

STATEMENT OF INTENT

2012–2015



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

1,290 FISHING VESSELS operate around New Zealand's coastline waters, EARNING \$1.3 BILLION IN EXPORTS in 2010/11

490 VISITS TO NEW ZEALAND PORTS were made by **96 CRUISE LINERS** in 2010/11, with **137,000 PASSENGERS** contributing an estimated **\$81 MILLION** to the national economy

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

10.5 MILLION TONNES OF OIL are transported around New Zealand's coastline annually by more than **90 OIL TANKERS**

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

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

380,000 PEOPLE travel on more than **117 COMMERCIAL JET BOATS** and **263 WHITE-WATER RAFTS**

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

700 INCIDENTS responded to by the Rescue Coordination Centre each year saving more than **500 LIVES** since 2004

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

540 PERSONNEL are ready to respond to marine oil spills around New Zealand's coastline, as part of the Marine Pollution Response Service inland waterways each year

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Foreword from the Authority

Maritime New Zealand has a leadership role across New Zealand's maritime sector. We want to enable those who go out to sea or onto our rivers and lakes, for work or for recreation, to do so safely and securely, in a way that both sets them up for success and protects our environment.

In developing the programmes of work that support us in this role, we are guided by the government's transport policies on the contribution transport makes to national economic growth. The Minister of Transport's key areas of focus – in particular 'better regulation', 'a safer transport system' and 'opening markets' – together with government initiatives to deliver better public services and build 'resilience' in the sector, are also important influences on our work.

The activities set out in this Statement of Intent broadly maintain Maritime New Zealand on the course we set some five years ago. We remain focused on:

- enabling New Zealand's maritime system to function efficiently and effectively; improving New Zealand's safety record in the maritime environment; and reducing the consequences of any harm to our environment from any maritime activity
- making sure that our efforts and priorities deliver the outcomes we have identified, and that we have the funding we need to carry on with our work and that it is from the right sources
- putting in place a modern regulatory framework that is: easy to understand; embeds a 'safety culture' by encouraging behaviours that are appropriate and discouraging those that aren't; adapts quickly to changing circumstances, especially those driven by technology; and facilitates economic activity
- working constructively with the other participants in the maritime system, especially in the maritime industry, to a common end point
- ensuring that our operational processes enable us to target resources to where they can achieve the greatest effect, leveraging off multi-agency approaches where practical
- continually seeking opportunities, both inside the organisation and by co-operative arrangements outside it, to improve the effectiveness and efficiency of our business processes – and judging our performance in both areas with measures that matter
- maintaining pollution response and search and rescue capabilities at levels that meet New Zealand's requirements
- having people working in Maritime New Zealand because they 'want to make a difference'.

The consequences of the **Rena** incident for Maritime New Zealand are incorporated in this Statement of Intent. It is important to note that **Rena** was just one of the challenges of the period – there were others that also stretched the organisation. These were, however, relatively short term and it is likely that our operating environment will be characterised by 'attention-grabbing' challenges of this sort over the next few years.

These need to be managed. If we are to achieve our vision, though, our greatest challenge over the coming year will be to lift our eyes from the short-term imperatives of **Rena** and other major projects that we must deliver on time, to the medium term – and the important task of shaping our future over the next five to eight years.



David Ledson
Chairman, Maritime New Zealand



David Morgan
Deputy Chairman, Maritime New Zealand

PART A:
INTRODUCTION

What we do

Maritime New Zealand's foundations

Maritime New Zealand's foundations are built upon its Vision, Mission and Values.

Vision

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

Mission

Working together to provide inspirational leadership, guidance and support to the maritime community

The vision and mission form the cornerstone of Maritime New Zealand's strategic intent and provide guidance in the development of our outcome framework. They are aligned with the Maritime New Zealand Authority objective as set out in section 430 of the Maritime Transport Act 1994:

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.

Values

Our success as an organisation depends on the commitment, performance and attitudes of all those who work for Maritime New Zealand. To achieve this, Maritime New Zealand's culture is shaped by the following 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 work 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 and 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, technical expertise and work together to achieve better outcomes.

Purpose and functions

Maritime New Zealand was established as a Crown Entity under the Crown Entities Act 2004. Governance is exercised by the Authority – a five-member board appointed by the Minister of Transport. The Authority's objective is set out in section 430 of the Maritime Transport Act 1994, as outlined above.

Details of Maritime New Zealand's statutory functions, including the independent statutory functions of the Director, are contained in Appendix 5.

Our role

Maritime New Zealand's work is vital in ensuring New Zealand's commercial and recreational vessels operate safely and securely on clean waters, and that our maritime transport system functions both efficiently and effectively. As the grounding of the **Rena** on the Astrolabe Reef on 5 October 2011 demonstrated, Maritime New Zealand plays a critical role in safeguarding New Zealand's international reputation and the integrity of its transport, trade and tourism systems.

Although a small organisation, Maritime New Zealand's responsibilities extend over a vast geographical area and across an extensive range of maritime, environmental, and search and rescue activities. The key components of Maritime New Zealand's role are described below. More detailed functions that are vital to the functioning of the national maritime transport system are shown on page 9 – Maritime New Zealand Sectors, Functions and Activities.

Influencing the policy environment for the maritime sector

Development and provision of policy advice

The provision of sound policy and technical maritime sector advice directly, and in association with the Ministry of Transport, is essential for Maritime New Zealand to be successful. It enables the development of appropriate maritime sector legislation, including that which supports international agreements, treaties and conventions, and provides for cost-effective regulation, compliance and response activity that supports Maritime New Zealand's key outcomes.

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. This includes ensuring that all maritime safety and marine environment protection standards to which New Zealand is a party are able to be applied to New Zealand and foreign-flagged vessels. Timely adoption and updating of these conventions into domestic law is essential to protect New Zealand's reputation as a responsible participant in the international maritime system, and to ensure that international safety and environmental standards are enforceable in New Zealand's economic exclusive zone.

Maritime security intelligence advice

Maritime New Zealand must provide maritime security and intelligence advice and expertise to minimise security threats to New Zealand's maritime interests and to enable New Zealand to meet its international obligations. Failure to comply with international obligations could result in New Zealand being blacklisted and made subject to restrictions that would very likely inhibit our international trade and economic well-being. Ineffective maritime security measures could also pose a risk to the New Zealand public by creating opportunities for international terrorist organisations to use New Zealand as a platform from which to launch terrorist activities.

Maritime safety, environment and security regulation

Ensuring that the thousands of vessels in New Zealand waters are operated safely and securely, and meet established maritime standards, is essential if the national maritime system is to operate safely, securely and in a way that protects our natural environment.

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 international safety conventions, while also undertaking security profiling of vessels and monitoring security provided by port operators, as required by the Maritime Security Act.

Maritime New Zealand also provides comprehensive maritime distress and safety communications and aids to navigation services that facilitate safety on the water and enable emergency response to be made if things go wrong.

A key reason for Maritime New Zealand undertaking investigations of maritime incidents and accidents (both commercial and recreational), is to identify lessons learned that can be used in safety campaigns, and to identify areas requiring safety improvements, safety bulletins, codes of practice or rule changes. Investigations also provide a basis for determining whether or not regulatory requirements are being met and, where there is a serious breach of the law, that appropriate enforcement action is taken.

Marine pollution response service

As well as the bunker fuel carried by ships operating in New Zealand waters, almost 10 million tonnes of oil is transported in tankers around our pristine coastline every year. Maritime New Zealand operates the Marine Pollution Response Service which, with the support of other New Zealand and international agencies, can respond to significant oil spills in New Zealand and provide assistance overseas if required.

Search and rescue coordination services

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 round-the-clock 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.¹

The Centre also maintains New Zealand's beacon registration database to ensure beacon users' contact details are accurate. This ensures an efficient and effective search and rescue response by helping to identify false alerts when beacons have been accidentally activated and by providing accurate information on the location of the beacon.

¹ 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.

MARITIME NEW ZEALAND SECTORS, FUNCTIONS AND ACTIVITIES

Maritime New Zealand 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
	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						
	770 ships 90 oil tankers 2,329 voyages 6,128 port visits 10.5m tonnes of oil	35 ships 96 voyages 490 port visits 137,000 passengers	4 ferries 1 UK-flagged ferry 7,000 annual crossings 1m passengers	2 tankers 1 coastal bunker barge 5 coastal traders 1 dredger 1 research vessel	1,292 vessels	1,458 vessels 5 million passengers	747 vessels	52 operators 263 rafts 80,000 participants	47 operators 117 jet boats 310,000 participants	150+ operators 100,000 participants	7 operators 15,700 participants	12 training institutions 48 medical practitioners 138 optometrists 36 examiners 20,500 active seafarers	500,000 boats	14 ports 33 pilotage areas 12,000 piloted movements 18 Harbour Safety Mgmt systems	2 FPSOs 1 well head 4 gas platforms 2 drilling rigs		
Fatalities: 2010/11 Serious harm injuries: 2010/11	2	12	5		6	18	1	5	2				21 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 and marine environment protection compliance	Quarterly publications: <i>Safe Seas Clean Seas</i> , <i>Lookout!</i> and <i>The Good Oil</i> . Issue marine guidance notices and guidelines. Distribute 26,000 recreational safe boating packs																
Provide information, advice and foster information and education programmes	A wide variety of interactions including industry liaison meetings. 78 visits to Safe Operating Plan operators, liaison visits, attendance at 7 regional boat shows. Attend national & regional forums & seminars																
Develop and maintain maritime safety and marine protection rules	36 maritime rules and 22 marine protection rules, including policy development							1 maritime rule	1 maritime rule	Guidance material	Qualifications & Operational Limits review	2 maritime rules	4 marine protection rule	4 marine protection rules			
Exercise entry control through the granting of maritime documents and marine protection documents	1,772 certificates issued for Safe Ship Management & Safe Operating Plan vessels, 64 surveyor recognitions													Marine protection documents			
Issue exemptions	221 exemptions processed																
Administer the Health and Safety Employment Act for work on board ships	103 health and safety education/liaison visits to Safe Ship Management operators. 84 statutory notifications received regarding serious harm																
Maintain the New Zealand Register of Ships	430 vessel registration transactions												All craft that travel overseas				
License ships, their operation and their crew											1,493 Compliance Certificates						
Investigate maritime transport accidents, incidents, plus maritime security breaches, incidents and complaints	59 reported accidents, incidents & mishaps	44 reported accidents, incidents & mishaps	175 reported accidents, incidents & mishaps			32 reported accidents, incidents & mishaps				Occasional investigations relating to seafarers	118 reported accidents, incidents and mishaps		Occasional accidents, incidents and mishaps	At TAIC's request, as required	Occasional accidents, incidents and mishaps		
Enforcement action	7 prosecutions under Maritime Transport Act and Health and Safety in Employment Act																
Monitor adherence to regulatory requirements through audit	500 maritime document holders audited, covering 34 different maritime activities										Training institutions & examiners		4 port and harbour safety code audits	All installations audited	At MFAT's request, as required		
Monitor adherence to regulatory requirements through inspections	554 port state control inspections	13 flag state inspections	807 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												2 exercises and 13 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 and 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 and preparedness	24/7 response to oil spills, plus 563 trained oil response personnel to respond to oil spills												24/7 response	As requested	24/7 response		
Maintain/operate Rescue Coordination Centre	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; 431 distress beacon alerts; 737 category II SAR incidents																

Note: Information based on 2010/11 figures.

PART B:
STRATEGIC INTENT

Strategic context

Government's long-term objectives for transport

The government's overall objective for transport is 'an effective, efficient, safe, secure, accessible and resilient transport system that supports the growth of New Zealand's economy, in order to deliver greater prosperity, security and opportunities for all New Zealanders'.

This Statement of Intent supports these objectives with particular focus on:

- an effective, safe and secure transport system
- economic growth and productivity
- value for money.

Sector context

New Zealand's maritime environment is diverse, dynamic and changing. It provides valuable employment, trade, tourism and recreational opportunities for people on our seas, rivers and lakes. It includes around 500,000 pleasure craft, approximately 3,500 commercial vessels, and a small number of New Zealand-flagged vessels (including the interisland ferries) – as well as a range of smaller ferries carrying millions of passengers each year.

Close to 99 percent of New Zealand trade is carried by sea by over 800 foreign vessels that make more than 6,000 New Zealand port visits each year. This activity, together with 117 commercial jet boat operators and 263 white water raft operators that carry around 390,000 passengers on our inland waterways annually, generates significant economic benefits for New Zealand.

Our operating environment

Maritime New Zealand is adapting to the major influences and challenges in our operating environment to ensure we are able to deliver services that contribute to the government's objectives for the transport sector, and achieve our safety, environmental and security outcomes. In addition, we know it is important that we are responsive to our stakeholders in the commercial and recreational areas of the maritime sector, and ensure that in our operational and business processes we achieve the best balance between effectiveness and efficiency.

Delivering value for money

Achieving a more focused, efficient and productive organisation that delivers services differently and more cost effectively is a priority for Maritime New Zealand. We are committed to driving efficiencies into our business and delivering value for money to the New Zealand maritime industry in all our activities.

This will require Maritime New Zealand to be more innovative, using technology to leverage more efficient business processes as well as reducing the cost of regulation to the maritime sector. To achieve this, Maritime New Zealand will rely on its strengthened financial management structure, as well as better information management, to focus its resources and people on areas where they can achieve the greatest effect.

Key deliverables

Key deliverables over the next three years include:

- implementation of a new seafarers' Qualification and Operating limits framework that, meets the needs of industry, is easy to understand and administer, with online service capability that will interact with current business processes and systems
- implementation of the new Maritime Operator Safety System for domestic commercial operations to improve regulatory efficiency and improve responsiveness to industry changes
- implementation of the funding review recommendations to establish a sustainable funding base aligned to Maritime New Zealand's regulatory activities and providing a transparent mechanism for regular reviews of services, fees, charges and levies
- improved operational effectiveness through a focus on the way we collect, collate, analyse and use information to direct our policy, operational and performance measurement activities
- improved internal efficiency to reduce the cost of administration and support services
- more services delivered online and reduced costs for our customers
- a focused compliance strategy incorporating an appropriate mix of information, education, advice and enforcement activity that encourages the maritime industry and recreational 'boaties' to take responsibility for their own actions and decisions they make on the water.

Industry expectations of service delivery

Maritime New Zealand's mission statement makes it clear that we will work constructively with the maritime industry. This means focusing on what we have in common and working together effectively to achieve a safe, secure and clean maritime environment – while at the same time minimising costs to the maritime sector. The industry requires a regulator that can adapt quickly to the changing environment (especially in the adventure tourism sector) and implement relevant standards within the industry in a timely manner.

Maritime New Zealand will continue to work with industry on finalising and implementing a new qualifications and operational limits framework to provide New Zealand seafarers with relevant, appropriate and modern qualifications that deliver safe outcomes. The introduction of the new Maritime Operator Safety System will also deliver better safety outcomes by ensuring New Zealand has a more robust domestic commercial vessel safety framework, which is simpler for operators to follow, and provides for greater regulatory oversight.

Better public services and crown entities

The government's Better Public Services Programme of reform is based on four themes that are relevant to Crown entities' role in delivering the majority of services to New Zealanders:

1. a shift in focus from individual agency performance to cross-agency performance in working on cost-cutting issues
2. a shift in the focus of attention from outputs to performance results
3. placing more emphasis on sectoral and functional leadership
4. requiring performance information to be more relevant and useful.

Maritime New Zealand already operates within, and across sectors, and with a wide range of stakeholders. Nevertheless, as the Foreign Charter Vessel Inquiry has shown, there are significant risks when agencies operate within their own silos and there are opportunities to do better. Maritime New Zealand's challenge is to provide leadership on multi-agency issues related to its functions, to ensure cooperative approaches and the most effective targeting of resources to deliver better results for New Zealand.

Over the last two financial years, Maritime New Zealand has focused on improving its performance information with the development of a new outcome framework. This framework focuses on key result areas (intermediate outcomes) that must be delivered to enable Maritime New Zealand to make a difference in the maritime industry and the lives of all New Zealanders in general. The challenge for Maritime New Zealand is to continue to refine its performance information to ensure that it is relevant, in terms of monitoring the key drivers of the business and useful, for assessing the effectiveness of our strategic initiatives and the impact on our desired outcomes.

Recruiting and retaining the right people

Ensuring that Maritime New Zealand has and retains the right staff is critical to supporting the achievement of the strategic goals. This is especially the case in an environment where resources are constrained. Key initiatives to support the recruitment and retention of staff include:

- implementing an annual training plan aligned to Maritime New Zealand's strategic direction
- developing a homogenous organisational culture supported by core values and associated behaviours and new ways of thinking
- implementing a career progression pathway for identified roles and staff
- providing flexible work opportunities for staff (including phased retirement planning and succession planning)
- providing opportunities for high-performing staff to act in more senior roles as a means of developing them professionally and personally
- ensuring job design balances organisational needs and the opportunity to make the best use of the skills, qualifications and experience of individual staff
- providing a small number of "Chief Executive Development Awards" to support and recognise high performing staff to enable them to undertake significant development opportunities that benefit them and the organisation.

Recruiting high quality staff is a concern shared by many participants in New Zealand's maritime sector. Maritime New Zealand is exploring a broad approach to recruitment, partnership with industry to promote New Zealand as a destination of choice for experienced mariners from overseas and ensuring that the new qualifications framework supports careers in the broader maritime industry.

Rena

Maritime New Zealand's ongoing response to the ***Rena*** grounding in the Bay of Plenty on 5 October 2011 highlights the importance to New Zealand of maintaining a safe, secure, clean and economically viable maritime environment. The response effort, however, has delayed some of Maritime New Zealand's business-as-usual activities and the progression of key strategic projects. These activities will require increased resources in 2012/13 to complete.

The emergency response to the ***Rena*** has been scaled back to a Tier 2² response in terms of coordinating and managing any further oil spill clean up, while Maritime New Zealand still remains responsible for overseeing the salvage operation. It is also one of two government agencies – the other being the Transport Accident Investigation Commission – investigating the grounding and its causes. Maritime New Zealand is also supporting the environmental recovery work led by the Ministry for the Environment and the Bay of Plenty Regional Council. All these diverse strands of work have placed increased pressure on Maritime New Zealand's financial and personnel resources and will need to be carefully managed over the next 12 months.

2 Responsibility for the oil spill now handed over to the Bay of Plenty Regional Council to manage

Our strategic direction

Maritime New Zealand's strategic work programme will continue to focus on appropriate interventions to achieve the best safety, environmental and security outcomes, while balancing the ease and cost of compliance and participation in the national maritime system. This will require Maritime New Zealand to move away from the traditional regulatory model of highly prescriptive rules and standards to a model that is more flexible and adaptive.

Outcomes

The outcome framework (page 20) shows how Maritime New Zealand's outcomes support the government's transport outcomes and goals, and how they are supported by the delivery of Maritime New Zealand's outputs.

Maritime New Zealand has three outcomes:

Outcome 1: A maritime community that actively embraces a safety and security culture.

Why this outcome is important

Having a safe and secure maritime environment contributes to the security and prosperity of New Zealand. With close to 99% of New Zealand's imports and exports (by volume) transported by sea, the international transport system must be able to operate without disruption. A secure supply chain that ensures all vessels visiting New Zealand ports and harbours comply with the International Ship and Port Facility Security Code is a vital component of the transport system.

A substantial positive impact on the New Zealand economy is made through the maritime sector with over 3,300 small commercial vessels (1,100 fishing vessels and 1,450 passenger vessels – carrying 5 million passengers) and an estimated 500,000 pleasure craft operating around New Zealand.³

Maritime New Zealand will work with the maritime community to support approaches that maximise safety, security and environmental outcomes. It is working towards a risk-based, intelligence-led approach in its regulatory work to focus its resources and people on activities to achieve the best safety, security and environmental outcomes.

Outcome 2: An efficient and effective maritime transport system

Why this outcome is important

While the focus of Maritime New Zealand's work within the maritime transport system enables activity to happen safely, it must also be sensitive to the effect of its interventions on economic activity and on emerging opportunities. This outcome enables commercial activities in the maritime transport system to be safe, innovative and sustainable.

Maritime New Zealand's approach will be to seek the right balance between interventions that are effective and the cost of those interventions to participants in the maritime industry.

Outcome 3: A maritime environment that is pristine and protected

Why this outcome is important

The Maritime Transport Act 1994 requires Maritime New Zealand to ensure that New Zealand's marine environment is protected. An important facet of Maritime New Zealand's responsibilities relate to responding to oil pollution in the marine environment and providing a framework for the disposal of waste at sea, ballast water, and hazardous and noxious substances.

³ This does not include the 117 commercial jet boats and 263 white water rafts that carry an estimated 390,000 passengers on our inland waterways annually, generating significant tourism revenue.

Pollution prevention is also an important part of Maritime New Zealand's responsibilities. To help achieve this outcome we undertake research and analysis to provide technical policy and environmental advice to government that reflect international standards set by the International Maritime Organization, leading to the development of marine protection rules, codes of practice and industry guidelines.

Maritime New Zealand also undertakes hundreds of inspections of foreign visiting ships each year and where appropriate, detains or imposes conditions on these vessels, if they fail to meet environmental protection standards that New Zealand is party to.

The challenge for Maritime New Zealand is to strike the right balance of both fostering economic growth, while at the same time ensuring that the marine environment is protected and the 'New Zealand brand' is not compromised.

Intermediate outcomes

To be effective in driving Maritime New Zealand in the right direction, the performance monitoring framework links organisational outputs (interventions) to intermediate outcomes (the desired 'end state' that can be directly influenced by the organisation) to monitor the effectiveness of the interventions over time.

During 2011/12 Maritime New Zealand developed the following intermediate outcomes (IO) to provide more clarity around the relationship between Maritime New Zealand's outcomes and outputs:

- **IO1** – develop and maintain an effective regulatory framework for the maritime sector
- **IO2** – develop and deliver effective and efficient regulatory services
- **IO3** – develop and deliver effective and efficient maritime safety/environmental response services
- **IO4** – develop and maintain effective and efficient organisational capability.

These four intermediate outcomes and associated impact measures are covered in more detail on pages 23 to 30. They will be monitored to assess whether they are useful in measuring the effectiveness on Maritime New Zealand's intervention strategies.

Strategic projects

Maritime New Zealand has four strategic projects. The first three are included in the transport strategy document *Connecting New Zealand*, a summary of the government's broad policy direction for the transport sector over the next decade. The fourth is new, recognising the critical nature of information collection, collation and use to improve Maritime New Zealand's effectiveness and efficiency.

The four projects are:

1. **Seafarer Qualifications and Operational Limits Framework (QOL)** – a new qualifications framework, incorporating revised operational limits, for the New Zealand maritime industry.
2. **Maritime Operator Safety System (MOSS)** – a new regulatory safety framework for the domestic commercial maritime industry.
3. **Funding Review** – a comprehensive funding review to provide a sustainable funding base for Maritime New Zealand, to ensure that sources of funding are aligned to the organisation's regulatory activities and to provide a mechanism for the regular review of services, fees, charges and levies.
4. **Information Management** – a comprehensive review of the information that Maritime New Zealand collects, collates and uses. This project will include the development of an evidence-based, intelligence-led approach to decision making around what we do, how we do it and how we measure it. This will require an increased focus on culture and systems that support the collection, collation and analysis process.

Together these projects – and others that may arise due to the impact of the **Rena** grounding – will ensure that Maritime New Zealand’s activities are appropriate for a modern safety and environmental protection regulator, are adequately resourced, and achieve positive maritime safety, security and marine protection outcomes.

Revised output class structure

Maritime New Zealand has revised its output class structure to more accurately reflect its activities. This will be implemented from 1 July 2012. The new output class structure evolved out of Maritime New Zealand’s Funding Review, providing a more robust framework for the analysis of costs, allocation of activities to funding sources and logically alignment of Maritime New Zealand’s key activities.

The new output class structure is summarised below:

Output Class 1 – Influencing the policy environment for the maritime sector

Includes activities that Maritime New Zealand undertakes to influence the maritime sector policy environment including: maritime sector reviews, security and intelligence advice, ministerial servicing and policy advice to support decision making by Ministers.

Output Class 2 – Maritime safety and marine protection services

Includes maritime safety and marine protection regulatory services delivered to the maritime sector. Outputs reflect the various levels of the Maritime New Zealand regulatory framework, ie, information and education, entry control (eg, ship registration, maritime documents, seafarer certification and exemptions), monitoring, investigating and enforcing compliance with the regulatory regime, and provision of distress and safety radio and aids to navigation.

Output Class 3 – Marine pollution response

No change, apart from being reclassified from output class 2 to output class 3. The key functions still remain focused on delivering environmental protection services

Output Class 4 – Search and rescue coordination services

No change, apart from being reclassified from output class 3 to output class 4. The key functions still remain focused on the provision of a Search and Rescue Coordination Centre to conduct search and rescue operations in New Zealand’s search and rescue region.

Output Class 5 – Response to the Tauranga Maritime Incident

A new output class developed to provide direction and oversight for all Maritime New Zealand operations in Tauranga following the grounding of the container vessel **Rena**. It covers oil spill response, oversight of the salvage operation, investigations, prosecutions and negotiation of claims for compensation.

Maritime New Zealand's Outcome Framework

Government's overall goal

To grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders

Government's long-term objectives for transport

An effective, efficient, safe, secure, accessible and resilient transport system that supports the growth of the New Zealand economy, in order to deliver greater prosperity, security and opportunities for all New Zealanders.

Maritime New Zealand Vision

To be a vibrant maritime community that works and plays safely and securely on clean waters

Maritime New Zealand's outcomes

Outcome 1:

A maritime community that actively embraces a safety and security culture

Outcome 2:

An efficient and effective maritime transport system

Outcome 3:

A maritime environment that is pristine and protected

Maritime New Zealand's Intermediate outcomes

IO1: Develop and maintain an effective regulatory framework for the New Zealand maritime sector

IO2: Develop and deliver effective and efficient regulatory services

IO3: Develop and deliver effective and efficient maritime safety and environmental response services

IO4: Develop and maintain effective and efficient organisational capability

Output class 1:
Influencing the policy environment for the maritime sector

Outputs:

- Policy advice
- Reviews
- Security and intelligence
- Ministerial servicing

Output class 2:
Maritime safety and marine protection services

Outputs:

- Information and education
- Entry controls
- Monitoring and investigation
- Enforcement
- Distress and safety communication
- Aids to navigation

Strategic projects
• MOSS
• QOL

Output class 3:
Marine pollution response

Outputs:

- Marine pollution response capability
- Rena oil spill response

Output class 4:
Search and rescue coordination services

Outputs:

- Coordination of search and rescue operations
- Management of New Zealand's emergency distress beacon system

Output class 5:
Tauranga maritime incident response

Outputs:

- Oil spill response
- Rena non-oil incident response

Organisational health and capability

- Vision • Mission • Values • Governance • Leadership • People • Processes • Information Systems
- Enhanced capability to implement strategic projects: MOSS, QOL and funding review

Relationship of intermediate outcomes to outputs

The table below provides a more detailed summary of Maritime New Zealand's output classes and associated outputs and their relationship to the four intermediate outcomes shown on page 17.

Intermediate outcomes	Output classes	Outputs
IO1. Develop and maintain an effective regulatory framework for the maritime sector	1. Influencing the policy environment for the maritime sector	1.1 Development and provision of policy advice 1.2 Reviews of the maritime transport system 1.3 Maritime security and intelligence advice 1.4 Ministerial servicing
IO2 Develop and deliver effective and efficient regulatory services (as specified in legislation)	2. Maritime safety and marine protection services	2.1 Information and education 2.2 Entry controls 2.3 Monitoring and investigation of compliance 2.4 Enforcement of compliance 2.5 Provision of distress and safety radio services 2.6 Provision of aids to navigation
IO3 Effective and efficient maritime safety and environmental response support services	3. Marine pollution response service	3.1 Marine pollution response capability 3.2 Rena oil response
	4. Search and rescue co-ordination services	4.1 Coordination of search and rescue operations 4.2 Management of New Zealand's emergency distress beacon system
	5. Tauranga maritime incident response	5.1 Rena non-oil spill response
IO4 Develop and maintain effective and efficient organisational capability (people, information, funding) to deliver business strategies	Support to the Authority, Chief Executive and Executive Team Human resource services Recruit, develop, retain the right people in the right roles at the right cost Information and technology systems Collect, manage, use information to support organisational objectives Financial services Effective and efficient management of funding to support organisational objectives Legal services High quality advice to support an active problem solving approach Communications services To support an informed and engaged maritime community	

Operating intentions

Maritime New Zealand's strategic direction and our objectives have not changed substantially from the previous years. However, our approach in a number of areas has been adjusted to take into account new influences on our operating environment.

Intermediate outcome 1: develop and maintain an effective regulatory framework for New Zealand's maritime sector

'Better regulation and less regulation' is essential to enable New Zealand to become more internationally competitive and a more attractive place to live and do business. Improving the quality, relevancy and timeliness of regulation in the maritime sector is therefore a key priority for Maritime New Zealand. Key initiatives for 2012/13 will focus on developing an appropriate risk-based and intelligence-led regulatory and compliance operating model that is clearly understood by staff and industry, and that ensures that the right international conventions are integrated into New Zealand legislation at the right time.

Strategic objectives

Objective		Actions	Timeframe
1.1 A clearly articulated operating model that incorporates a risk-based, intelligence-led approach to achieving its outcomes	1.1.1	Further develop Maritime New Zealand's operating model, with reference to better practice, risk-based and intelligence-led regulatory, compliance and emergency response operating approaches	Dec 2012
	1.1.2	Communicate and implement the operating model internally and externally	Dec 2012
1.2 The relevant changes to international maritime conventions are integrated into New Zealand legislation and maritime rules and maintained	1.2.1	Adopt, in consultation with the Ministry of Transport, an international engagement and participation strategy	June 2013
	1.2.2	Implement an annual plan, in consultation with the Ministry of Transport, for prioritising engagement in the work programme of the International Maritime Organization	June 2013

Performance measures for intermediate outcome 1

Desired impact	Impact measures
The operating model is understood clearly by staff and stakeholders	Measure to be determined in 2012/13
New Zealand is party to the right international maritime conventions and they are accurately reflected in New Zealand legislation at the right time	Measure to be determined in 2012/13

Intermediate outcome 2: develop and deliver effective and efficient regulatory services

For the past few years, Maritime New Zealand has embarked on a major programme of work to ensure that the three elements of maritime safety – safe vessels, safe people, and safe operating procedures – function effectively and efficiently, and that the regulatory frameworks supporting maritime safety are simple, easy to understand and administer, cost effective and facilitate economic activity.

This programme includes two key strategic projects:

1. The Maritime Operator Safety System (MOSS) – a new regulatory safety framework for the domestic commercial maritime industry
2. The Seafarer Qualifications and Operational Limits Framework (QOL) – a new qualifications framework, incorporating revised operating limits, for the New Zealand maritime industry.

The Maritime Operator Safety System will enable Maritime New Zealand to operate more effectively as ‘the regulator’ and be more responsive to industry changes. The new qualifications and operational limits framework will be a world-class qualifications system that is easy for users to understand, simple for Maritime New Zealand to administer and puts in place foundations that help sustain careers in New Zealand’s maritime industry. Both these projects have continued over the past two financial years and are expected to be implemented by July 2013.

Strategic objectives

Objective		Actions	Timeframe
2.1 An operational framework that delivers a safety management system for the domestic commercial sector focused on operators taking responsibility for the safety of their operation and delivering improved safety outcomes	2.1.1	Implement the Maritime Operator Safety System	July 2013
	2.1.2	Evaluate and review post-implementation	July 2014
2.2 A qualifications and operational limits framework that is current, flexible and supports industry needs	2.2.1	Implement the Qualifications and Operational Limits framework	July 2013
2.3 An effective National Recreational Boating Strategy	2.3.1	Complete an evaluation of the current recreational boating safety strategy	June 2014
	2.3.2	Communicate and implement the revised recreational boating safety strategy	June 2015

Performance measures for intermediate outcome 2

Desired impact	Impact measures
A safety regulatory framework that is easy to understand, risk-aligned, appropriately monitored and consistently enforced	75% of maritime survey participants find the safety regulatory framework easy to understand by 2015
The maritime community understands its regulatory responsibilities and demonstrates a strong safety culture	100% of vessel and operator safety inspections meet 'pass' criteria by 2015
The recreational boating community understands what needs to be done to enjoy activities on the water safely	A reduction in the number of recreational boating fatalities (per 100,000 boats) from 3 to 2.5 by 2015
The commercial maritime sector understands what needs to be done to ensure that their operational activities are safe	A continuing reduction in accidents involving Safety of Life at Sea (SOLAS) vessels in New Zealand waters (per 100 vessels)

Intermediate outcome 3: develop and deliver effective and efficient maritime safety and environmental response support services

Oil Pollution Fund

The Oil Pollution Levy is collected from maritime, offshore oil production and oil exploration industries and paid into the Oil Pollution Fund to maintain New Zealand's marine oil spill preparedness and response capabilities, and pay any costs of responding to spills where the source is unidentified, or where the full costs are not recovered from the polluter.

Maritime New Zealand has been reviewing the levy to ensure that the Fund does not continue to operate at a deficit. A key initiative for 2012/13 is to implement a revised Oil Pollution Levy that will be sufficient to cover the costs of providing this service. The level of funding required in the Fund's reserves will also be addressed, although, as has always been the case, any major spills that are beyond the capability of the Fund will initially be covered by the Government.

Rescue Coordination Centre New Zealand

The Rescue Coordination Centre coordinates all major aviation, land, maritime and emergency beacon-related search and rescue operations within New Zealand's 30 million square kilometre search and rescue region. A key initiative in 2012/13 will be to undertake a value-for-money review of this service and to determine an appropriate and sustainable funding structure.

Maritime radio distress network

Maritime New Zealand maintains a 24/7 maritime radio distress network, which covers New Zealand and the South Pacific and is often the main communication lifeline between vessels and land. The current national distress and safety communications system requires upgrading to ensure an appropriate service is provided to the maritime community to 2025. Maritime New Zealand will ensure that an appropriate communications system is in place by 2014/15

Earth orbiting search and rescue satellites

The low earth orbiting search and rescue satellites that provide support for emergency distress beacons are to be phased out and replaced between 2014 and 2017 by medium earth orbiting satellites. While the new satellites will allow faster and more accurate responses, in order to communicate with them it will be necessary to install new ground receiving stations.

In June 2011, Maritime New Zealand signed a Memorandum of Understanding with the Australian Maritime Safety Authority to work together on the development and implementation of a joint medium earth satellite receiving station. This will provide coverage for Australia and New Zealand's search and rescue areas (one third of the Southern Hemisphere). A cooperative approach is expected to save both countries up to 30% of the cost of installing ground receiving equipment. Subject to Cabinet's approval of the project, New Zealand's capital investment is estimated to be \$7M spread over three years, with expenditure likely to commence in the 2012/13 financial year.

Grounding of the *Rena*

The grounding of the *Rena* was a major maritime incident by any measure. An internal inquiry will be undertaken into how effectively the *Rena* response was managed. A decision has not yet been made on the nature and scope of any external inquiries. To improve future incident response and recovery operations, Maritime New Zealand will ensure that any lessons learned from the internal or external inquiries are captured and implemented into operational policies and procedures.

Strategic objectives

Objective		Actions	Timeframe
3.1 Effectively manage the Rena response	3.1.1	Ensure the work of the Rena Response unit addresses the workload impacts of ongoing work, and that effective communication is maintained with operational managers	Ongoing
	3.1.2	Implement recommendations from internal and any external inquiries	TBD
	3.1.3	Complete Maritime New Zealand's management of the Rena response	TBD
3.2 Funding for the Marine Pollution Response Service is sustainable to provide an appropriate national oil pollution response capability to safeguard New Zealand's marine environment	3.2.1	Implement a revised Oil Pollution Levy that meets future response service costs	Jun 2013
3.3 To have a search and rescue coordination capability that meets New Zealand's requirements	3.3.1	Undertake a formal, external, value-for-money review of the Rescue Coordination Centre New Zealand	Dec 2012
	3.3.2	Implement agreed review recommendations	Jun 2014
3.4 A national distress and safety communications system that is fit for purpose in the 2014–2025 timeframe	3.4.1	Establish a Maritime Distress and Safety Communications Forum that engages the maritime community in distress and safety communications issues	Dec 2013
	3.4.2	Implement the agreed contractual arrangements for the delivery of Maritime New Zealand maritime communications services from 2014–2025	June 2014
3.5 A Rescue Coordination Centre New Zealand that is a centre of excellence for coordination of search and rescue in New Zealand's area of responsibility	3.5.1	Undertake training and liaison activities with Pacific Island nations within the New Zealand Search and Rescue Region.	June 2013
	3.5.2	Develop and implement a Medium Earth Orbit Search and Rescue Project Plan	June 2013

Performance measures for intermediate outcome 3

Desired impact	Impact measures
New Zealand's reputation for secure port facilities is maintained and enhanced	Each inspection by the United States Coast Guard demonstrates New Zealand's compliance with the International Ship and Port Facility Code
Vessels can identify and navigate coastal hazards safely	<ul style="list-style-type: none"> • All lighthouses are operational for at least 99.8% of the year • All day beacons/buoys are operational for at least 97% of the year • A 24/7 distress/safety radio service is provided 100% of the time
Search and rescue responses are reliable, effective and efficient	<ul style="list-style-type: none"> • A 24/7 search and rescue service is provided 100% of the time • Ground-based satellite equipment is available at least 98% of the year • At least 80% of 406MHz distress beacon alerts are from registered beacons by 2015
The marine oil pollution response capability meets New Zealand's requirements	<ul style="list-style-type: none"> • A 24-hour marine pollution response service is provided 100% of the time • A minimum of 400 appropriately trained and regionally based oil spill responders are available throughout New Zealand

Intermediate outcome 4: develop and maintain effective and efficient organisational capability

Better public services

The government has signalled that it expects all government agencies to deliver value for money and achieve desired outcomes in the areas for which they have statutory responsibility. For Maritime New Zealand this will mean a focus during 2012/13 and beyond on the following areas:

Value for money

In October 2010 Maritime New Zealand undertook a value for money review. The review found that Maritime New Zealand does deliver value for money within its current funding structure. However, it did consider that there were opportunities for some savings to be achieved.

During 2012/13 Maritime New Zealand will focus on improving online customer services, an area in which it believes efficiency gains can be made. A key platform to achieve this will be to provide the right information, application forms and other relevant material in a user-friendly format, able to be used with minimal assistance from Maritime New Zealand staff. Internal systems and processes will continue to be reviewed for efficiency and effectiveness, to meet the value-for-money test. Opportunities for sharing services with other transport agencies will be explored during 2012/13 and, where practicable, implemented.

Funding review

The funding review was largely completed by September 2011 and a new fees and charges structure scheduled for release. However this was delayed because of the grounding of the *Rena* early in October 2011. Planning is underway for the implementation of new fees and charges by the second half of the 2012/13 financial year.

Internal capability

Maritime New Zealand will continue to build internal capability to ensure we are able to support both business-as-usual and project requirements. Building internal capability will also be important to enable Maritime New Zealand to continue to deliver value for money, to improve the accuracy and transparency of its financial processes, and to manage emergencies requiring a broad organisational response. To achieve these objectives during 2012/13 Maritime New Zealand will focus on ensuring that:

- staff are fully engaged in both their roles and in the organisation
- high performers and key staff want to stay
- staff, especially those on 'the front line', have the skills and business acumen to make the right decisions
- appointments are made on merit and are sensitive to the needs of Maritime New Zealand's diverse workforce.

Information management and system support is a key enabler for improving Maritime New Zealand's internal capability. An Information Systems Strategy has been developed to identify the information services, technology and information management requirements within Maritime New Zealand over the next three years. The Strategy is shaped by the needs of the business and gives particular attention to: improving the way Maritime New Zealand collects, collates and uses information to support an evidence-based, intelligence-led approach to decision making about what we do, how we do it and how we measure it; enabling process efficiency; and the successful implementation of the Maritime Operator Safety System and Qualifications and Operational Limits projects.

Strategic objectives⁴

Objective		Actions	Timeframe
4.1 To have the right people in the right place at the right time, supported by appropriate strategies, policies, systems, and processes	4.1.1	Implement an organisational development strategy	Mar 2013
	4.1.2	Implement an approach to achieve further improvement in the Best Places to Work survey results	Jun 2013
4.2 Information is being used effectively to improve both the effectiveness and efficiency of Maritime New Zealand	4.2.1	Develop an evidence based approach to policy, operational and measurement activity.	Mar 2013
	4.2.2	Implement the Information System Strategic Plan	Dec 2013
	4.2.3	Identify key performance indicators (lead and lag), comparisons and benchmarks	Dec 2013
4.3 To embed a culture of continuous improvement	4.3.1	Identify and implement an appropriate continuous improvement methodology	Jul 2013
4.4 A sustainable and defensible funding regime that provides the right funding from the right sources and enables a regular review of both services and revenue	4.4.1	New funding in place, including direct charges and the Marine Safety Charge	Jun 2013

Performance measure for intermediate outcome 4

Desired impact	Impact measures
Employee engagement improves from 2012 baseline of 16.5 percent	By 2014/15 at least 25 percent of employees report being engaged with Maritime New Zealand

Maritime New Zealand also monitors the following organisational health measures:

Performance measures	2010/11 Actual	2011/12 Estimate	2012/13 Target	2013/14 Target	2014/15 Target
Staff turnover	11.3%	9%	8-10%	8-10%	7-9%
Average sick day absences per employee	6.2 days	7 days	6.5 days	6 days	5.5 days
Number of injuries/accidents per 100 employees per annum	New	<10	<10	<10	<10
% of Reported near miss incidents to reported accidents	New	15-20%	15-20%	40-60%	>100%

⁴ The strategic objectives for outcome 4 are closely aligned to strategic objective 1.1 on page 23.

Managing risk

Maritime New Zealand operates a risk management framework that includes oversight by the Authority's Audit and Risk Management Committee. Maritime New Zealand has identified the following risks that will need to be managed over the short to medium term to ensure progress towards Maritime New Zealand's intermediate outcomes.

Area of risk	Consequences	Mitigation strategies
New Zealand's regulatory framework and environment does not keep pace with international and domestic best practice, including adventure and outdoor commercial activities	Loss of reputation in the international community and deteriorating safety and environmental standards within New Zealand's exclusive economic zone	<p>Adopt and implement an international engagement and participation strategy in consultation with the Ministry of Transport</p> <p>Implement an annual plan, in consultation with the Ministry of Transport, for prioritising engagement in the work programme of the International Maritime Organization</p> <p>Implement redesigned rules process</p> <p>Develop a formal relationship with the Australian Maritime Safety Authority</p>
A systemic failure in the maritime safety and regulatory system	Poor safety outcomes for domestic and international commercial vessels	<p>Develop and implement a Maritime New Zealand Regulatory Operating Model</p> <p>Implement the Maritime Operator Safety System and the Qualifications and Operational Limits Projects</p>
Uncertain and/or insufficient funding	Maritime New Zealand is unable to deliver its core functions and activities (within the current operating model)	<p>Implement the outcomes of the Funding Review</p> <p>Implement efficiencies in operational and business processes through improved use of information technology and management of information.</p>
Failure to achieve efficiencies and deliver value for money	Government may take a lead role in restructuring Maritime New Zealand, which may include removal of core functions and services	<p>Proactive engagement in shared services opportunities (transport sector and whole of government)</p> <p>Successful implementation of funding review recommendations</p> <p>Demonstrate value-for-money services through implementing a performance management framework</p>
Unable to have the right number of the right people in the right place	Maritime New Zealand is unable to deliver its core functions and activities (within the current operating model)	<p>Continue with current work on recruitment and development in line with organisational development strategy (objective 4.2)</p> <p>Continue to work with other agencies to implement approaches to recruit and share critical expertise; in particular people with technical and maritime expertise</p> <p>Work with industry to develop a longer-term personnel capability development strategy</p>

PART C:
**STATEMENT OF SERVICE
PERFORMANCE**
**PROSPECTIVE FINANCIAL
STATEMENTS**

Statement of Responsibility

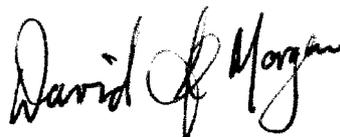
The information contained in this Statement of Intent for Maritime New Zealand has been prepared in accordance with the Crown Entities Act 2004.

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 (2012/13 Estimates) Bill.



David Ledson
Chairman, Maritime New Zealand
Date: 25 May 2012



David Morgan
Deputy Chairman, Maritime New Zealand
Date: 25 May 2012

Statement of Service Performance

Performance measurement framework

A set of performance measures have been developed to provide Maritime New Zealand and our stakeholders with a better understanding of how well 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 plans, are used by management to manage day-to-day operations and report to the Authority. 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 the following five output classes:

Output class 1: Influencing the policy environment for the maritime sector

Output class 2: Maritime safety and marine protection services

Output class 3: Marine pollution response

Output class 4: Search and rescue coordination services

Output class 5: Response to the Tauranga maritime incident

The following pages provide information on the services and associated performance measures that Maritime New Zealand will be measured against during the 2012/13 financial year.

Output class 1: Influencing policy environment for the maritime sector

Description

This output class involves the provision of:

- Policy advice (including second opinion advice and contributions to advice led by other agencies – particularly the Ministry of Transport) to support decision making by Ministers on government policy matters relating to maritime safety and security and protection of the marine environment
- Ministerial servicing.

This output class contains the following related outputs:

- 1.1: Development and provision of policy advice
- 1.2: Reviews of the maritime transport system
- 1.3: Maritime security and intelligence advice
- 1.4: Ministerial servicing.

Output 1.1: Development and provision of policy advice

Description

Development and provision of policy advice including:

- provision of technical safety advice, directly, and in association with, the Ministry of Transport in relation to maritime sector policy and legislation
- contribution to the negotiation of international agreements, treaties and conventions
- engagement in relationships with other international maritime administrations
- contribution to the development of policy advice by departments (other than the Ministry of Transport) and local government agencies
- development of rules and other legislative instruments under the maritime transport acts, as funded by the Ministry of Transport
- advice on Pacific safety initiatives, as funded by Ministry of Foreign Affairs and Trade.

Why this output is important

Sound, clear and concise policy advice is essential to enable the development of appropriate maritime sector legislation to support international agreements, treaties and conventions, and to promote cost-effective maritime initiatives that support Maritime New Zealand's key outcomes.

Performance measures	2011/12	2012/13	2013/14	2014/15
All written policy reports/advice to Minister meet Maritime New Zealand's quality characteristics	New measure	100%	100%	100%
All written policy reports/advice to the Minister is completed by due date	New measure	100%	100%	100%
Technical policy advice and input into redesigned regulatory programme is provided in timeframes agreed with the MoT	New measure	100%	100%	100%
Rules programme completed in accordance with rules programme, subject to variations agreed with MoT	100%	100%	100%	100%
Budgeted revenue (\$000)	2,889	3,460	3,297	3,302
Budgeted expenditure (\$000)	2,722	3,047	3,078	3,078
Budgeted surplus(deficit) (\$000)	167	413	219	224

Output 1.2: Reviews of the maritime transport system

Description

Regular reviews of the maritime transport system to promote the improvement and development of its safety and security

Why this output is important

Regular review of the frameworks that underpin the maritime transport system are vital to ensure that they remain relevant to the maritime industry, support international best practice and minimise the costs imposed on the maritime industry.

Performance measures	2011/12	2012/13	2013/14	2014/15
Maritime Operator Safety System is implemented by July 2013	New measure	Achieved	-	-
New Qualifications and Operational Limits framework implemented by July 2013	New measure	Achieved	-	-
Budgeted revenue (\$000)	1,038	70	232	224
Budgeted expenditure (\$000)	2,577	2,841	1,018	1,012
Budgeted surplus(deficit) (\$000)	(1,539)	(2,771)	(786)	(788)

Output 1.3: Maritime security and intelligence advice

Description

Key functions:

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

Why this output is 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 would be likely to have negative consequences for New Zealand's international trade and economic well-being.

Performance measures	2011/12	2012/13	2013/14	2014/15
All ships and ports subject to the Maritime Security Act are compliant	New measure	100%	100%	100%
All potential threats to New Zealand port facilities are advised for appropriate action to be taken	New measure	100%	100%	100%
Budgeted revenue (\$000)	833	1,066	991	991
Budgeted expenditure (\$000)	833	983	991	991
Budgeted surplus(deficit) (\$000)	-	83	-	-

Output 1.4: Ministerial servicing

Description

Provision of services to Ministers to enable them to discharge their portfolio responsibilities, including drafting replies to Ministerial correspondence, responding to Official Information Act requests and Parliamentary Questions, and providing support at Select Committees on non-legislative matters.

Why this output is important

Being able to respond promptly to requests for information from Ministers, select committees and Official Information Act requests is an important part of Maritime New Zealand's accountability to government and the New Zealand public in general.

Performance measures	2011/12	2012/13	2013/14	2014/15
Replies to ministerial correspondence and parliamentary questions accepted by Ministry of Transport	95%	95%	95%	97%
Ministerial correspondence and parliamentary questions provided within agreed timeframes	95%	100%	100%	100%
Budgeted revenue (\$000)	75	85	79	79
Budgeted expenditure (\$000)	75	78	79	79
Budgeted surplus(deficit) (\$000)	-	-	-	-

Summary of output class 1: Influencing policy for the maritime sector

Performance measures	2011/12	2012/13	2013/14	2014/15
Budgeted revenue (\$000)	4,835	4,681	4,599	4,596
Budgeted expenditure (\$000)	6,207	6,949	5,166	5,160
Budgeted surplus(deficit) (\$000)	(1,372)	(2,268)	(567)	(564)

Output class 2: Maritime safety and marine protection services

Description

This output class involves the development and delivery of regulatory services that are legislatively established as the responsibility of Maritime New Zealand; including by the Maritime Transport Act, Ship Registration Act, Maritime Security Act, Health and Safety in Employment Act, Land Transport Management Act, and the Hazardous Substances and New Organisms Act.

This output class contains the following related outputs:

- 2.1: Information and education
- 2.2: Entry controls
- 2.3: Monitoring and investigation of compliance
- 2.4: Enforcement of compliance
- 2.5: Distress and safety communication services
- 2.6: Aids to navigation.

In combination, these related outputs provide an integrated approach to achieving compliance with safety, security and marine protection requirements. Modern regulatory theory and practice reflects an understanding that the majority of participants in a regulated sector will do the right thing if they are well informed about and supported to meet their obligations; entry controls ensure that participants meet appropriate standards and have relevant knowledge and experience; monitoring, investigation and enforcement activities ensure that participants who are not inclined to meet their obligations will do so, and holds them to account, where necessary, if they do not. These activities also provide information that can be used to inform the ongoing development of the regulatory system. Aids to navigation support safety outcomes by signalling hazards, and distress and safety communication services provide a safety net for those who get into difficulty.

Output 2.1: Information and education

Description

This output involves the provision of information and education services to, and liaison with, the maritime community, to promote maritime safety and security, and protection of the marine environment. Key functions include:

- provision of recreational boating safety and awareness services
- information/education to domestic commercial sectors of the maritime community.

Why this output is important

Informing and educating users of our seas and waterways is the foundation of Maritime New Zealand's regulatory strategy. Well informed participants in the maritime environment are more likely to be able to meet their obligations.

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 the best-recognised media for connecting with the recreational and commercial maritime community.

Performance measures	2011/12	2012/13	2013/14	2014/15
Safety DVDs distributed to the recreational community	New measure	50,000	50,000	50,000
Survey respondents who find the key publications <i>Lookout!</i> and <i>Safe Seas Clean Seas</i> useful	85%	85%	88%	90%
People who recall boating safety television advertising (as gauged by survey)	75%	75%	75%	75%
Availability of Maritime New Zealand's 24-hour media line	100%	100%	100%	100%
Budgeted revenue (\$000)	4,810	4,962	5,209	5,242
Budgeted expenditure (\$000)	5,251	5,450	5,505	5,520
Budgeted surplus(deficit) (\$000)	(441)	(488)	(296)	(278)

Output 2.2: Entry controls

Description

Exercise of entry controls (including continued eligibility) of operators, vessels, seafarers, products, services, ports, installations and facilities into the maritime transport system and/or the marine environment, under maritime and related legislation. Key functions include:

- registration of New Zealand-owned ships
- issuing maritime documents and certificates to New Zealand owners, operators and vessels
- vessel security assessments
- certification of seafarers and training providers
- issuing marine protection documents
- issuing maritime documents to providers of products, services, facilities and equipment used in the maritime system
- port security assessments
- issuing exemptions from the need to comply with maritime legislation, including rules.

Why this output is important

Entry controls ensure that people and vessels operating in New Zealand's maritime environment start with and maintain the right standards, knowledge and experience.

Performance measures	2011/12	2012/13	2013/14	2014/15
Safe Ship Management Certificates accurately issued	99%	99%	99%	99%
Registration certificates issued within 10 working days of receipt of all required documentation	100%	100%	100%	100%
Budgeted revenue (\$000)	5,675	4,301	4,511	4,543
Budgeted expenditure (\$000)	5,216	4,245	4,279	4,277
Budgeted surplus(deficit) (\$000)	459	56	232	266

Output 2.3: Monitoring and investigation of compliance

Description

Monitoring and investigation of compliance with maritime legislation and other related legislation. Key functions include:

- first inspections of ships registered in other countries when they arrive in New Zealand for compliance with International Maritime Organization requirements (port state control inspections)
- annual inspection of New Zealand-registered ships that comply with the Convention for Safety of Life at Sea (flag state control inspections)
- inspection and oversight of domestic commercial vessels and their documents, to ensure compliance with legislation, and survey vessels standards
- audit of New Zealand operators, vessels, facilities, products, services, documents and delegations, and requiring compliance with the documents and delegations
- investigations and responses to accidents and incidents, regulatory non-compliance, breaches of maritime security requirements, and complaints.

Why this output is important

Inspections, audits and investigations ensure participants continue to meet their obligations and provide information to support the ongoing improvement of the regulatory system,

Performance measures	2011/12	2012/13	2013/14	2014/15
Education/liaison visits to all operators	New measure	180-200	200-220	220-250
Statutory notifications received regarding serious harm	New measure	75-85	75-85	75-85
Health and safety in Employment Act seminars conducted	New measure	8-12	8-12	8-12
Flag state inspections completed based on targeting criteria	100%	100%	100%	100%
High to very high risk port State vessel inspections completed, based on Tokyo MOU targeting factor	New measure	80%	80%	80%
Safety inspections that meet 'pass' criteria	96%	96%	97%	98%
Safety inspections carried out within timelines specified in the issued certificate	100%	100%	100%	100%
Statutory notifications received, logged and reviewed within 10 working days of notification	95%	95%	97%	100%
All health and safety inspectors complete the annual Continual Professional Development programme	New measure	100%	100%	100%
Operational complaints closed within three months	46%	100%	100%	100%
Budgeted revenue (\$000)	5,227	6,680	6,502	6,568
Budgeted expenditure (\$000)	4,798	6,587	6,137	6,144
Budgeted surplus(deficit) (\$000)	429	93	365	424

Output 2.4: Enforcement of compliance

Description

Enforcement of compliance with, and the exercise of exit controls under, maritime and related legislation. Key functions include:

- suspension of, or imposition of conditions on, maritime documents or marine protection documents
- detention of ships and seizure of products under the Maritime Transport Act
- follow-up, second and subsequent inspections to review non-conformity and corrective action notices, suspensions, conditions and detentions
- issuing infringement notices under the Maritime Transport Act
- issuing improvement notices and prohibition notices under the Health and Safety Act
- prosecution of offences under the Maritime Transport Act
- exit controls – removal of ships from the register, and revocation of maritime and marine protection documents.

Why this output is important

Enforcement activity holds participants to account when they have failed to meet their obligations and deters non-compliance by other participants.

Performance measures	2011/12	2012/13	2013/14	2014/15
Percentage of prosecutions that fail due to the quality of Maritime New Zealand's investigation	New measure	0%	0%	0%
Percentage of revocations of maritime and marine protection documents upheld where subject to challenge	New measure	100%	100%	100%
Budgeted revenue (\$000)	874	853	900	912
Budgeted expenditure (\$000)	801	840	847	851
Budgeted surplus(deficit) (\$000)	73	13	53	61

Output 2.5: Distress and safety communication services

Description

Provision of distress and safety radio services to the maritime community

Why this output is important

Distress and safety radio services help prevent participants in the maritime sector from getting into difficulty, and provide a safety net for those who do.

Performance measures	2011/12	2012/13	2013/14	2014/15
Radio stations availability	99.8%	99.8%	99.8%	99.8%
24-hour distress/safety radio service provided	100%	100%	100%	100%
Budgeted revenue (\$000)	4,300	3,880	4,088	4,707
Budgeted expenditure (\$000)	3,974	3,824	3,860	4,400
Budgeted surplus(deficit) (\$000)	326	56	228	307

Output 2.6: Aids to navigation

Description

Provision of aids to navigation. Key functions include:

- provision of navigational aids for shipping on New Zealand's coast and adjacent islands
- oversight of navigational aids owned by ports and other organisations.

Why this output is important

In a country with more than 15,000 kilometres of coastline, much of it rugged and remote, reliable maritime navigation aids are essential to safely guide vessels around New Zealand. Aids to navigation signal, and support the avoidance of, hazards to navigation.

Performance measures	2011/12	2012/13	2013/14	2014/15
Lighthouse availability	99.8%	99.8%	99.8%	99.8%
Day-beacons/buoys availability	97%	97%	97%	97%
Budgeted revenue (\$000)	1,240	1,154	1,182	1,194
Budgeted expenditure (\$000)	1,204	1,148	1,157	1,164
Budgeted surplus(deficit) (\$000)	36	6	25	30

Summary of output class 2: Maritime safety and marine protection services

Performance measures	2011/12	2012/13	2013/14	2014/15
Budgeted revenue (\$000)	22,126	21,830	22,392	23,166
Budgeted expenditure (\$000)	21,244	22,094	21,785	22,356
Budgeted surplus(deficit) (\$000)	882	(264)	607	810

Output Class 3: Marine Pollution Response Service

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. 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 20).

Output 3.1: Marine pollution response capability

Description

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

Why this output is important

Response preparedness is vital in minimising the impact of oil pollution. 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.

Performance measures	2011/12	2012/13	2013/14	2014/15
Number of reported oil spills	New measure	<110	<110	<100
Percentage of regional councils who have trained responders at or above 80% of recommended number	New measure	>75%	>85%	88%
Percentage of regional(19) and national(1) stockpiles maintained and inspected in previous 12 months	New measure	100%	100%	100%
Status of the Oil Spill Preparedness Index ⁵	Green	Green	Green	Green
Percentage of urgent spills notified immediately	New measure	100%	100%	100%
Percentage of regional council plans that are current	New measure	85%	100%	100%
Budgeted revenue (\$000)	3,532	4,546	5,203	5,221
Budgeted expenditure (\$000)	3,812	4,394	4,382	4,417
Budgeted surplus(deficit) (\$000)	(280)	152	821	804

⁵ This index measures the degree to which current arrangements for responding to Tier 2 and Tier 3 marine oil spills are at optimum level specified in the national strategy.

Output 3.2: Rena oil spill response

Description

To provide direction and oversight for all Maritime New Zealand oil spill response and environmental recovery activity, following the grounding of the *Rena*.

Why this output is important

The *Rena* incident has been New Zealand's most significant maritime environmental incident. Ensuring an effective oil spill response to this incident is important for environmental, cultural and economic reasons.

Performance measures	2011/12	2012/13	2013/14	2014/15
Oil and salvage activities carried out by Maritime New Zealand contribute to the Ministry for the Environment's long-term <i>Rena</i> recovery plan	New measure	Achieved	-	-
Budgeted revenue (\$000)	26,123	2,014	-	-
Budgeted expenditure (\$000)	28,123	2,014	-	-
Budgeted surplus(deficit) (\$000)	(2,000)	-	-	-

Summary of output class 3: Marine Pollution Response Service

Performance measures	2011/12	2012/13	2013/14	2014/15
Budgeted revenue (\$000)	29,655	6,560	5,203	5,221
Budgeted expenditure (\$000)	31,935	6,408	4,382	4,417
Budgeted surplus(deficit) (\$000)	(2,280)	152	821	804

Output class 4: Search and rescue coordination services

Description

Maintenance and operation of a Search and Rescue Coordination Centre to coordinate and conduct search and rescue operations in the sea, air and land environments within the internationally mandated New Zealand search and rescue region.⁶ 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 page 20).

Output 4.1: Coordination of Search and Rescue Operations

Description

Coordinate and conduct sea, air and land search and rescue operations through a 24/7 search and rescue coordination centre (Rescue Coordination Centre of New Zealand), including management of the emergency distress beacon system for New Zealand.

Why this output is important

A prompt and well coordinated search and rescue response saves lives and provides an assurance to those who go to sea that if they get into trouble, then help can be provided.

Performance measures	2011/12	2012/13	2013/14	2014/15
A minimum of two fully trained search and rescue officers on duty at all times	100%	100%	100%	100%
Logged incidents resolved by communications action only	70%	75%	75%	80%
A 24-hour uninterrupted coordination service is provided	100%	100%	100%	100%
Budgeted revenue (\$000)	3,478	3,526	3,529	3,533
Budgeted expenditure (\$000)	3,800	4,117	4,097	4,121
Budgeted surplus(deficit) (\$000)	(322)	(591)	(568)	(588)

⁶ As delegated by the Minister of Transport under section 431 (3) of the Maritime Transport Act 1994 in relation to section 14B (1) (a) of the Civil Aviation Act 1990.

Output 4.2: Management of New Zealand’s emergency distress beacon system

Description

Operation and maintenance of the ground-based equipment that forms part of the international satellite system that detects, locates and alerts search and rescue authorities about emergency distress beacons, and the operation and maintenance of the emergency distress beacons database.⁷

Why this output is important

Maintenance of the beacon database is vital to ensure a prompt rescue response occurs. The Rescue Coordination Centre of New Zealand monitors all emergency distress beacon activations within its search and rescue region.

Performance measures	2011/12	2012/13	2013/14	2014/15
Availability of ground-based satellite equipment	98%	98%	98%	99%
Beacons' data verified every two years (at 30 June)	35%	65%	65%	70%
Beacon registrations received at the Rescue Coordination Centre and processed into the database by the next working day	98%	98%	98%	99%
Budgeted revenue (\$000)	1,140	1,137	1,111	1,111
Budgeted expenditure (\$000)	860	960	971	895
Budgeted surplus(deficit) (\$000)	280	177	140	216

Summary of output class 4: Search and rescue coordination services

Performance measures	2011/12	2012/13	2013/14	2014/15
Budgeted revenue (\$000)	4,618	4,663	4,640	4,644
Budgeted expenditure (\$000)	4,660	5,077	5,068	5,016
Budgeted surplus(deficit) (\$000)	(42)	(414)	(428)	(372)

⁷ 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, and saves costs by reducing the number of inappropriate responses to false alerts.

Output Class 5: Tauranga maritime incident response

Description

To provide direction and oversight for all Maritime New Zealand operations in Tauranga following the grounding of the container vessel **Rena**, including oil spill response, salvage and clean up operations, management of communications with local and national stakeholders, investigations into why and how the grounding occurred, negotiations in relation to claims for compensation, and participation into any external inquiry into the Rena grounding.

Output 5.1: *Rena* non-oil incident response

Description

To provide oversight and support for the Tauranga oil spill response, salvage and environmental recovery activity, following the grounding of the **Rena**.

Why this output is important

The **Rena** incident has been New Zealand's most significant maritime environmental incident. Ensuring an effective response to, and supporting an effective recovery from, this incident is important for environmental, cultural and economic reasons. Learning from this response to inform improved responses to any other such incidents is also critical.

Performance measures	2011/12	2012/13	2013/14	2014/15
Maritime New Zealand's response activity is externally reviewed and all areas for improvement identified are responded to effectively	New measure	Achieved	-	-
Budgeted revenue (\$000)	5,818	4,286	-	-
Budgeted expenditure (\$000)	5,818	4,286	-	-
Budgeted surplus(deficit) (\$000)	-	-	-	-

Prospective financial statements for Maritime New Zealand

Key issues and assumptions in preparing the financial statements

The following assumptions have been made in determining the Maritime New Zealand (including the Rescue Coordination Centre New Zealand) 2012 to 2015 projected financial statements:

Revenue

- The Marine Safety Charge is forecast to increase by 3.7 percent in 2012/13 due to projected increases in foreign-going ship movements based on forecast export/import increases (2013/14: 3.1 percent; 2014/15: 3.8 percent).
- Revenue from the fuel excise duty, provided to support recreational boating safety advertising, has decreased as funding for the 2012/13 year remains subject to Ministerial approval (\$0.93 million).
- Crown revenue of \$4.3 million is included in Maritime New Zealand's 2012/13 budget to cover the expected expenditure associated with the non-oil response to the Rena incident. Proposed funding for these activities will be met from two sources:
 - from the unspent balance of the \$35 million Rena response drawdown funding facility approved by Cabinet for 2011/12, joint Ministers' approval will be required to carry forward the unspent 2011/12 Rena response funds; and/or
 - from an additional \$6.3 million signalled as a contingent Crown funding requirement for 2012/13. Cabinet approval will be required to access the additional funding.
- Crown funding has been increased from the second half of 2011/12, by \$0.3 million in a full year, to offset an increase in the capital charge over Maritime New Zealand's net assets.

Expenditure

- Expenditure increases between 2011/12 and 2012/13 due to the impact in 2011/12 of Maritime New Zealand staff being diverted to respond to the Rena incident. Expenditure otherwise expected to be incurred in 2011/12 on core Maritime New Zealand activity was cancelled or postponed.
- Expenditure also increases in 2012/13 due to the inclusion of a full year of costs for the non-oil response to the Tauranga maritime incident: \$4.3 million.
- Total expenditure falls significantly in 2013/14 due to the Tauranga incident costs and strategic projects costs coming to an end by 30 June 2013.
- Expenditure on recreational boating safety advertising (\$0.93 million) ends on 30 June 2012 in line with the current approval for funding from the Fuel Excise Duty.
- Strategic projects Maritime Operator Safety System, Qualifications and Operational Limits, and funding review are budgeted to be completed, on or before, 30 June 2013. Project costs reduce by \$1.5 million from 2013/14 onward. A budget allocation of \$0.5 million has been made to transition to the new Maritime Operator Safety System and Qualifications and Operational Limits processes in 2012/13.
- The costs of operating the proposed Maritime Operator Safety System and Qualifications and Operational Limits processes are not included in the out-years' expenditure as these remain subject to consultation and final approval.
- The capital charge levied against Maritime New Zealand as a Crown Entity increased from the second half of 2011/12 due to a change in the calculation method applied to Maritime New Zealand and the Rescue Coordination Centre New Zealand. The impact on 2012/13 is \$0.3M.

Capital expenditure

- Capital expenditure is projected to peak at \$2.022 million in 2012/13 due to implementation of the Information Systems Strategic Plan and infrastructure support for the new Maritime Operator Safety System, and Qualifications and Operational Limits strategic projects.

Statement of prospective comprehensive income for Maritime New Zealand⁷

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Revenue				
Crown	15,034	13,584	9,298	9,298
Funding from crown agencies	1,892	1,942	1,916	1,916
Fuel excise duty	1,070	140	140	140
Marine safety charge	16,603	17,144	17,680	18,352
Other third party	2,593	2,448	2,394	2,498
Interest revenue	205	202	202	202
Total revenue	37,397	35,460	31,630	32,406
Expenditure				
Personnel costs	18,455	20,379	16,678	16,960
Operating	16,294	14,881	11,909	11,672
Depreciation	2,085	1,853	2,140	2,607
Capital charge	1,095	1,293	1,293	1,293
Intergroup charges	-	-	-	-
Total expenditure	37,929	38,406	32,020	32,532
Surplus/(Deficit)	(532)	(2,946)	(390)	(126)
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income	(532)	(2,946)	(390)	(126)

Statement of prospective movements in equity for Maritime New Zealand

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Balance at 1 July	15,253	14,721	11,775	11,385
Total comprehensive income	(532)	(2,946)	(390)	(126)
Balance at 30 June	14,721	11,775	11,385	11,259

⁷ Includes the Rescue Coordination Centre of New Zealand, and the non-oil response activities of the Tauranga maritime incident.

Statement of prospective financial position for Maritime New Zealand

As at 30 June for years 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Assets				
Current assets				
Cash, bank and investments	8,194	5,079	5,494	6,064
Prepayments	421	421	421	421
Inventory	264	264	264	264
Receivables and advances	2,328	2,328	2,328	2,328
Total current assets	11,207	8,092	8,507	9,077
Non-current assets				
Physical assets	4,567	4,199	3,790	3,776
Intangible assets	3,199	3,737	3,341	2,660
Total non-current assets	7,766	7,936	7,131	6,436
Total assets	18,973	16,028	15,638	15,513
Liabilities				
Current liabilities				
Payables and provisions	3,406	3,407	3,407	3,408
Provision for employee entitlements	846	846	846	846
Total current liabilities	4,252	4,253	4,253	4,254
Total liabilities	4,252	4,253	4,253	4,254
Equity				
From crown-funded activities	14,721	11,775	11,385	11,259
Total equity	14,721	11,775	11,385	11,259
Total equity and liabilities	18,973	16,028	15,638	15,513

Statement of prospective cash flows for Maritime New Zealand

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Cashflows from operating activities				
Crown	15,034	13,584	9,298	9,298
Funding from crown agencies	1,892	1,942	1,916	1,916
Fuel excise duty	1,070	140	140	140
Marine safety charge	16,603	17,144	17,680	18,352
Other third party	2,593	2,448	2,394	2,498
Interest revenue	205	202	202	202
Personnel	(18,455)	(20,379)	(16,678)	(16,960)
Payments to suppliers	(15,586)	(14,881)	(11,909)	(11,672)
Capital charge	(1,095)	(1,293)	(1,293)	(1,293)
Net cash flows from operating activities	2,261	(1,093)	1,750	2,481
Cashflows from investing activities				
Physical assets	(803)	(747)	(655)	(1,231)
Intangible assets	(626)	(1,275)	(680)	(680)
Net cash flows from investing activities	(1,429)	(2,022)	(1,335)	(1,911)
Cashflows from financing activities				
Capital contribution	167	-	-	-
Net cash flows from financing activities	167	-	-	-
Net Increase / (Decrease) in cash and cash equivalents	999	(3,115)	415	570
Opening cash balance at 1 July	7,195	8,194	5,079	5,494
Closing cash balance at 30 June	8,194	5,079	5,494	6,064

Prospective capital expenditure for Maritime New Zealand

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Navigational aids	108	156	279	579
Motor vehicles	177	264	150	150
Plant & equipment	8	-	-	-
Furniture and fittings	25	24	20	20
Intangible assets (computer software)	626	1,275	680	680
Computer equipment	465	279	186	457
Office equipment	20	24	20	25
Total	1,429	2,022	1,335	1,911

Notes to the prospective financial statements for Maritime New Zealand

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 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 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 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 Financial Reporting Standard 42 and other applicable financial reporting standards, as appropriate for public benefit entities.

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.

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 on the following pages have been applied consistently to all periods presented in these prospective financial statements.

Changes in accounting policies

Maritime New Zealand revised the output classes for the 2012/13 financial year. The changes have not resulted in any material impact to the results of Maritime New Zealand; however some comparatives for the 2011/12 financial year have been restated to conform to the structure presented in these prospective financial statements.

No other significant changes in accounting policies have occurred during the financial year.

Significant accounting policies

The principal accounting policies applied in preparing 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 its use is restricted to 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 about 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. The capital charge has been calculated by applying the capital charge rate to the balance of total equity.

Leases

Leases that substantially transfer to Maritime New Zealand all the risks and rewards of ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the start of the lease term, Maritime New Zealand recognises finance leases as assets and liabilities 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, 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 of 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 goods and services tax, pay-as-you-earn income tax or Accident Compensation Corporation levies, and is therefore required to comply with these regulations.

Goods and Services tax

All items in the prospective financial statements are presented exclusive of goods and services tax, except 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, the Inland Revenue Department 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, the Inland Revenue Department, 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 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 directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to sub-outputs by allocating costs based on direct time expended on delivering the sub-output. Costs allocated to sub-outputs roll up to form total output costs, which then rollup to total output class costs.

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), and 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.

Property, plant and equipment

Property, plant and equipment asset classes consist of:

- lighthouses
- navigational lights, buoys and day beacons
- plant and equipment
- motor vehicles
- furniture, fittings and office equipment
- computer equipment
- leasehold improvements
- land.

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

Revaluations

Land has been revalued 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 offsets 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 after 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
Navigational lights, buoys and day beacons	10-20	straight-line
Plant and equipment	5-10	straight-line
Motor vehicles	5	straight-line
Furniture, fittings and office equipment	5	straight-line
Computer equipment	3	straight-line
Leasehold improvements	2-9	straight-line

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

Costs 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, is measured at undiscounted nominal values, based on accrual entitlements at current rates of pay.

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 in accordance with 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 Tower LifeSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

Obligations for contributions to Government Superannuation Fund are accounted for as a defined benefit superannuation scheme and are recognised as an expense in the statement of 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. Discussed below are estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The useful lives and residual value of property, plant and equipment and intangible assets

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 residual values.

Critical judgements

The following critical judgements have been made in preparing these prospective financial statements:

- Maritime New Zealand's review of funding sources is expected to be completed during 2012/13. At the time of writing, the new funding structure was about to go out to consultation, with key decisions yet to be made on the timing of implementation and the final mix of Crown, levy and fees funding. Based on this, the financial statements reflect existing funding sources and rates.
- The Maritime Operator Safety System and Qualifications and Operational Limits projects will also be implemented during 2012/13. Costs for completion of development and transition to the new structures have been included in the 2012/13 budget. New feeable charges have also not been included in the 2012/13 budget as charges and processes were still subject to consultation at the time of preparing this Statement of Intent.
- The **Rena** oil spill response may require additional expenditure in early 2012/13. An expenditure amount has been budgeted for, with the expectation that Crown funding will be available for completion of cleanup activities.
- The **Rena** non-oil response (including salvage oversight, investigation, and prosecutions) has been budgeted for in 2012/13, with the expectation that Crown funding will be available for completion of this response effort.

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.

Terminology

Output class income and expenditure in prior year financial information, has been reclassified to align with the revised output class structure, and has no material impact on the net surplus/deficit.

Output class statement for Maritime New Zealand and the New Zealand Oil Pollution Fund

For the years ending 30 June 2012 to 2015

Output Class 1 : Influencing the policy environment for maritime sector

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	3,576	3,478	3,478	3,478
Funding from crown agencies	901	954	954	954
Fuel excise duty	-	-	-	-
Marine safety charge	-	-	-	-
Oil pollution levy	-	-	-	-
Other third party	328	219	143	140
Interest	30	30	24	24
Total revenue	4,835	4,681	4,599	4,596
Expenditure	6,207	6,949	5,166	5,160
Net surplus/(deficit)	(1,372)	(2,268)	(567)	(564)

Output Class 2 : Maritime safety and marine protection services

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	2,366	2,504	2,504	2,504
Funding from crown agencies	-	-	-	-
Fuel excise duty	930	-	-	-
Marine safety charge	16,603	17,144	17,681	18,352
Oil pollution levy	-	-	-	-
Other third party	2,124	2,086	2,105	2,208
Interest	103	96	102	102
Total revenue	22,126	21,830	22,392	23,166
Expenditure	21,244	22,094	21,785	22,356
Net surplus/(deficit)	882	(264)	607	810

Output Class 3 : Marine Pollution response service (New Zealand Oil Pollution Fund)

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	26,123	2,014	-	-
Funding from crown agencies	-	-	-	-
Fuel excise duty	-	-	-	-
Marine safety charge	-	-	-	-
Oil pollution levy	3,300	3,935	4,407	4,407
Other third party	169	592	770	770
Interest	63	19	26	44
Total revenue	29,655	6,560	5,203	5,221
Expenditure	31,935	6,408	4,382	4,417
Net surplus/(deficit)	(2,280)	152	821	804

Output Class 4 : Search and rescue co-ordination services

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	3,274	3,316	3,316	3,316
Funding from crown agencies	991	988	962	962
Fuel excise duty	140	140	140	140
Marine safety charge	-	-	-	-
Oil pollution levy	-	-	-	-
Other third party	141	143	146	150
Interest	72	76	76	76
Total revenue	4,618	4,663	4,640	4,644
Expenditure	4,660	5,077	5,068	5,016
Net surplus/(deficit)	(42)	(414)	(428)	(372)

Output Class 5 : Tauranga maritime incident response

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	5,818	4,286	-	-
Funding from crown agencies	-	-	-	-
Fuel excise duty	-	-	-	-
Marine safety charge	-	-	-	-
Oil pollution levy	-	-	-	-
Other third party	-	-	-	-
Interest	-	-	-	-
Total revenue	5,818	4,286	-	-
Expenditure	5,818	4,286	-	-
Net surplus/(deficit)	-	-	-	-

Consolidated Output Classes

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Crown	42,407	15,598	9,298	9,298
Funding from crown agencies	1,892	1,942	1,916	1,916
Fuel excise duty	1,070	140	140	140
Marine safety charge	16,603	17,144	17,681	18,352
Oil pollution levy	3,300	3,935	4,407	4,407
Other third party	2,762	3,040	3,164	3,268
Interest	268	221	228	246
Total revenue	68,302	42,020	36,834	37,627
Expenditure	69,864	44,814	36,401	36,949
Net surplus/(deficit)	(1,562)	(2,794)	433	678

Output Class Reconciliation

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
Maritime New Zealand (Output classes: 1,2,4,5)	37,397	35,460	31,631	32,406
Oil pollution fund (output class 3)	29,655	6,560	5,203	5,221
Total revenue	67,052	42,020	36,834	37,627
Expenses				
Maritime New Zealand (Output classes: 1,2,4,5)	37,929	38,406	32,019	32,532
Oil pollution fund (output class 3)	31,935	6,408	4,382	4,417
Total Expenditure	69,864	44,814	36,401	36,949
Net surplus/(deficit)	(2,812)	(2,794)	433	678

APPENDICES

Appendix 1: Prospective financial statements for the New Zealand Oil Pollution Fund

The New Zealand Oil Pollution Fund is a fund established by the Maritime Transport Act 1994, and managed by Maritime New Zealand, to provide national response capability to maritime oil pollution incidents.

Key issues and assumptions in preparing the financial statements

The following assumptions have been made in determining the New Zealand Oil Pollution Fund 2012 to 2015 projected financial statements:

Revenue

- Consultation on a revised methodology for calculating the Oil Pollution Levy, that allocates revenue to vessels using a 'unit of threat'-based approach, is being finalised and preparations made for implementation in 2013/14. The threat unit-based levy calculation is budgeted to be implemented by July 2013.
- Consultation on a capability procurement levy to purchase new oil pollution response equipment recommended in the recently completed New Zealand preparedness and response capability review is being finalised and preparations made for implementation in 2013/14. The capability procurement levy is aimed at generating \$1.42 million over the next three years.
- The 2012/13 budget includes expenditure of \$2.0 million for **Rena** oil spill response activities. Proposed funding for these activities will be met from two sources:
 - from the unspent balance of the \$35 million **Rena** response drawdown funding facility approved by Cabinet for 2011/12, Cabinet approval will be required to carry forward the unspent 2011/12 **Rena** response funds, *and/or*
 - from an additional \$6.3 million being set aside as a contingency in the Government's 2012/13 Budget. Cabinet approval will be required to access the \$6.3 million 2012/13 contingency.

Expenditure

- \$32.26 million is forecast to be spent for 2011/12. Of this \$28.12 million relates to the oil spill response to the Tauranga maritime incident.
- The \$2 million response reserve, previously held to offset the immediate costs of oil spill responses, has been fully used up in meeting the costs of the **Rena** response in 2011/12.

Capital expenditure

- A programme of capital expenditure has been budgeted for in 2012/13 of \$0.7 million..

Going concern

- The New Zealand Oil Pollution Fund remains a going concern due to the continued receipt of revenue from business-as-usual sources in 2011/12. Lower annual expenditure is estimated for 2011/12 due to staff being deployed to the Tauranga maritime incident.

Statement of prospective comprehensive income for the New Zealand Oil Pollution Fund⁸

For the years ending 30 June 2012 to 2015

	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)
Revenue				
Crown	26,123	2,014	-	-
Oil pollution levy	3,300	3,567	4,407	4,407
Capability procurement levy	-	-	710	710
Other third party	169	60	60	60
Interest revenue	63	19	26	44
Total revenue	29,655	5,661	5,203	5,221
Expenditure				
Personnel costs	14,561	876	838	838
Operating	15,597	4,437	2,396	2,396
Depreciation	382	405	458	493
Intergroup charges	1,395	690	690	690
Total expenditure	31,935	6,408	4,382	4,417
Surplus/(Deficit)	(2,280)	(748)	821	804
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive income	(2,280)	(748)	821	804

Statement of prospective movements in equity for the New Zealand Oil Pollution Fund

For the years ending 30 June 2012 to 2015

	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)
Balance at 1 July	8,334	6,054	5,306	6,127
Total comprehensive income	(2,280)	(748)	821	804
Balance at 30 June	6,054	5,306	6,127	6,931

⁸ Includes the revenue and costs related to the Rena oil spill response.

Statement of prospective financial position for the New Zealand Oil Pollution Fund

As at 30 June for periods 2012 to 2015

	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)
Assets				
Current assets				
Cash, bank and investments	1,514	521	648	1,545
Inventory	1,528	1,528	1,528	1,528
Receivables and advances	47	47	47	47
Total current assets	3,089	2,096	2,223	3,120
Non-current assets				
Physical assets	3,532	3,835	4,587	4,549
Intangible assets	229	171	112	58
Total non-current assets	3,761	4,006	4,700	4,606
Total assets	6,849	6,101	6,922	7,726
Liabilities				
Current liabilities				
Payables and provisions	725	725	725	725
Provision for employee entitlements	71	71	71	71
Total current liabilities	796	796	796	796
Total liabilities	796	796	796	796
Equity				
From crown-funded activities	6,054	5,306	6,127	6,931
Total equity	6,054	5,306	6,127	6,931
Total equity and liabilities	6,850	6,102	6,923	7,727

Statement of prospective cash flows for the New Zealand Oil Pollution Fund

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Cashflows from operating activities				
Crown	26,123	2,014	-	-
Oil pollution levy	3,300	3,567	4,407	4,407
Capability procurement levy	-	-	710	710
Other third party	169	60	60	60
Interest revenue	63	19	26	44
Personnel	(14,561)	(876)	(838)	(838)
Payments to suppliers	(16,992)	(5,127)	(3,086)	(3,086)
Net cash flows from operating activities	(1,898)	(343)	1,279	1,297
Cashflows from investing activities				
Physical assets	(73)	(650)	(1,152)	(400)
Net cash flows from investing activities	(73)	(650)	(1,152)	(400)
Cashflows from financing Activities				
Net cash flows from financing activities	-	-	-	-
Net Increase / (Decrease) in cash and cash equivalents	(1,971)	(993)	127	897
Opening cash balance at 1 July	3,485	1,514	521	648
Closing cash balance at 30 June	1,514	521	648	1,545

Prospective capital expenditure for the New Zealand Oil Pollution Fund

For the years ending 30 June 2012 to 2015

	Forecast	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15
	\$(000)	\$(000)	\$(000)	\$(000)
Plant & equipment	73	650	1,152	400
Total	73	650	1,152	400

Notes to the prospective financial statements for the New Zealand Oil Pollution Fund

The prospective financial statements presented are those of the New Zealand Oil Pollution Fund (the Fund), a Crown entity established in 1994 under the Maritime Transport Act. The Fund 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 Fund 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 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 periods.

Statement of significant accounting policies

Reporting entity

The New Zealand Oil Pollution Fund has been established by Maritime New Zealand pursuant to section 330 of the Maritime Transport Act 1994. The Fund is domiciled in New Zealand and its ultimate parent is the New Zealand Crown.

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

Accordingly, the Fund has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards.

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

Basis of preparation

Statement of compliance

The prospective financial statements of the Fund 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 Financial Reporting Standard 42 and other applicable financial reporting standards, as appropriate for public benefit entities.

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 the Fund is New Zealand dollars.

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 on the following pages have been applied consistently to all periods presented in these prospective financial statements.

Changes in accounting policies

No significant changes in accounting policies have occurred during the financial year.

Significant accounting policies

The principal accounting policies applied in preparing 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.

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 the Oil Pollution Levy based on information from New Zealand Customs about port visits.

Interest income is recognised using the effective interest method.

Leases

Leases that substantially transfer to the Fund all the risks and rewards of ownership of an asset, whether or not title is eventually transferred, are classified as finance leases. At the start of the lease term, the Fund recognises finance leases as assets and liabilities 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, to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Fund 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 of ownership of an asset to the Fund 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

The Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly no charge for income tax has been provided for. The Fund is not exempt from indirect tax legislation such as goods and services tax, pay-as-you-earn income tax or Accident Compensation Corporation levies, and is therefore required to comply with these regulations.

Goods and Services tax

All items in the prospective financial statements are presented exclusive of goods and services tax, except 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, the Inland Revenue Department 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, the Inland Revenue Department, 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 the Fund for the preparation of the prospective financial statements.

Cost allocation

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

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

Direct costs are charged directly to outputs. Indirect costs are charged to sub-outputs by allocating costs based on direct time expended on delivering the sub-output. Costs allocated to sub-outputs roll up to form total output costs, which then rollup to total output class costs.

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), and other short-term, highly liquid investments, with original maturities of three months or less.

At each balance sheet date, the Fund 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 the Fund 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 the Fund 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.

Property, plant and equipment

Plant and equipment asset classes consist of:

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

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

Accounting for revaluations

The Fund 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 offsets 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 plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Fund 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 for those assets are transferred to general funds.

Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Fund 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
Plant and equipment	5-10	straight-line
Motor vehicles	5	straight-line
Furniture, fittings and office equipment	5	straight-line
Computer equipment	3	straight-line
Leasehold Improvements	2-9	straight-line
Vessels	3-25	straight-line

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

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

Other software-related costs are recognised as follows:

- staff training costs are recognised as an expense when incurred
- costs associated with maintaining computer software are recognised as an expense when incurred
- costs associated with the development and maintenance of the Fund'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 with 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 do not primarily depend on the asset's ability to generate net cash inflows and where the Fund 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. If 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

The Fund 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 is measured at undiscounted nominal values, based on accrual entitlements at current rates of pay.

Employee entitlements that the Fund 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 in accordance with the Holidays Act 2003.

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

The Fund 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 Tower LifeSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

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

Restructuring

A provision for restructuring is recognised when the Fund 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, the Fund 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 with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The useful lives and residual value of property, plant and equipment and intangible assets

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

An incorrect estimate of the useful life or residual value will affect 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. The Fund 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.

The Fund has not made significant changes to past assumptions concerning residual values.

Critical judgements

The following critical judgements have been made in preparing these prospective financial statements:

- The Fund is revising its methodology for calculating the Oil Pollution Levy, to one that allocates revenue to vessels using a 'unit of threat'-based approach. This is being finalised and preparations made for implementation in 2012/13. The threat unit-based levy calculation is budgeted to be implemented from October.
- The *Rena* oil spill response may require additional expenditure in early 2012/13. An expenditure amount has been budgeted for, with the expectation that Crown funding will be available for completion of cleanup activities.

Statement of cash flows

'Cash' means cash and cash equivalents on hand, held in bank accounts and demand deposits in which the Fund 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 activities relating to the acquisition and disposal of non-current assets, intangible assets and investments.

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

Terminology

Output class income and expenditure in prior year financial information, has been reclassified to align with the revised output class structure, and has no material impact on the net surplus/deficit.

Appendix 2: Additional financial information

Consolidated statement of prospective comprehensive income for Maritime New Zealand (Regulatory) and the Rescue Coordination Centre of New Zealand

For the years ending 30 June 2012 to 2015

	Maritime New Zealand				Rescue Coordination Centre				Consolidated Maritime New Zealand			
	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)	Forecast 2011/12 \$(000)	Budget 2012/13 \$(000)	Budget 2013/14 \$(000)	Budget 2014/15 \$(000)
Revenue												
Crown	11,760	10,268	5,982	5,982	3,274	3,316	3,316	3,316	15,034	13,584	9,298	9,298
Funding from crown agencies	901	954	954	954	991	988	962	962	1,892	1,942	1,916	1,916
Fuel excise duty	930	-	-	-	140	140	140	140	1,070	140	140	140
Marine safety charge	16,603	17,144	17,680	18,352	-	-	-	-	16,603	17,144	17,680	18,352
Other third party	2,452	2,305	2,248	2,348	141	143	146	150	2,593	2,448	2,394	2,498
Interest revenue	133	126	126	126	72	76	76	76	205	202	202	202
Total revenue	32,779	30,797	26,990	27,762	4,618	4,663	4,640	4,644	37,397	35,460	31,630	32,406
Expenditure												
Personnel costs	16,372	18,197	14,452	14,690	2,083	2,182	2,226	2,270	18,455	20,379	16,678	16,960
Operating	14,553	12,951	10,019	9,819	1,741	1,930	1,890	1,853	16,294	14,881	11,909	11,672
Depreciation	1,951	1,663	1,963	2,489	134	190	177	118	2,085	1,853	2,140	2,607
Capital charge	943	1,068	1,068	1,068	152	225	225	225	1,095	1,293	1,293	1,293
Intergroup charges	(550)	(550)	(550)	(550)	550	550	550	550	-	-	-	-
Total expenditure	33,269	33,329	26,952	27,516	4,660	5,077	5,068	5,016	37,929	38,406	32,020	32,532
Surplus/(Deficit)	(490)	(2,532)	38	246	(42)	(414)	(428)	(372)	(532)	(2,946)	(390)	(126)
Other comprehensive income												
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(490)	(2,532)	38	246	(42)	(414)	(428)	(372)	(532)	(2,946)	(390)	(126)

Appendix 3: Output map for Maritime New Zealand and the New Zealand Oil Pollution Fund

For the years ending 30 June 2012 to 2015

Output Class 1 : Influencing the policy environment for maritime sector

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
1.1 Development and provision of policy advice	2,889	3,460	3,297	3,302
1.2 Regular reviews of the maritime transport system	1,038	70	232	224
1.3 Provision of Maritime security and intelligence advice	833	1,066	991	991
1.4 Ministerial servicing	75	85	79	79
Total revenue	4,835	4,681	4,599	4,596
Expenditure				
1.1 Development and provision of policy advice	2,722	3,047	3,078	3,078
1.2 Regular reviews of the maritime transport system	2,577	2,841	1,018	1,012
1.3 Provision of Maritime security and intelligence advice	833	983	991	991
1.4 Ministerial servicing	75	78	79	79
Total Expenditure	6,207	6,949	5,166	5,160
Surplus/(Deficit)	(1,372)	(2,268)	(567)	(564)

Output Class 2 : Maritime safety and marine protection services

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
2.1 Information and education services	4,810	4,962	5,209	5,242
2.2 Entry controls	5,675	4,301	4,511	4,543
2.3 Monitoring and investigation of compliance	5,227	6,680	6,502	6,568
2.4 Enforcement of compliance	874	853	900	912
2.5 Distress and safety communication services	4,300	3,880	4,088	4,707
2.6 Aids to navigation services	1,240	1,154	1,182	1,194
Total revenue	22,126	21,830	22,392	23,166
Expenditure				
2.1 Information and education services	5,251	5,450	5,505	5,520
2.2 Entry controls	5,216	4,245	4,279	4,277
2.3 Monitoring and investigation of compliance	4,798	6,587	6,137	6,144
2.4 Enforcement of compliance	801	840	847	851
2.5 Distress and safety communication services	3,974	3,824	3,860	4,400
2.6 Aids to navigation services	1,204	1,148	1,157	1,164
Total Expenditure	21,244	22,094	21,785	22,356
Surplus/(Deficit)	882	(264)	607	810

Output Class 3 : Marine Pollution response service (New Zealand Oil Pollution Fund)

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
3.1 Marine pollution response capability	3,532	4,546	5,203	5,221
3.2 Rena oil spill response	26,123	2,014	-	-
Total revenue	29,655	6,560	5,203	5,221
Expenditure				
3.1 Marine pollution response capability	3,812	4,394	4,382	4,417
3.2 Rena oil spill response	28,123	2,014	-	-
Total Expenditure	31,935	6,408	4,382	4,417
Surplus/(Deficit)	(2,280)	152	821	804

Output Class 4 : Search and Rescue co-ordination services

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
4.1 Coordination Search & Rescue operations	3,478	3,526	3,529	3,533
4.2 Management of New Zealand's emergency distress beacon system	1,140	1,137	1,111	1,111
Total revenue	4,618	4,663	4,640	4,644
Expenditure				
4.1 Coordination Search & Rescue operations	3,800	4,117	4,097	4,121
4.2 Management of New Zealand's emergency distress beacon system	860	960	971	895
Total Expenditure	4,660	5,077	5,068	5,016
Surplus/(Deficit)	(42)	(414)	(428)	(372)

Output Class 5 : Tauranga maritime incident response

For the four years to 30 June 2015

	2011/12 Estimate (\$000)	2012/13 Budget (\$000)	2013/14 Forecast (\$000)	2014/15 Forecast (\$000)
Revenue				
5.1 Rena non-oil spill response	4,568	4,286	-	-
5.2 Rena consequentials - catchup of statutory activities	1,250	-	-	-
Total revenue	5,818	4,286	-	-
Expenditure				
5.1 Rena non-oil spill response	4,568	4,286	-	-
5.2 Rena consequentials - catchup of statutory activities	1,250	-	-	-
Total Expenditure	5,818	4,286	-	-
Surplus/(Deficit)	-	-	-	-

Appendix 4: Asset management plans for Maritime New Zealand

Navigational aids

A five-year rolling asset management plan has been implemented, which 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:

1. Critical items such as radio equipment and batteries are replaced every 10 years.
2. 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 has developed and is implementing 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 before 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.

From 2014, Maritime New Zealand will put in place a comprehensive, outcomes-focused master contract for the delivery of the key distress and safety communications services. The preferred supplier for this contract has been selected following a comprehensive Request for Proposals process and formal evaluation. Contract negotiations are underway and are planned to be concluded by the

middle of 2012. Maritime New Zealand assets employed to deliver services under this contract will continue to be managed in accordance with the principles detailed under 'Radio assets' above.

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 and negotiations to conclude a new contract are underway. COSPAS-SARSAT technological programme developments drive the cycle for either upgrade or replacement of local user terminal equipment and these will be incorporated into the new contractual arrangements.

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)

A revised information systems strategic plan was approved by the Authority in February 2012. This contains a detailed roadmap for the future development of Maritime New Zealand's core systems, including the Navigator database system, workflow and reporting.

Work will continue on the extension of new technology into areas such as seafarer licensing and the proposed Maritime Operator Safety System.

Appendix 5: Maritime New Zealand's statutory framework

Statutory roles and responsibilities

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

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

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

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.

Primary statutory functions

Under the Maritime Transport Act 1994, Maritime New Zealand has the following functions:

- promote maritime safety and security, and protection of the marine environment in 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 on maritime transport and marine protection, and to foster appropriate information and education programmes on 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 1992 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 appoints the Chief Executive, who also fulfils the statutory office of Director of Maritime New Zealand.

Under the Maritime Transport Act 1994, the Director has the following responsibilities:

- exercise control over entry into the maritime transport system through the granting of maritime documents and marine protection documents. A maritime document is any licence, permit, certificate or other document issued by the Director of Maritime New Zealand under section 41 of the Maritime Transport Act 1994, including certificates of competency, safe ship management, surveyor recognition and safe crewing documents
- take such action as may be appropriate in the public interest to enforce the provisions of the Maritime Transport Act 1994 and other Acts (such as the Maritime Security Act 2004, Hazardous Substances and New Organisms Act 1996 and the Health and Safety in Employment Act 1992), and of regulations and rules made under these Acts, including carrying out or requiring 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 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 1994 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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