

# STATEMENT OF INTENT

2011–2014



New Zealand's vibrant, viable maritime community...  
at work and at play, safely and securely on clean waters

# WHY MARITIME NEW ZEALAND'S VISION AND THE WORK WE DO ARE IMPORTANT:

Close to **99%** OF OUR IMPORTS AND EXPORTS by volume are transported to market by sea

**1,100** FISHING VESSELS operate around New Zealand's coastline waters, EARNING \$1.4 BILLION IN EXPORTS in 2009/10

**479** VISITS TO NEW ZEALAND PORTS were made by **81 CRUISE LINERS** in 2009/10, with **112,000 PASSENGERS** contributing an estimated **\$81 MILLION** to the national economy

**800** FOREIGN CARGO VESSELS make more than **6,000 VISITS** to our ports each year

**9.8** MILLION TONNES OF OIL are transported around New Zealand's coastline annually by more than **60 OIL TANKERS**

**5** MILLION PASSENGERS a year use harbour ferries to go to work and on holiday

**1** MILLION PASSENGERS and more than **230,000 VEHICLES** cross Cook Strait annually on **7,000 INTERISLAND FERRY SAILINGS**

**390,000** PEOPLE travel on more than **100 COMMERCIAL JET BOATS** and **270 WHITE-WATER RAFTS** on inland waterways each year

**500,000** PLEASURE CRAFT operate in New Zealand waters and every year more than **1 MILLION PEOPLE** take to the water on recreational craft

**15,000** KILOMETRES OF COASTLINE around New Zealand is largely rugged and remote, and reliable navigational aids, search and rescue and a 24 hour distress and safety radio service are vital

**141** AIDS TO NAVIGATION, including **23 CLASSIC LIGHTHOUSES** and **75 LIGHT BEACONS**, are maintained by Maritime New Zealand

**30** MILLION SQUARE KILOMETRES is the size of New Zealand's search and rescue region, one of the largest in the world, managed by Maritime New Zealand

The Rescue Coordination Centre responds to **650** INCIDENTS each year and, since 2004 has saved more than **500 LIVES**

**500** MARITIME INCIDENTS AND ACCIDENTS are followed up each year to learn lessons that will help prevent further occurrences

**480** PERSONNEL are ready to respond to marine oil spills around New Zealand's coastline, as part of the Marine Pollution Response Service

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## Foreword from the Authority

As this 2011–14 Statement of Intent indicates, over the next three years there will be no significant change in direction from that Maritime New Zealand has been moving along over recent years. Nor, as our new vision indicates – ‘a *vibrant, viable maritime community that works and plays safely and securely on clean waters*’ – is there any substantial deviation from our ‘destination’. However, this Statement of Intent does reflect an increased clarity about:

- the vital role Maritime New Zealand has in ensuring that our maritime system is able to function as it should – and that our interventions deliver safety, security, social and economic outcomes to all those who access the maritime environment on the sea and our rivers and lakes
- the effects our major projects will have when they are implemented in the maritime community and the structures and processes by which Maritime New Zealand is able to deliver its services.

Among the various factors that have shaped the plans in this Statement of Intent, three were especially important:

- While in some areas over the last year we have made good progress against the 2010–13 Statement of Intent plans, in others, our progress has been slower than planned.
- The strategic challenges we face – the level of funding, demonstrating value for money, establishing responsive and relevant regulatory and organisational processes, ensuring that right across Maritime New Zealand we have the right operational capabilities – have not changed.
- To achieve the vision that has been set for Maritime New Zealand will require us to identify the key changes that will move us in the right direction and to take the time required to allow those changes to be successfully implemented.

Consequently, while our plans for the next few years will challenge Maritime New Zealand, they are tightly focused on those things that must be done if we are to make sustained progress towards our Vision – and, at the same time, on those things that enable the national maritime system to function.

As last year demonstrated, considerable pressures are being exerted upon Maritime New Zealand’s people by a mixture of the major projects we will successfully implement, the ‘business as usual’ activities that are critical to the day-to-day functioning of the maritime system, and the drive to deliver increased efficient and effective services. These pressures will not ease in the short term. Nevertheless, the Authority believes that we have ‘the right people’ to deliver on the expectations set out in this Statement of Intent.



**David Ledson**  
Chairman, Maritime New Zealand



**David Morgan**  
Deputy Chairman, Maritime New Zealand

## Foundations of Maritime New Zealand

### Our vision

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

### Our mission

Working together to provide inspirational leadership, guidance and support to the maritime community to achieve our vision.

### Our values

#### Integrity

We are honest, ethical and trustworthy.

We treat one another, and others, fairly and consistently.

#### Commitment

We are committed to the pursuit of excellence and working to improve outcomes for the public, industry and Maritime New Zealand.

We are responsible for our actions.

We are committed to our team and the organisation.

We support each other.

#### Respect

We listen to and respect one another's views and value the individual skills and experience each of us brings to the organisation.

We respect competence and technical expertise.

We work together to achieve better outcomes.

### Our guiding principles

In engaging with external stakeholders, Maritime New Zealand staff are guided by these principles:

- **Partnership** – we work together with the maritime community to achieve safety and other outcomes.
- **Leadership** – we provide leadership to promote safety, security and marine environment protection.
- **Standards** – we establish regulatory standards that achieve the right balance between managing the risk generated by the activity and the cost of meeting the standard.
- **Monitor** – we actively monitor adherence to regulatory requirements to ensure people involved in maritime activities are accepting responsibility for their actions.
- **Educate** – we inform, educate and promote safe, secure and clean seas.
- **Legal** – we act in accordance with our statutory responsibilities and legal obligations.
- **Investigate** – we investigate to learn, and do not tolerate reckless behaviour.

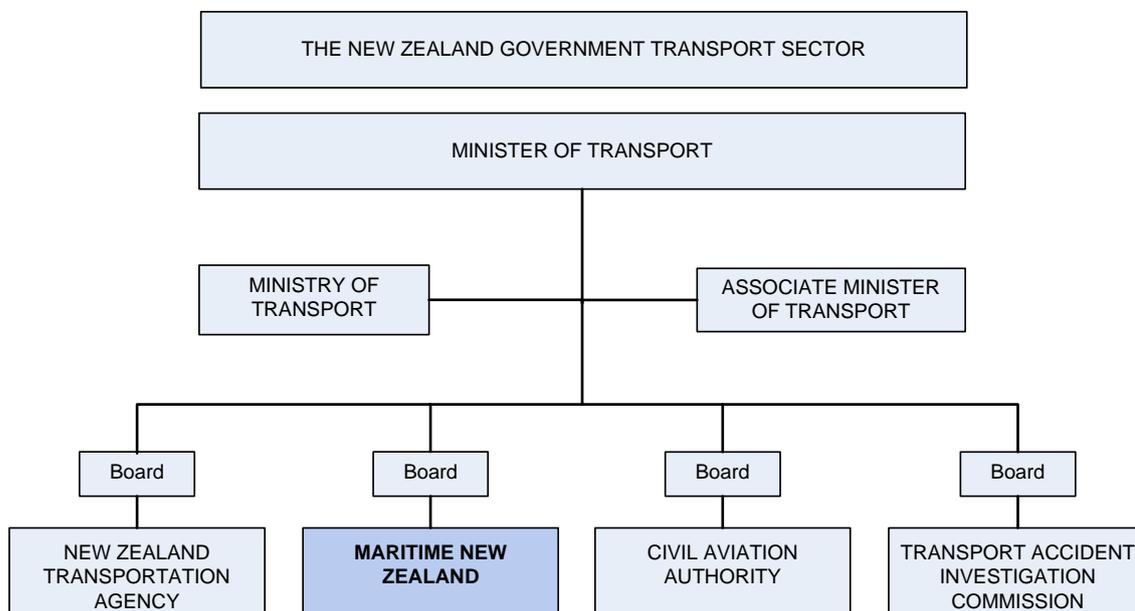


# PART A: STRATEGIC INTENT



## Overview of Government Transport Sector

Maritime New Zealand is a Crown entity that fulfils one element of the government's transport sector. The diagram below illustrates Maritime New Zealand's position within the transport sector.



Maritime New Zealand was established as a Crown entity under the Crown Entities Act 2004. Governance is exercised by a five-member board (the Authority) appointed by the Minister of Transport. Maritime New Zealand's primary functions and duties outlined in the Maritime Transport Act 1994 are summarised in the key objective in Section 430 of the Act:

*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.*

Details of Maritime New Zealand's statutory functions, including the independent statutory functions of the Director are contained in Appendix 6.

## **The important work of Maritime New Zealand**

Maritime New Zealand's work is vital to ensuring New Zealand's commercial and recreational vessels operate safely and its maritime transport system is effective and efficient. Although a small organisation, its responsibilities extend over a vast geographical area and across a large and diverse range of maritime activities.

The five key roles that define the services Maritime New Zealand provides to the maritime sector are outlined below. Associated functions and activities are described in the diagram on page 9.

### **1. Maritime safety and marine environment protection**

Maritime New Zealand is responsible for making sure the thousands of commercial vessels in New Zealand waters are operated in a safe and secure manner, and meet maritime standards.

The vast majority of New Zealand's imports and exports are transported by sea. Maritime New Zealand works to ensure that the hundreds of foreign vessels visiting this country each year comply with the safety and environmental protection conventions set by the International Maritime Organization, to which New Zealand is party.

Through its investigations of maritime incidents and accidents, Maritime New Zealand checks that regulatory requirements are being met and, where there is a serious breach of the law, takes enforcement action. These investigations also allow the lessons learned to be used in safety campaigns and to help prioritise resources and identify areas requiring safety improvements. Among its other safety responsibilities, Maritime New Zealand promotes safe recreational boating.

### **2. Search and rescue coordination**

New Zealand's search and rescue region is one of the largest in the world, covering more than 30 million square kilometres and extending from the Pacific Islands to Antarctica and halfway to Chile and Australia. The Rescue Coordination Centre New Zealand provides a 24 hour response for all notified distress alerts within this region, covering sea, air and land operations needing to be managed at a national level and any operations initiated by emergency distress beacons.<sup>1</sup>

### **3. Marine pollution response**

Almost 10 million tonnes of oil is transported around New Zealand's pristine coastline by oil tankers every year. Maritime New Zealand operates the Marine Pollution Response Service, whose oil spill response experts are able to respond to significant oil spills in New Zealand, and overseas if required. These specialists maintain the National Oil Spill Response Plan and manage the national stockpile of oil spill response equipment. They also conduct oil spill exercises and training for regional responders.

### **4. Maritime security**

Maritime New Zealand monitors the security provided by port operators and undertakes the security profiling of vessels as required by the Maritime Security Act, which gives effect to the International Ship and Port Facility Security Code. It also gathers, assesses and exchanges, as appropriate, information about security threats to New Zealand's maritime interests.

### **5. The Crown's international obligations**

Maritime New Zealand administers the Crown's obligations under international maritime and marine environment protection agreements and treaties, as agreed with the Minister, by representing New Zealand's interests at the International Maritime Organization. As an island nation, New Zealand needs to ensure the safety and marine environment protection standards applied to foreign-flagged vessels are sensitive to national factors.

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<sup>1</sup> The Rescue Coordination Centre New Zealand operates and maintains the ground-based equipment that forms part of the international satellite system. This system detects and locates emergency distress beacons when activated and alerts search and rescue authorities. The Rescue Coordination Centre New Zealand also maintains a database for New Zealand-registered distress beacons.

# MARITIME NEW ZEALAND SECTORS, FUNCTIONS AND ACTIVITIES

	COMMERCIAL										Seafarers	Recreational boating	OTHER							
	International operators		NZ SOLAS operators		Domestic operators			Outdoor & adventure activities					Seafarers	All activities	Port & harbour	Offshore oil & gas industry	Pacific islands	Royal New Zealand Navy		
	Cargo	Cruise	Interisland passenger / freight ferries	Coastal traders, tankers and research vessels	Fishing	Passenger	Non-passenger	White-water rafting	Commercial jet boating	Kayaking									River boarding	
<b>MNZ FUNCTIONS &amp; ACTIVITIES</b>	738 ships 63 oil tankers	24 ships	4 ferries 1 UK-flagged ferry	2 tankers (2.32 million tonnes of oil)	1,109 vessels	1,486 vessels	678 vessels	39 operators	43 operators	150+ operators	7 operators	12 training institutions 48 medical practitioners	500,000 boats	14 ports	2 FPSOs					
	2,072 voyages	78 voyages	7,000 annual crossings	1 coastal bunker barge		5 million passengers		271 rafts	108 jet boats	100,000 participants	15,700 participants	130 optometrists 36 examiners		31 pilotage areas	1 well head					
	5,517 port visits	338 port visits	1m passengers	7 coastal traders				80,000 participants	310,000 participants					12,000 piloted movements	4 gas platforms					
	9.74m tonnes oil	100,000 passengers	1 dredger	1 research vessel								20,000 active seafarers		17 Harbour Safety Mgmt systems	2 drilling rigs					
Fatalities: 2009/10	2					1							20							
Serious harm injuries: 2009/10	18		3		17	10	3		1				Unknown							
Advise Minister on technical maritime safety policy	As required, through briefing papers, regular meetings, quarterly reports, annual report (including marine environment protection) and Statement of Intent															Provided to MFAT as per MOU				
Administer the international obligations of the Crown	IMO participation: New Zealand is a signatory to 24 IMO & ILO conventions, plus 10 IMO conventions relating to marine environment protection										STCW convention	International rules apply		10 IMO conventions		International rules apply				
Promote maritime safety, security & marine environment protection & compliance	Quarterly publications: <i>Safe Seas Clean Seas, Lookout! &amp; The Good Oil</i> . Issue marine guidance notices, fatigue & FishSAFE guidelines. Distribute 36,000 recreational safe boating packs																			
Provide information & advice & foster information & education programmes	A wide variety of interactions including industry liaison meetings. 83 visits to SOP operators, liaison visits, attendance at 9 regional boat shows. Attend national & regional forums & seminars																			
Develop & maintain maritime safety & marine protection rules	38 maritime rules & 28 marine protection rules, including policy development							Guidance material	Qualifications & Operational Limits review	2 maritime rules	1 marine protection rule	2 marine protection rules								
Exercise entry control through the granting of maritime documents & marine protection documents	1,772 certificates issued for Safe Ship Management & Safe Operating Plan vessels, 81 surveyor recognitions													Marine protection documents						
Issue exemptions	219 exemptions processed																			
Administer the HSEA for work on board ships & ships as places of work	180 health and safety education/liaison visits to Safe Ship Management operators. 73 statutory notifications received regarding serious harm																			
Maintain the New Zealand Register of Ships	571 vessel registration transactions												All craft that travel overseas							
License ships, their operation & their crew												Issued 1,598 CoCs, 110 pilot licences, 580 pilot exemptions								
Investigate maritime transport accidents & incidents, plus maritime security breaches & incidents & complaints	56 reported accidents, incidents & mishaps	75 reported accidents, incidents & mishaps	281 reported accidents, incidents & mishaps	48 reported accidents, incidents & mishaps							Occasional investigations relating to seafarers	75 reported accidents, incidents & mishaps		Occasional accidents, incidents & mishaps	At TAIC's request, as required	Occasional accidents, incidents & mishaps				
Enforcement action	Average of 20 prosecutions under MTA & HSEA																			
Monitor adherence to regulatory requirements through audit	500 maritime document holders audited, covering 34 different maritime activities										Training institutions & examiners		4 port & harbour safety code audits	All installations audited	At MFAT's request, as required					
Monitor adherence to regulatory requirements through inspections	558 port state control inspections	14 flag state inspections	1,084 safety inspections										Yachts that travel overseas	Comply with national oil spill contingency plan	At MFAT's request, as required					
Maritime security	Collect & assess intelligence to determine maritime security levels (1,800 ships risk profiled)	Regulate vessels travelling internationally & provide guidance to passenger vessels												9 exercises & 14 inspections	Manage security plan	Capacity building, at RMP's request				
Provide aids to navigation	23 lighthouse & 118 lighthouse beacons & buoys maintained outside harbour limits; aids to navigation approved																			Navigation aids
Provide appropriate distress & safety radio communications systems	30 VHF and 1 HF radio network sites covering 98% of coastal waters & inland waterways to 30-50 miles offshore, monitored 24/7, HF & SatCom for NAV Area XIV covering 30 million sq km											VHF, HF & SatCom			VHF, HF & SatCom					
Provide oil spill response & preparedness	24/7 response to oil spills, plus 479 trained oil response personnel to respond to oil spills																	24/7 response	As requested	24/7 response
Maintain & operate RCCNZ	24/7 coordination of land, sea & air SAR services covering 30 million sq km, plus all distress beacon alerts, including some Pacific countries within New Zealand's SAR region; 333 distress beacon alerts; 690 category II SAR incidents																			

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

## **A key focus for Maritime New Zealand**

To be effective and efficient, New Zealand's maritime transport system relies on having appropriate interventions by Maritime New Zealand that will allow stakeholders to carry out their economic activities safely and viably.

Maritime New Zealand has reviewed its outcomes to reflect a major change in the way we think about safety in the maritime environment. A strong regulatory agency such as ours cannot improve safety and marine environment protection outcomes on its own. Maritime New Zealand is moving away from the current model of highly prescriptive rules and standards to a model that allows standards to be developed and changed more rapidly with input from the sectors to which they relate.

Changes in technology and other industry practices are always occurring, and having the flexibility to change standards is a key requirement, for the industry to be viable. This means that Maritime New Zealand will need to become an adaptable and agile organization, developing strong enduring relationships with all participants in the maritime sector.

Under this new model, Maritime New Zealand will work cooperatively with industry to ensure standards, safe operating practices and vessel and/or equipment standards are appropriate to the needs of their operation. While Maritime New Zealand will still be required to perform a leadership role, a maritime community will emerge that actively embraces a safety culture.

The range of options and suite of tools that we will use to achieve Outcome 1 – A maritime community that actively embraces a safety culture – include the following:

- all operators having enough information to make the right decisions about maritime safety, health and safety and marine environment protection
- operators not being able to work in the sector if they don't meet standards
- Maritime New Zealand working with industry to ensure operators meet standards
- Maritime New Zealand using its oversight role to ensure all people meet and comply with standards
- having systems and processes that are flexible and adaptable to change
- the sector understanding the regulatory framework and working within it.

Two fundamental building blocks of the new model are the Qualifications and Operational Limits review and Maritime Operator Safety System. What these projects have demonstrated to Maritime New Zealand is the critical need for stakeholder engagement. The journey that Maritime New Zealand is undertaking in developing and implementing these projects, and the future-state we envisage achieving through them, are outlined below.

### **Qualifications and operational limits review**

Maritime New Zealand has now completed its review of qualifications and operational limits. The outcome is the development of a new framework that will enable Maritime New Zealand to more effectively and efficiently meet its obligations, while at the same time meeting the needs of a modern maritime sector. Implementation of the framework is planned for 31 March 2013, three months earlier than previously indicated.

The vision for the new qualifications and operational limits framework is a world-class qualifications system that is easy for customers to understand and for Maritime New Zealand staff to administer. The system will make use of advances in technology to provide accurate online information and enable applications to be made online, allowing quick turnaround times and meeting the requirements of being easy to use, logical and relevant.

Key benefits to the sector provided through the new framework include:

- greater emphasis on competence and proven ability
- greater emphasis placed on practical and assessment components and recognition of quality of sea service
- reduced number of hours of sea service required for entry-level qualifications
- alignment with Australian and international standards to ensure portability of qualifications

### **Maritime Operator Safety System**

Maritime New Zealand is replacing the current Safe Ship Management system with one that will enable the organisation to work more closely with domestic commercial maritime operators to achieve safety goals. It will also enable the Director to exercise effective control over entry into the maritime industry and set expectations for operators and their operations.

The new maritime operator safety system will be flexible, efficient and responsive to industry change. Operators will be required to develop safe operating plans that are relevant for their operation and related to the risks of their business. Their staff must be appropriately trained and qualified, and their vessels and/or equipment must be fit for purpose and properly maintained.

Accountability for the safety of vessel operations will be firmly pinned to the operators of vessels. All of the actions, relationships, processes and document content of Maritime New Zealand's current safety management work will therefore need to be revised to reflect this new structure.

As well as redrafting the relevant maritime rules, Maritime New Zealand will be establishing the operational policy framework for the new system and planning for its implementation and transition. Public consultation over the draft rules has drawn excellent feedback that is generally in favour of the changes. However, many respondents did not support one important aspect – service delivery of survey through independent surveyors – as it is currently constructed. This aspect is being reconsidered and is likely to go out for further consultation. Until it has been resolved, Maritime New Zealand is unable to determine the level of funding and the resources required to deliver the new safety system.

The degree of change required of people and systems to ensure that Maritime Operator Safety System is successful is more complex than originally anticipated. Feedback from industry forums has made it clear that, generally, the maritime community wants Maritime New Zealand to take the time to get this right. For this reason, the timeframes have needed to change, and the Maritime Operator Safety System is now not likely to be introduced until early 2013, with implementation following after that.

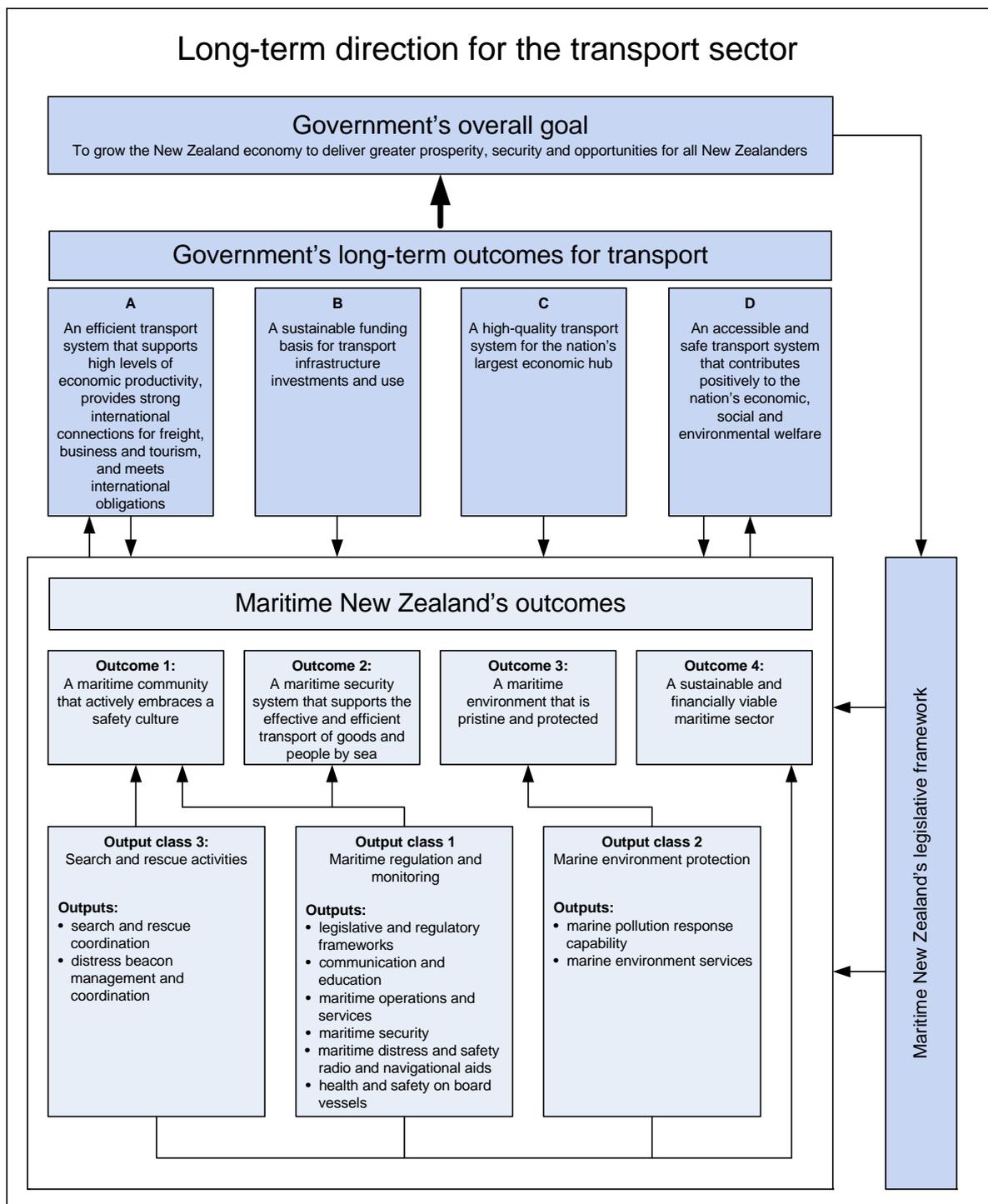
What is clear, is the proposed new system will be simpler for operators and will be more transparent about who has responsibility for each part of the system:

- surveyors will be responsible and accountable for the issue of fit for purpose certificates for vessels
- Maritime New Zealand will be responsible for issuing the maritime transport operator certificate and subsequent audits of those certificates
- operators will be responsible for ensuring their vessel(s) operate in accordance with their approved plans.

The new system will also ensure that Maritime New Zealand has much more detailed information about the industry it regulates, given it will have a direct relationship with surveyors and operators.

## Outcome framework

This diagram illustrates how Maritime New Zealand contributes to the government’s overall goal for transport and long-term outcomes for the transport sector.



The importance of each outcome, how progress in achieving them will be measured, and the relationship between the outcomes and Maritime New Zealand outputs are described in more detail on the following pages.

## Outcome 1. A maritime community that actively embraces a safety culture

### Why this outcome is important:

Safety in New Zealand's maritime environment is one of Maritime New Zealand's key legislative obligations, as well as being in the national interest. Maritime New Zealand's challenge is to undertake this mandate in a way that minimises compliance costs for the maritime sector, at the same time as maintaining safety standards. It can do this in two ways. The first is to regulate, using a prescriptive set of rules and the second, which Maritime New Zealand has adopted, is to use, as far as possible, outcomes-based rules and to partner with the maritime community. With this approach, Maritime New Zealand will be developing constructive relationships and appropriate guidance material to build a safety culture within the maritime community.

### The key outcome measures<sup>2</sup> are:

- a reduction in accidents, serious harm injuries and fatalities involving:
  - SOLAS<sup>3</sup> vessels in New Zealand waters (per 100 vessels)
  - safe ship management vessels (per 100 vessels)
  - vessels less than 6 metres long
  - vessels in the commercial tourism sector
- a proportional reduction in recreational fatalities per 100,000 boats.

Intermediate outcomes	Impact measures	Links to output initiatives
1.1 All international maritime conventions that New Zealand is party to are accurately reflected in New Zealand legislation	<ul style="list-style-type: none"> <li>• The gap between regulations specified in SOLAS and those implemented in Maritime New Zealand's rules is reducing</li> </ul>	<p><b>1.1: Legislative and regulatory frameworks</b></p> <ul style="list-style-type: none"> <li>• Participate in international forums (such as International Maritime Organization), to contribute to the development of international standards</li> <li>• Develop and maintain maritime safety rules and standards</li> <li>• Administer the Crown's international obligations</li> </ul>
1.2 A safety regulatory framework that is easy to understand, risk-aligned, appropriately monitored and consistently enforced	<ul style="list-style-type: none"> <li>• 75% of maritime survey participants find the safety regulatory framework easy to understand by 2015</li> <li>• 100% of safe ship management inspections meet 'pass' criteria by 2015<sup>4</sup></li> </ul>	<p><b>1.1: Legislative and regulatory frameworks</b></p> <ul style="list-style-type: none"> <li>• Provide advice on technical safety matters</li> <li>• Develop and maintain maritime and marine rules</li> <li>• Regularly review the maritime transport system</li> <li>• Provide technical advice to the Pacific Islands</li> </ul> <p><b>1.2: Communication and education</b></p> <ul style="list-style-type: none"> <li>• Promote maritime safety compliance</li> </ul> <p><b>1.3: Maritime operations and services</b></p> <ul style="list-style-type: none"> <li>• Control entry of commercial operators</li> <li>• Maintain the New Zealand Register of Ships</li> <li>• License ships, their operation and their crews</li> <li>• Monitor adherence to regulatory requirements</li> <li>• Enforce the provisions of Maritime Transport Act and Hazardous Substances and New Organisms Act</li> </ul> <p><b>1.6: Health and safety on board vessels</b></p> <ul style="list-style-type: none"> <li>• Enforce the provisions of the Health and Safety in Employment Act</li> </ul>

<sup>2</sup> Interim measures only, to be further developed during 2011–12.

<sup>3</sup> International Convention for the Safety of Life at Sea 1974.

<sup>4</sup> By 2015 this system will be replaced by the new Maritime Operator Safety System.

Intermediate outcomes	Impact measures	Links to output initiatives
<p>1.3 The maritime community understands its regulatory responsibilities and demonstrates a strong safety culture</p>	<ul style="list-style-type: none"> <li>• A 50% increase in the number of print and online subscriptions to Maritime New Zealand publications by 2015</li> <li>• 205,000 unique visits to Maritime New Zealand's website achieved by 2015</li> <li>• 100% of Safe Ship Management inspections meet 'pass' criteria by 2015</li> </ul>	<p><b>1.2: Communication and education</b></p> <ul style="list-style-type: none"> <li>• Promote maritime safety and marine environment protection compliance</li> </ul> <p><b>1.3: Maritime operations and services</b></p> <ul style="list-style-type: none"> <li>• Monitor adherence to regulatory requirements through annual audits</li> </ul> <p><b>1.6: Health and safety on board vessels</b></p> <ul style="list-style-type: none"> <li>• Administer the Hazardous Substances and New Organisms Act for work on board ships</li> <li>• Administer the provisions of the Health and Safety in Employment Act / Maritime Transport Act</li> </ul>
<p>1.4 Vessels can identify and navigate coastal hazards safely</p>	<ul style="list-style-type: none"> <li>• All lighthouses are operational for at least 99.8% of the year</li> <li>• All day beacons/buoys are operational for at least 97% of the year</li> <li>• A 24/7 distress/safety radio service is provided 100% of the time</li> </ul>	<p><b>1.5: Distress radio and navigation aids</b></p> <ul style="list-style-type: none"> <li>• Provide distress and safety communications services</li> <li>• Provide coastal navigation aids</li> </ul>
<p>1.5 Search and rescue responses are reliable, effective and efficient</p>	<ul style="list-style-type: none"> <li>• A 24/7 search and rescue service is provided 100% of the time</li> <li>• Ground-based satellite equipment is available at least 98% of the year</li> <li>• 20% increase in the number of beacons purchased by 2015</li> <li>• At least 80% of 406MHz distress beacon alerts are from registered beacons by 2015</li> </ul>	<p><b>3.1: Search and rescue coordination</b></p> <ul style="list-style-type: none"> <li>• Operate the Rescue Coordination Centre New Zealand at all times</li> <li>• Coordinate a response to notified distress calls</li> <li>• Assist with Category I<sup>5</sup> search and rescue activities as requested</li> <li>• Coordinate and manage all Category II<sup>6</sup> activities</li> <li>• Provide and support joint search and rescue training courses</li> <li>• Provide search and rescue support to Pacific Island nations</li> </ul> <p><b>3.2: Distress beacon management</b></p> <ul style="list-style-type: none"> <li>• Maintain a ground-based equipment satellite</li> <li>• Maintain the distress beacons database</li> </ul>
<p>1.6 The recreational boating community understands what needs to be done to enjoy activities on the water safely</p>	<ul style="list-style-type: none"> <li>• Annual increases in the number of people who recall Maritime New Zealand boating safety television advertising, (85% recall by 2015)</li> <li>• A reduction in the number of recreational boating fatalities (per 100,000 boats) from 3 to 2.5 by 2015</li> </ul>	<p><b>1.2: Communication and education</b></p> <ul style="list-style-type: none"> <li>• Promote maritime safety and compliance</li> </ul>

5 A search and rescue that comes under the control of the New Zealand Police.

6 A search and rescue associated with: an activated emergency locator transmitters; a missing aircraft; a missing or distressed surface vessel requiring the use of civil or military resources, or coordination with other states; search and rescues that begin as a Category I search and rescue but responsibility has transferred by mutual agreement from the New Zealand Police to the Rescue Coordination Centre New Zealand.

**Outcome 2. A maritime security system that supports the effective and efficient transport of goods and people by sea**

**Why this outcome is important:**

With close to 99% of New Zealand's imports and exports (by volume) transported by sea, this international transport system must be able to operate without disruption. A key strategy in achieving this is requiring all vessels that visit New Zealand ports and harbours to comply with the International Ship and Port Facility Security Code in accordance with the Maritime Security Act.

**The key outcome measure<sup>7</sup> is:**

- maritime security inspections reveal a decreasing number of security deficiencies.

Intermediate outcomes	Impact measures	Links to output initiatives
<p>2.1 New Zealand's reputation for secure port facilities is maintained and enhanced</p> <p>2.2 The maritime community complies with the International Ship and Port Facility Security Code, in accordance with the Maritime Security Act</p>	<ul style="list-style-type: none"> <li>• Every inspection by the United States Coast Guard demonstrates New Zealand's compliance with the International Ship and Port Facility Code</li> <li>• All of New Zealand's trading ports undertake port security exercises in compliance with the Maritime Security Act</li> </ul>	<p><b>1.4: Maritime security</b></p> <ul style="list-style-type: none"> <li>• Monitor security threats</li> <li>• Undertake security assessments of ships</li> <li>• Investigate security breaches, incidents and complaints</li> <li>• Contribute to all-of-government civil and security incidents</li> <li>• Ensure Long Range Identification and Tracking system obligations are maintained</li> <li>• Undertake security training exercises</li> <li>• Promote and ensure compliance with the International Ship and Port Facility Security Code</li> <li>• Enforce the provisions of the Maritime Security Act</li> </ul>

<sup>7</sup> This key outcome measure is an interim measure. During 2011/12, Maritime New Zealand intends to develop a more robust set of outcome performance measures.

### Outcome 3. A maritime environment that is pristine and protected

#### Why this outcome is important:

Activities such as shipping and offshore oil and gas development bring important economic benefits to New Zealand, but they also represent a risk to the marine environment. New Zealand's pristine natural environment is a key point of difference for the tourism industry, which also makes a significant economic contribution.

Maritime New Zealand's role in contributing to a maritime environment that is pristine and protected is defined by the Maritime Transport Act 1994 and the international conventions that Maritime New Zealand administers. Broadly these relate to oil pollution in the marine environment, disposal of garbage at sea, ballast water and hazardous and noxious substances. Maritime New Zealand's challenge is to foster economic activity around New Zealand's shores by minimising compliance costs, while continuing to safeguard the marine environment.

#### The key outcome measures<sup>8</sup> are:

- the number of oil spills is reduced
- the volume of oil spilled into the marine environment is reduced.

Intermediate outcomes	Impact measures	Links to output initiatives
3.1 The marine oil pollution response capability meets New Zealand's requirements	<ul style="list-style-type: none"> <li>• A 24 hour marine pollution response service is always provided</li> <li>• A minimum of 400 appropriately trained and regionally based oil spill responders are available throughout New Zealand</li> </ul>	<b>2.1: Marine pollution response capability</b> <ul style="list-style-type: none"> <li>• Provide assistance in Tier II<sup>9</sup> oil spills</li> <li>• Provide 24 hour response to Tier III<sup>10</sup> oil spills</li> <li>• Ensure adherence to international agreements</li> <li>• Approve Marine Oil Spill Contingency Plans</li> <li>• Develop and maintain national training standards</li> <li>• Liaise with regional councils and local industry</li> <li>• Maintain a national inventory of oil spill response equipment</li> </ul>
3.2 A set of rules and regulations facilitate protection of the marine environment	<ul style="list-style-type: none"> <li>• 75% of maritime industry survey participants report being aware of their obligations under the marine protection rules and regulations by 2015</li> <li>• The gap is reducing between the regulations specified in MARPOL<sup>11</sup> that New Zealand is party to and those that have been implemented into New Zealand law</li> </ul>	<b>2.1: Marine pollution response capability</b> <ul style="list-style-type: none"> <li>• Ensure adherence to international agreements</li> <li>• Approve Marine Oil Spill Contingency Plans</li> <li>• Oversee guidelines for oil spill contingency plans</li> <li>• Develop and maintain national training standards</li> <li>• Liaise with regional councils and local industry</li> </ul> <b>2.2: Marine environment services</b> <ul style="list-style-type: none"> <li>• Provide technical policy advice and analysis</li> <li>• Promote marine environment protection and compliance</li> <li>• Grant marine protection documents</li> <li>• Monitor adherence to marine protection rules and regulations</li> </ul>

8 These key outcome measures are interim measures. During 2011/12, Maritime New Zealand intends to develop a more robust set of outcome performance measures.

9 Regional councils are responsible for marine oil spills within their part of the territorial sea (12 nautical miles).

10 Maritime New Zealand is responsible for marine spills that are beyond the resources of a regional council or that occur within the exclusive economic zone but outside regional council boundaries.

11 The International Convention for the Prevention of Pollution from Ships, 1973/78.

## Outcome 4. A sustainable and financially viable maritime sector

### Why this outcome is important:

Maritime New Zealand's work within the maritime transport system enables economic activity to happen safely, but it must also be sensitive to its own impact on economic activity and its interventions should not unnecessarily limit emerging activities. This outcome makes an important contribution to the economic wellbeing of New Zealanders engaged in the maritime sector, and to all of New Zealand.

The key outcome measures have not yet been defined.<sup>12</sup>

Intermediate outcomes	Impact measures	Links to output initiatives
4.1 The maritime regulatory system minimises compliance costs and supports economic activity	<ul style="list-style-type: none"> <li>• A 10% reduction in the average time to produce registration certificates by 2015</li> <li>• A 20% reduction in time spent processing requests for technical help and assistance by 2015</li> <li>• An increasing percentage (80% by 2015) of the maritime community perceive the proposed new qualification framework as meeting their needs</li> </ul>	All Maritime New Zealand outputs

<sup>12</sup> During 2011/12, Maritime New Zealand intends to develop a robust set of outcome performance measures.

## Strategic challenges

The significant challenges facing Maritime New Zealand as it sets out to achieve its outcomes are:

### Achieving sustainable funding

For Maritime New Zealand to achieve its vision and goals, and to sustain the delivery of services now and into the future, it needs to have the right level of funding over the long term (refer to strategic goal 1, page 23). A value-for-money review undertaken by Ernst & Young in 2010 identified that Maritime New Zealand provided value-for-money services. However, it recommended that a full funding review be conducted to determine an appropriately transparent and sustainable funding framework.

### Delivering value for money

Maritime New Zealand is not alone in having to be able to demonstrate that it is delivering 'value for money'. In view of the recent earthquakes in Canterbury, the need for this is more compelling than ever. Strategic goals 2 and 6 (see pages 25 and 29 respectively) are key initiatives for ensuring that Maritime New Zealand is able to continue to deliver value for money to all its stakeholders.

### Building capability and capacity

To achieve its outcomes, Maritime New Zealand needs to have the right people in the right places.

Recruiting and retaining the specialist and technical staff needed to fulfil the organisation's wide range of responsibilities and functions is becoming more challenging. Strategic goal 5 (refer to page 28), represents Maritime New Zealand's capability strategy on how it intends to address this challenge.

### Responding to skill shortages in the maritime sector

Another significant challenge for the maritime industry, as it seeks to attract and retain qualified seafarers amid a worldwide shortage of skilled labour, is to ensure that seafarer qualifications, training and licensing remain aligned with accepted maritime standards both nationally and internationally. Development of the qualifications and operational limits framework under strategic goal 2 (refer to page 25) is a key initiative to help remove barriers to attracting mariners into the industry.

### Meeting international expectations

It generally takes a very long time to develop and implement new rules or to amend existing legislation. This presents a substantial challenge in ensuring New Zealand's maritime legislation reflects current local or international obligations. Efficiently translating international standards into domestic law is a key driver in strategic goal 3 (refer to page 26).

### Maintaining response capability

Meeting the increasing public expectation for rapid and effective search and rescue operations poses a significant challenge to Maritime New Zealand. Strategic goal 4 (refer to page 27) seeks to address this by identifying an appropriate national distress and safety communications system, as well as ensuring the Rescue Coordination Centre New Zealand provides value-for-money services.

### Emerging challenges

Three emerging strategic challenges have been identified:

- The government has foreshadowed that offshore oil exploration is expected to become more prevalent and this will have implications for Maritime New Zealand's obligations.
- The relatively rapid changes in the adventure tourism sector will require Maritime New Zealand to be funded to respond to new potential risks.
- There is a growing need to sustain business as usual while managing the pressure points arising from delivering key projects.



## Strategic direction

In developing the objectives for its three-year strategic plan, Maritime New Zealand considered the needs of its stakeholders, the domestic and international environments it operates in, and the emerging challenges for the maritime industry. Importantly, the plan is guided by the government's key goal to lift the long-term performance of the economy and make New Zealand a more prosperous country.

Maritime New Zealand reviewed its organisational capability to determine how the strategic plan would be executed. It looked in particular at the capacity and capability of its people, the availability of funding, and the opportunities for improved organisational performance to deliver value for money.

Maritime stakeholders have a variety of expectations that must be taken into consideration and managed when developing Maritime New Zealand's strategic direction. These include, but are not limited to:

- government, which requires value for money, sound advice, support and an effective and productive contribution to achieving government outcomes
- the maritime industry, which wants effective, transparent and equitable regulation that allows an appropriate balance between safety and commercial outcomes
- the New Zealand public, who want confidence that the regulator of the country's maritime sector provides safety and 'ease of participation' in the maritime environment and maritime activities
- commercial entities that depend on maritime transport to competitively deliver or receive products into domestic and international markets
- domestic and international tourism businesses, which require safe vessels, secure ports, safe operations and a pristine marine environment
- New Zealanders participating in recreational activities, who expect safe, reliable and environmentally friendly adventure activities
- international maritime organisations and other state maritime authorities, which expect New Zealand to provide responsible technical and regulatory interaction and assistance.

The government's goal to grow the economy will require Maritime New Zealand to continue to drive value-for-money initiatives that look for a balance between effective service delivery, funding and risk management. The organisation has already made a start in this, with the value-for-money review in 2010. However, further work is required to identify opportunities to improve efficiency, effectiveness and financial management in the medium term. Maritime New Zealand intends to continue embedding a strong culture that supports the delivery of greater value and productivity.

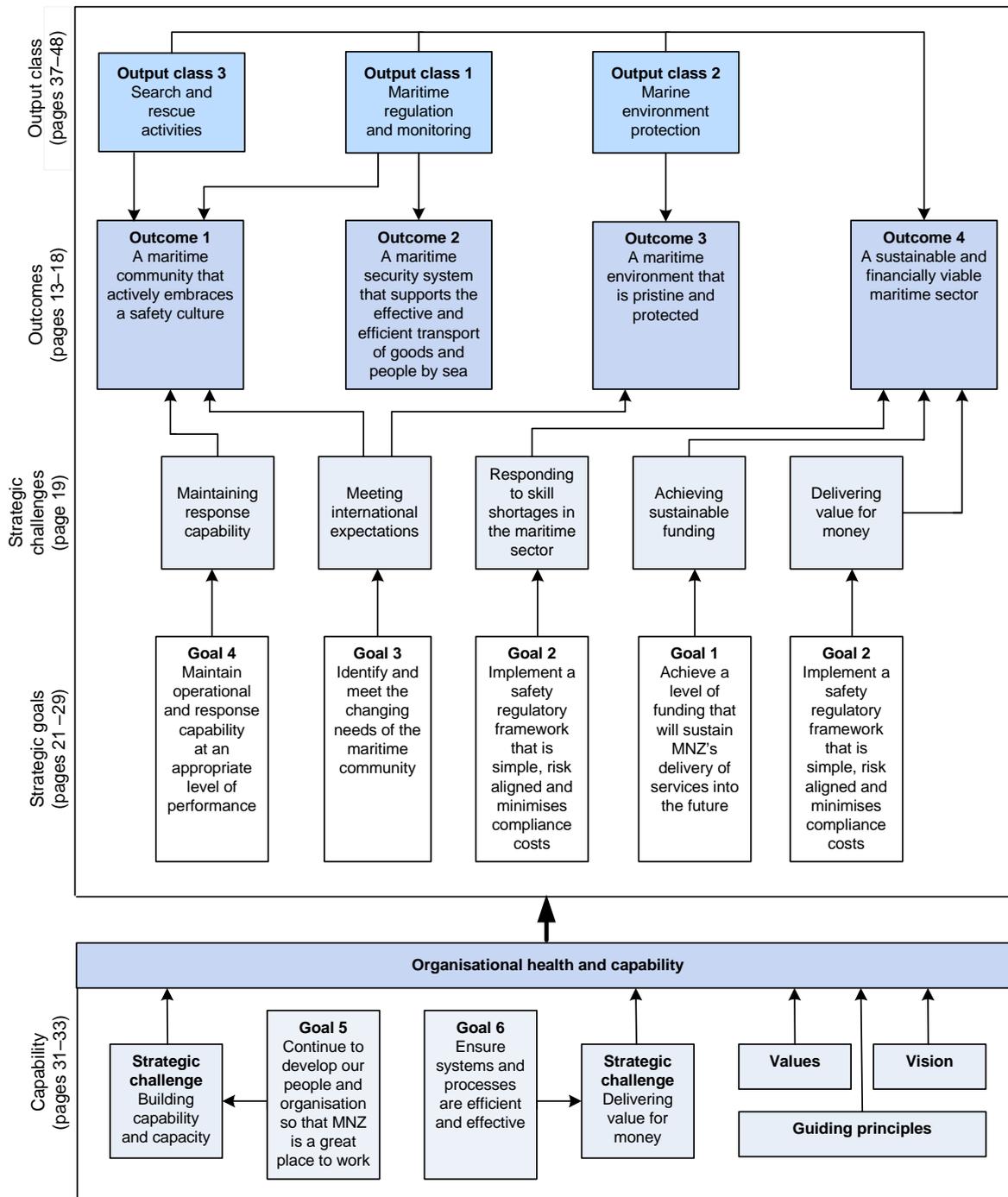
The diagram on the following page describes how the organisation's strategic goals and strategic interventions (outputs) link to its four key outcomes. For specific connections between Maritime New Zealand's outcomes and outputs, refer to the following strategic framework diagram.

## Strategic goals

The *2010–2013 Statement of Intent* mapped out Maritime New Zealand's revised strategic direction, with the development of six strategic goals to address the challenges facing the maritime industry. Considerable progress has been made in addressing these strategic challenges over the past 12 months, although much more work remains to be done.

Maritime New Zealand's three-year strategic programme is outlined on the following pages. It describes how the organisation will continue to address these challenges, in order to deliver improved safety, security and clean marine environment outcomes in an efficient and effective way for the benefit of all New Zealanders.

# Strategic Framework



## Strategic goal 1: Achieve a level of funding that will sustain Maritime New Zealand’s delivery of services into the future

Maritime New Zealand has three business strands:

1. Core business (covering maritime safety and marine environment protection regulatory functions)
2. Marine Pollution Response Service
3. Rescue Coordination Centre New Zealand.

Each of these strands has a different funding stream, but the success of each entity depends on having sustainable funding into the future.

### Maritime New Zealand core business

The organisation’s core business is funded from a number of sources. Most funding (56 percent) comes from a levy on the maritime industry, the Marine Safety Charge, with the balance from the Crown (34 percent) and direct user charges (10 percent).

Given its work programme and the need to continue enhancing and refining the organisation’s service delivery requirements, the current level of funding will not sustain Maritime New Zealand into the future. Changes will be required in either revenue or activities, or both, if the organisation is to continue to meet its responsibilities effectively. Opportunities for increased sharing of services will be explored with other transport agencies to determine whether this work could be done more efficiently.

Many of Maritime New Zealand’s expenses are fixed, at least in the short term, and many of its activities are not discretionary. Licences must be issued to seafarers, certificates issued to allow vessels to operate, safety standards maintained and monitored, new rules developed to keep pace with changing international environments, investigations conducted into maritime incidents, and so on.

A funding review is currently underway and will be providing a proposal to the Minister of Transport in September 2011 for the future sustainable funding for Maritime New Zealand.

### Marine Pollution Response Service

This service is fully funded by the maritime industry to meet the reasonable costs associated with planning for and responding to marine oil spills. The revenue received for this activity is significantly less than the costs of providing the service.

Maritime New Zealand has consulted with the maritime industry on proposals to amend the Oil Pollution Levy to ensure that reserves do not fall below the \$2 million threshold agreed for the Fund. This process will continue during 2011, culminating in a new levy regime to be in place by 1 July 2012.

### Rescue Coordination Centre New Zealand

Search and rescue activity is demand-driven and its costs can fluctuate. This function is funded by the Crown. For the past five years, funding has not covered the annual costs of providing the service.

### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>1.1</b> Develop a sustainable and defensible funding regime that follows a consistent, analytical, robust process and maintains good records of its application <b>(Links to Outcome 4)</b>	Funding review project to continue in accordance with agreed Ministry of Transport, Maritime New Zealand and Treasury project plan	Jun 2012
	New funding agreed for Maritime New Zealand	Jun 2012
	New funding in place, including direct charges and the Marine Safety Charge	Jul 2013

Goal	Actions	Timeframe
<b>1.2</b> Ensure funding for the Marine Pollution Response Service covers the cost of providing the service <b>(Links to Outcome 4.2)</b>	Embed the outcomes of the capability review Introduce a new oil pollution levy	Jun 2012 Jun 2012
<b>1.3</b> Independently review Rescue Coordination Centre New Zealand's capability and resources to assure government and the search and rescue sector that service provision is appropriate and provides value for money <b>(Links to Outcome 4.2)</b>	Undertake formal, external, value-for-money review of Rescue Coordination Centre New Zealand Agree funding arrangements for Rescue Coordination Centre New Zealand Implement agreed review recommendations	Dec 2011 Jun 2012 Jun 2013

## Strategic goal 2: Implement a safety regulatory framework that is simple, risk aligned and minimises compliance costs

The existing safety framework is not as effective as it could be. An appropriate safety regulatory framework needs to be implemented that covers vessels and organisations throughout the maritime industry.

When developing standards for the maritime industry, there needs to be a clear understanding of the safety regulatory principles applied. This will give the industry confidence in the safety regulator and ensures regulatory action is consistent and fair. Achieving this understanding depends on an agreed framework being developed that underpins regulatory decisions. These decisions must be related to the level of risk posed by an activity.

Also paramount are simplicity and clarity for the industry about its responsibilities and how to comply with the regulations.

A key factor in implementing a robust safety regulatory framework is the recognition that it will be regularly reviewed in the future, to ensure it continues to meet industry needs and public expectations.

### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>2.1</b> Implement a revised operational framework that delivers a safety management system for the domestic commercial sector that focuses on operators taking responsibility for the safety of their operation <b>(Links to Outcomes 1 and 4)</b>	Complete policy development for Maritime Operator Safety System Implementation Project	Oct 2011
	Complete transition for physical implementation and adoption of new rules, systems and processes. Undertake industry change management, liaison and education and training with industry	Sep 2012
	Complete rule implementation with industry	Oct 2012
	Complete implementation project	Jun 2013
	Evaluate and review post-implementation (annually)	Jun 2014
<b>2.2</b> Introduce a new qualifications and operational limits framework that is current, flexible and aligned with industry needs <b>(Links to Outcomes 1 and 4)</b>	Develop new rules, qualifications, systems and business processes	Jun 2012
	Introduce new framework and commence transition to new qualifications	Mar 2013
<b>2.3</b> Maritime New Zealand is clear about its regulatory role and functions, and exercises its powers and obligations in accordance with its statutory mandate <b>(Links to Outcomes 1 and 4)</b>	Review and evaluate the effectiveness and application of the compliance framework	Jun 2013

### Strategic goal 3: Identify and meet the changing needs of the maritime community

Maritime New Zealand will more proactively anticipate the future needs of stakeholders, to ensure both legislation and services it provides can meet those needs.

A key role is to represent New Zealand's interests in international forums, such as the International Maritime Organization, and to ensure the international maritime conventions New Zealand signs up to are reflected in a timely manner in our domestic maritime law. Maritime New Zealand is undertaking a review of SOLAS<sup>13</sup> amendments, to identify any gaps in New Zealand's domestic maritime law.

A programme is to be developed to ensure New Zealand maritime and marine laws are regularly reviewed for their conformity to international law, and to keep the maritime community informed of international developments.

#### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>3.1</b> Ensure that changes to international conventions are integrated into New Zealand legislation and maritime rules <b>(Links to Outcome 1)</b>	Develop maritime rules to incorporate SOLAS amendments not currently reflected in New Zealand maritime legislation	Dec 2012
	Develop a rule to incorporate 2010 STCW <sup>14</sup> amendments	Mar 2012
	Provide assistance in the development of maritime rules to give effect to the Ballast Water Convention	Jun 2013
<b>3.2</b> Instigate a programme of regular review of industry standards, guidelines and educational materials to ensure they continue to meet industry needs <b>(Links to Outcome 1)</b>	Develop and implement programme of review	Jun 2012

13 International Convention for the Safety of Life at Sea 1974.

14 International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978.

## Strategic goal 4: Maintain operational and response capability at an appropriate level of performance

Maritime New Zealand has two key operational roles that derive directly from legislation. These are the provision of appropriate marine distress and safety communications services and aids to navigation, and the provision of incident response coordination services. Response and coordination activities include search and rescue, marine pollution and major maritime incidents.

People in the marine environment rely on communications and navigational aids to keep them informed about safety issues and to raise the alarm in the event of difficulties. Maritime New Zealand coordinates search and rescue services for aviation incidents as well as in the maritime environment, and for any incident related to emergency distress beacons.

### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>4.1</b> Ensure an appropriate national distress and safety communications system is in place that will support the maritime community in the 2014–2025 timeframe <b>(Links to Outcomes 1 and 4)</b>	Establish a Maritime Distress and Safety Communications Forum that engages the maritime community in distress and safety communications issues	Dec 2012
	Establish new contractual arrangements for the delivery of agreed levels of Maritime New Zealand maritime communications services from 2014–2025	Jun 2012
<b>4.2</b> Develop Rescue Coordination Centre New Zealand as a centre of excellence <sup>15</sup> for coordination of search and rescue in New Zealand's area of responsibility <b>(Links to Outcomes 1 and 4)</b>	Complete the development of a Pacific Islands Search and Rescue Response Plan	Jun 2012
	Develop a Medium Earth Orbit Search and Rescue Project Plan	Jun 2012

<sup>15</sup> A centre of excellence in this context is defined as a work environment that promotes collaboration and uses best industry practices to drive business outcomes.

## Strategic goal 5: Continue to develop our people and organisation so that Maritime New Zealand is a great place to work

Maritime New Zealand's people link to all of its outcomes. Our people lead and support the maritime industry and maritime community in making New Zealand's seas and waterways safe, secure and clean. Attracting and retaining the right people, and creating the right work environment so they can work effectively and efficiently, is vitally important.

### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>5.1</b> Articulate and embed clearly understood values and associated behaviours across Maritime New Zealand  <b>(Links to all outcomes)</b>	Embed the organisation's values and associated behaviours in the performance review system, including individual performance plans for each staff member and the six-monthly review process	Dec 2011
	Develop and roll out a 360-degree review and feedback programme aligned with the organisation's values to the executive team and third-tier management to reinforce these values and foster leadership capability and development	Jun 2013
<b>5.2</b> Empower, train, develop, recognise and reward Maritime New Zealand staff, to attract and retain the right people with the right skills to fulfil the organisation's responsibilities  <b>(Links to all outcomes)</b>	Develop an annual training plan aligned with Maritime New Zealand's strategic direction that facilitates learning and career plan development for individual staff	Aug 2011
	Implement an annual training plan aligned with the strategic direction and career plans for individual staff	Jun 2012
	Develop and implement career pathways and/or competency frameworks, expanding to two groups by 2012	Jun 2012
	Review and further develop the organisation's current initiatives for recognition of staff service and achievements, in particular: <ul style="list-style-type: none"> <li>• fostering their continued and consistent application</li> <li>• promoting results internally wherever possible and appropriate</li> </ul>	Jun 2012
	Review staff benefits, benchmark against public and private sector organisations to assess competitiveness, and report findings back to the staff, executive and Authority	Jun 2012
<b>5.3</b> Demonstrate commitment to Maritime New Zealand's health and safety mandate through the organisation's commitment to the health, safety and welfare of staff  <b>(Links to all outcomes)</b>	Implement and promote a health and safety culture within Maritime New Zealand by: <ul style="list-style-type: none"> <li>• maintaining Accident Compensation Corporation workplace safety management practices, secondary accreditation and determining the appropriate timing to seek tertiary accreditation</li> <li>• reviewing employee assistance service provision to ensure it meets staff needs/expectations, is rated by them as satisfactory and suggestions for improvements are acted upon</li> </ul>	Jun 2012

## Strategic goal 6: Ensure systems and processes are efficient and effective

Processing regulatory documentation efficiently and accurately, to minimise the maritime industry's compliance costs, is an important goal. It is also important to provide the right information, application forms and other relevant material in a user-friendly form, so that people can use it with minimal assistance from Maritime New Zealand staff.

The correct processes must also be in place to review materials so that they meet the standards set either by international convention or the maritime rules. Applying standards consistently and treating people fairly is an essential part of Maritime New Zealand's role as a regulator.

Internal systems and processes must continue to be reviewed for efficiency and effectiveness, to meet the value-for-money test. Opportunities for sharing services with other transport agencies must be explored and, where practicable, implemented.

Maritime New Zealand will also develop a new monitoring framework to make full use of data collected about vessel incidents, to drive evidence-based improvements and to assess the effectiveness of those initiatives.

### Operating intentions for 2011–2014

Goal	Actions	Timeframe
<b>6.1</b> Ensure regulatory processes are easy for industry participants to follow, to minimise compliance costs <b>(Links to Outcomes 1 and 4)</b>	Complete a review of key regulatory policies and procedures	Jun 2012
<b>6.2</b> Promote a culture of continuous improvement <b>(Links to all outcomes)</b>	Develop information sets to support decision making and enable Maritime New Zealand to make informed strategic, tactical and operational decisions and investments, by: <ul style="list-style-type: none"> <li>• developing a monitoring framework</li> <li>• identifying key performance indicators (lead and lag), comparisons and benchmarks</li> <li>• establishing robust processes for collection, collation and analysis of organisational performance data</li> </ul> Complete an assessment against the business excellence criteria and implement an action plan based on the results	Dec 2011 Jun 2012 Dec 2012 Aug 2012



## **Organisational capability and capacity**

Maritime New Zealand has 155 staff spread around the country to implement the statutory functions outlined in Appendix 6. Most staff are based at the head office in Wellington, but the organisation also maintains a regional office presence in nine major ports, and has dedicated search and rescue and marine pollution response services in Lower Hutt and Auckland respectively.

Developing and enhancing the capability of staff and management is a high priority for Maritime New Zealand, and critical to supporting the achievement of its strategic goals in an environment where resources are constrained. The human resources team leads a number of programmes and projects to support the continuing development of staff and to position the employer as an employer of choice. These initiatives are:

- supporting recruitment and selection by an equal employment opportunity policy and flexible work practices
- developing and implementing an annual training plan that is aligned to Maritime New Zealand's strategic direction
- revamping the annual performance development system to measure individual performance against role expectations, expected behaviours and personal development goals
- developing a 360-degree feedback process to develop manager capability and performance
- participating in the annual Best Workplaces Survey, to compare progress made both within the organisation and with external organisations participating in the survey
- developing the organisation's people by providing staff with challenging and meaningful work, setting clear performance objectives and providing ongoing opportunities for learning and development (including induction, training, secondments, career development pathways and support for continuing education)
- aligning Maritime New Zealand's salary structure with external benchmark data and maintaining competitive non-financial benefits in comparison to the market
- developing a homogenous organisational culture supported by core values and behaviours, regular culture surveys, and the Maritime New Zealand Code of Conduct.

## **Health and safety**

Maritime New Zealand strongly promotes a health and safety culture. This is supported by employees being proactively involved in health and safety, together with a range of 'wellness' initiatives that include workstation assessment, flu immunisations and melanoma spot checks. The organisation achieved primary accreditation under the Accident Compensation Corporation Workplace Safety Management Practices scheme in 2009, and is aiming to achieve secondary accreditation later in 2011 and tertiary accreditation on 2013.

## **Good employer principles**

Maritime New Zealand is committed to equal opportunity in all aspects of people management. Our approach to equality and diversity is incorporated within our employee engagement system and our human resources policies and processes to ensure that all employees are treated fairly and encouraged to achieve their full potential.

## How Maritime New Zealand will assess organisational capability

Maritime New Zealand is working to define and operationalise additional measures of organisational capacity during 2011/12. Current measures are as follows:

Performance measure	2010/11	2011/12 Target	2012/14 Target
Staff turnover	11.3% <sup>16</sup>	No more than 11%	No more than 10%
Average training cost per FTE <sup>17</sup> as a percentage of salary	2%	2%	2%
Average sick day absences per employee	6.2 days	5 days	5 days
Employee disengagement (as measured by Best Workplaces Survey)	29.9%	15%	10%
Percentage of staff who would recommend Maritime New Zealand as a great place to work (as measured by Best Workplaces Survey)	41.5%	More than 55%	More than 65%

### Asset management

The *Annual Report 2009/10* disclosed that Maritime New Zealand held more than \$5 million in property (including lighthouses, navigational beacons/lights, plant and equipment). Ensuring these capital assets are properly maintained, updated and renewed is critical. Detailed asset management plans are contained in Appendix 5.

### Information Services Strategic Plan

Substantial technology upgrades over recent years, together with revised business requirements and new business projects, has required revisiting Maritime New Zealand's strategic priorities for its Information systems. An analysis of the current state of the organisation's information systems and capability has identified the following issues:

- significant maintenance and remedial work is required with current core systems
- a need to support streamlined business processes through workflow and case management
- a cohesive approach to information management is required
- management and operational reporting requires additional investment.

A revision of the Information Services Strategic Plan outlining Maritime New Zealand's strategic information services priorities over the next three years has led to the development of the following strategic goals:

- improve customer service through the provision of new services that permit customer self-service via websites.
- improve access to consistent, reliable and up-to-date information through improved systems integration
- increase investment in training, maintenance and support to ensure systems are effective and being used efficiently.

These strategic goals are vital to the success of Maritime New Zealand's strategic business goals and provide an opportunity to add real value through streamlined business processes.

<sup>16</sup> For the 12-month period ending 28 February 2011.

<sup>17</sup> Full-time equivalent employee.

## **Sustainable funding**

Maritime New Zealand has had to extend and improve its services to adjust to new and more complex issues affecting the maritime industry, including adventure tourism. The changing and increasing demands are forecast to place significant pressure on the organisation's financial position. Pressure to do more within a limited budget means Maritime New Zealand is being asked the critical question: "How do we deliver the most effective service for the best cost to the taxpayer and industry?"

A value-for-money review was completed in December 2010, which found that Maritime New Zealand overall delivered value for money within its current sources of funding, although it identified some opportunities for improvement. However, it also found there was a high risk to sustainability in the medium term. A funding review was commenced that has as its objective robust and defensible funding arrangements that:

- support business operations within Maritime New Zealand and in the maritime regulatory environment over the longer term
- balance the range of maritime community interests
- can be modified efficiently and effectively in response to changes in the regulatory and maritime environment.



# **PART B: STATEMENT OF SERVICE PERFORMANCE**

## **PROSPECTIVE FINANCIAL STATEMENTS**

## Statement of Responsibility

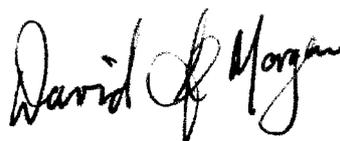
The information contained in this Statement of Intent for Maritime New Zealand has been prepared in accordance with the Crown Entities Act 2004.

We acknowledge in signing this statement our responsibility for the prospective financial statements contained in this Statement of Intent.

The information contained in this Statement of Intent is consistent with existing appropriations, and with the appropriations set out in the Appropriation (2011/12 Estimates) Bill.



**David Ledson**  
Chairman, Maritime New Zealand  
Date: 21 June 2011



**David Morgan**  
Deputy Chairman, Maritime New Zealand  
Date: 21 June 2011

## Statement of Service Performance

### Performance measurement framework

A set of performance measures has been developed to provide Maritime New Zealand and our stakeholders with a better understanding of whether the organisation is performing effectively and achieving the desired impact. These measures are both externally and internally focused and are reviewed annually.

External measures, for the purpose of accountability to Parliament, are set out in this Statement of Intent. Internal measures, contained in Maritime New Zealand's business plan, are used by management to manage day-to-day operations. The performance measurement framework is fully integrated into Maritime New Zealand's quarterly and annual reporting to the Minister of Transport.

Maritime New Zealand has three output classes – Output class 1: Maritime regulation and monitoring, Output class 2: Marine environment protection and Output class 3: Search and rescue activities. Each of these output classes has related sub-outputs, which are common groups of services provided within the output class. The following pages reflect the services and associated performance measures that Maritime New Zealand will be measured against during 2011/12.

### Output class 1: Maritime regulation and monitoring

#### Description

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.

The services delivered within this output class directly impact all four of Maritime New Zealand's strategic outcomes as detailed earlier in this Statement of Intent, under the outcome framework (refer to pages 13-18).

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 aids to navigational
- 1.6: Health and safety on board vessels.

## 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.

### Why these performance measures are important

This output provides key ministerial services such as ministerial correspondence and parliamentary questions, and maritime and marine protection rules development. The demand for ministerial services, which can range from 70 to 90 requests per annum, is not directly under the control of Maritime New Zealand and for this reason the organisation measures only the quality and timeliness dimensions of this service.

A substantial amount of time is spent in developing maritime and marine protection rules. A key component in this process is delivering the rules programme to the Ministry of Transport in a timely way to meet tight timeframes for the development of legislation.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Replies to ministerial correspondence and parliamentary questions	70–90	70–90	70–90
Maritime and marine protection rules under development	14	8	8
<b>Quality</b>			
Draft replies to ministerial correspondence and parliamentary questions accepted by Ministry of Transport	92%	95%	95%
<b>Timeliness</b>			
Ministerial correspondence and parliamentary questions provided within agreed timeframes	100%	100%	100%
Rules programme completed in accordance with the rules contract, subject to variations agreed with Ministry of Transport	100%	100%	100%
<b>Budgeted revenue</b>	\$1,745,000	\$2,138,000	-
<b>Budgeted expenditure</b>	\$2,724,000	\$2,105,000	-
<b>Budgeted surplus(deficit)</b>	(\$979,000)	\$33,000	-

## 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 with respect to maritime transport and marine protection that promote MNZ's objectives.

### Why these performance measures are important

An important component of this output is to promote safety and compliance within the maritime community. Safety resource packs, regional boat shows and television advertising are key methods Maritime New Zealand uses to connect with the recreational boating public. While Maritime New Zealand produces a number of magazines, bulletins and other safety material, the corporate magazines *Safe Seas Clean Seas* and *Lookout!* are probably the best-recognised media for connecting with the commercial maritime community.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Regional boat shows attended	6	6	6
Safety resource packs <sup>18</sup> distributed to the recreational community	25,000	25,000	25,000
Number of times Maritime New Zealand's corporate magazines <i>Safe Seas Clean Seas</i> and <i>Lookout!</i> are published	4	4	4
<b>Quality</b>			
Survey respondents who find the key publications <i>Lookout!</i> and <i>Safe Seas Clean Seas</i> useful	80%	85%	85%
People who recall boating safety television advertising as gauged by survey	80%	85%	85%
<b>Timeliness</b>			
Availability of Maritime New Zealand's 24-hour media line	100%	100%	100%
Key publications <i>Lookout!</i> and <i>Safe Seas Clean Seas</i> completed by scheduled due date	100%	100%	100%
<b>Budgeted revenue</b>	\$5,481,000	\$2,510,000	-
<b>Budgeted expenditure</b>	\$4,909,000	\$2,884,000	-
<b>Budgeted surplus(deficit)</b>	\$572,000	(\$374,000)	-

<sup>18</sup> Resource packs include a DVD on safe boating in New Zealand; a booklet entitled "Safe Boating: An essential guide"; a boat dashboard sticker with tips about boating safety, including basic rules and a safety checklist; and a waste disposal/pollution sticker.

## 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 MTA and HSNO Act, and of regulations and rules made under these Acts, including the carrying out or requiring of inspections and audits
- to investigate and review maritime transport accidents and incidents
- to grant exemptions from any specified requirement and any maritime rule.

### Why these performance measures are important

A substantial number of the regulatory functions Maritime New Zealand undertakes in the maritime industry fall within this output. The measures have been developed to provide key management information on critical core business deliverables.

Performance measures	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Exemptions from rule requirements processed	240	240	240
Flag state inspections completed	15	16	16
Port state inspections completed	500–700	500–700	500–700
Safety inspections	750	750	750
Education/liaison visits to operators using safe operating plans	80–90	80–90	80–90
Statutory notifications received regarding accidents, incidents and mishaps	350–500	350–500	350–500
Operational complaints received	70–90	70–90	70–90
<b>Quality</b>			
Flag state inspections completed, according to agreed targeting criteria	100%	100%	100%
Eligible port state vessel inspections completed, according to the Tokyo Memorandum of Understanding targeting criteria	80%	80%	80%
Safety inspections that meet 'pass' criteria	90%	96%	96%
Vessel audits under safe operating plans carried out within their statutory timeframe	100%	100%	100%
Certificates accurately issued	99%	99%	99%
<b>Timeliness</b>			
Registration certificates issued and transactions registered within 10 working days of receipt of all required documentation	100%	100%	100%
Safety inspections carried out within timelines specified in the issued certificate	100%	100%	100%
Statutory notifications received, logged and reviewed within 10 working days of notification	92%	95%	95%
Operational complaints closed within three months	100%	100%	100%
<b>Budgeted revenue</b>	\$10,257,000	\$15,096,000	-
<b>Budgeted expenditure</b>	\$9,983,000	\$16,230,000	-
<b>Budgeted surplus(deficit)</b>	\$274,000	(\$1,134,000)	-

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

### Why these performance measures are important

It is important for New Zealand to comply with the International Ship and Port Facility Security Code. Failure to comply could result in New Zealand ports and ships being blacklisted, which could have negative consequences for New Zealand's international trade and economic well-being. Ineffective maritime security measures also pose significant risks to the New Zealand public, as terrorist organisations could use this country as a platform to launch terrorist activities.

The measures for this output are designed to measure compliance with the Maritime Security Act, which gives effect to the code, as well as measuring the speed of response should a terrorist threat appear imminent within New Zealand.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Port security inspections undertaken per annum	14 out of 14	14 out of 14	14 out of 14
Maritime Incident Response exercises held per annum	2	2	2
<b>Quality</b>			
Port security exercise objectives that align with security plans, as stipulated in the Maritime Security Act	100%	100%	100%
<b>Budgeted revenue</b>	\$1,179,000	\$1,175,000	-
<b>Budgeted expenditure</b>	\$1,343,000	\$1,198,000	-
<b>Budgeted surplus(deficit)</b>	(\$164,000)	(\$23,000)	-

## Output 1.5: Maritime distress and safety radio, and aids to navigation

### Description

Key functions:

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

### Why these performance measures are important

In a country with more than 15,000 kilometres of coastline, much of it rugged and remote, it is essential to have a reliable maritime radio distress network and navigation aids to safely guide vessels around New Zealand. For this reason, the focus of these output measures is to ensure a high degree of availability of both the distress radio network and navigational aids.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Maritime New Zealand navigational aids maintained	142	141	141
<b>Quality</b>			
Lighthouse availability	99.8%	99.8%	99.8%
Day-beacons/buoys availability	97%	97%	97%
Radio stations availability	99.8%	99.8%	99.8%
24-hour distress/safety radio service provided	100%	100%	100%
<b>Budgeted revenue</b>	\$4,851,000	\$4,355,000	-
<b>Budgeted expenditure</b>	\$5,385,000	\$4,507,000	-
<b>Budgeted surplus(deficit)</b>	(\$534,000)	(\$152,000)	-

## Output 1.6: Health and safety on board vessels

### Description

Key functions:

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

### Why these performance measures are important

Maritime New Zealand is not sufficiently resourced to do more than educate and promote the Health and Safety in Employment Act on board ships and for ships as places of work. Enforcement under the Act is usually reactive – that is, breaches are noted following an investigation into an accident. For this reason, measures under this output concern education/liaison visits and accident prevention programmes.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Education/liaison visits to all operators	150	150	150
Warranted inspectors (Health and Safety in Employment and Hazardous Substances and New Organisms Acts)	20	20	20
Statutory notifications received regarding serious harm	75–85	75–85	75–85
<b>Budgeted revenue</b>	\$400,000	\$400,000	-
<b>Budgeted expenditure</b>	\$800,000	\$800,000	-
<b>Budgeted surplus(deficit)</b>	(\$400,000)	(\$400,000)	-

## Output class 2: Marine environment protection

### Description

Through this output class, Maritime New Zealand will deliver marine environment protection services that contribute directly to the Authority'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. The services delivered within this output class directly impact on Outcome 3: A maritime environment that is pristine and protected as detailed earlier under the outcome framework (refer to page 17).

This output class contains the following sub-outputs:

- 2.1: Marine pollution response capability
- 2.2: Marine environment services.

### 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.

#### Why these performance measures are important

The Marine Pollution Response Service is staffed by a dedicated team of trained oil spill response experts, who look after the stockpiles of specialist oil spill response equipment and provide oil spill exercises and training opportunities for more than 500 regionally based oil spill responders around New Zealand. The service's role is to minimise the effects of oil pollution from ships and offshore oil and gas platforms, and to act as lead agency in managing oil spills. Response preparedness is vital in minimising the impact of oil pollution and for this reason the output's performance measures are designed to measure response capability.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Marine Pollution Response Service training courses conducted	6	6	6
Regional councils that have trained responders at or above the required number	New measure	>85%	>85%
Tier 2 equipment ready for response	90%	95%	95%
Tier 3 equipment ready for response	90%	95%	95%
<b>Quality</b>			
Status of the Oil Spill Preparedness Index <sup>19</sup>	Green	Green	Green
Attendees on oil pollution training courses satisfied or very satisfied with their oil pollution response training	90%	90%	95%
<b>Timeliness</b>			
Non-urgent spills notified within three days	New measure	90%	92%
Urgent spills notified and acted upon immediately	New measure	100%	100%
Regional marine oil spill contingency plans are current	New measure	100%	100%
<b>Budgeted revenue</b>	\$3,231,000	\$3,378,000	-
<b>Budgeted expenditure</b>	\$4,528,000	\$4,250,000	-
<b>Budgeted surplus(deficit)</b>	(\$1,297,000)	(\$872,000)	-

<sup>19</sup> 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.

## Output 2.2: Marine environment services

### Description

Key functions:

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

### Why these performance measures are important

Disposal of waste at sea is regulated strictly in accordance with the international convention for the prevention of pollution by dumping (London Convention 1972), safeguarding oceans under New Zealand jurisdiction from negative impacts of waste disposal. Harmful substance evaluations ensure that the potential for pollution from offshore oil and gas exploration and production activities are minimised. Papers to the International Maritime Organization bodies ensure that information and perspectives relevant to protection of the oceans under New Zealand jurisdiction are considered in the development of international maritime conventions, codes and recommendations.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Approvals for dumping waste at sea	5–7	5–7	5–7
Harmful substance evaluations (other than oil) carried out as part of Maritime New Zealand's discharge management plan approval process	10	10	10
International Maritime Organization's Marine Environment Protection Committee papers submitted	4	4	4
<b>Budgeted revenue</b>	\$240,000	\$240,000	-
<b>Budgeted expenditure</b>	\$230,000	\$230,000	-
<b>Budgeted surplus(deficit)</b>	\$10,000	\$10,000	-

## Output class 3: Search and rescue activities

### Description

Through this output class, Maritime New Zealand will deliver coordination of search and rescue operations within the internationally mandated New Zealand search and rescue region. The services delivered within this output class directly impacts on Outcome 1: A maritime community that actively embraces a safety culture, as detailed earlier under the outcome framework (refer to pages 14–15).

This output class contains the following sub-outputs:

- 3.1: Search and rescue coordination
- 3.2: Distress beacon management and coordination.

### Output 3.1: Search and rescue coordination

#### Description

Key functions:

- to operate a 24/7 SAR coordination centre – RCCNZ
- to provide an immediate response to all notified distress alerts within the New Zealand SAR region, gathering and evaluating information, then planning and executing appropriate SAR operations
- to coordinate activities covering sea, air and land operations managed at the national level, as well as activities and operations related to emergency distress beacons.<sup>20</sup>

#### Why these performance measures are important

A prompt search and rescue response saves lives. Performance measures in this output target key aspects of search and rescue activities that help provide a more efficient and effective coordinated search and rescue response.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Logged incidents	500–750	550–800	600–850
Service level agreements developed with key stakeholders	5–10	0–5	0–5
A minimum of two fully trained search and rescue officers on duty at all times	100%	100%	100%
<b>Quality</b>			
Positive feedback from attendees on training courses	70%	80%	80%
Logged incidents resolved by communications action only	New measure	70%	75%
<b>Timeliness</b>			
A 24-hour uninterrupted coordination service is provided	100%	100%	100%
<b>Budgeted revenue</b>	\$3,195,000	\$3,350,000	-
<b>Budgeted expenditure</b>	\$3,726,000	\$3,986,000	-
<b>Budgeted surplus(deficit)</b>	(\$531,000)	(\$636,000)	-

<sup>20</sup> SAR operations within New Zealand are defined by the level of coordination – local (Category I) or national (Category II) as per the formal agreement reached at the SAR Council. The New Zealand Police coordinates and manages Category I SAR operations; RCCNZ coordinates and manages Category II SAR operations.

## Output 3.2: Distress beacon management and coordination

### Description

Key function:

- operation and maintenance of the ground-based equipment that forms part of the international satellite system that detects, locates and alerts SAR authorities about emergency distress beacons, and the operation and maintenance of the emergency distress beacons database.<sup>21</sup>

### Why these performance measures are important

Rescue Coordination Centre New Zealand monitors all emergency distress beacon activations within its search and rescue region. Maintenance of the beacon database is vital to ensure a prompt rescue response occurs. These measures provide assurance that the distress beacon management system is being managed effectively and efficiently.

Performance measure	Previous year 2010/11	Current year 2011/12	Future years 2012/14
<b>Quantity</b>			
Emergency 406MHz beacon alerts received	300–550	300–550	300–550
Availability of ground-based satellite equipment	98%	98%	98%
<b>Quality</b>			
Beacons data verified every two years (at 30 June)	55%	65%	65%
<b>Timeliness</b>			
Beacon registrations received at the Rescue Coordination Centre and processed into the database by the next working day	98%	98%	98%
<b>Budgeted revenue</b>	\$911,000	\$933,000	-
<b>Budgeted expenditure</b>	\$905,000	\$887,000	-
<b>Budgeted surplus(deficit)</b>	\$6,000	\$46,000	-

<sup>21</sup> Modern distress beacons (operating on the 406MHz frequency) contain unique identification codes that allow users to register information against the beacon, such as names and contact details of the user, user activity, user vessel or vehicle details, emergency contacts and next of kin. For New Zealand-registered beacons, this information is maintained in a database operated and managed by RCCNZ. This ensures efficient and effective SAR operations, as well as saving costs by reducing the number of inappropriate responses to false alerts.



## **Consolidated prospective financial statements**

### **Key issues and assumptions in preparing the financial statements**

The following assumptions have been made in determining the consolidated Maritime New Zealand and Rescue Coordination Centre New Zealand 2011/12 budgets:

- Foreign-going vessels (excluding cruise vessels) revenue for 2010/11 increased by \$0.5m and it is assumed the same level of revenue will be achieved in 2011/12. Revenue is assumed to increase by 2% in the out years
- Cruise New Zealand has confirmed that international cruise vessel voyages and port visits will increase significantly in 2011/12. On that basis it has been assumed the revenue will be received
- Salary costs for the information technology project have been classified as operating expenditure with the exception of the project manager which has been classified as capital expenditure. Components of the operating expenditure may be reclassified as capital expenditure dependant on the final structure of the project. Any reclassification will be made at the end of 2011/12
- Information system development projects software costs are not expected to be capitalised until the end of 2011/12
- Information system server hosting hardware costs will reduce through a shared service arrangement effective from 1 January 2012
- Capital expenditure for Maritime New Zealand for each year will approximate the depreciation cost in that year
- No allowance has been made for any increase in the capital charge as the impact is not yet fully known. Maritime New Zealand will be funded for the increase so there will be no financial impact on the financial statements
- The qualifications and operational limits project and maritime operator safety system project are assumed to be completed by the end of 2012/13 and therefore no costs have been included for these projects for 2013/14
- No change has been made to Crown revenue for 2011/12 or the out years
- It has been assumed that search and rescue variable costs in excess of \$0.366m will be reimbursed and an allowance has been made to receive a capital contribution for 2011/12 and the out years.

## Consolidated statement of prospective comprehensive income

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Revenue</b>				
Crown	9,583	9,577	9,577	9,577
Funding from Crown agencies <sup>22</sup>	865	1,062	1,062	1,062
Fuel Excise Duty <sup>23</sup>	1,130	1,070	1,070	1,070
Third-party	17,321	18,843	19,216	19,597
Interest	359	335	176	116
<b>Total revenue</b>	<b>29,258</b>	<b>30,887</b>	<b>31,101</b>	<b>31,422</b>
<b>Expenses</b>				
Personnel	15,609	17,492	17,522	15,847
Operating	13,359	12,992	12,992	12,992
Depreciation	1,856	2,157	2,262	2,296
Capital charge	876	876	876	876
Inter-group charges	-	-	-	-
<b>Total expenses</b>	<b>31,700</b>	<b>33,517</b>	<b>33,423</b>	<b>32,011</b>
<b>Net surplus(deficit)</b>	<b>(2,442)</b>	<b>(2,630)</b>	<b>(2,322)</b>	<b>(589)</b>
<b>Other comprehensive income</b>				
Gains on land and buildings revaluation	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(2,442)</b>	<b>(2,630)</b>	<b>(2,322)</b>	<b>(589)</b>

## Consolidated statement of prospective movements in equity

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Balance at 1 July</b>	17,936	15,661	13,198	11,043
Total comprehensive income	(2,442)	(2,630)	(2,322)	(589)
Capital contribution	167	167	167	167
<b>Balance at 30 June</b>	<b>15,661</b>	<b>13,198</b>	<b>11,043</b>	<b>10,621</b>

22 Funding from Crown agencies for 2011/12 onwards relates to Ministry of Transport, Ministry of Foreign Affairs and Trade and the Accident Compensation Corporation.

23 Funding from Fuel Excise Duty is in accordance with the Land Transport Management Act 2003 Section 9(1). Fuel Excise Duty was classified as Section 9(1) in Budget 2010/11.

## Consolidated statement of prospective financial position

As at 30 June for years 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	7,620	5,117	2,868	2,483
Prepayments	396	396	396	396
Inventories	267	267	267	267
Receivables and advances	2,005	2,005	2,005	2,005
<b>Total current assets</b>	<b>10,288</b>	<b>7,785</b>	<b>5,536</b>	<b>5,151</b>
<b>Non-current assets</b>				
Physical assets	4,758	3,541	3,620	3,597
Intangible assets (computer software)	4,727	5,984	5,999	5,985
<b>Total non-current assets</b>	<b>9,485</b>	<b>9,525</b>	<b>9,619</b>	<b>9,582</b>
<b>Total assets</b>	<b>19,773</b>	<b>17,310</b>	<b>15,155</b>	<b>14,733</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and provisions	2,796	2,796	2,796	2,796
Provisions for employee entitlements	1,316	1,316	1,316	1,316
<b>Total current liabilities</b>	<b>4,112</b>	<b>4,112</b>	<b>4,112</b>	<b>4,112</b>
<b>Non-current liabilities</b>	-	-	-	-
<b>Total liabilities</b>	<b>4,112</b>	<b>4,112</b>	<b>4,112</b>	<b>4,112</b>
<b>Equity</b>				
From Crown-funded activities	15,661	13,198	11,043	10,621
From third-party funded activities	-	-	-	-
<b>Total equity</b>	<b>15,661</b>	<b>13,198</b>	<b>11,043</b>	<b>10,621</b>
<b>Total equity and liabilities</b>	<b>19,773</b>	<b>17,310</b>	<b>15,155</b>	<b>14,733</b>

## Consolidated statement of prospective cash flows

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Cash flows from operating activities</b>				
Crown funding <sup>24</sup>	11,578	11,709	11,709	11,709
Fees and charges	17,321	18,843	19,216	19,597
Interest	359	335	176	116
Personnel	(15,609)	(17,492)	(16,972)	(15,297)
Payments to suppliers	(13,359)	(12,992)	(13,542)	(13,542)
Capital charge	(876)	(876)	(876)	(876)
<b>Net cash flows from operating activities</b>	<b>(586)</b>	<b>(473)</b>	<b>(289)</b>	<b>1,707</b>
<b>Cash flows from investing activities</b>				
Physical assets	(452)	(897)	(1,347)	(1,259)
Intangible assets	(1,234)	(1,300)	(780)	(1,000)
<b>Net cash flows from investing activities</b>	<b>(1,686)</b>	<b>(2,197)</b>	<b>(2,127)</b>	<b>(2,259)</b>
<b>Cash flows from financing activities</b>				
Capital contribution	167	167	167	167
<b>Net cash flows from financing activities</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>
<b>Net increase(decrease) in cash balances</b>	<b>(2,105)</b>	<b>(2,503)</b>	<b>(2,249)</b>	<b>(385)</b>
<b>Opening cash balance at 1 July</b>	<b>9,725</b>	<b>7,620</b>	<b>5,117</b>	<b>2,868</b>
<b>Closing cash balance at 30 June</b>	<b>7,620</b>	<b>5,117</b>	<b>2,868</b>	<b>2,483</b>

## Consolidated prospective capital expenditure

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
Navigational aids	160	108	534	629
Motor vehicles	-	126	135	225
Plant and equipment	-	5	-	-
Furniture and fittings	-	35	35	35
Intangible assets (computer software)	1,234	1,300	780	1,000
Computer equipment	262	603	623	350
Office equipment	30	20	20	20
<b>Total</b>	<b>1,686</b>	<b>2,197</b>	<b>2,127</b>	<b>2,259</b>

<sup>24</sup> Crown funding includes Crown, funding from Crown agencies and Fuel Excise Duty.

## Consolidated prospective output statement

For the year ending 30 June 2012

	Output class 1 (\$000)	Output class 3 (\$000)	Total (\$000)
<b>Revenue</b>			
Crown	5,689	3,888	9,577
Funding from Crown agencies	1,062	-	1,062
Fuel Excise Duty	930	140	1,070
Third-party	18,668	175	18,843
Interest	255	80	335
<b>Total revenue</b>	<b>26,604</b>	<b>4,283</b>	<b>30,887</b>
<b>Output costs</b>			
Legislative and regulatory framework	2,105	-	2,105
Communication and education	2,884	-	2,884
Maritime operations and services	16,230	-	16,230
Security services	1,198	-	1,198
Safety services and infrastructure	4,507	-	4,507
Health and safety on board vessels	800	-	800
SAR rescue coordination capability	-	4,873	4,873
<b>Total output costs</b>	<b>27,724</b>	<b>4,873</b>	<b>32,597</b>
<b>Cost recovery from other outputs</b>			
Marine Pollution Response Service	690	-	690
Marine environment services	230	-	230
<b>Total cost recovery</b>	<b>920</b>	<b>-</b>	<b>920</b>
<b>Net surplus(deficit)</b>	<b>(2,040)</b>	<b>(590)</b>	<b>(2,630)</b>

## Notes to the consolidated prospective financial statements

The prospective financial statements presented are those of Maritime New Zealand (the Authority). The Authority is a Crown entity established in August 1993 under the Maritime Transport Act. The Authority is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The Authority has authorised the issue of the prospective financial statements. The prospective financial statements in this section of the Statement of Intent have been compiled on the basis of:

- the requirements of the Crown Entities Act 2004
- the measurement base applied is historical cost. The accrual basis of accounting has been used unless otherwise stated
- compliance with New Zealand equivalent to International Financial Reporting Standard 42 – Prospective Financial Statements.

The information contained in these statements may not be appropriate for purposes other than those described, due to the uncertainty attached to these statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. It should be noted that actual financial results achieved for the period covered may vary from the information presented in these prospective financial statements, and these variations may be material.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Statement of significant accounting policies

### Reporting entity

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

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

### Basis of preparation

#### Statement of compliance

The prospective financial statements of Maritime New Zealand 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.

The prospective financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable financial reporting standards, as appropriate for public benefit entities.

#### Measurement base

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

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

## **Functional and presentation currency**

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

## **Changes in accounting policies**

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

## **Significant accounting policies**

The principal accounting policies applied in the preparation of these prospective 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.

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

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

Interest income is recognised using the effective interest method.

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

### **Capital charge**

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

### **Leases**

Leases that transfer to Maritime New Zealand 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, Maritime New Zealand recognises finance leases as assets and liabilities in the statement prospective 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 prospective comprehensive income over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Maritime New Zealand 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 Maritime New Zealand 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 prospective comprehensive income.

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

### **Taxation**

Maritime New Zealand is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for. Maritime New Zealand is not exempt

from indirect tax legislation such as good and services tax, pay as you earn income tax or accident compensation commission levies, and therefore is required to comply with these regulations.

### **Goods and services tax**

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

The net amount of goods and services tax recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of prospective financial position. The net goods and services tax paid to, or received from, Inland Revenue, including the goods and services tax 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 goods and services tax.

### **Budget figures**

The budget figures have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards, using accounting policies that are consistent with those adopted by Maritime New Zealand for the preparation of the prospective financial statements.

### **Cost allocation**

Maritime New Zealand 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.

### **Cash and bank balances (cash and cash equivalents)**

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

At each balance sheet date, Maritime New Zealand 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 Maritime New Zealand 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.

### **Receivables and advances (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 Maritime New Zealand 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 prospective comprehensive income. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

### **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 prospective comprehensive income in the period of the write-down.

### **Foreign currency transactions**

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

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

### **Physical assets (property, plant and equipment)**

Property, plant and equipment asset classes consist of:

- lighthouses
- leasehold improvements
- furniture, fittings and office equipment
- motor vehicles
- navigational aids
- plant and equipment
- computer equipment
- land.

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

### **Revaluations**

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

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

### **Accounting for revaluations**

Maritime New Zealand 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 prospective comprehensive income. Any subsequent increase on revaluation that off-sets

a previous decrease in value recognised in the statement of prospective comprehensive income will be recognised first in the statement of prospective comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

**Additions**

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Maritime New Zealand 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 prospective comprehensive income.

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

**Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Maritime New Zealand 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 prospective comprehensive income as they are incurred.

**Depreciation**

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

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

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

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

**Intangible assets**

**Software acquisition and development**

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

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

Other software-related costs are recognised as follows:

- staff training costs are recognised as an expense when incurred
- costs associated with maintaining computer software are recognised as an expense when incurred
- costs associated with the development and maintenance of Maritime New Zealand’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 prospective comprehensive income.

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

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

**Impairment of non-financial assets**

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where Maritime New Zealand 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 prospective comprehensive income.

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

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

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

## **Payables (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.

## **Provisions**

Maritime New Zealand 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.

## **Employee entitlements**

### **Short-term employee entitlements**

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

Employee entitlements that Maritime New Zealand 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.

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

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

### **Superannuation schemes**

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

## **Restructuring**

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

## **Critical accounting estimates and assumptions**

In preparing these prospective financial statements, Maritime New Zealand 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, Maritime New Zealand 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 Maritime New Zealand to consider a number of factors, such as the physical condition of the asset, expected

period of use of the asset by Maritime New Zealand, 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 prospective comprehensive income, and on the carrying amount of the asset in the statement of prospective financial position. Maritime New Zealand 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.

Maritime New Zealand has not made significant changes to past assumptions concerning useful lives and residual values.

### **Critical judgements**

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

### **Statement of cash flows**

Cash means cash and cash equivalents on hand, held in bank accounts and demand deposits in which Maritime New Zealand 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 Maritime New Zealand.

# APPENDICES

# Appendix 1: Prospective financial statements for Maritime New Zealand

## Key issues

Work will continue on the Qualifications and Operational Limits project and Maritime Operator Safety Systems project until 2012/13. Due to the importance of the projects they will be funded using cash reserves. While the cash reserve levels will reduce until the projects are completed in 2012/13 they will stabilise by the end of 2012/13 and result in a small surplus in comprehensive income in 2013/14.

Increases in revenue for 2011/12 and the out years are based on historical trends and do not allow for any potential outcomes from the current Funding Review. Any financial implications arising from the review will be factored into future planning processes once the appropriate consultation and approvals have been agreed.

While this is outside the period covered in the prospective financial statements there is a significant risk that additional operating expenditure of \$1m to \$2m will be required from July 2014 and the ongoing out years. This is due to the Maritime Distress and Safety Communications Services contract expiring in June 2014. Preliminary findings indicated that to maintain the current level of services will require major investment in network systems to replace obsolescent technology and increased labour costs to support the new network.

## Assumptions in preparing the financial statements

The following assumptions have been made in determining the 2011/12 budget:

- Foreign-going vessels (excluding cruise vessels) revenue for 2010/11 increased by \$0.5m and it is assumed the same level of revenue will be achieved in 2011/12. Revenue is assumed to increase by 2% in the out years
- Cruise New Zealand has confirmed that international cruise vessel voyages and port visits will increase significantly in 2011/12. On that basis it has been assumed the revenue will be received
- Salary costs for the information technology project have been classified as operating expenditure with the exception of the project manager which has been classified as capital expenditure. Components of the operating expenditure may be reclassified as capital expenditure dependant on the final structure of the project. Any reclassification will be made at the end of 2011/12
- Information system development projects software costs are not expected to be capitalised until the end of 2011/12
- Information system server hosting hardware costs will reduce through a shared service arrangement effective from 1 January 2012
- Capital expenditure for Maritime New Zealand for each year will approximate the depreciation cost in that year
- No allowance has been made for any increase in the capital charge as the impact is not yet fully known. Maritime New Zealand will be funded for the increase so there will be no financial impact on the financial statements
- The qualifications and operational limits project and maritime operator safety system project are assumed to be completed by the end of 2012/13 and therefore no costs have been included for these projects for 2013/14
- No change has been made to Crown revenue for 2011/12 or the out years

## Statement of prospective comprehensive income

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Revenue</b>				
Crown	5,692	5,689	5,689	5,689
Funding from Crown agencies	865	1,062	1,062	1,062
Fuel Excise Duty	990	930	930	930
Third-party	17,124	18,668	19,041	19,422
Interest	268	255	125	83
<b>Total revenue</b>	<b>24,939</b>	<b>26,604</b>	<b>26,847</b>	<b>27,186</b>
<b>Expenses</b>				
Personnel	13,506	15,343	15,330	13,611
Operating	11,585	11,176	11,176	11,176
Depreciation	1,701	1,982	1,825	2,069
Capital charge	693	693	693	693
Inter-group charges	(550)	(550)	(550)	(550)
<b>Total expenses</b>	<b>26,935</b>	<b>28,644</b>	<b>28,474</b>	<b>26,999</b>
<b>Net surplus(deficit)</b>	<b>(1,996)</b>	<b>(2,040)</b>	<b>(1,627)</b>	<b>187</b>
Other comprehensive income	-	-	-	-
Gains on land and buildings revaluation	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(1,996)</b>	<b>(2,040)</b>	<b>(1,627)</b>	<b>187</b>

## Statement of prospective movements in equity

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Balance at 1 July</b>	<b>15,461</b>	<b>13,465</b>	<b>11,425</b>	<b>9,798</b>
Total comprehensive income	(1,996)	(2,040)	(1,627)	187
Capital contribution	-	-	-	-
<b>Balance at 30 June</b>	<b>13,465</b>	<b>11,425</b>	<b>9,798</b>	<b>9,985</b>

## Statement of prospective financial position

As at 30 June for periods 2011/14

	2010/11 Estimate (\$'000)	2011/12 Budget (\$'000)	2012/13 Forecast (\$'000)	2013/14 Forecast (\$'000)
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	5,542	3,550	1,724	1,786
Prepayments	175	175	175	175
Inventories	267	267	267	267
Receivables and advances	2,001	2,001	2,001	2,001
<b>Total current assets</b>	<b>7,985</b>	<b>5,993</b>	<b>4,167</b>	<b>4,229</b>
<b>Non-current assets</b>				
Physical assets	4,458	3,122	3,283	3,390
Intangible assets (computer software)	4,508	5,796	5,834	5,852
<b>Total non-current assets</b>	<b>8,966</b>	<b>8,918</b>	<b>9,117</b>	<b>9,242</b>
<b>Total assets</b>	<b>16,951</b>	<b>14,911</b>	<b>13,284</b>	<b>13,471</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and provisions	2,329	2,329	2,329	2,329
Provisions for employee entitlements	1,157	1,157	1,157	1,157
<b>Total current liabilities</b>	<b>3,486</b>	<b>3,486</b>	<b>3,486</b>	<b>3,486</b>
<b>Non-current liabilities</b>	-	-	-	-
<b>Total liabilities</b>	<b>3,486</b>	<b>3,486</b>	<b>3,486</b>	<b>3,486</b>
<b>Equity</b>				
From Crown-funded activities	13,465	11,425	9,798	9,985
From third-party funded activities	-	-	-	-
<b>Total equity</b>	<b>13,465</b>	<b>11,425</b>	<b>9,798</b>	<b>9,985</b>
<b>Total equity and liabilities</b>	<b>16,951</b>	<b>14,911</b>	<b>13,284</b>	<b>13,471</b>

## Statement of prospective cash flows

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Cash flows from operating activities</b>				
Crown funding	7,547	7,681	7,681	7,681
Fees and charges	17,124	18,668	19,041	19,422
Interest	268	255	125	83
Personnel	(13,506)	(15,343)	(14,780)	(13,061)
Payments to suppliers	(11,035)	(10,626)	(11,176)	(11,176)
Capital charge	(693)	(693)	(693)	(693)
<b>Net cash flows from operating activities</b>	<b>(295)</b>	<b>(58)</b>	<b>198</b>	<b>2,256</b>
<b>Cash flows from investing activities</b>				
Physical assets	(452)	(634)	(1,244)	(1,194)
Intangible assets	(1,029)	(1,300)	(780)	(1,000)
<b>Net cash flows from investing activities</b>	<b>(1,481)</b>	<b>(1,934)</b>	<b>(2,024)</b>	<b>(2,194)</b>
<b>Cash flows from financing activities</b>				
Capital contribution	-	-	-	-
Net cash flows from financing activities	-	-	-	-
<b>Net increase(decrease) in cash balances</b>	<b>(1,776)</b>	<b>(1,992)</b>	<b>(1,826)</b>	<b>62</b>
<b>Opening cash balance at 1 July</b>	<b>7,318</b>	<b>5,542</b>	<b>3,550</b>	<b>1,724</b>
<b>Closing cash balance at 30 June</b>	<b>5,542</b>	<b>3,550</b>	<b>1,724</b>	<b>1,786</b>

## Prospective capital expenditure

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
Navigational aids	160	108	534	629
Motor vehicles	-	126	135	225
Furniture and fittings	-	20	20	20
Intangible assets (computer software)	1,029	1,300	780	1,000
Computer equipment	262	360	535	300
Office equipment	30	20	20	20
<b>Total</b>	<b>1,481</b>	<b>1,934</b>	<b>2,024</b>	<b>2,194</b>

## **Appendix 2: Prospective financial statements for Rescue Coordination Centre New Zealand**

### **Key issues**

Rescue Coordination Centre New Zealand continues to have deficits for 2011/12 and the out years. As a consequence the cash reserves continue to decline and at some point this will need to be addressed. A Value for Money review will be undertaken in 2011/12 to determine if the provision of services is being delivered effectively and efficiently.

### **Assumptions in preparing the financial statements**

The key high level assumptions that have been used to derive the draft budget for the 2011/12 financial year include the following:

- No change to the Crown revenue for 2011/12 and the out years
- It has been assumed that search and rescue variable costs in excess of \$0.366m will be reimbursed and an allowance has been made to receive a capital contribution for 2011/12 and the out years.

## Statement of prospective comprehensive income

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Revenue</b>				
Crown	3,891	3,888	3,888	3,888
Fuel Excise Duty	140	140	140	140
Third-party	197	175	175	175
Interest	91	80	51	33
<b>Total revenue</b>	<b>4,319</b>	<b>4,283</b>	<b>4,254</b>	<b>4,236</b>
<b>Expenses</b>				
Personnel	2,103	2,149	2,192	2,236
Operating	1,774	1,816	1,816	1,816
Depreciation	155	175	208	227
Capital charge	183	183	183	183
Inter-group charges	550	550	550	550
<b>Total expenses</b>	<b>4,765</b>	<b>4,873</b>	<b>4,949</b>	<b>5,012</b>
<b>Net surplus(deficit)</b>	<b>(446)</b>	<b>(590)</b>	<b>(695)</b>	<b>(776)</b>
Other comprehensive income	-	-	-	-
Gains on land and buildings revaluation	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(446)</b>	<b>(590)</b>	<b>(695)</b>	<b>(776)</b>

## Statement of prospective movements in equity

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Balance at 1 July</b>	<b>2,475</b>	<b>2,196</b>	<b>1,773</b>	<b>1,245</b>
Total comprehensive income	(446)	(590)	(695)	(776)
Capital contribution	167	167	167	167
<b>Balance at 30 June</b>	<b>2,196</b>	<b>1,773</b>	<b>1,245</b>	<b>636</b>

## Statement of prospective financial position

As at 30 June for periods 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	2,078	1,567	1,144	697
Prepayments	221	221	221	221
Inventories	-	-	-	-
Receivables and advances	4	4	4	4
<b>Total current assets</b>	<b>2,303</b>	<b>1,792</b>	<b>1,369</b>	<b>922</b>
<b>Non-current assets</b>				
Physical assets	300	419	337	207
Intangible assets	219	188	165	133
<b>Total non-current assets</b>	<b>519</b>	<b>607</b>	<b>502</b>	<b>340</b>
<b>Total assets</b>	<b>2,822</b>	<b>2,399</b>	<b>1,871</b>	<b>1,262</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and provisions	467	467	467	467
Provisions for employee entitlements	159	159	159	159
<b>Total current liabilities</b>	<b>626</b>	<b>626</b>	<b>626</b>	<b>626</b>
<b>Non-current liabilities</b>	-	-	-	-
<b>Total liabilities</b>	<b>626</b>	<b>626</b>	<b>626</b>	<b>626</b>
<b>Equity</b>				
From Crown-funded activities	2,196	1,773	1,245	636
From third-party funded activities	-	-	-	-
<b>Total equity</b>	<b>2,196</b>	<b>1,773</b>	<b>1,245</b>	<b>636</b>
<b>Total equity and liabilities</b>	<b>2,822</b>	<b>2,399</b>	<b>1,871</b>	<b>1,262</b>

## Statement of prospective cash flows

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Cash flows from operating activities</b>				
Crown funding	3,891	3,888	3,888	3,888
Fuel Excise Duty	140	140	140	140
Interest	91	80	51	33
Third-party	197	175	175	175
Personnel	(2,103)	(2,149)	(2,192)	(2,236)
Payments to suppliers	(2,324)	(2,366)	(2,366)	(2,366)
Capital charge	(183)	(183)	(183)	(183)
<b>Net cash flows from operating activities</b>	<b>(291)</b>	<b>(415)</b>	<b>(487)</b>	<b>(549)</b>
<b>Cash flows from investing activities</b>				
Physical assets	-	(263)	(103)	(65)
Intangible assets	(205)	-	-	-
<b>Net cash flows from investing activities</b>	<b>(205)</b>	<b>(263)</b>	<b>(103)</b>	<b>(65)</b>
<b>Cash flows from financing activities</b>				
Capital contribution	167	167	167	167
<b>Net cash flows from financing activities</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>
<b>Net increase(decrease) in cash balances</b>	<b>(329)</b>	<b>(511)</b>	<b>(423)</b>	<b>(447)</b>
<b>Opening cash balance at 1 July</b>	<b>2,407</b>	<b>2,078</b>	<b>1,567</b>	<b>1,144</b>
<b>Closing cash balance at 30 June</b>	<b>2,078</b>	<b>1,567</b>	<b>1,144</b>	<b>697</b>

## Prospective capital expenditure

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
Motor vehicles	-	-	-	-
Plant and equipment	-	5	-	-
Furniture and fittings	-	15	15	15
Intangible assets (computer software)	205	-	-	-
Computer equipment	-	243	88	50
Furniture and fittings	-	-	-	-
<b>Total</b>	<b>205</b>	<b>263</b>	<b>103</b>	<b>65</b>

## **Appendix 3: Prospective financial statements for New Zealand Oil Pollution Fund**

### **Key issues**

For the 2011/12 and 2012/13 financial years the Fund has sufficient cash reserves to remain within the \$2m threshold previously agreed by the Minister. This will be achieved through good financial management of the operating costs and managing the purchase of capital expenditure in a prudent and responsible manner.

Consultation of a new methodology for the Oil Pollution Levy that allocates revenue to vessels using a 'unit of threat' based approach has been completed and submissions are now being analysed.

### **Assumptions in preparing the financial statements**

The key high level assumptions that have been used to derive the draft budget for the 2011/12 financial year include the following:

- Cruise New Zealand has confirmed that international cruise vessel voyages and port visits will increase significantly for 2011/12. On that basis it has been assumed the revenue will be received
- Revenue for Other International vessels for 2011/12 has been set at the same level as the 2010/11 estimate and a 2% increase has been applied to the out years
- Capital expenditure will not be commissioned until June 2012 thereby minimising the depreciation charge for that year.

## Statement of prospective comprehensive income

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Revenue</b>				
Oil pollution levies	3,093	3,183	3,247	3,312
Other revenue	494	60	60	60
Interest	163	135	74	46
<b>Total revenue</b>	<b>3,750</b>	<b>3,378</b>	<b>3,381</b>	<b>3,418</b>
<b>Expenses</b>				
Personnel	786	805	821	838
Operating	2,767	2,395	2,396	2,395
Depreciation	383	360	377	405
Capital charge	-	-	-	-
Inter-group charges	690	690	690	690
<b>Total expenses</b>	<b>4,626</b>	<b>4,250</b>	<b>4,284</b>	<b>4,328</b>
<b>Net surplus(deficit)</b>				
Other comprehensive income	-	-	-	-
Gains on land and buildings revaluation	-	-	-	-
Total other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(876)</b>	<b>(872)</b>	<b>(903)</b>	<b>(910)</b>

## Statement of prospective movements in equity

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Balance at 1 July</b>	9,731	8,855	7,983	7,080
Total comprehensive income	(876)	(872)	(903)	(910)
Capital contribution	-	-	-	-
<b>Balance at 30 June</b>	<b>8,855</b>	<b>7,983</b>	<b>7,080</b>	<b>6,170</b>

## Statement of prospective financial position

As at 30 June for periods 2011/14

	2010/11 Estimate (\$'000)	2011/12 Budget (\$'000)	2012/13 Forecast (\$'000)	2013/14 Forecast (\$'000)
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3,718	3,006	2,280	1,575
Prepayments	-	-	-	-
Inventories	1,530	1,530	1,530	1,530
Receivables and advances	182	182	182	182
<b>Total current assets</b>	<b>5,430</b>	<b>4,718</b>	<b>3,992</b>	<b>3,287</b>
<b>Non-current assets</b>				
Physical assets	3,941	3,809	3,661	3,485
Intangible assets	302	274	245	216
<b>Total non-current assets</b>	<b>4,243</b>	<b>4,083</b>	<b>3,906</b>	<b>3,701</b>
<b>Total assets</b>	<b>9,673</b>	<b>8,801</b>	<b>7,898</b>	<b>6,988</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and provisions	747	747	747	747
Employee entitlements	71	71	71	71
<b>Total current liabilities</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>
<b>Non-current liabilities</b>	-	-	-	-
<b>Total liabilities</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>
<b>Equity</b>				
From oil pollution levies	8,855	7,983	7,080	6,170
<b>Total equity</b>	<b>8,855</b>	<b>7,983</b>	<b>7,080</b>	<b>6,170</b>
<b>Total equity and liabilities</b>	<b>9,673</b>	<b>8,801</b>	<b>7,898</b>	<b>6,988</b>

## Statement of prospective cash flows

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
<b>Cash flows from operating activities</b>				
Oil pollution levies	3,093	3,183	3,247	3,312
Interest	163	135	74	60
Other revenue	494	60	60	46
Personnel	(786)	(805)	(821)	(838)
Regional councils	(998)	(998)	(998)	(998)
Training courses and exercises	(310)	(232)	(232)	(232)
Other operating expenses	(2,149)	(1,855)	(1,856)	(1,855)
<b>Net cash flows from operating activities</b>	<b>(493)</b>	<b>(512)</b>	<b>(526)</b>	<b>(505)</b>
<b>Cash flows from investing activities</b>				
Physical assets	(232)	(200)	(200)	(200)
Intangible assets	-	-	-	-
<b>Net cash flows from investing activities</b>	<b>(232)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
<b>Cash flows from financing activities</b>				
Capital contribution	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase(decrease) in cash balances</b>	<b>(725)</b>	<b>(712)</b>	<b>(726)</b>	<b>(705)</b>
<b>Opening cash balance at 1 July</b>	<b>4,443</b>	<b>3,718</b>	<b>3,006</b>	<b>2,280</b>
<b>Closing cash balance at 30 June</b>	<b>3,718</b>	<b>3,006</b>	<b>2,280</b>	<b>1,575</b>

## Prospective capital expenditure

For the years ending 30 June 2011/14

	2010/11 Estimate (\$000)	2011/12 Budget (\$000)	2012/13 Forecast (\$000)	2013/14 Forecast (\$000)
Plant and equipment	232	200	200	200
Furniture, fittings and office equipment	-	-	-	-
Intangible assets (computer software)	-	-	-	-
Computer equipment	-	-	-	-
<b>Total</b>	<b>232</b>	<b>200</b>	<b>200</b>	<b>200</b>

## Appendix 4: Output allocation table

	Crown	Fuel excise duty	Funding from Crown agencies	Marine safety charge	Other fees and charges	Interest	Oil Pollution Levy	OPF recovery	Total revenue	Expenditure	Surplus (deficit)
<b>Output class 1</b>											
Output: 1.1	1,277	-	842	-	-	19	-	-	2,138	2,105	33
Output: 1.2	1,084	930	-	459	-	37	-	-	2,510	2,884	(374)
Output: 1.3	490	-	-	13,559	900	147	-	-	15,096	16,230	(1,134)
Output: 1.4	1,164	-	-	-	-	11	-	-	1,175	1,198	(23)
Output: 1.5	1,274	-	-	3,040	-	41	-	-	4,355	4,507	(152)
Output: 1.6	400	-	-	-	-	-	-	-	400	800	(400)
Transfers	-	-	220	-	20	-	-	690	930	920	10
<b>Total</b>	<b>5,689</b>	<b>930</b>	<b>1,062</b>	<b>17,058</b>	<b>920</b>	<b>255</b>	<b>-</b>	<b>690</b>	<b>26,604</b>	<b>28,644</b>	<b>(2,040)</b>
<b>Output class 2</b>											
Output: 2.1	-	-	-	-	60	135	3,183	-	3,378	4,250	(872)
Output: 2.2	-	-	220	-	20	-	-	-	240	230	10
Transfers	-	-	(220)	-	(20)	-	-	-	(240)	(230)	(10)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>135</b>	<b>3,183</b>	<b>-</b>	<b>3,378</b>	<b>4,250</b>	<b>(872)</b>
<b>Output class 3</b>											
Output: 3.1	3,126	-	-	-	154	70	-	-	3,350	3,986	(636)
Output: 3.2	762	140	-	-	21	10	-	-	933	887	46
<b>Total</b>	<b>3,888</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>4,283</b>	<b>4,873</b>	<b>(590)</b>
<b>All classes</b>	<b>9,577</b>	<b>1,070</b>	<b>1,062</b>	<b>17,058</b>	<b>1,155</b>	<b>470</b>	<b>3,183</b>	<b>690</b>	<b>34,265</b>	<b>37,767</b>	<b>(3,502)</b>



## **Appendix 5: Asset management plans**

### **Navigational aids**

A five-year rolling asset management plan has been implemented and includes proposed large capital and maintenance projects based on asset life and work identified in the maintenance reports for each financial year.

Critical items such as beacons and batteries are replaced before they fail, at approximately 85 percent of their useful life. Non-critical items or items with redundancy, such as towers, buildings and solar panels, are reviewed annually and included in the five-year rolling plan when they show signs of deterioration.

Typically, three large classic lighthouse maintenance/painting projects are included in each financial year, to spread the cost and workload. The five-year plan is typically based on maintenance every 10 years for cast-iron towers and every seven years for wooden towers. The actual maintenance date is reviewed annually on a needs basis and depends on available funding.

### **Plant and equipment**

#### **Radio assets**

Maritime New Zealand relies on the maintenance contractor to provide a three-year maintenance plan as part of the maintenance services contract. The three-year plan identifies items that require attention and items that require future maintenance to extend their life.

Maritime New Zealand uses an asset planner, based on the age of the asset and items identified in the three-year plan. The asset planner is used to develop the annual financial plan. Assets are managed as follows:

Critical items such as radio equipment and batteries are replaced every 10 years.

Huts and poles are programmed to be replaced every 25 years, although these items are reviewed on every maintenance visit because the asset life may be extended or reduced depending on the impact of the environment at each site. Smaller items identified in the maintenance reports that are not critical to the operation of the station are included as routine work in the following year's programme.

#### **Radio strategy project**

Maritime New Zealand is currently developing a long-term radio strategy that looks at the future requirements for the safety and distress communication network it provides. The project is broken down into the following phases:

1. Current service continuation: Implications and risks associated with the current radio network, which includes milestones prior to the expiry of the Maritime Communications Network Services Contract in 2014.
2. Future service requirements: Review Maritime New Zealand's national and international statutory and legal requirements, benchmarking a number of similar jurisdictions and interviewing stakeholders and users to determine the look of the future service.
3. Future service delivery: Delivery of an appropriate, cost-effective safety and distress communication network.

#### **Local user terminal**

Local user terminal is the equipment maintained and operated by the Rescue Coordination Centre New Zealand to receive, process and display alert signals from 406MHz emergency distress beacons. Local user terminal assets are maintained to ensure system reliability, as specified by the international distress beacon organisation COSPAS-SARSAT. The Rescue Coordination Centre uses a five-year

maintenance and support contract to achieve the service level required. The current contract runs until September 2012. COSPAS-SARSAT technological programme developments drive the cycle for either upgrade or replacement of Local user terminal equipment.

## **Computer equipment**

Computer equipment replacement depends on the age of the asset. Personal computers and laptops are replaced on a three-year cycle. Servers and other larger capital items, such as uninterruptible power supply equipment, telephony switches and routers, are replaced, on average, every four years.

## **Intangible assets (computer software)**

Project Poseidon is a programme of work that was initiated following acceptance of a recommendation to upgrade Maritime New Zealand's information technology systems and services. With the introduction of the Navigator system in early April 2010, this programme is now complete. The Navigator system provides a centralised vessel database that is internally and externally accessible to Maritime New Zealand. This also allows creation and maintenance of an electronic ship register and for vessel inspection and survey data to be maintained online.

Work will continue on the replacement of legacy information technology systems and extension of new technology into areas such as seafarer licensing. Investment will continue to be made in modernising information technology infrastructure and ensuring Maritime New Zealand's information systems can support the increasing demands made on its core business areas.

A revised information systems strategic plan is in production to ensure information system investments continue to be consistent with Maritime New Zealand's strategic goals.

## Appendix 6: Maritime New Zealand's statutory framework

### Statutory responsibilities

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

Its primary functions and duties are laid out in section 430 of the Maritime Transport Act 1994, which sets out the objective of the Authority as follows

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

Maritime New Zealand has additional obligations and functions under the following legislation:

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

### Statutory functions

Under the Maritime Transport Act, Maritime New Zealand has the following functions:

- 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.
- Ensure the provision of appropriate distress and safety radio communication systems and navigational aids for shipping.
- Ensure New Zealand's preparedness for, and ability to respond to, marine oil pollution spills.
- License ships, their operation and their crews.
- Cooperate with, or provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister.
- Provide information and advice with respect to maritime transport and marine protection, and foster appropriate information and education programmes with respect to maritime transport and marine protection.
- Investigate and review maritime transport accidents and incidents, and maritime security breaches and incidents.
- Maintain the New Zealand Register of Ships.
- Maintain and preserve records and documents relating to the Authority's functions.
- Advise the Minister on technical maritime safety policy.

### Other functions

- Administer the Health and Safety in Employment Act for work on board ships and for ships as places of work.
- 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.
- Develop and maintain maritime safety and marine protection rules.

- Ensure effective implementation of the International Code for the Security of Ships and of Port Facilities, in accordance with the Maritime Security Act.
- Maintain and operate the Rescue Coordination Centre New Zealand and participate in the coordination of any search and rescue operation as required under the Civil Aviation Act.
- Ensure New Zealand's Long Range Identification and Tracking of Ships system obligations are maintained.

### **Functions of the Director**

The Authority is required to appoint a chief executive officer, who shall also fulfil the statutory office of Director of Maritime New Zealand.

Under the Maritime Transport Act, the Director has the following functions:

- Exercise control over entry into the maritime transport system through the granting of maritime documents (Section 41 of the Maritime Transport Act) and marine protection documents.
- Take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Transport Act and other Acts (such as the Maritime Security Act, Hazardous Substances and New Organisms Act and Health and Safety in Employment Act), and of regulations and rules made under these Acts, including the carrying out or requiring of inspections and audits.
- Monitor adherence, within the maritime transport system, to any regulatory requirements relating to safety and security, access and mobility, public health and environmental sustainability.
- Ensure regular reviews of the maritime transport system and to promote the improvement and development of its safety and security.
- Promote compliance with safety and marine pollution standards in the maritime transport system.

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

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

Disclaimer: While all care and diligence has been used in extracting, analysing and compiling this information, Maritime New Zealand gives no warranty that the information provided is without error.

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