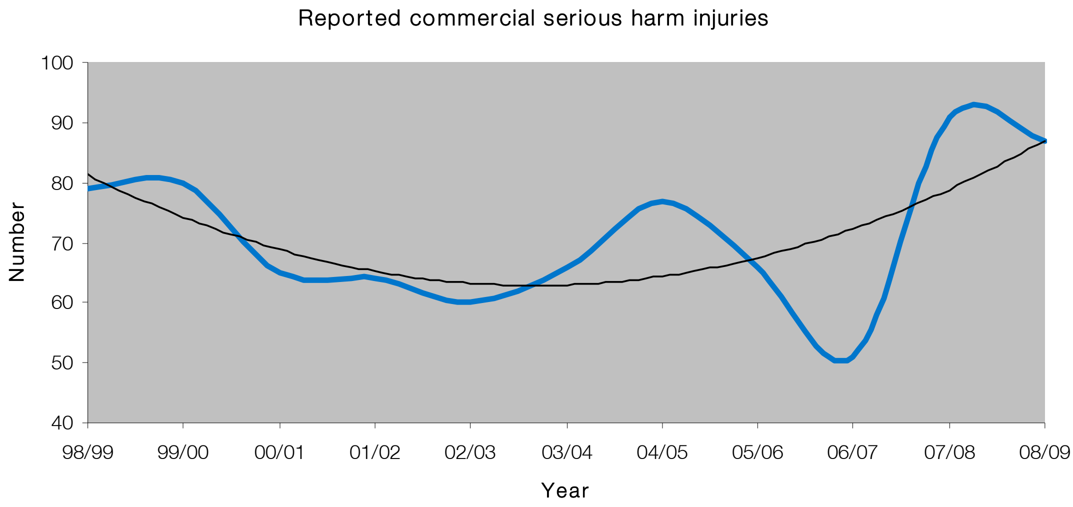
The Director of MNZ completed nine prosecutions during the year, all of which resulted in convictions. Four prosecutions were for recreational vessels, four were for commercial vessels and one was for an oil spill. Six prosecutions were brought under the MTA, two prosecutions were brought under the HSE Act and one prosecution was brought under both Acts.

Health and safety

In May 2003 the Government designated MNZ to administer the provisions of the HSEA in respect of the maritime sector, specifically for ships. The scope of the designation is to administer the HSE Act for work on board ships and for ships as places of work. Coverage now includes not only seafarers on New Zealand ships, but all those who are on board. These include pilots, ships' agents, stevedores, surveyors and contractors. This work also covers operations in the maritime adventure tourism industry.

Funding provided by the Department of Labour (DoL) for MNZ to administer the requirements of the HSEA and the Hazardous Substances and New Organisms (HSNO) Act is $400,000. This level of funding represents approximately 1% of the Health and Safety in Employment levy assigned to DoL for administering the HSEA and underpins the extent to which MNZ is able to enforce and monitor compliance with the Acts and undertake prosecutions.

During 2008/09 a draft strategy and associated action plan was completed for the delivery of MNZ’s responsibilities under the HSE, including the development of a training plan for MNZ employees. Of particular concern to MNZ was the steady increase in reported incidences of serious harm in the maritime industry – 87 during 2008/09 and 91 in the previous year. MNZ is working with industry and government agencies to proactively address workplace injuries through educational safety programmes.



Output 1.4: Maritime security

Description

Key functions:

- 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 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 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
14	Number of port security inspections per year	14	14
New measure	Number of port security exercises completed per year	13	14
21%	Percentage of ships risk-profiled	32%	55%
$1,184,000	*Revenue*	$1,279,000	$1,333,000
$1,239,000	*Expenditure*	$1,139,000	$1,268,000

Risk profiling

Achievement of the risk profiling performance measure was hampered by the resignation of MNZ's Maritime Security Analyst in October 2008 and the replacement analyst not being operational until February 2009. The New Zealand Customs Service (National Targeting Centre) did provide a limited profiling capability during the year, which minimised the New Zealand maritime security risk.

Impact on sector outcomes

Port security is a key component of MNZ's strategic vision of safe, secure and clean seas. With more than 90% of our country's imports and exports transported by sea, it is extremely important that this trade is safe and secure, with minimal risk to New Zealand. This means all vessels that visit New Zealand's ports and harbours must comply with security regulations set out in various New Zealand and international rules.

MNZ achieves this through a programme of security assessments, checks and inspections of ports and vessels, as well as through training exercises and information and resource sharing with a range of other government agencies, such as the New Zealand Customs Service, the Ministry of Agriculture and Forestry, Biosecurity New Zealand and Police.

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

Description

Key function:

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

Actual 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
141	Maintenance and inspection of navigational aids to ensure correct functioning	141	141[10]
	Quality		
99.8%	Availability levels of lighthouses	99.9%	99.8%
99.9%	Availability levels of day beacons	100%	97%
100%	Availability levels of floating aids (buoys)	100%	97%
100%	Radio coverage availability for Kordia-owned radio stations	100%	99.9%
99.7%	Radio coverage availability for MNZ-owned radio stations	99.9%	99.6%
100%	Provision of a 24/7 distress and safety radio service	99.9%	100%
$6,066,000	*Revenue*	$6,739,000	$6,614,000
$5,241,000	*Expenditure*	$5,250,000	$6,521,000

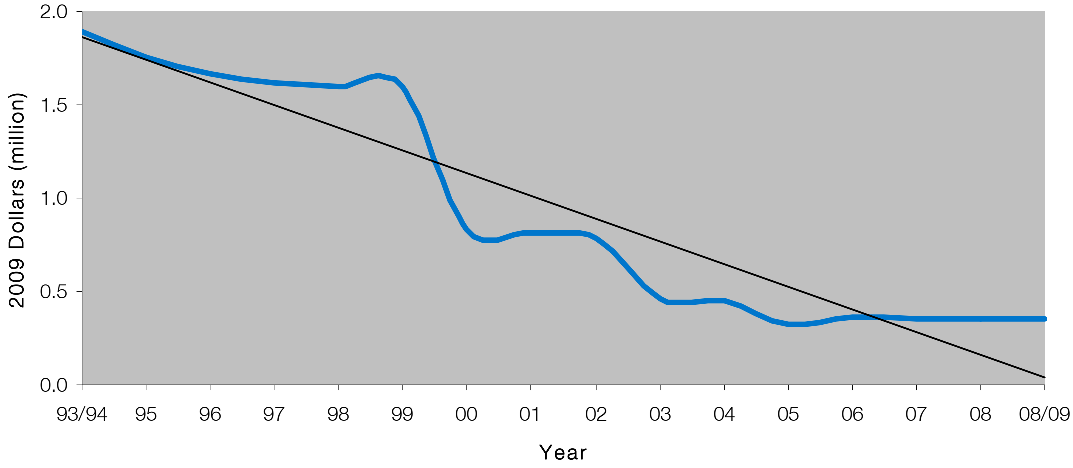
Maintenance on aids to navigation

Regular maintenance of navigation lights and beacons is vital for ensuring safety of vessels around New Zealand's coastline. MNZ has put considerable effort into reducing maintenance costs while at the same time retaining a high-quality, effective and value for money navigational aids service.

Over the past 15 years navigational aids (lights, beacons and buoys) maintenance costs have steadily been reduced from $1.3m ($1.89m in 2009 dollars) in 1993/94 to $350k in 2008/09 – a 73% (81%) reduction in costs. This has been achieved through the adoption of best maintenance practices and the introduction of modern equipment, which has resulted in a more reliable network that requires less maintenance time and fewer visits.

10 Originally this target was 142, however, during 2008/09 ownership of one navigational aid (buoy) was transferred to Environment Waikato regional council.

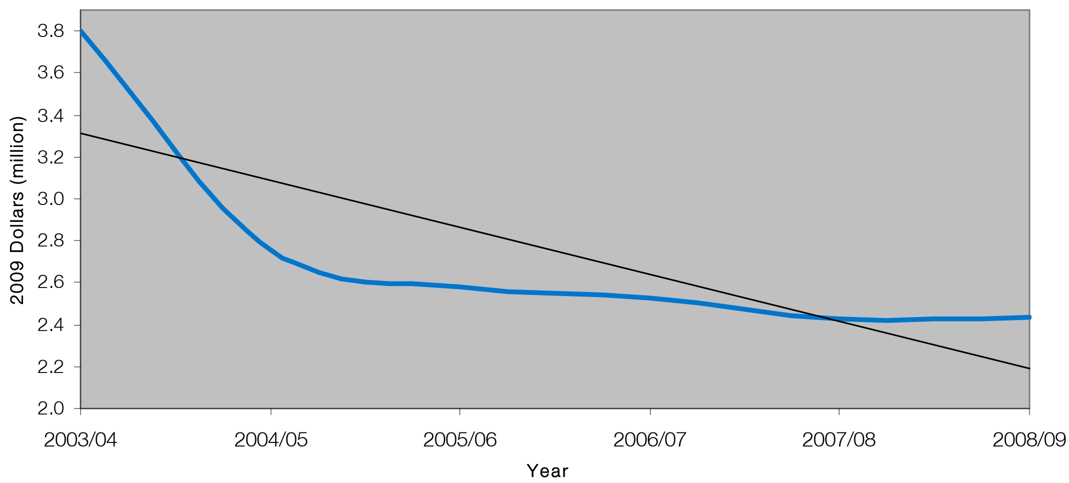
Aids to navigation: maintenance costs



Distress radio service

The distress radio service is essential for ensuring the safety of vessels around New Zealand. The cost of providing a major component of this service has reduced over the past 15 years. The graph below shows recent costs of providing the Maritime Operations Centre (MOC) and a large portion of the Maritime Radio Service. To put the savings in context, the cost of providing coverage to a small part of New Zealand with five radio sites in 1990 was $4.2m. This compares with a cost of $2.4m in 2009 from 30 sites providing coverage around the entire New Zealand coastline and the region known as NAVAREA XIV (an area that equates to some 50 million square kilometres of ocean, which makes up 12.5% of the earth's total water surface).

Maritime distress radio



Impact on sector outcomes

Maritime distress and safety radio and navigational aids make a significant contribution to MNZ's strategic vision of safe, secure and clean seas. The 141 navigational aids operated by MNZ, together with additional navigational aids operated by regional councils, provide substantial assistance to vessel skippers around New Zealand – to the extent that vessels grounding or hitting rocks is uncommon in today's maritime environment.

The increased radio coverage provided by the 30 MOC radio sites has seen the number of distress radio calls received by MOC increase from an annual average of 50 calls in the 1990s to 178 calls in 2008/09. An increased awareness of those in distress enables MNZ to mount search and rescue missions and save lives. MOC also provides other safety services, such as safety bulletins and marine weather updates to vessel operators, and also provides radio logs to New Zealand Customs to forewarn them of recreational boating movements and intended destinations.

Output class 2: Marine environment protection

Through this output class, MNZ delivers marine environment protection services that contribute directly to 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.

Output 2.1: Marine pollution response capability

Description

Key function:

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

Actual 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
139	Number of reported oil spills	106	Reducing trends
168	Number of reported oil-in-water discharges from offshore installations	7	Reducing trends
4,202 litres	Quantity of oil spilled into the environment	5,943 litres	Reducing trends
24,465 litres[11]	Quantity of oil-in-water from offshore installations	27 litres	Reducing trends
	Quality		
Green	Oil Spill Preparedness Index[12]	Green	Green
	Timeliness		
100%	Provision of a 24 hour, 7 day a week advice and response capability service	100%	100%
100%	Activation of a response to Tier 2 and Tier 3 spills within 2 hours of notification	100%	100%
$3,481,000	*Revenue*	$3,479,000	$3,427,000
$4,102,000	*Expenditure*	$4,207,000	$4,869,000

Reported oil spills

The 101 reported oil spills in 2008/09 represent a significant reduction from the 139 spills reported in 2007/08, however, the total volume of oil actually spilt increased from 4,202 litres during 2007/08 to 5,830 litres in 2008/09. This increase was due primarily to the following major spills:

- the sinking of the *Waverley* in Fiordland (730 litres of diesel spilled) – diesel dispersed naturally, with no wildlife affected by the spill

11 In October 2007, 23,000 litres of oil was spilt from the floating production and storage vessel *Umuroa*. A court ruling delivered in 2008/09 has since increased this estimate to 32,500 litres.

12 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. Preparedness is reported based on a "green" (able to respond), "amber" (able to respond in most circumstances), or "red" (not able to respond) assessment.

- two spills in Auckland Harbour – the *Thor Spring* (1,500 litres) and *Matua* (600 litres) – the marine oil spill response team attended both spills cleaning up oil on the water and shoreline, with no wildlife affected by the spill.

Oil-in-water discharges from off-shore installations
In 2007/08 there were 168 reported oil discharges from off-shore installations (Umuroa and Maui A and B) resulting in 33,965 litres of oil (32,500 litres from Umuroa) being spilt into the environment. In December 2007, Maritime Rules Part 200 requirements came into force for all installations within New Zealand's exclusive economic zone, requiring off-shore installations to implement a more stringent discharge management plan for their oil processing operations.

These plans have subsequently been audited by MNZ to compare discharge management plans against physical processes and operating procedures. All three installations were found to be operating in accordance with best practice, although some minor areas for improvement were identified. Shell Todd Oil Services Limited operators of Maui A and B are now re-injecting discharged production water back into the production well, as a means of reaching the standards required by the rule. This has directly led to a substantial reduction in the number (down to 7 from 168) and quantity (down to 27 litres from 33,965 litres) of oil-in-water spills into the environment.

Impact on sector outcomes
A key visionary outcome for MNZ is to ensure New Zealand's seas are clean. The Marine Pollution Response Service (MPRS) plays a pivotal role in this endeavour by ensuring that the effects of pollution from ships and offshore oil and gas platforms are minimised by taking leadership responsibility for managing all major oil spills in New Zealand waters, and through key relationship networks and alignment with international practices.

Rapid intervention is recognised as vital in minimising the negative impact of marine oil spills on the environment. MPRS ensures it has response capability preparedness at both a national and regional level, and as required by the International Convention on Oil Pollution Preparedness, Response and Cooperation 1990. During 2008/09 MPRS oversaw 16 regional council plans, attended 18 regional exercises, trained 187 regional personnel for oil spill response, and conducted 13 marine oil spill courses.

The high level of preparedness across the country meant that of the 101 reported marine oil spills, all were successfully contained at regional response level (regional council teams), and no negative environmental impacts were noted. More stringent management plans of oil-in-water discharges from off-shore installations have resulted in substantial reductions in the number and amount of discharges of oil in water into the environment.

MPRS invited members of the AMSA to observe and assess an exercise simulating an oil spill from a ship accident in Otago harbour. Favourable feedback was received from AMSA on New Zealand's preparedness and ability to respond to a significant marine oil spill.

Output class 3: Category II search and rescue operations

Through this output class, MNZ delivers co-ordination of search and rescue (SAR) operations within the internationally mandated New Zealand SAR region.[13] Services include the operation and maintenance of a 24/7 SAR co-ordination centre, funding of SAR operations, the management and co-ordination of the emergency distress beacon system for New Zealand, and work to ensure the effective co-ordination and performance of SAR operations across the SAR sector in New Zealand.[14]

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13 An area of over 30 million km^2 stretching from mid-Tasman Sea halfway to Chile, and from Antarctica almost to the equator.

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

Output 3.1: Search and rescue co-ordination capability

Description

Key functions:

- to operate a 24/7 SAR co-ordination 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 co-ordinate activities covering sea, air, and land operations managed at the national level, as well as activities and operations related to emergency distress beacons.[15]

Actual 2007/08	Performance measure	Actual 2008/09	Target 2008/09
	Quantity		
New measure	Develop and maintain service level agreements with key stakeholders in SAR community	8	14
New measure	Conduct joint training courses with New Zealand Police	10	18
	Quality		
100%	Minimum of two fully-trained SAR officers on duty 24/7	100%	100%
	Timeliness		
New measure	Provision of a 24/7 uninterrupted co-ordination service	100%	100%
New measure	All SAR incidents: logged within 2 minutes of receiving notification message	100%	100%
New measure	All Category II SAR incidents: commence identification of SAR units required within 5 minutes of a distress phase being declared	100%	100%
$3,380,000	*Revenue*	$4,068,000	$4,439,000
$3,718,000	*Expenditure*	$4,719,000	$4,439,000

Quantity performance measures

The development of new service level agreements with SAR partners and the running of joint training courses with Police have fallen short of the yearly targets, due to key personnel shortages and the need to focus on the core business of training the recently recruited RCCNZ personnel.

In particular, increased resources were directed to registering 406MHz beacons with the phasing out of satellite processing of 121.5 and 243.0 MHz beacon transmissions at 1 February 2009 (refer to page 42).

15 SAR operations within New Zealand are defined by the level of co-ordination – local (Category I) or national (Category II) as per formal agreement reached at the SAR Council. New Zealand Police co-ordinates and manages Category I SAR operations. RCCNZ co-ordinates and manages Category II SAR operations.

KEY ACHIEVEMENTS IN 2008/09

New Zealand's maritime community is richly diverse and includes some 450,000 pleasure craft, 3,800 small commercial vessels and 15 New Zealand-flagged vessels, including five interisland ferries, and a range of smaller ferries carrying millions of passengers annually. With more than 99% of New Zealand's trade carried by sea, 800 foreign vessels make 5,800 New Zealand port visits per year. Each year 100 commercial jet boats and 288 white water rafts carry around 450,000 passengers on our inland waterways, generating significant economic benefits for New Zealand. As a result MNZ touches the lives of many New Zealanders and international visitors, and those involved with sea-borne traffic.

MNZ has made a significant contribution in the maritime sector during 2008/09. Some of the key achievements are outlined below:

Safe ship management (SSM)

Some 3,800 commercial vessels operate in New Zealand, carrying out activities as diverse as white water rafting, fishing, harbour ferries, and international voyages. Making sure that these vessels operate safely and securely and meet the proper maritime standards is the responsibility of MNZ, through its SSM system.[16]

As discussed earlier, a key strategic goal for MNZ during 2008/09 and future years is to ensure that the SSM system is robust and effective. In addition to the strategic initiatives undertaken during 2008/09 (as outlined on pages 11–13) MNZ has also made some fundamental changes to both how the initial audits are undertaken and to strengthen the checking processes required before issuing SSM certificates.

Initial audits

From 1 September 2008 SSM companies began carrying out initial audits of vessels entering the system to ensure compliance with maritime rules on behalf of the Director of MNZ, following procedures approved by MNZ. The audits comprise a checklist that SSM company auditors will be required to tick off before recommending that MNZ issues the SSM certificate to the operator.

Fit and proper person assessment

In September 2008 the Director strengthened the fit and proper person checking requirements, following a review of its procedures against the requirements in the MTA. The Act's requirements for meeting the fit and proper person assessment cover all individuals and/or companies who are granted privileges under a particular maritime document.[17]

The improved checking process involves two phases. The first phase, which has now been implemented, requires applicants to answer a set of questions and complete a statutory declaration. The second phase, which is expected to be implemented in February 2010, requires operators to provide details for any criminal offences, along with a history of compliance with transport safety regulations. While the Director may still request this information from applicants before this date, it will only be done in special circumstances.

16 SSM applies to New Zealand vessels that do not proceed beyond restricted limits, fishing ships, and ships less than 45 metres in length and less than 500 gross tonnes that go beyond restricted limits, but are not subject to SOLAS. SOLAS is an international convention that applies to large ships.

17 This means any licence, permit, certificate or other document issued by the Director under Section 41 of the MTA and includes certificates of competency, SSM certificates, surveyor recognition and safe crewing documents.

MNZ has received positive feedback from many in the commercial sector on the improved fit and proper person checking process. Like MNZ, people in the sector want to ensure that only appropriate people hold maritime documents to preserve the industry's clean and professional reputation.

Qualifications and operational limits review

MNZ commenced a fundamental 2-year review of its maritime qualifications and the operational limits (QOL Review) that are linked to them. This review is a key strategic goal for MNZ (previously referred to on pages 13-14) and the first step in a long-term programme to ensure maritime qualifications and operational limits are in alignment and meet the current and future needs of New Zealand's commercial maritime sector. Outcomes will support MNZ's vision for safe, secure and clean seas and the wider objectives of the New Zealand Transport Strategy, contributing to an integrated, safe, responsive and sustainable transport system.

A key driver for the review is ensuring that the current qualifications structure is made clearer and does not put barriers in place for those seeking employment in the industry – and to ensure that New Zealand can retain and attract skilled people to the industry, which is suffering from a worldwide skills shortage.

It is expected that any changes to emerge from the review should contribute to the following outcomes:

- qualifications that are trusted and respected both domestically and internationally
- alignment between qualifications and operational limits
- efficient and effective pathways for attaining maritime qualifications
- a framework of qualifications that avoids creating any unnecessary barriers to employment, and that facilitates the advancement of people with the appropriate skills and competencies.

Overall it is intended that the QOL review will deliver an industry-relevant qualification and operational limits framework that is easy to understand and cost effective, with clearly defined requirements for certification, operational limits, manning levels, examinations and quality assurance.

Recreational boating

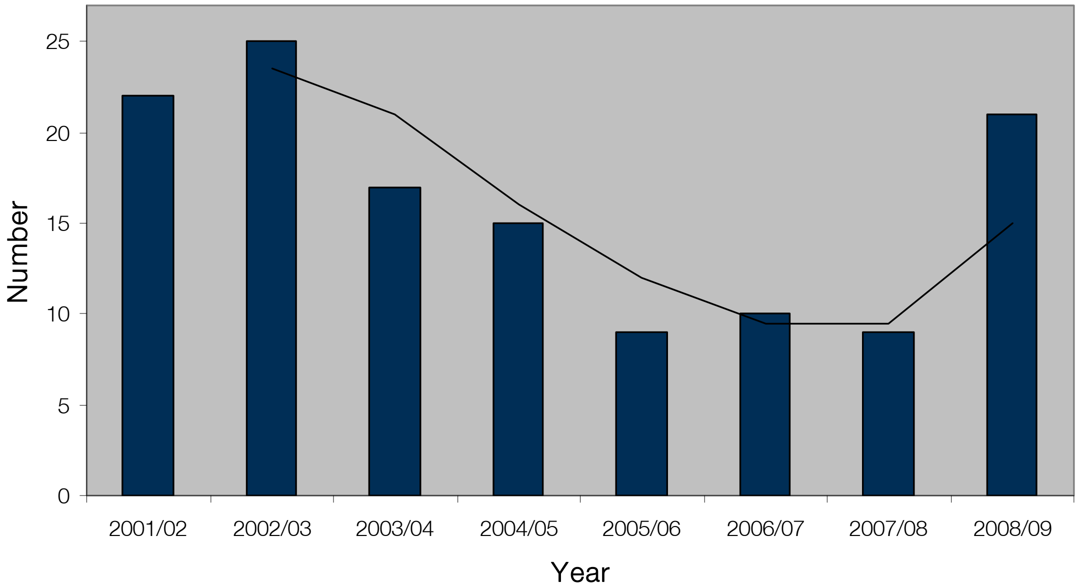
With at least 20,000 people who beginning boating each year, and over 1 million people taking to the water annually, the task of educating the recreational boating public is a daunting one. MNZ works with 16 other organisations involved in boating safety, principally in a national co-ordination role, to ensure safety messages are consistent and relevant, and to avoid duplication of effort. The recommendations in the "*New Zealand Pleasure Boat Safety Strategy 2007"* guide this work.

In 2002 MNZ developed the Stay on Top campaign to raise awareness of key safety messages through mass media marketing. Periodic evaluation has continued to prove that mass media campaigns are the most effective way to reach the large and geographically dispersed community of recreational boaties. In the 7 years prior to the introduction of the Stay on Top campaign in the summer of 2002/03, there were around 19 fatalities per annum and the number was trending upwards.

In the 5 years since the campaign was launched, the average has been under 14 fatalities per annum, falling to under 9 per annum in the 3 years to 2007/08. However, the success of these summer campaigns in lowering the number of annual boating fatalities was not continued in 2008/09. In part, this can be attributed to a decrease in safety awareness owing to much smaller campaigns because funding has declined.

Four years ago, commercial sponsorship funding contributed nearly one million dollars toward the cost of implementing the national pleasure boat safety strategy. This funding has progressively reduced to the point where there is no funding from this source and little prospect of sponsorship into the future. MNZ's ability to effectively promote boat safety messages has suffered. The 8 recreational fatalities over the 2008/09 summer holiday period were unprecedented.

Recreational boating fatalities



MNZ is optimistic that government may be able to provide additional funding to support future safety campaigns from petrol tax currently collected from boat owners, which currently goes into the Land Transport Fund. From a cost-benefit perspective, expenditure on the recreational strategy would generate a benefit-to-cost ratio of at least 6:1, based on a further reduction in boating fatalities. Assuming that the initiative would ensure that boating fatalities do not revert to pre-campaign levels, the benefit-to-cost ratio could be as high as 20:1.

Compliance statement

As part of the overall objective to have consistent application of regulatory functions and powers MNZ has been working on the development of a compliance policy. When completed, the policy is expected to be incorporated into the work of all MNZ employees in a manner that better informs the use of the various statutory powers and functions.

In early 2009 consultation sessions took place across MNZ to facilitate the development of a high-level policy statement. This was subsequently discussed with a number of industry representatives, and by June 2009, the Authority had approved a high-level draft compliance statement reflecting the overarching emphasis on ensuring that participants in the maritime transport system take responsibility for safety.

The compliance statement is to be tested against operational activities over the first half of 2009/10 to check its appropriateness and if successful will be implemented by 30 June 2010.

Marine pollution response

As part of MNZ's mission to ensure our seas stay clean, MNZ has an established the Marine Pollution Response Service (MPRS), based at Te Atatu, Auckland. MPRS is staffed by a team of trained oil spill response experts, who look after the stockpiles of specialist oil spill response equipment, and provide training opportunities to 400 regionally-based oil spill responders from around New Zealand.

MPRS's role is to minimise the effects of pollution from ships and offshore oil and gas platforms, and act as the lead agency in managing all major oil spills.

Marine oil spill exercise

An exercise simulating an oil spill from a ship accident in Otago harbour was undertaken in April 2009. The exercise, which involved MNZ, Otago Regional Council, staff from various other regional councils, and Massey University's oiled wildlife team, centred around the spill of 60 tonnes of heavy fuel oil from the vessel *Portland Bay*, after a simulated collision with the tug *Otago* about 2.5km east of Port Charmers. The incident began as a Tier 2 spill requiring a localised response, then escalated to a Tier 3 response (due to the size and complexity of the spill), requiring mobilisation of the National Response Team co-ordinated by MPRS).

The 2-day exercise provided an important opportunity for all agencies to fully test their response systems, staff and equipment. This signified the highest level of response that New Zealand could mount against an oil spill that would have had potential environmental and economic costs of around $15m. There were some key learnings derived from the exercise, but the big success was the introduction of a new incident management system, which was found to greatly reduce the amount of paperwork and number of cell phone calls.

Members of the AMSA observed the exercise and provided a valuable assessment of the response. This feedback will be used to further refine systems and training in preparedness for oil spill incidents in the future. This exercise meets the Oil Pollution Preparedness and Response Cooperation Convention 1990 (OPRC 90) that New Zealand acceded to in 1998 in terms of exercising a national response and invoking regional/national cooperation. The exercise also demonstrated that the marine oil spill response system in New Zealand is sufficient to respond to a significant marine oil spill.

Oil spill agreements

The AMSA/MNZ Memorandum of Agreement that details resources and response to oil spills between Australia and New Zealand was signed by the Director of MNZ at the Asia Pacific Heads of Maritime Safety Agencies meeting held in Sydney in June 2009. This supplements the OPRC 90 Convention and has increased New Zealand's access to global oil spill response organisations, which offer management expertise, personnel and equipment. The agreement signed in Sydney supplements New Zealand's regional agreements between regional councils on matters of marine oil spill response and frames a comprehensive response regime under OPRC 90.

Rescue Coordination Centre New Zealand (RCCNZ)

RCCNZ is staffed by a team of professionally-trained search and rescue (SAR) officers, who co-ordinate all major aviation, land, maritime and emergency beacon-related SAR operations within New Zealand's SAR region. This area covers some 30 million square kilometres, and is one of the largest in the world. RCCNZ works closely with Police, Coastguard and other rescue agencies to help those in trouble. Since forming in 2004, RCCNZ has saved the lives of over 450 people, and provided valuable assistance to a further 2,500.

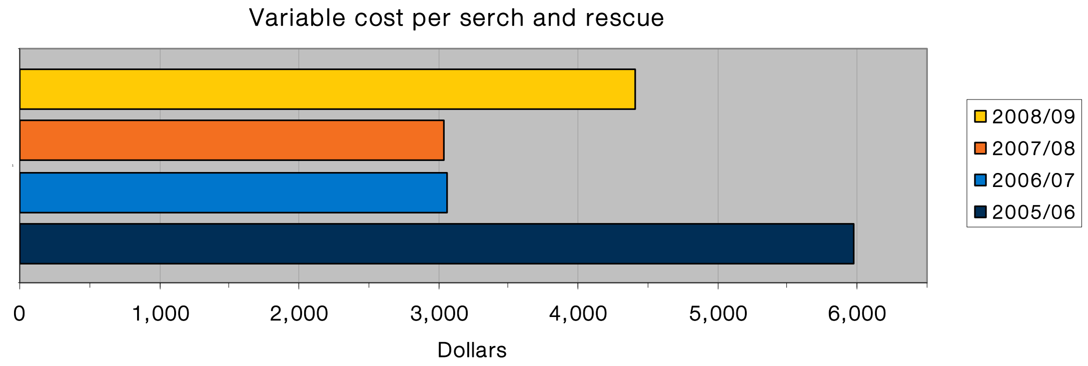
SAR incidents in 2008/09[18]

	Aviation		Land		Maritime		Unknown		Totals	
	No.	%	No.	%	No.	%	No.	%	No.	%
Category II[19]	294	32.3	89	9.8	184	20.2	344	37.8	911	86.9
Category I[20]	8	0.8	5	0.5	102	9.7	6	0.6	121	11.5
Other	1	0.1	1	0.1	14	1.3	0	0.0	16	1.5
Totals	303	33.1	95	10.3	300	31.3	350	38.3	1,048	100

There were 1,048 search and rescue incidents during 2008/09, compared with 1,125 in 2007/08. Significant SAR incidents during the year included:

- the rescue of the grounded yacht *Timella* in the Fiji search and rescue region (SRR) by the crew of a nearby United Sates yacht. This was a challenging rescue that was within the Fiji SRR, but coordinated by RCCNZ since it was not possible for Fiji SAR authorities to respond in a timely manner
- coordination of the successful evacuation of an injured Australian staff member from Davis Base in the Antarctic
- the major search off Tauranga for a missing runabout and five people, involving multiple agencies and voluntary organisations, resulting in a successful rescue
- a medical evacuation from the cruise ship *MV Bremen*, some 90 km south of Campbell Island and the furthest south of New Zealand that a helicopter transfer has been undertaken
- the extended, ultra-long range operation to rescue the two Italian crew off the yacht *Onitron*. This rescue took place 2,000 nautical miles to the east of New Zealand and required RCCNZ to co-ordinate the oil tanker *Hellespont Trooper* to deviate 800 nautical miles to effect a dramatic mid-ocean rescue
- the co-ordination of the rescue of a family of eight from the yacht *Carenza* by a French naval vessel with assistance from an RNZAF C-130 Hercules aircraft.

Despite a 5% reduction in the number of SAR operational tasks undertaken in 2008/09 (compared with 2007/08), costs have increased by 38% (see graph below). Operating costs for rescue organisations have risen sharply, driven by fuel, maintenance and personnel cost increases. Technology improvements, such as night vision devices, make SAR operations more effective, but are also more expensive. RCCNZ rescue costs during the year have been significant, and although many lives have been saved and New Zealand continues to deliver high quality SAR services, the allocated budget was exceeded by $493k.



18 SAR are categorised into aviation, land or maritime incidents. Unknown incidents refer to beacon alerts originally received but latter determined to be false alerts. These incidents are reducing with the implementation of the new 406 MHz beacons.
19 A search and rescue incident that comes under the control of RCCNZ.
20 A search and rescue incident that comes under the control of New Zealand Police.

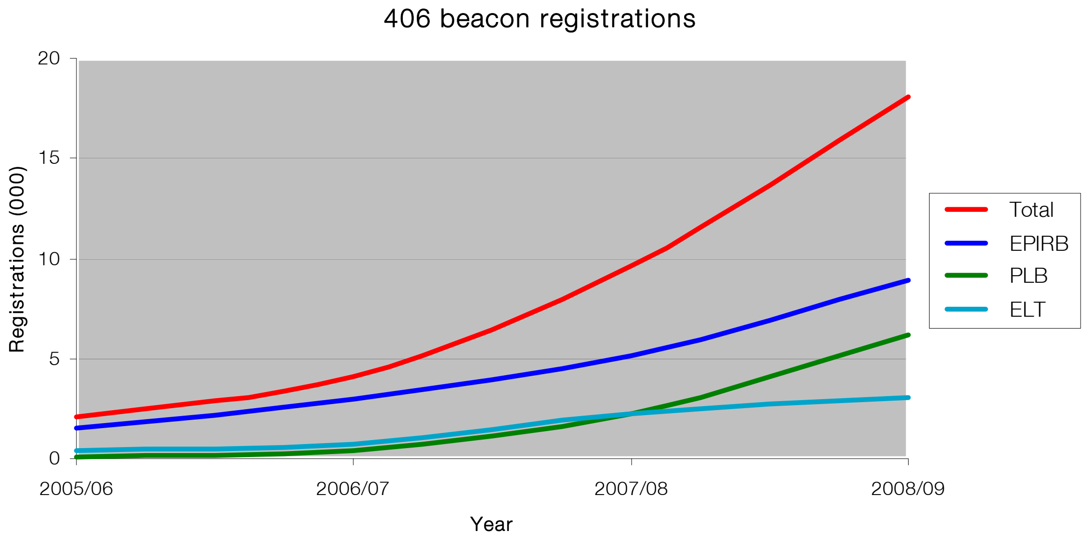
406 MHz beacons[21]

On 1 February 2009 the international distress beacon system underwent significant change with the switching off of the satellite processing of 121.5 and 243.0 MHz beacon transmissions. Since that time only 406 MHz beacon transmissions have been detected by satellite.

The result of stopping the satellite processing of 121.5 and 243.0 MHz signals has been the elimination of a large number of undetermined alerts. In addition, the success of the earlier, MoT-funded campaign to encourage the registration of individual 406 MHz beacons, has meant that RCCNZ has been able to resolve the majority of false or inadvertent activations with a telephone call. Registration allows RCCNZ to retrieve the owners' details from the database and make preliminary checks as to the nature of the alert. This is very cost-effective, and was impossible with the older-style 121.5 and 243.0 MHz beacon as they did not have a unique identifying code.

There are clear operational and cost benefits from ensuring that as many 406 MHz beacons as possible are accurately registered. This activity requires a continuation of the previous public education campaign, audit and administration activities, but these are currently almost entirely unfunded placing significant strain on RCCNZ resources.

RCCNZ continues to process substantial numbers of 406 MHz beacon registration requests. During the 2008/09 year, a total of 8,436 new 406 MHz beacon registrations were processed (an 87% increase in 406 MHz beacons registered in the database since 30 June 2008). The high number of new registrations supports the view that distress beacons will be a "growth area" for SAR organisations in the years to come, as the public realises the benefits that this new technology offers. Incidents continue to demonstrate that a properly registered 406 MHz beacon will reduce the time and cost required to rescue people in distress.



21 Three are three types of 406 MHz beacons: ELT – Emergency Locator Transmitter (aviation); EPIRB – Emergency Position-Indicating Radio Beacon (marine); and PLB – Personal Locator Beacon (individuals).

CAPABILITY AND SUPPORT SYSTEMS

Our people

The professional skills and qualifications of MNZ's staff cover a range of disciplines. Uniquely, the number of staff with seagoing backgrounds makes MNZ the biggest New Zealand employer of professionally qualified seafarers outside the shipping industry.

At 30 June 2008 MNZ had 108.5 full-time equivalents (FTEs) based in its Wellington office and 10 regional offices, 8.3 staff in the Marine Pollution Response Service at Te Atatu and 17 staff in the Rescue Coordination Centre New Zealand based at Lower Hutt. A workplace profile of MNZ at 30 June 2008 is outlined below:

MNZ workplace profile At 30 June	2009 No.	2009 %	2008 No.	2008 %
Staff count				
FTEs	140.5	-	133.8	-
Head count	150	-	141	-
Gender				
Male	96	64	93	66
Female	54	36	48	34
Senior management				
Male	4	50	4	57
Female	4	50	3	43
Management				
Male	20	83	20	83
Female	4	17	4	17
Age				
Under 20	1	0.6	3	2
20–29	10	6.7	15	10
30–39	34	22.7	28	20
40–49	46	30.7	36	26
50–59	34	22.7	36	26
Over 60	21	14.0	18	13
Undeclared	4	2.6	5	3

Good employer principles

MNZ has a clear policy on equal employment opportunities (EEO) and ensures that all employees are treated fairly and are encouraged to achieve their full potential.

MNZ has embraced the State Services Commission's seven key good employer principles. Activities undertaken against the seven key principles in the 2008/09 year are summarised on the following page.

Principle	MNZ activity
Leadership, accountability and culture	• An organisational review was undertaken to ensure MNZ has the right people in the right places doing the right jobs • A staff survey was held in August 2008, with feedback provided to staff on strengths and areas for organisational development • MNZ performance management system reviewed following feedback from the staff survey, to include behaviours aligned with the organisation's guiding principles (with leadership being at the top of the list of behaviours we expected from staff at all levels)
Recruitment, selection and induction	• Fair and unbiased recruitment and selection processes • Induction process provided for all staff involving input from all areas of MNZ held four times during 2008/09 • Recruitment policy, procedure and all associated documents revised and updated
Employee development and promotion	• Training and development opportunities available for all staff • Promotion based on merit • Secondment opportunities provided to staff both within MNZ and with external providers
Flexibility and work design	• Flexibility with work locations considered in line with job attributes and employee needs • Major regional offices linked with video conferencing facilities • Ergonomic workstation assessments undertaken for all new staff and existing staff with workstation set-up changes by qualified professional and recommendations implemented
Remuneration, recognition and conditions	• Job evaluation undertaken by independent specialist provider for all new/amended roles within MNZ • External benchmarking of MNZ remuneration at an organisational and individual level via an independent specialist provider • Income protection and life insurance cover available for staff
Harassment and bullying prevention	• Employee code of conduct and relevant policies (eg harassment) available to all staff via the intranet • Trained harassment contact officers available to staff
Safe and healthy environment	• Focus on employee heath, safety and well-being via a range of support services, including employee assistance programme • Workplace Safety Management Practice primary accreditation maintained • Flu vaccinations and mole checks made available for all staff • Health and safety induction provided for all new staff • Regular meetings of the health, safety and well-being team with minutes reported back to the organisation

Review of fees and charges

New charges were introduced late in 2008, following Government approval of changes to the marine safety charge (MSC), ship registration and seafarer licensing rates. The MSC had not been updated for almost 20 years (apart from an adjustment for foreign vessels in 2005) while fees for seafarer licensing and ship registration had remained unchanged for almost 10 years.

The revenue obtained through the MSC is used by MNZ to fund a wide range of maritime safety, monitoring and compliance services that benefit the maritime sector. This includes the maintenance of important services critical to vessel safety, such as aids to navigation, the distress radio network, investigation of maritime accidents, oversight of the SSM system, and improving safety education and awareness.

The intent of the new charges is to more fairly reflect the costs faced by MNZ to provide these safety-related services to the industry. It also aims to address some of the inconsistencies created by the previous MSC structure, which was based on a "one size fits all" approach and did not take into account the true carrying capacity of different vessels, or the higher risks and benefits that particular types of vessel activity generate.

Introduction of the new charges followed a lengthy consultation period with industry, which began in December 2007 with the release of a discussion document outlining the proposed changes. Feedback from industry groups and other representatives from the maritime sector was considered by MNZ before finalising the revised fee structure.

Project Poseidon

Project Poseidon is a programme of work that was initiated following acceptance of a recommendation to upgrade MNZ's IT systems and services in July 2005. Work stream one commenced in 2006 to implement three key IT applications: electronic document and records management; customer relationship management; and financial reporting and budgeting. This work stream has now been successfully implemented.

Recently, the focus has been on the replacement of MNZ's legacy application, Mainstay, with a modern, web-centric application more closely aligned with MNZ's current business needs. During 2008/09 work commenced on the Vessels and Maritime Documents project. When completed, this project will deliver a centralised database for recording ship registration and survey data, and will be populated with cleansed data from the existing Mainstay database.

Looking forward, work will continue on the replacement of Mainstay and extension of the new application into areas such as seafarer licensing. Continued investment will be made in modernising IT infrastructure and ensuring MNZ information systems (IS) can support the increasing demands made on MNZ's core business areas.

The IS strategic plan has identified internal capability development as an important objective to run alongside Project Poseidon. This is to ensure MNZ has some "self-service" capability and will not be wholly dependent on external service providers when the project programme is complete.

To support this, our current service providers have committed to include the MNZ business analysis and development staff into their project team for work stream two. Regular updates are provided by both internal and external staff to the IS manager to ensure satisfactory progress is being made with regard to skills development and regular progress reports are provided to the IS governance group.

Review of MNZ performance management system

During the year MNZ embarked on a change process to improve performance management, including staff development, throughout the organisation. The first phase of the review process has been to identify what is working well and what is not. Inputs into this phase have included an assessment of current performance plans and reports, the results of the Best Places to Work survey (New Zealand's largest annual survey of workplace climate and employee engagement), MNZ's guiding principles, and managers' work around leadership.

Key outcomes MNZ is seeking to achieve from this review include:

- a clear definition of what MNZ means by performance management, supported by training for managers and staff
- inclusion of behavioural measures in performance plans
- clarification of what comprises good performance and poor performance
- clear guidance for managers in dealing with performance issues
- alignment of business planning to performance planning for teams and individuals.

Organisational review

An organisational review of MNZ was undertaken in the latter half of 2008/09 to assess the effectiveness and efficiency with which MNZ conducts its business and discharges its statutory obligations. The objectives of the review were:

- to assess the effectiveness of current functions and resourcing levels to deliver on mandated outputs and services within current budget
- to identify gaps and efficiencies within the current organisational structure
- to recommend a new MNZ structure and appropriate resourcing levels
- to recommend a process to manage change required to achieve the agreed structure and resourcing levels
- to facilitate the implementation of a smooth transition to the new structure.

The review, undertaken by an external consultant, was completed in early June 2009 and has resulted in a realignment of MNZ's operational and support functions to improve the efficiency and effectiveness of MNZ.

FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY

The preparation of the financial statements of Maritime New Zealand (MNZ) and the judgements used herein 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 2009 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 2009 fairly reflect the financial position and operations of MNZ.

Susie Staley
Chairman, Maritime New Zealand

Dated: 30 October 2009

Dave Morgan
Deputy Chairman, Maritime New Zealand

Dated: 30 October 2009

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 2009

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 2009.

Unqualified Opinion

In our opinion:

- The financial statements of Maritime NZ on pages 52 to 80:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - Maritime NZ's financial position as at 30 June 2009; 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 24 to 36:
  - 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 30 October 2009 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 2009 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

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of Maritime New Zealand (Maritime NZ) for the year ended 30 June 2009 included on Maritime NZ's website. Maritime NZ's Board is responsible for the maintenance and integrity of Maritime NZ's website. We have not been engaged to report on the integrity of Maritime NZ's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 30 October 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF FINANCIAL PERFORMANCE

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income				
Revenue from Crown	2	9,607	10,008	8,463
Marine Safety Charge revenue		15,973	15,226	14,325
Interest revenue		424	520	472
Other revenue	3	2,389	1,987	2,018
Gains	4	10	-	(1)
Total income		28,403	27,741	25,277
Expenditure				
Personnel costs	5	13,248	13,252	11,881
Depreciation and amortisation expenses	14,15	1,629	1,705	1,782
Capital charge	6	838	826	649
Finance costs	7	6	-	8
Other expenses	8	12,478	11,890	11,590
Total expenditure		28,199	27,673	25,910
Net surplus/(deficit)		204	68	(633)

Explanations of significant variances against budget are detailed in note 30.

STATEMENT OF MOVEMENTS IN EQUITY

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Balance at 1 July		14,645	14,478	12,042
Amounts recognised directly in equity:				
Property, plant and equipment revaluation gains/(losses)	19	-	-	-
Surplus/(deficit) for the year		204	68	(633)
Total recognised income and expenses		204	68	(633)
Capital contribution	19	1,259	1,259	3,236
Balance at 30 June		16,108	15,805	14,645

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

STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
ASSETS				
Current assets				
Cash and cash equivalents	9	4,929	4,530	3,516
Debtors and other receivables	10	1,687	2,111	1,903
Pre-payments		396	180	232
Inventories	11	267	290	282
Investments	12	3,579	-	3,152
Total current assets		10,858	7,111	9,085
Non-current assets				
Property, plant and equipment	14	6,030	6,273	7,022
Intangible assets	15	3,203	5,418	2,038
Total non-current assets		9,233	11,691	9,060
Total assets		20,091	18,802	18,145
LIABILITIES				
Current liabilities				
Creditors and other payables	16	2,661	2,244	2,561
Employee entitlements	17	1,119	753	834
Provisions	18	95	-	-
Total current liabilities		3,875	2,997	3,395
Non-current liabilities				
Provisions	18	108	0	105
Total non-current liabilities		108	0	105
Total liabilities		3,983	2,997	3,500
Net assets		16,108	15,805	14,645
Equity				
Crown contribution	19	12,605	12,792	11,346
Retained earnings	19	2,855	2,365	2,651
Revaluation reserve	19	648	648	648
Total equity		16,108	15,805	14,645

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

STATEMENT OF CASH FLOWS

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Cash flows from operating activities				
Receipts from Crown revenue		9,702	10,008	8,455
Interest received		413	520	395
Fees funding		16,740	17,213	15,311
Receipts from other revenue		1,806	-	936
Payments to suppliers		(12,607)	(12,178)	(11,419)
Payments for capital charge		(838)	(826)	(649)
Payments to employees		(12,861)	(13,252)	(11,729)
Goods and services tax (net)		(142)	(8)	292
Net cash from operating activities	20	2,213	1,477	1,592
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		78	-	196
Receipts from sale of investments		3,116	-	2,604
Purchase of property, plant and equipment		(296)	(855)	(1,146)
Purchase of intangible assets		(1,414)	(2,335)	(841)
Acquisition of investments		(3,543)	-	(5,756)
Net cash from investing activities		(2,059)	(3,190)	(4,943)
Cash flows from financing activities				
Capital contribution	19	1,259	1,259	3,236
Net cash from financing activities		1,259	1,259	3,236
Net (decrease)/increase in cash and cash equivalents		**1,413**	**(454)**	**(115)**
Cash and cash equivalents at start of year		3,516	4,984	3,631
Cash and cash equivalents at end of year	9	**4,929**	**4,530**	**3,516**

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid and received by 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 2009

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 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 2009 and were approved by the Authority on 30 October 2009.

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 include 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, and the measurement of derivative financial instruments at fair value.

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 policy

With the exception of the initial application of the New Zealand International Accounting Standards 2 Inventories (NZ IAS 2) amendment as explained below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In November 2007 the New Zealand Accounting Standards Review Board approved an amendment to NZ IAS 2 Inventories, which requires public benefit entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost.

Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. MNZ has adopted the amended standard for the year ending 30 June 2009 and the impact of adopting the new standard is nil. Refer to the reconciliation of retained earnings in note 19.

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 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009.

  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 the Crown in its capacity as "owner".

  The revised standard gives MNZ the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). MNZ intends to adopt this standard for the year ending 30 June 2010 and will prepare a single statement of comprehensive income.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (revised 2004) and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. MNZ intends to adopt this standard for the year ending 30 June 2010 and expects the impact of adopting the new standard to be minimal.

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.

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.

Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

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 financial performance 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 financial performance.

Lease incentives received are recognised in the statement of financial performance 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, and other short-term, highly liquid investments with original maturities of 3-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.

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 financial performance in the period of the write-down.

Derivative financial instruments

MNZ uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from its operational activities. MNZ does not hold or issue these instruments for trading purposes. MNZ has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the statement of financial performance.

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 financial performance.

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 is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, and is revalued at least every 3 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 financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance 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 financial performance.

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 financial performance 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 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 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 financial performance.

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 financial performance.

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

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 financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

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

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, and retiring and long service leave entitlements expected to be settled within 12 months.

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.

Long-term employee entitlements
Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

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 financial performance 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.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by MNZ from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, MNZ recognises any impairment loss on the assets associated with that contract.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

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 financial performance, 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. The carrying amounts of property, plant, equipment and intangible assets are disclosed in notes 14 and 15.

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.

Changes in classification of comparative numbers

The 2008/09 Statement of Intent changed the structure of the output classes and the way these are reported.

The comparative financial figures for 2008 have been adjusted to reflect the disclosure contained in the updated output class financial summaries. The changed disclosure has no impact on total expenditure for 2008.

Note 2: Revenue from Crown

MNZ has been provided with funding from the Crown for specific purposes 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 (2008: nil).

Note 3: Other revenue

	Actual 2008/09 $000	Actual 2007/08 $000
Seafarer licensing	327	191
Ship registration	122	105
Oil pollution recovery	709	658
Funding from Crown entities:		
Accident Compensation Corporation	-	93
Ministry of Transport – rules contract	856	660
User charges	70	129
Sponsorship	-	22
Bad debts recovered	5	13
Other income	300	147
Total other revenue	2,389	2,018

Note 4: Gains

	Actual 2008/09 $000	Actual 2007/08 $000
Gain on foreign exchange	3	-
Gain on sale of property and equipment	7	(1)
Total gains	10	(1)

Note 5: Personnel costs

	Actual 2008/09 $000	Actual 2007/08 $000
Personnel and related costs	12,531	11,342
Employer contributions to defined contribution plans	432	468
Increase/(decrease) in employee entitlements (note 17)	285	71
Total personnel costs	13,248	11,881

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 2009 was 7.5% (2008: 7.5%).

Note 7: Finance costs

	Actual 2008/09 $000	Actual 2007/08 $000
Discount unwind on provisions (note 18)	6	8
Total finance costs	**6**	**8**

Note 8: Other expenses

	Actual 2008/09 $000	Actual 2007/08 $000
Administration	872	931
Authority members' fees (note 24)	123	118
Bad debts written off	31	17
Donations	8	10
Audit fees for financial statement audit	67	64
Audit fees for NZ IFRS transition	-	10
Impairment of receivables (note 10)	-	4
Maintenance	734	849
Marketing and public relations	1,019	1,088
Operating	1,139	1,329
Operating lease expenses	962	960
Professional and safety services	5,500	4,536
Search costs	859	623
Travel	1,108	1,017
Website development expense	56	34
Total other expenses	**12,478**	**11,590**

Note 9: Cash and cash equivalents

	Actual 2008/09 $000	Actual 2007/08 $000
Cash on hand and at bank	188	2,236
Cash equivalents – term deposits	4,741	1,280
Total cash and cash equivalents	**4,929**	**3,516**

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value. The weighted average effective interest rate for short-term deposits is 5.9% (2008: 8.6%).

Note 10: Debtors and other receivables

	Actual 2008/09 $000	Actual 2007/08 $000
Trade debtors	1,623	1,752
Less provision for impairment	(4)	(4)
Net trade debtors	1,619	1,748
Other accounts receivable	68	155
GST refundable	-	-
Total debtors and other receivables	**1,687**	**1,903**

The carrying value of receivables approximates their fair value. As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	Gross $000	2009 impairment $000	Net $000	Gross $000	2008 impairment $000	Net $000
Not past due	18	-	18	700	-	700
Past due 1–30 days	988	-	988	856	-	856
Past due 31–60 days	23	-	23	127	-	127
Past due 61–90 days	494	(1)	493	64	(3)	61
Past due > 90 days	100	(3)	97	5	(1)	4
Total	**1,623**	**(4)**	**1,619**	**1,752**	**(4)**	**1,748**

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 2009 MNZ has identified 1 debtor (2008: nil) totalling $115.92 (2008: $nil) that is insolvent.

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

	Actual 2008/09 $000	Actual 2007/08 $000
Balance at 1 July	4	-
Additional provisions made during the year (note 8)	-	4
Receivables written off during the period	-	-
Balance at 30 June	**4**	**4**

Note 11: Inventories

	Actual 2008/09 $000	Actual 2007/08 $000
Spare parts	267	282
Total inventories	**267**	**282**

The write-down of inventories held for distribution amounted to $nil (2008: $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 2008/09 $000	Actual 2007/08 $000
Current investments are represented by:		
Term deposits	3,579	3,152
Total current portion	3,579	3,152
Non-current investments are represented by:		
Term deposits	-	-
Total non-current portion	-	-
Total investments	3,579	3,152

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits	Actual 2008/09 $000	Actual 2007/08 $000
Term deposits with maturities 4–6 months (average maturity 159 days)	3,579	3,152
Weighted average effective interest rate	6.7%	8.8%

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 3.11% to 9.0%. 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 the measurement of the investments and therefore there would be no impact on the surplus/deficit or equity.

Note 13: Derivative financial instruments

The notional principal amounts of outstanding forward exchange contracts at 30 June 2009 was $nil (2008: $nil). The fair value of forward exchange contracts has been determined using a discounted cash flows 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 $000	Buoys, day beacons, navigational lights $000	Plant and equipment $000	Motor vehicles $000	Furniture, fittings and office equipment $000	Computer equipment $000	Leasehold improve-ment $000	Land $000	Work in progress $000	Total $000
Cost or valuation										
Balance 1 July 2007	1,649	2,049	8,784	706	1,276	1,596	1,563	648	389	18,660
Additions	-	88	5	87	38	8	63	-	727	1,016
Revaluation increase	-	-	-	-	-	-	-	-	-	-
Transfer from WIP	-	-	91	-	-	298	-	-	(389)	-
Disposals	-	-	-	-	-	(89)	-	-	-	(89)
Balance 30 June 2008	**1,649**	**2,137**	**8,880**	**793**	**1,314**	**1,813**	**1,626**	**648**	**727**	**19,587**
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
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**
Accumulated depreciation and impairment losses										
Balance 1 July 2007	678	1,661	6,487	251	725	1,038	287	-	-	11,127
Depreciation expenses	40	51	679	133	144	271	209	-	-	1,527
Elimination on disposal	-	-	-	-	(12)	(77)	-	-	-	(89)
Elimination on revaluation	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Balance 30 June 2008	**718**	**1,712**	**7,166**	**384**	**857**	**1,232**	**496**	**-**	**-**	**12,565**
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**
Carrying amounts										
At 30 June 2008	931	425	1,714	409	457	581	1,130	648	727	7,022
At 30 June 2009	1,008	442	1,591	260	421	475	981	648	204	6,030

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 3 June 2007. The total fair value of land valued by Graeme Horsley Limited amounted to $648,000.

The net carrying amount of property, plant and equipment held under finance leases is $nil (2008: $nil).

Note 15: Intangible assets

Movements for each intangible asset class	Acquired software $000	Internally-generated software $000	Work in progress $000	Total $000
Cost				
Balance at 1 July 2007	2,619	-	446	3,065
Additions	328	-	156	484
Disposals	-	-	-	-
Balance at 30 June 2008	2,947	-	602	3,549
Balance at 1 July 2008	2,947	-	602	3,549
Additions	19	339	1,097	1,455
Disposals	-	-	-	-
Balance at 30 June 2009	2,966	339	1,699	5,004
Accumulated depreciation and impairment				
Balance at 1 July 2007	1,256	-	-	1,256
Amortisation expenses	255		-	255
Disposals	-	-	-	-
Impairment losses	-	-	-	-
Balance at 30 June 2008	1,511	-	-	1,511
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
Carrying amounts				
At 30 June 2008	1,436	-	602	2,038
At 30 June 2009	1,203	301	1,699	3,203

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 2008/09 $000	Actual 2007/08 $000
Trade creditors	957	206
GST payable	35	177
Accrued expenses	1,533	2,178
Revenue in advance	136	-
Total creditors and other payables	**2,661**	**2,561**

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.

Revenue in advance is comprised of $95k funding from MoT for training not completed in 2008/09; $41k is for MSC foreign going.

Note 17: Employee entitlements

	Actual 2008/09 $000	Actual 2007/08 $000
Current annual leave	798	608
Current salary and wages	321	226
Total employee entitlements	1,119	834

Note 18: Provisions

	Actual 2008/09 $000	Actual 2007/08 $000
Current provisions are represented by:		
Lease make-good	-	-
Restructuring and redundancy	95	-
Total current portion	95	-
Non-current provisions are represented by:		
Lease make-good	108	105
Restructuring and redundancy	-	-
Total non-current portion	108	105
Total provisions	203	105

Movements for each class of provision are as follows:

Movement in provisions statement	Restructuring $000	Lease make-good $000
Balance at 1 July 2007	-	97
Additional provisions made	-	-
Amounts used	-	-
Used amounts reversed	-	-
Discount unwind (note 7)	-	8
Balance at 30 June 2008	-	105
Balance at 1 July 2008	-	105
Additional provisions made	95	-
Amounts used	-	-
Amounts reversed	-	(3)
Discount unwind (note 7)	-	6
Balance at 30 June 2009	95	108

Restructuring and redundancy

An organisational review of MNZ was undertaken by an external consultant and completed in June 2009. The objectives of the review were to:

- assess the effectiveness of current functions and resourcing levels to deliver on mandated outputs and services within current budget
- identify gaps and efficiencies within current organisational structure
- recommend an MNZ structure and appropriate resourcing levels
- recommend a process to manage change required to achieve the agreed structure and resourcing levels
- facilitate the implementation of a smooth transition to the new structure.

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 2008/09 $000	Actual 2007/08 $000
General funds		
Balance at 1 July as previously reported	13,997	11,394
Adjustment for application of amended NZ IAS 2	-	-
Restated balance at 1 July	13,997	11,394
Surplus/(deficit)	204	(633)
Capital contribution	1,259	3,236
Balance at 30 June	15,460	13,997
Revaluation reserve		
Balance at 1 July	648	648
Revaluations	-	-
Balance at 30 June	648	648
Total equity at 30 June	16,108	14,645

The revaluation reserve for the year ended 30 June 2009 consists of land $648,000 (2008: land $648,000).

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

	Actual 2008/09 $000	Actual 2007/08 $000
Net surplus/(deficit)	204	(633)
Add/(less) non-cash items		
Depreciation and amortisation expense	1,629	1,782
Net foreign exchange (gain)/loss	(3)	-
Total non-cash items	1,626	1,782
Add/(less) items classified as investing/financing activities		
(Increase)decrease in fixed asset accruals	(160)	(177)
Loss/(gain) on sale of fixed assets	(7)	1
Total items classified as investing/financing activities	(167)	(176)
Add/(less) movements in working capital items		
(Increase)/decrease in inventories	15	9
(Increase)/decrease in debtors and other receivables	216	49
Increase/(decrease) in accounts payable, incl provisions	483	614
(Increase)/decrease in prepayments	(164)	(53)
Net movements in working capital items	550	619
Net cash from operating activities	2,213	1,592

Note 21: Capital commitments and operating leases

	Actual 2008/09 $000	Actual 2007/08 $000
Capital commitments		
Property, plant and equipment	-	50
Intangible assets	310	-
Total capital commitments	310	50
Operating leases as lessee		
Future aggregate minimum lease payments to be paid under non-cancellable and operating leases:		
Not later than 1 year	868	968
Later than 1 year and not later than 5 years	3,099	3,552
Later than 5 years	1,163	1,873
Total non-cancellable operating leases	5,130	6,393

MNZ leases 14 properties with terms as follows:

Office location	Lease start date	Lease renewal date	Lease expiry date
Auckland District Office, Level 2, Suite 6, 20 Augustus Terrace, Parnell	1 Sep 06	None	31 Aug 10
72 Gore Street, Bluff, Invercargill	28 Nov 05	None	28 Nov 11
Level 1, Shipping House, 38 Graham Street, Port Nelson, Nelson	1 May 06	30 Apr 10	29 Apr 16
Mariners Mall, High Street, Picton	21 Oct 08	20 Oct 11	20 Oct 11
Level 1, Shipping Services Building, Norwich Quay, Lyttelton	1 Apr 05	1 Apr 10	31 Mar 13
Hutchen Place, Port Taranaki, New Plymouth	1 Jul 95	None	None
Suite 3, Nikau House, Nikau Crescent, Mount Maunganui	1 Apr 03	None	30 Mar 12
1 Birch Street, Dunedin	1 Dec 06	30 Nov 09	30 Nov 09
NZWTA Building, Corner Lever & Bridge Streets, Aruhuri, Napier	1 Jul 05	31 Dec 09	30 Jun 13
Level 2, Manaia House, Rathbone Street, Whangarei	1 Oct 07	None	30 Sep 09
Wellington Head Office, 1 Grey Street, Wellington	9 Mar 07	9 Mar 10	07 Mar 16
Wellington (MOC), Level 3, Avalon TV Studios, Percy Cameron Street, Avalon	1 Jul 94	1 Jul 09	30 Jun 14
Wellington (DAT), Level 6, Avalon TV Studios, Percy Cameron Street, Avalon	1 Apr 05	1 Apr 11	31 Mar 14
Wellington (RCCNZ), Avalon TV Studios, Percy Cameron Street, Avalon	1 Apr 04	1 Apr 11	29 Jun 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 Wellington 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 $108,000 (2008: $105,000) in respect of these leases (refer note 18).

Note 22: Contingencies

MNZ has no contingent assets or liabilities as at 30 June 2009 (2008: $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. Those 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 arms 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 arms 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	
		2009 $000	2008 $000	2009 $000	2008 $000
MNZ – provision of services to New Zealand Oil Pollution Fund	1	709	658	49	45
Chairman – provision of services to Tower Limited (superannuation payments)	2	173	495	-	-
Chairman – provision of services to Tower Limited (administration fees)	3	48	7	-	-
Director – Life Flight Trust	4	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 OPF.
2. The Chairman 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 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 (2008: $nil).

Key management personnel compensation

	Actual 2008/09 $000	Actual 2007/08 $000
Salaries and other short-term benefits	1,538	1,409
Employer contributions to superannuation schemes	60	67
Termination benefits	82	164
Total key management personnel compensation	1,680	1,640

Key management personnel include all Authority members, the CEO, 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:

	Actual 2008/09 $000	Actual 2007/08 $000
Susie Staley (Chairman)	39	37
David Morgan (Deputy Chairman)	24	24
Ken Gilligan	20	19
Adrienne Young Cooper	20	19
Michael Ludbrook	20	19
Total Authority member remuneration	123	118

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 2008/09	Actual 2007/08
100,000–109,999	8	6
110,000–119,999	6	3
120,000–129,999	3	2
130,000–139,999	2	-
140,000–149,999	3	-
150,000–159,999	1	1
160,000–169,999	1	3
170,000–179,999	2	-
180,000–189,999	1	-
190,000–199,999	-	1
270,000–279,999	-	-
280,000–289,999	2	1
Total employees	29	17

During the year ending 30 June 2009, five (2008: three) employees received compensation and other benefits in relation to cessation totalling $130,278 (2008: $175,233). No Authority members received compensation or other benefits in relation to cessation (2008: $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 2008/09 $000	Actual 2007/08 $000
Loans and receivables		
Cash and cash equivalents (note 9)	4,929	3,516
Debtors and other receivables (note 10)	1,687	1,903
Investments – term deposits (note 12)	3,579	3,152
Total loans and receivables	10,195	8,571
Financial liabilities measured at amortised cost		
Creditors and other payables (note 16)	2,661	2,561
Total financial liabilities measured at amortised cost	2,661	2,561

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 that are speculative in nature to be entered into.

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 2009, 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 $27,000 (2008: $19,000) 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 require 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 only invests funds 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 time frames.

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.

	Under 31 days $000	31–60 days $000	61–90 days $000	Over 90 days $000
2008				
Creditors and other payables (note 16)	2,561	-	-	-
2009				
Creditors and other payables (note 16)	1,709	798	107	47

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, 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 2008–11* are as follows:

Statement of financial performance

Revenue from Crown

Funding is below budget by $401k. Funding for the year was reduced by $306k and $95k was treated as revenue in advance because the search and rescue training budget jointly owned with New Zealand Police has not been spent this year.

Marine Safety Charge (MSC)

MSC revenue from cruise liners was higher than budget by $1.7m. With the revision of the MSC effective from 1 December 2008, levies for cruise liners are now 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 being visited, the revenue collected from this source is significantly more than expected.

MSC revenue from the international other category was lower than budget by $438k due to a reduction in the number of voyages and port visits. The budget assumed these would remain constant at 2007/08 levels. MSC domestic revenue was lower than budget by $591k due to deferred implementation of the revised charges.

Other revenue

Funding from the MoT was higher by $206k due to additional funding received for the reimbursement of expenditure relating to rules development.

Interest revenue

This is lower than budget as interest rates have reduced significantly during the year as a result of the current global economic downturn.

Other expenses

Other expenses exceeded budget mainly due to consultancy costs. These exceeded budget predominantly because of: non-programmed consultancy relating to MNZ organisational review; development of performance management system; review of licensing systems and processes; review of *Taharoa* risk assessment; and the lifejacket television commercial. Costs for emergency medical services and COSPAS SARSAT (the beacon monitoring system) contracts were higher than planned due to the lower New Zealand dollar against the United States dollar in the current year. The budget was based on that of last year when the New Zealand dollar was higher. Search and rescue costs were also significantly higher than budget because of higher usage of aviation assets during rescues.

Statement of financial position

Cash and cash equivalents

These are higher than budget because of higher MSC revenue from cruise liners as explained above, and lower investment in assets as IT upgrade Project Poseidon was delayed due to more time being spent determining user requirements and specification of system requirements.

Investments
No provision was made for investments when preparing the budget as a delay in Project Poseidon was not anticipated.

Intangible assets
These are less than budget due to the delay in capital expenditure related to work stream 2 for Project Poseidon.

Creditors and other payables
These are higher than budgeted due to year-end accruals this is consistent with the increase in expenditure.

Employee entitlements
Employee entitlements are higher than budget because accrued salary and provision for holiday pay are higher 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 financial performance above.

Statement of changes in cash flows
Cash and cash equivalents at the end of the year
These were higher than budget, mainly due to cruise revenue being higher than planned and the delay in Project Poseidon.

Note 31: Directions issued by Ministers

On 21 July 2008 the Minister of State Services and the Minister of Finance issued a direction regarding all-of-government shared authentication services pursuant to section 107 of the Crown Entities Act 2004.

Crown agents were directed as follows:

1. before developing a proposal to invest in or build online credential management or identity verification capability as an alternative to using all-of-government shared authentication services, whether the proposal is to be funded from retained depreciation funding or from new funding, to consult with State Services Commission; and
2. if, after such consultation :
    (i) the Crown agent still intends to invest in or build alternative online credential management or identity verification capability; and
    (ii) the State Services Commission has not agreed, either in the individual case or by reference to a generic class consent, to the Crown agent investing in or building alternative online credential management or identity verification capability,

    the Crown agent must obtain the approval of its responsible Minister and the Minister of State Services before taking action to implement the proposal, unless any requirement in this clause 1 would be inconsistent with section 113 of the Crown Entities Act 2004.

During the year ending 30 June 2009 MNZ was not involved in any proposals relating to this direction.

Output class 1: Summary

	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income			
Crown revenue	5,689	5,689	5,189
Marine Safety Charge revenue	15,973	15,226	14,325
User charges	596	549	424
Crown agencies:			
Accident Compensation Corporation	-	-	93
Ministry of Transport (rules contract)	856	658	660
Other	936	780	773
Interest income	285	400	432
Total income	24,335	23,302	21,896
Expenditure			
Government services	1,935	1,994	1,693
Communication and education	3,133	3,360	3,358
Monitoring and compliance services	11,314	10,091	10,001
Security services	1,139	1,268	1,239
Safety services and infrastructure	5,959	6,521	5,899
Total expenditure	23,480	23,234	22,190
Net surplus/(deficit)	855	68	(294)

Output class 2: Summary

	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income			
Oil pollution levies	3,026	2,900	2,848
Other revenue	114	52	121
Interest	339	475	512
Total income	3,479	3,427	3,481
Total expenditure	4,207	4,869	4,103
Net surplus/(deficit)	(728)	(1,442)	(622)

Output class 3: Summary

	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income			
Crown revenue	3,918	4,319	3,274
Other revenue	11	-	66
Interest income	139	120	40
Total income	4,068	4,439	3,380
Total expenditure	4,719	4,439	3,718
Net surplus/(deficit)	(651)	-	(338)

APPENDICES

APPENDIX ONE:

NEW ZEALAND OIL POLLUTION FUND FINANCIAL STATEMENTS

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 5-year forecast and an annual budget is 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.

Susie Staley
Chairman, Maritime New Zealand

STATEMENT OF RESPONSIBILITY

The preparation of financial statements of the New Zealand Oil Pollution Fund (OPF) and the judgements used herein 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 2009 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 2009 fairly reflect the financial position and operations of the New Zealand OPF.

Susie Staley
Chairman, Maritime New Zealand

Dated: 30 October 2009

Dave Morgan
Deputy Chairman, Maritime New Zealand

Dated: 30 October 2009

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 2009

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 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Fund on pages 87 to 111:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Fund's financial position as at 30 June 2009; and
    - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 30 October 2009 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 2009 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

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements of The Oil Pollution Fund (the Fund) for the year ended 30 June 2009 included on Maritime NZ's website. Maritime NZ's Board is responsible for the maintenance and integrity of Maritime NZ's website. We have not been engaged to report on the integrity of Maritime NZ's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 30 October 2009 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF FINANCIAL PERFORMANCE

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income				
Oil pollution levies		3,026	2,900	2,848
Other revenue	2	99	52	115
Interest revenue		339	475	512
Gains	3	15	-	6
Total income		3,479	3,427	3,481
Expenditure				
Oil spill response		64	80	20
Personnel costs	4	1,283	1,229	1,158
Depreciation and amortisation expenses	12,13	383	369	347
Finance costs	5	3	-	3
Other expenses	6	2.474	3,191	2,575
Total expenditure		4,207	4,869	4,103
Net operating surplus/(deficit)		(728)	(1,442)	(622)

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

STATEMENT OF MOVEMENTS IN EQUITY

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Balance as at 1 July as previously reported		11,236	10,153	11,076
Adjustment to retained surpluses on initial application of amended NZ IAS 2	17	(49)	-	-
Adjustments to equity on prior year inventory movements	28	-	-	782
Restated balance		11,187	10,153	11,858
Surplus/(deficit) for the year		(728)	(1,442)	(622)
Total recognised income and expense		(728)	(1,442)	(622)
Balance at 30 June	17	10,459	8,711	11,236

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

STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Assets				
Current assets				
Cash and cash equivalents	7	3,163	3,809	618
Debtors and other receivables	8	109	253	239
Inventories	9	1,530	950	1,634
Investments	10	564	-	5,039
Total current assets		5,366	5,012	7,530
Non-current assets				
Investments	10	1,323	-	-
Property, plant and equipment	12	4,186	4,128	4,165
Intangible assets	13	404	84	459
Total non-current assets		5,913	4,212	4,624
Total assets		11,279	9,224	12,154
Liabilities				
Current liabilities				
Creditors and other payables	14	703	445	824
Employee entitlements	15	71	68	51
Total current liabilities		774	513	875
Non-current liabilities				
Provisions	16	46	-	43
Total non-current liabilities		46	-	43
Total liabilities		820	513	918
Net assets		10,459	8,711	11,236
Equity				
General funds	17	10,459	8,711	11,236
Total equity		10,459	8,711	11,236

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

STATEMENT OF CASH FLOWS

Year ended 30 June 2009

	Notes	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Cash flows from operating activities				
Receipts from fees and charges		3,159	2,900	2,708
Receipts from other revenue		99	52	114
Interest received		363	475	512
Payments to suppliers		(2,507)	(3,654)	(2,690)
Oil spill response		(64)	-	(20)
Payments to employees		(1,259)	(1,229)	(1,061)
Goods and services tax (net)		40	(26)	(61)
Net cash from operating activities	18	(169)	(1,482)	(498)
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		77	-	6
Receipts from sale of investments		14,788	-	7,720
Purchase of property, plant and equipment		(487)	(235)	(66)
Purchase of intangible assets		(4)	-	(466)
Acquisition of investments		(11,660)	-	(11,207)
Net cash from investing activities		2,714	(235)	(4,013)
Cash flows from financing activities				
Capital contributions	17	-	-	-
Net cash from financing activities		-	-	-
Net (decrease)/increase in cash and cash equivalents		**2,545**	**(1,717)**	**(4,511)**
Cash and cash equivalents at the start of year		618	5,526	5,129
Cash and cash equivalents at end of year	7	**3,163**	**3,809**	**618**

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 2009

Reporting entity

The New Zealand Oil Pollution Fund (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 2009, and were approved by the Authority on 30 October 2009.

The OPF and Authority do not have the power to amend the financial statements after issue.

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, 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, and the measurement of equity investments and derivative financial instruments at fair value. The accrual basis of accounting has been used.

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 policy

With the exception of the initial application of the New Zealand International Accounting Standards 2 Inventories (NZ IAS 2) amendment as explained below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In November 2007 the New Zealand Accounting Standards Review Board approved an amendment to NZ IAS 2 Inventories, which requires public benefit entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost.

Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. The OPF has adopted the amended standard retrospectively for the year ending 30 June 2008 and the impact of adopting the new standard is $49k. Refer to the reconciliation of retained earnings in note 17.

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 the OPF include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. 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 the Crown in its capacity as "owner". The revised standard gives the OPF the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The OPF intends to adopt this standard for the year ending 30 June 2010, and will prepare a single statement of comprehensive income.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (revised 2004) and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The OPF intends to adopt this standard for the year ending 30 June 2010 and expects the impact of adopting the new standard to be minimal.

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.

Borrowings
Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

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 financial performance.

Lease incentives received are recognised in the statement of financial performance 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 financial performance 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 financial performance. 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 (ie 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 financial performance 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 financial performance. 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.

Financial instruments
The OPF is party to various financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Accounting for derivative financial instruments, hedging activities and foreign currency transactions
The OPF uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from its operational activities. The OPF does not hold or issue these financial instruments for trading purposes. The OPF has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the statement of financial performance.

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 financial performance.

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 financial performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance 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 financial performance.

When revalued assets are sold, the amounts included in asset 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 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 financial performance 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 financial performance.

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 financial performance.

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

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 financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

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

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.

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.

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 financial performance, 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. The carrying amounts of property, plant, equipment and intangible assets are disclosed in notes 12 and 13.

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.

Changes in classification of comparative numbers

The 2008/09 Statement of Intent changed the disclosure of personnel expenditure in the forecast financial statements.

The comparative financial figures for 2008 have been adjusted to reflect the disclosure contained in the Statement of Financial Performance and the related notes. The changed disclosure has no impact on total expenditure for 2008.

Note 2: Other revenue

	Actual 2008/09 $000	Actual 2007/08 $000
Oil spill recoveries	-	42
Bad debts recovered	-	1
Equipment hire	27	59
Other income	72	13
Total other revenue	99	115

Note 3: Gains

	Actual 2008/09 $000	Actual 2007/08 $000
Gain on sale of property, plant and equipment	15	6
Total gains	15	6

Note 4: Personnel costs

	Actual 2008/09 $000	Actual 2007/08 $000
Salaries and wages	733	622
Salaries recovered by Maritime New Zealand (MNZ)	500	457
Employer contributions to defined contribution plans	30	28
Increase/(decrease) in employee entitlements (note 15)	20	51
Total personnel costs	1,283	1,158

Note 5: Finance costs

	Actual 2008/09 $000	Actual 2007/08 $000
Discount unwind on provisions (note 16)	3	3
Total finance costs	3	3

Note 6: Other expenses

	Actual 2008/09 $000	Actual 2007/08 $000
Administration	33	26
Bad debts written off	4	1
Costs covered by MNZ	209	202
Consultancy	73	191
Cost of goods sold	21	5
Fees to auditors (financial statement audit)	9	8
Impairment of receivables (note 8)	-	-
Maintenance	247	146
Marketing and public relations	5	41
Operating lease expense	181	215
Other	58	47
Professional services	327	297
Regional council costs	826	965
Staff travel	151	135
Training and exercises	330	296
Total other expenses	2,474	2,575

Note 7: Cash and cash equivalents

	Actual 2008/09 $000	Actual 2007/08 $000
Cash on hand and at bank	17	407
Cash equivalents – term deposits	3,146	211
Total cash and cash equivalents	**3,163**	**618**

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value. The weighted average effective interest rate for short-term deposits with maturity dates of 3 months or less is 4.7% (2008: 8.5%).

Note 8: Debtors and other receivables

	Actual 2008/09 $000	Actual 2007/08 $000
Trade debtors	33	123
Less: provision for impairment	-	-
Net trade debtors	33	123
Other accounts receivable	34	34
GST refundable	42	82
Total debtors and other receivables	**109**	**239**

The carrying value of receivables approximates their fair value. As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	Gross $000	2009 impairment $000	Net $000	Gross $000	2008 impairment $000	Net $000
Not past due	28	-	28	123	-	123
Past due 1–30 days	-	-	-	-	-	-
Past due 31–60 days	3	-	3	-	-	-
Past due 61–90 days	1	-	1	-	-	-
Past due > 90 days	1	-	1	-	-	-
Total	33	-	33	123	-	123

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. Those specific debtors that are insolvent are fully provided for. As at 30 June 2009 the OPF has identified nil debtors (2008: nil) totalling $nil (2008: $nil) that are insolvent.

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

	Actual 2008/09 $000	Actual 2007/08 $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 2008/09 $000	Actual 2007/08 $000
Inventories	1,530	1,634
Total inventories	**1,530**	**1,634**

The write down of inventories held for distribution amounted to $55,330 (2008: $59,000). 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 10: Investments

	Actual 2008/09 $000	Actual 2007/08 $000
Current investments are represented by:		
Term deposits	564	5,039
Total current portion	564	5,039
Non-current investments are represented by:		
Term deposits	1,323	-
Total non-current portion	1,323	-
Total investments	**1,887**	**5,039**

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits	Actual 2008/09 $000	Actual 2007/08 $000
Term deposits with maturities 4–6 months (average maturity 157 days)	-	5,039
Weighted average effective interest rate	-	8.8%
Term deposits with maturities 6–12 months (average maturity 365 days)	564	-
Weighted average effective interest rate	6.3%	-
Term deposits with maturities in excess of 12 months (average maturity 730 days)	1,323	-
Weighted average effective interest rate	6.3%	-

The carrying amounts of term deposits with maturities less than 12 months approximates 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 amounts of outstanding forward exchange contracts at 30 June 2009 was $nil (2008: $nil). The fair value of forward exchange contracts has been determined using a discounted cash flows 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 and equipment $000	Vessels $000	Motor vehicles $000	Furniture, fittings and office equipment $000	Computer equipment $000	Leasehold mprovement $000	Work in progress $000	Total $000
Cost or valuation								
Balance at 1 July 2007	9,158	454	330	92	21	60	-	10,115
Additions	78	13	-	3	2	-	45	141
Disposals	-	-	(15)	-	-	-	-	(15)
Balance at 30 June 2008	9,236	467	315	95	23	60	45	10,241
Balance at 1 July 2008	9,236	467	315	95	23	60	45	10,241
Additions	138	-	-	3	-	-	206	347
Transfer from work in progress	34	11	-	-	-	-	(45)	-
Disposals	(3)	(24)	(28)	-	-	-	-	(55)
Balance at 30 June 2009	9,405	454	287	98	23	60	206	10,533
Accumulated depreciation and impairment losses								
Balance at 1 July 2007	5,353	77	183	89	20	36	-	5,758
Depreciation expenses	241	29	39	4	1	22	-	336
Elimination on disposal	-	-	(14)	-	-	(4)	-	(18)
Impairment losses	-	-	-	-	-	-	-	-
Balance at 30 June 2008	5,594	106	208	93	21	54	-	6,076
							-	
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
Carrying amounts								
At 30 June 2008	3,642	361	107	2	2	6	45	4,165
At 30 June 2009	3,564	339	67	3	1	6	206	4,186

Note 13: Intangible assets

Movements for each intangible asset class	Acquired software $000	Internally generated software $000	Total $000
Cost			
Balance at 1 July 2007	51	27	78
Additions	437	-	437
Disposals	-	-	-
Balance at 30 June 2008	488	27	515
Balance at 1 July 2008	488	27	515
Additions	4	-	4
Disposals	-	-	-
Balance at 30 June 2009	492	27	519
Accumulated depreciation and impairment losses			
Balance at 1 July 2007	45	-	45
Amortisation expenses	11	-	11
Disposals	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2008	56	-	56
Balance at 1 July 2008	56	-	56
Amortisation expenses	59	-	59
Disposals	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2009	115	-	115
Carrying amounts			
At 30 June 2008	432	27	459
At 30 June 2009	377	27	404

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 2008/09 $000	Actual 2007/08 $000
Trade creditors	233	102
Accrued expenses	470	722
Total creditors and other payables	703	824

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 2008/09 $000	Actual 2007/08 $000
Current annual leave	60	43
Current salary and wages	11	8
Total employee entitlements	**71**	**51**

Note 16: Provisions

	Actual 2008/09 $000	Actual 2007/08 $000
Current provisions are represented by:		
Lease make-good	-	-
Total current portion	-	-
Non-current provisions are represented by:		
Lease make-good	46	43
Total non-current portion	46	43
Total provisions	**46**	**43**

Movements for each class of provision are as follows:

Movement in provisions statement	Lease make-good $000
Balance at 1 July 2007	40
Additional provisions made	-
Amounts used	-
Discount unwind (note 5)	3
Balance at 30 June 2008	**43**
Balance at 1 July 2008	43
Additional provisions made	-
Amounts used	-
Discount unwind (note 5)	3
Balance at 30 June 2009	**46**

Lease make-good

In respect of its leased premises the OPF 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 OPF. In many cases the OPF has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises. Information about the OPF's leasing arrangements is disclosed in note 19.

Note 17: Equity

	Actual 2008/09 $000	Actual 2007/08 $000
General funds		
Balance at 1 July as previously reported	11,236	11,076
Adjustment to retained surpluses on initial application of amended NZ IAS 2	(49)	-
Adjustments to equity on prior year inventory movements	-	782
Restated balance at 1 July	11,187	11,858
Surplus/(deficit)	(728)	(622)
Capital contribution	-	-
Total equity at 30 June	10,459	11,236

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

	Actual 2008/09 $000	Actual 2007/08 $000
Net surplus/(deficit)	(728)	(622)
Add/(less) non-cash items		
Depreciation and amortisation expenses	383	347
Total non-cash items	383	347
Add/(less) items classified as investing/financing activities		
(Increase)decrease in fixed asset accruals	74	(45)
Loss/(gain) on sale of fixed assets	15	6
Total items classified as investing/financing activities	89	(39)
Add/(less) movements in working capital items		
(Increase)decrease in inventories	55	53
(Increase)decrease in debtors and other receivables	130	(201)
Increase(decrease) in accounts payable, incl provisions	(98)	(36)
(Increase)decrease in prepayments	-	-
Net movements in working capital items	87	(184)
Net cash from operating activities	(169)	(498)

Note 19: Capital commitments and operating leases

	Actual 2008/09 $000	Actual 2007/08 $000
Capital commitments		
Property, plant and equipment	-	-
Intangible assets	-	-
Total capital commitments	-	-
Operating leases as lessee		
Future aggregate minimum lease payments under non-cancellable leases:		
Not later than 1 year	131	131
Later than 1 year and not later than 5 years	425	523
Not later than 5 years	-	32
Total non-cancellable operating leases	556	686
Other non-cancellable commitments		
The future aggregate minimum lease payments under non-cancellable commitments are as follows:		
Not later than 1 year	462	-
Later than 1 year and not later than 5 years	258	-
Not later than 5 years	-	-
Total other non-cancellable lease commitments	720	-
Total commitments	1,276	686

The OPF leases one property as follows:

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

The OPF has recognised a make-good provision of $46,000 (2008: $43,000) in respect of these leases (refer note 16).

Note 20: Contingencies

The OPF has no contingent assets or liabilities as at 30 June 2009 (2008: $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.

Those 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 arms 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 arms-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	
		2009 $000	2008 $000	2009 $000	2008 $000
The OPF – cost recovered by MNZ	1	709	659	65	45

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 (2008: $nil).

Key management personnel compensation

	Actual 2008/09 $000	Actual 2007/08 $000
Salaries and other short-term benefits	136	123
Employer contributions to superannuation schemes	6	2
Termination benefits	-	-
Total key management personnel compensation	**142**	**125**

Key management personnel includes the Manager of the OPF.

Employee remuneration

Total remuneration paid or payable	Actual 2008/09	Actual 2007/08
110,000 to 119,999	2	2
140,000 to 149,999	1	1
Total employees	**3**	**3**

During the year ending 30 June 2009, $nil (2008: $nil) employees received compensation and other benefits in relation to cessation totalling $nil (2008: $nil). No Authority members received compensation or other benefits in relation to cessation (2008: $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 2008/09 $000	Actual 2007/08 $000
Loans and receivables		
Cash and cash equivalents (note 7)	3,163	618
Debtors and other receivables (note 8)	109	239
Investments – term deposits (note 10)	1,887	5,039
Total loans and receivables	**5,159**	**5,896**
Financial liabilities measured at amortised cost		
Creditors and other payables (note 14)	703	824
Total financial liabilities measured at amortised cost	**703**	**824**

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 that are speculative in nature to be entered into.

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 2009, 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 $31,420 (2008: $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. 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 those 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 only invests funds 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 $1M. There are no term deposits exceeding $1M with any of these banks.

Liquidity risk

Liquidity risk is the risk that the OPF 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. The OPF aims to maintain flexibility in 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 analyses the OPF'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 $000	31–60 days $000	61–90 days $000	Over 90 days $000
2008				
Creditors and other payables (note 14)	824	-	-	-
2009				
Creditors and other payables (note 14)	703	-	-	-

Note 25: Capital management

The OPF's capital is its equity, which comprises accumulated funds 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, 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

Oil pollution levies exceeded budget mainly because there was more activity in relation to imports of oil by tanker vessels. This was due to the ***Kakariki*** being laid up for a period of time. This generated additional revenue that was not anticipated.

Interest revenue

This is lower than budget as interest rates have reduced significantly during the year as a result of the current global economic downturn.

Other expenses

Operating expenses were less than budget because the planned 6-yearly risk assessment was not undertaken during the year. Overseas travel was below budget because the planned Regional On-scene Commander Pacific Rim deployments were not undertaken. Training courses were cancelled during the year due to inadequate numbers for training in the regions.

Statement of financial position

Cash and cash equivalents

Balances are less than budget as more funds were invested in term deposits (maturity 4–6 months) to take advantage of high interest rates available on longer term deposits.

Intangible assets

The budget did not reflect the transfer of the information management software project from RCCNZ to the OPF.

Creditors and other payables

These are greater than budget mainly because of accruals made for training expenses and items of capital expenditure.

Statement of changes in equity

Surplus/(deficit) for the year

The deficit for the year was less than budgeted due to the budget variances explained in the statement of financial performance above.

Statement of changes in cash flows

Cash and cash equivalents at the end of the year

These were less than budget as more funds were invested in term deposits and variances explained in the statement of financial performance above.

Note 27: Directions issued by ministers

On 21 July 2008 the Minister of State Services and the Minister of Finance issued a direction regarding all-of-government shared authentication services pursuant to section 107 of the Crown Entities Act 2004.

Crown agents were directed as follows:

3. before developing a proposal to invest in or build online credential management or identity verification capability as an alternative to using all-of-government shared authentication services, whether the proposal is to be funded from retained depreciation funding or from new funding, to consult with State Services Commission; and

4. if, after such consultation :
   - (iii) the Crown agent still intends to invest in or build alternative online credential management or identity verification capability; and
   - (iv) the State Services Commission has not agreed, either in the individual case or by reference to a generic class consent, to the Crown agent investing in or building alternative online credential management or identity verification capability,

   the Crown agent must obtain the approval of its responsible Minister and the Minister of State Services before taking action to implement the proposal, unless any requirement in this clause 1 would be inconsistent with section 113 of the Crown Entities Act 2004.

The OPF was not involved in any proposals relating to this direction during 2008/09.

Note 28: Statement of prior period adjustment

It was discovered during the current financial year that regional inventory purchased prior to the year 2001 was expensed in the year of purchase. This has been valued at $782k and included under inventory in the statement of financial position for the year ended 30 June 2008 as a prior period adjustment. See tables below for impact on inventory and equity.

Movement in inventory

	Actual 2008/09 $000	Actual 2007/08 $000
Prior year inventory adjustment	-	782
Inventories	1,530	852
Total inventories	**1,530**	**1,634**

Movement in equity

	Actual 2008/09 $000	Actual 2007/08 $000
General funds		
Balance at 1 July as previously reported	11,236	11,076
Adjustment to retained surpluses on initial application of amended NZ IAS 2	(49)	-
Adjustments to equity on prior year inventory movements	-	782
Restated balance at 1 July	11,187	11,858
Surplus/(deficit)	(728)	(622)
Total equity at 30 June	**10,459**	**11,236**

APPENDIX TWO:

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. Additional financial information, which does not form part of MNZ's audited accounts, is provided in this appendix to give readers more detail of the cost of operating the RCCNZ.

Statement of financial performance

Year ended 30 June 2009

	MNZ			RCCNZ			Group		
	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Income									
Revenue from Crown	5,689	5,689	5,189	3,918	4,319	3,274	9,607	10,008	8,463
MSC revenue	15,973	15,226	14,325	-	-	-	15,973	15,226	14,325
Interest revenue	285	400	432	139	120	40	424	520	472
Other revenue	2,381	1,987	1,952	8	-	66	2,389	1,987	2,018
Gains	7	-	(1)	3	-	-	10	-	(1)
Total income	24,335	23,302	21,897	4,068	4,439	3,380	28,403	27,741	25,277
Expenditure									
Personnel costs	11,191	11,366	10,422	2,057	1,886	1,459	13,248	13,252	11,881
Depreciation	1,428	1,500	1,519	201	205	263	1,629	1,705	1,782
Capital charge	655	655	543	183	171	106	838	826	649
Finance costs	6	-	7	-	-	1	6	-	8
Other expenses	10,200	9,713	9,701	2,278	2,177	1,889	12,478	11,890	11,590
Total expenditure	23,480	23,234	22,192	4,719	4,439	3,718	28,199	27,673	25,910
Net surplus/(deficit)	855	68	(295)	(651)	-	(338)	204	68	(633)

Statement of movements in equity

Year ended 30 June 2009

	MNZ			RCCNZ			Group		
	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Balance at 1 July	12,330	12,202	10,625	2,315	2,276	1,417	14,645	14,478	12,042
Amounts recognised directly in equity									
Property, plant and equipment revaluation gains/(losses)	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	855	68	(295)	(651)	-	(338)	204	68	(633)
Total recognised income and expenses	855	68	(295)	(651)	-	(338)	204	68	(633)
Capital contribution	1,000	1,000	2,000	259	259	1,236	1,259	1,259	3,236
Balance at 30 June	14,185	13,270	12,330	1,923	2,535	2,315	16,108	15,805	14,645

Statement of financial position

At 30 June 2009

	MNZ			RCCNZ		
	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Assets						
Current assets						
Cash and cash equivalents	4,465	3,194	1,826	464	1,336	1,690
Debtors and other receivables	1,772	2,109	1,972	4	2	-
Prepayments	175	55	105	221	125	127
Inventories	267	290	282	-	-	-
Investments	2,257	-	2,867	1,322	-	285
Total current assets	8,936	5,648	7,052	2,011	1,463	2,102
Non-current assets						
Property, plant and equipment	5,586	4,826	6,435	444	1,447	587
Intangible assets	3,149	5,378	2,038	54	40	-
Total non-current assets	8,735	10,204	8,473	498	1,487	587
Total assets	17,671	15,852	15,525	2,509	2,950	2,689
Liabilities						
Current liabilities						
Creditors and other payables	2,329	1,897	2,356	421	347	274
Employee entitlements	960	685	740	159	68	94
Provisions	95	-	-	-	-	-
Total current liabilities	3,384	2,582	3,096	580	415	368
Non-current liabilities						
Provisions	102	-	99	6	-	6
Total non-current liabilities	102	-	99	6	-	6
Total liabilities	3,486	2,582	3,195	586	415	374
Net assets	14,185	13,270	12,330	1,923	2,535	2,315
Equity						
Crown contribution	9,238	9,204	8,238	3,367	3,588	3,108
Retained earnings	4,299	3,418	3,444	(1,444)	(1,053)	(793)
Revaluation reserve	648	648	648	-	-	-
Total equity	14,185	13,270	12,330	1,923	2,535	2,315

Statement of financial position (continued)

At 30 June 2009

	Eliminations			Group		
	Actual	Budget	Actual	Actual	Budget	Actual
	2009	2009	2008	2009	2009	2008
	$000	$000	$000	$000	$000	$000
Assets						
Current assets						
Cash and cash equivalents	-	-	-	4,929	4,530	3,516
Debtors and other receivables	(89)	-	(69)	1,687	2,111	1,903
Prepayments	-	-	-	396	180	232
Inventories	-	-	-	267	290	282
Investments	-	-	-	3,579	-	3,152
Total current assets	(89)	-	(69)	10,858	7,111	9,085
Non-current assets						
Property, plant and equipment	-	-	-	6,030	6,273	7,022
Intangible assets	-	-	-	3,203	5,418	2,038
Total non-current assets	-	-	-	9,233	11,691	9,060
Total assets	(89)	-	(69)	20,091	18,802	18,145
Liabilities						
Current liabilities						
Creditors and other payables	(89)	-	(69)	2,661	2,244	2,561
Employee entitlements	-	-	-	1,119	753	834
Provisions	-	-	-	95	-	-
Total current liabilities	(89)	-	(69)	3,875	2,997	3,395
Non-current liabilities						
Provisions	-	-	-	108	-	105
Total non-current liabilities	-	-	-	108	-	105
Total liabilities	(89)	-	(69)	3,983	2,997	3,500
Net assets	-	-	-	16,108	15,805	14,645
Equity						
Crown contribution	-	-	-	12,605	12,792	11,346
Retained earnings	-	-	-	2,855	2,365	2,651
Revaluation reserve	-	-	-	648	648	648
Total equity	-	-	-	16,108	15,805	14,645

Statement of cash flows

Year ended 30 June 2009

	MNZ			RCCNZ			Group		
	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000	Actual 2009 $000	Budget 2009 $000	Actual 2008 $000
Cash flows from operating activities									
Receipts from Crown revenue	5,689	5,689	5,189	4,013	4,319	3,266	9,702	10,008	8,455
Interest received	285	400	356	128	120	39	413	520	395
Fees funding	16,740	17,213	15,311	-	-	-	16,740	17,213	15,311
Receipts from other revenue	1,798	-	870	8	-	66	1,806	-	936
Payments to suppliers	(10,399)	(9,868)	(9,457)	(2,208)	(2,310)	(1,962)	(12,607)	(12,178)	(11,419)
Payments for capital charge	(655)	(655)	(543)	(183)	(171)	(106)	(838)	(826)	(649)
Payments to employees	(10,878)	(11,366)	(10,352)	(1,983)	(1,886)	(1,377)	(12,861)	(13,252)	(11,729)
Goods and services tax (net)	(44)	(4)	231	(98)	(4)	61	(142)	(8)	292
Net cash from operating activities	2,536	1,409	1,605	(323)	68	(13)	2,213	1,477	1,592
Cash flows from investing activities									
Receipts from sale of property, plant and equipment	78	-	196	-	-	-	78	-	196
Purchase of property, plant and equipment	(172)	(596)	(2,105)	(124)	(259)	959	(296)	(855)	(1,146)
Purchase of intangible assets	(1,414)	(2,335)	(791)	-	-	(50)	(1,414)	(2,335)	(841)
Investments (net)	611	-	(2,252)	(1,038)	-	(900)	(427)		(3,152)
Net cash from investing activities	(897)	(2,931)	(4,952)	(1,162)	(259)	9	(2,059)	(3,190)	(4,943)
Cash flows from financing activities									
Capital contribution	1,000	1,000	2,000	259	259	1,236	1,259	1,259	3,236
Net cash from financing activities	1,000	1,000	2,000	259	259	1,236	1,259	1,259	3,236
Net (decrease)/ increase in cash and cash equivalents	2,639	(522)	(1,347)	(1,226)	68	1,232	1,413	(454)	(115)
Cash and cash equivalents at start of year	1,826	3,716	3,173	1,690	1,268	458	3,516	4,984	3,631
Cash and cash equivalents at end of year	4,465	3,194	1,826	464	1,336	1,690	4,929	4,530	3,516
Note: Cash, bank and investments at end of year									
Cash and cash equivalents at end of year	4,465	3,194	1,826	464	1,336	1,690	4,929	4,530	3,516
Investments greater than 3 months at end of year	2,257	-	2,867	1,322	-	285	3,579	-	3,152
Closing cash, bank and investments	6,722	3,194	4,693	1,786	1,336	1,975	8,508	4,530	6,668

APPENDIX THREE:
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 memorandum of understanding.

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

- a contract for services has been entered into with Kordia Limited to provide high frequency and very high frequency distress and safety radio communications for shipping, effective from 1 July 2004 until 30 June 2010
- a contract for the provision of maintenance services for the MNZ Maritime Distress and Safety Radio Network has been entered into with Kordia Limited, effective from 1 July 2008 until 30 June 2010
- 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 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:

- 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 power to investigate marine oil spills within the coastal marine area has been delegated to specified persons in regional councils
- the power to approve and monitor oil transfer site marine oil spill contingency plans has been delegated to the CEOs 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 Limited Maintenance Services Agreement for the maintenance of the COSPAS-SARSAT Local User Terminal (facilities installed at the RCCNZ)
- EMS Pacific Pty Limited 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 FOUR:
GLOSSARY OF TERMS

Term	Description
406 MHz beacon	An emergency position-indicating radio beacon (EPIRB) operating at a 406 MHz frequency.
Exclusive economic zone (EEZ)	All marine waters from the outer edge of the Territorial Sea (12 nautical miles) seawards for 188 nautical miles until the 200 nautical mile limit.
FishSAFE	An industry-led body focused on improving safety outcomes in the commercial fishing fleet.
Flag state	State (country) in which the vessel is registered.
Incident Command Centre (ICC)	The forward response operation command centre that accommodates the Incident Command Team. In the case of a Tier 3 response, the Command Centre may be the Tier 1 or Tier 2 Command Centre as defined by the respective Tier 1 or Tier 2 Plan or any other suitable location defined by NOSC (national on-scene commander).
International Ship and Port Security Code (ISPS)	International Maritime Organization framework for implementing maritime security measures.
Long range identification and tracking	A robust international scheme for long-range identification and tracking of ships to enhance security, by providing ship identity and current location information to evaluate the security risk posed by a ship.
Marine oil spill	Means the actual or probable release, discharge, or escape of oil into the internal waters of New Zealand or New Zealand marine waters (refer to Section 281 of the Maritime Transport Act (MTA) 1994).
Marine protection rules	Rules made by the Ministry of Transport (MoT) for the purpose of protecting the marine environment (Section 2 MTA 1994).
Maritime rules	Maritime rules relate to the safety and security of ships and people. The rules prescribe requirements for ship design, construction, equipment, crewing, operation and tonnage measurement, and for the carriage of passengers and cargoes. Many of the standards are based on international ship safety conventions.
MARPOL Convention	The International Convention for Prevention of Pollution from Ships 1973 and its 1978 Protocol.
National Marine Oil Spill Contingency Plan	The marine oil spill response plan produced by the Director of MNZ, and sometimes referred to as the national plan.
Navigational aids	Lights, beacons and buoys.
New Zealand continental waters	Includes New Zealand marine waters and those waters beyond the outer limit of the exclusive economic zone (EEZ) of New Zealand but over the continental shelf of New Zealand.
New Zealand marine waters	Includes the territorial sea of New Zealand and the waters of the EEZ of New Zealand.
New Zealand Port and Harbour Safety Code	A code that aims to promote good practice in the conduct of safe marine operations in ports and harbours. It represents the national standard against which the policies, procedures and performance of regional councils, port companies, MNZ, and other relevant parties may be measured.
New Zealand waters	The territorial sea of New Zealand, the internal waters of New Zealand, and all rivers and other inland waters of New Zealand (Section 2 MTA 1994).

Term	Description
Oil Pollution Levy	A differential levy imposed on all vessels that carry oil as either cargo (tankers) or as fuel, according to a formula based on the risk of an oil spill from their particular operation. Some offshore installations also pay a set levy based on their risk factor.
Oil spill response	Actions taken to confirm the presence of an oil spill, stop its flow from the source, contain it, collect it, protect areas from damage by it, mitigate its effects on the environment, and clean up wildlife and areas contaminated by it. It is the entire process by which a marine oil spill is managed, including response planning, set-up, clean-up and termination.
Output classes	A group of similar outputs, or those that can be logically grouped together for appropriation purposes.
Pleasure craft	Means a ship that is used exclusively for the owner's pleasure or as the owner's residence, and is not offered or used for hire or reward, but does not include: • a ship that is provided for transport or sport or recreation by or on behalf of any institution, hotel, motel, place of entertainment, or other establishment or business • a ship that is used on any voyage for pleasure if it is normally used or intended to be normally used as a fishing ship or for the carriage of passengers or cargo for hire or reward • a ship that is operated or provided by any club, incorporated society, trust, or business. (Section 2 MTA 1994)
Regional Marine Oil Spill Contingency Plan	A marine oil spill contingency plan prepared by a regional council and approved by the Director of MNZ under Section 292 of the Maritime Transport Act 1994. It is sometimes referred to as a regional plan.
Safe Operational Plan	A Safe Operational Plan is a scaled down version of safe ship management. It is aimed at providing a practical and affordable set of safety requirements for small boats.
Safe ship management (SSM)	SSM is a safety management system for commercial vessels that ensures that vessels are maintained and operated safely throughout the year. SSM applies to New Zealand ships which do not proceed beyond restricted limits, fishing ships, and ships less than 45 metres in length and less than 500 gross tons that go beyond restricted limits but are not subject to SOLAS. SOLAS is an international convention that applies to large ships.
Search and Rescue – Category I	A search and rescue that comes under control of New Zealand Police. These are primarily local operations.
Search and Rescue – Category II	A search and rescue operation that is associated with: • activated emergency locator transmitters • a missing or distressed aircraft • a missing or distressed surface vessel requiring the use of national or international civil or military resources, or co-ordination with other states • an operation that began as a Category I search and rescue but where responsibility has transferred by mutual agreement from the New Zealand Police to RCCNZ.

Term	Description
Seafarer	Any person who: • is employed or engaged on any ship in any capacity for hire or reward, or • works on a ship for gain or reward otherwise than under contract of employment, but • does not include a pilot or any person temporarily employed on a ship while it is in port. (Section 2 MTA 1994)
Ship	Means every description of boat or craft used in navigation, whether or not it has any means of propulsion, and includes: • a barge, lighter, or other vessel • a hovercraft or other thing deriving full or partial support in the atmosphere from the reaction of air against the surface of the water over which it operates • a submarine or other submersible. (Section 2 MTA 1994)
SOLAS ship	Means any ship to which the International Convention for the Safety of Life at Sea 1974 (SOLAS) applies, namely: • a passenger ship engaged on an international voyage; or • a non-passenger ship of 500 tons or more engaged on an international voyage. (Maritime Rules Part 20)
Tabletop exercise	A simulated interactive exercise that helps to test the capability of an organisation to respond to a simulated event.
Tier 1 response (oil spill)	Responsibility lies with ships, offshore installations, and transfer sites. It is site specific and includes most shore-side industry with oil transfer sites, offshore installations, and all vessels required to have a shipboard plan. All Tier 1 sites and vessels are expected to plan for and be able to provide a clearly identifiable first response to pollution incidents for which they are responsible. (National Marine Oil Spill Contingency Plan, March 2006)
Tier 2 response (oil spill)	Responsibility lies with regional councils. Regional councils that are expected to plan for and respond to marine oil spills within their part of the territorial sea (12 nautical miles) where the spills exceed the clean-up capability of Tier 1, or spills for which no responsible party can be identified. (National Marine Oil Spill Contingency Plan, March 2006)
Tier 3 response (oil spill)	Responsibility lies with MNZ – also involves spills that may require international assistance (spills > 7,500). MNZ, which manages the National Marine Oil Spill Contingency Plan for spills within a region that are beyond the resources of the region, or that occur within the EEZ, but outside regional council boundaries. (National Marine Oil Spill Contingency Plan, March 2006)
Vessel	Means a ship or a seaplane while it is on the surface of the water. (Part 22, Maritime Rules)

APPENDIX FIVE:

DIRECTORY

Head office

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NAPIER

NZWTA Building
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NELSON

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PICTON

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LYTTELTON

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BLUFF

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Bluff
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Marine Pollution Response Centre (MPRS)

755 Te Atatu Road North
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Auckland 0651
Phone: +64 9 834 3908
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Rescue Coordination Centre New Zealand (RCCNZ)

Avalon TV Studios
Percy Cameron Street
PO Box 30050
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0508 472 269 (freephone)
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Website

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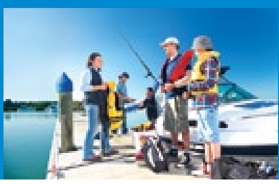
Auditors

Audit New Zealand
Wellington
On behalf of the Auditor-General

Insurance brokers

Aon Risk Services (NZ) Limited
Wellington

SAFE, SECURE AND CLEAN SEAS



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