



Annual Report

2019/20



SAFE
SECURE
CLEAN

Maritime New Zealand Nō te rere moana Aotearoa

Nō te rere moana Aotearoa now accompanies te manaia – the guardian – in our logo.

Together, they reflect our role as the caretaker of New Zealand's flowing waters. They underpin our mandate to make life at sea safer; to protect the maritime environment from pollution and safeguard it for future generations; to ensure New Zealand's ports and ships are secure; and to provide a search and rescue response service in one of the largest search and rescue areas in the world.

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Abbreviations

AC36	America's Cup 2020/21
ANZSBEG	Australia New Zealand Safe Boating Education Group
AoG	All-of-government
ARCSAR	Arctic and North Atlantic Security and Emergency Preparedness Network
AtoN	Aids to Navigation
COMNAP	Council of Managers of National Antarctic Programs
DSC	Digital selective calling
FED	Fuel Excise Duty
G-Reg	Government Regulatory Practice Initiative
HF	High frequency
HSWA	Health and Safety at Work Act 2015
HSW	Health, safety and wellbeing
IALA	International Association of Marine Aids to Navigation and Lighthouse Authorities
IMO	International Maritime Organization
ISPS	International Ship and Port Facility Security
MARPOL	International Convention for the Prevention of Pollution from Ships
MFAT	Ministry of Foreign Affairs and Trade
MOC	Maritime Operations Centre
MOSS	Maritime Operator Safety System
MoT	Ministry of Transport
MPRS	Marine Pollution Response Service
MSA	Marine Security Act 2004
MTA	Maritime Transport Act 1994
NZ GAAP	New Zealand generally accepted accounting practice
NZSRR	NZ Search and Rescue Region
OIA	Official Information Act 1982
PBE	Public benefit entity
Polar Code	International Code for Ships Operating in Polar Waters
PSC	Port State Control
RCCNZ	Rescue Coordination Centre New Zealand
SAR	Search and rescue
SOLAS	Safety of life at sea
SOP	Safe Operational Plan
SRR	Search and rescue region
SSM	Safe Ship Management system
Tokyo MOU	Tokyo Memorandum of Understanding
VHF	Very high frequency

Introduction



The year in review

It's been a challenging but productive year

Tēnā koutou. Ngā mihi mahana ki a koutou i runga i te kaupapa nei.

We are pleased to present the 2019/20 Maritime NZ (Nō te rere moana Aotearoa) Annual Report. It records our results for the year against the plans and objectives set out in the Statement of Intent for 2018–2022, the Statement of Performance Expectations for 2019/20 and in the Minister's Letter of Expectations 2019/20.

Being Effective in our Role

Maritime NZ has, over several years, been developing its approach as an effective evidence-based, intelligence-led, risk-focused organisation. At the beginning of 2019/20, the organisation received a significant boost in resourcing through a funding review, and made further progress in implementing improvements in capability and approach.

Building on our core regulatory, compliance and response capabilities, these changes aim to strengthen work in areas such as:

- international engagement and influence;
- information systems;
- research and intelligence functions;
- communications and stakeholder engagement work; and
- our strategic framework and significantly refreshing it.

COVID-19

The improvements in capability contributed to Maritime NZ's quick response to the COVID-19 pandemic. We immediately established a response team and put a clear, structured leadership and communications approach in place to work effectively with the Ministry of Transport (MoT), the all-of-government (AoG) response and the maritime sector. This included seconding staff into core AoG response roles.

Drawing on improvements made to our systems and capability, our people were seamlessly and rapidly able to adjust to lockdown requirements, especially as New Zealand entered Alert Level 4 on 26 March 2020. Within one day of the Government announcing the lockdown, and the health, safety and wellbeing of our people being of utmost priority, most of Maritime NZ's staff were working successfully from home.

During this time, the Maritime NZ Board met regularly on line in support of the organisation, while navigating the challenges of COVID-19. While in lockdown, staff explored different ways to deliver our work, including doing remote audits and training sessions. Without undermining safety, security and marine protection outcomes, we engaged with the maritime industry in a way that was empathetic and enabling, adjusting regulatory requirements where appropriate.

Like the rest of New Zealand, the pandemic has affected the funding of Maritime NZ. To address this, the Government put in place additional support to ensure agencies were able to maintain the delivery of core activities. With careful prioritisation and financial management (along with savings in areas such as travel) Maritime NZ did not need to access this fund during 2019/20.

What we achieved

Despite the pandemic, and not being in a position to achieve everything planned for the year, we made good progress with:

- reforming the 40 series rules that apply to the design, construction and survey of domestic ships;
- changing the International Maritime Organization's Polar Code II to improve the safety and environmental outcomes associated with small vessels travelling on polar waters;
- working with other regulators, unions and industry groups to effect longer-term change and improvement in areas such as recreational boating and port safety;
- preparing for the America's Cup;
- preparing for the audit by the International Maritime Organization of the way New Zealand implements international maritime conventions; and
- delivering a programme of assurance work in respect to our compliance activity.



The Rescue Coordination Centre New Zealand (RCCNZ) and our maritime incident and oil spill response services, together with maritime officers and investigators, continued to be fully available.

Recognising the financial impact of COVID-19 and the salary sacrifice arrangements put in place for parliamentarians and chief executives, each Authority member also committed to contributing a portion of their Board fees for the 2019/20 year to charity.

Thank you

This has been a year of challenges and it has required everyone to respond to uncertainty and change. We would like to recognise the absolute commitment and positive response from the whole Maritime NZ team, and the partnership and cooperation shown by the other government agencies and those we work with in the wider maritime sector.

Hē waka eke noa (We're all in this together).

Ngā mihi nui

Jo Brosnahan
Chair, Maritime NZ

Keith Manch
Director, Maritime NZ



WHY THE MARITIME DOMAIN MATTERS TO NEW ZEALAND



During the COVID-19 response

safe and efficient ports, with good international links, proved their vital role for our country's supply chains



1,004 ship & 5,654 port visits to NZ

(A ship can visit multiple ports)

NZ's marine economy contributed

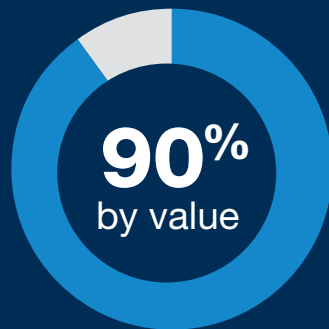
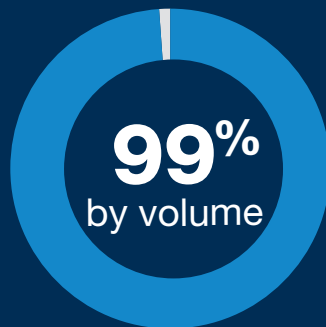
\$3.8 billion

to New Zealand's economy



NZ EXPORTS

\$86.4 billion



IS CARRIED BY SEA

NZ's Exclusive Economic Zone is

15x

the size of the country

not including Tokelau, Niue, the Cook Islands and the Ross Dependency



Spanning

37 million km²

New Zealand covers one of the largest search and rescue areas in the world

About Maritime New Zealand

Our role

Maritime NZ is the national regulatory, compliance and response agency for the safety, security and environmental protection of New Zealand's maritime environment.

Established in 1993, Maritime NZ is governed by a five-member board (the Authority) appointed by the Minister of Transport under the Maritime Transport Act 1994 (MTA).




MARITIME NZ HAS THREE CORE ROLES		
<p>REGULATION</p> <p>Maritime NZ develops and maintains the national safety, security and environmental protection regulations and rules that govern maritime operations, ports and offshore installations in New Zealand waters through its domestic and international work.</p>	<p>COMPLIANCE</p> <p>Maritime NZ supports, encourages and requires operator compliance with those regulations through its regulatory regimes and compliance operating model.</p>	<p>RESPONSE</p> <p>Maritime NZ provides a national land, sea and air search and rescue coordination service and manages national maritime incident and marine pollution response capability.</p>

Maritime NZ takes an intelligence-led, risk-focused and evidence-based approach to its work. The values of integrity, commitment and respect underpin all that Maritime NZ does.

These values are intertwined with Maritime NZ's Leadership Charter, to show strength, unity and direction.

Our outcomes

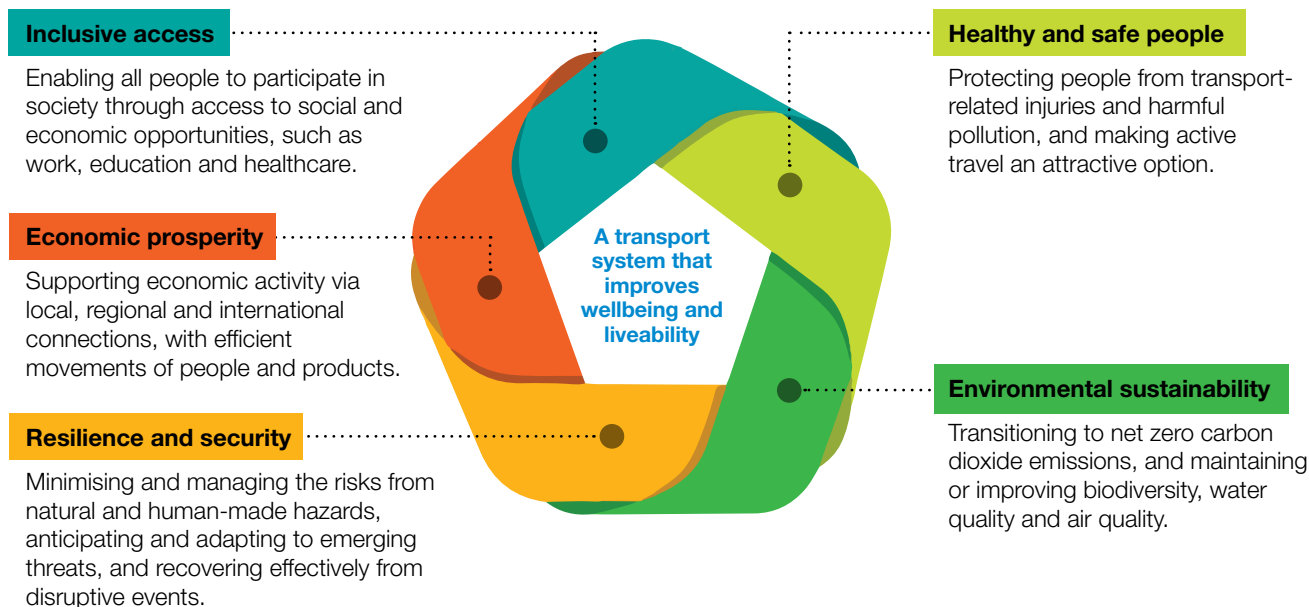
Maritime NZ brings together its three core roles of regulation, compliance and response, to drive and achieve three main outcomes for New Zealand.

MARITIME NZ OUTCOMES	CONTRIBUTE TO THREE TRANSPORT OUTCOMES	THROUGH THE FOLLOWING ACTIVITIES	
<p>SAFE </p>	Healthy and safe people	Safe: People and Operations	Supporting physical, social and economic wellbeing through safe maritime operations
<p>SECURE </p>	Resilience and security	Secure: Ports and Ships	Protecting people, goods and New Zealand's social and economic interests
<p>CLEAN </p>	Environmental sustainability	Clean: Seas and Waterways	Keeping our marine environment clean by minimising harmful emissions and discharges from ships

These outcomes contribute to those relating to transport, as outlined by the MoT in its outcomes framework for the transport system, which was released in 2019.

The framework provides direction to the transport system and focuses on the contribution it makes to improving intergenerational wellbeing and quality of life in New Zealand's cities, towns and provinces.

Maritime NZ contributes to the transport system outcomes framework in three main areas: Healthy and Safe People; Resilience and Security; and Environmental Sustainability.



Reporting against Maritime NZ's strategic framework

This year's annual report was prepared using the 2019/20 Statement of Performance Expectations in conjunction with the 2018–2022 Statement of Intent. Both documents outline the strategic and operational reporting framework Maritime NZ adhered to for 2019/20.

Refreshing Maritime NZ's strategic framework

In line with changes to the transport system outcomes framework, in 2019/20, we refreshed our strategic framework to provide a more integrated view of Maritime NZ.

The new framework better reflects our current operating environment while continuing to show our 'Safe, Secure, Clean' outcomes.

The main elements of the Maritime NZ strategic framework and its linkages to the transport system outcomes framework are given in the figure on pages 10 and 11.

Our current Statement of Intent (2018–2022) will be refreshed in 2021 to reflect our new strategic direction. The transition to reporting against the new strategic framework will begin in 2020/21 and will be finalised in 2021/22 when the new Statement of Intent is available.



OUR STRATEGIC FRAMEWORK

STRATEGIC ACTIONS

LEADERSHIP CHARTER

REGULATION

COMPLIANCE

INTEGRITY

COMMITMENT

RESPECT

OUR VALUES



SAFE

People & Operations

Supporting physical, social & economic wellbeing through safe maritime operations



SECURE

Ports & Ships

Protecting people, goods and NZ's social & economic interests



CLEAN

Seas & Waterways

Keeping our marine environment clean by minimising harmful emissions & discharges from ships

OUR OUTPUTS



RESPONSE

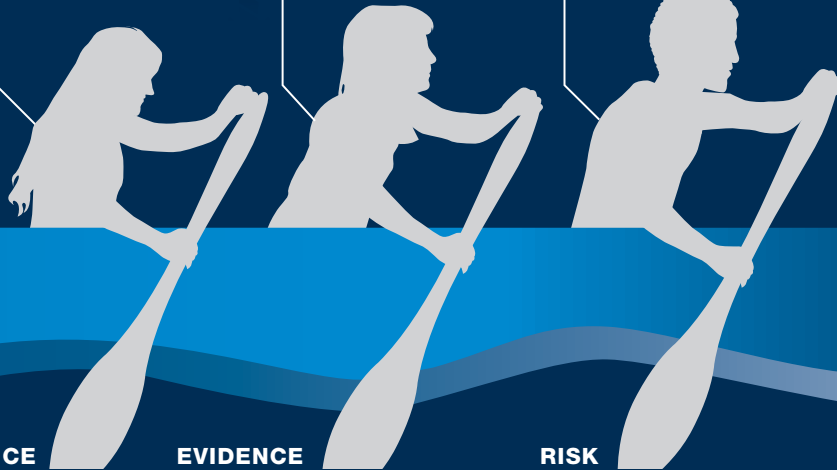


SAFETY
INFRASTRUCTURE



ENGAGEMENT

SECTOR
LEADERSHIP



INTELLIGENCE
LED

EVIDENCE
BASED

RISK
FOCUSED



OUR GUIDING PRINCIPLES

INCLUSIVE ACCESS

RESILIENCE AND SECURITY

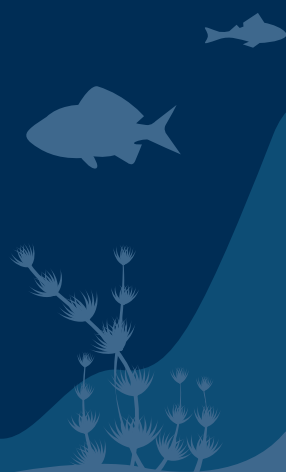
HEALTHY AND SAFE PEOPLE

ENVIRONMENTAL SUSTAINABILITY

ECONOMIC PROSPERITY



A transport system that improves wellbeing and liveability



Our highlights

Safe

- **55** commercial serious harm events notified to Maritime NZ
- **22%** reduction in marine fatalities since target was established in 2014/15



Secure

- No security incidents
- New Zealand trading ports **100%** compliant with ISPS code
- **100%** of identified security threats to New Zealand port facilities and ships in New Zealand waters were responded to



Clean

- **92%** of regional councils have trained responders at or above 80% of recommended number
- **7** Maritime Incident Response Team exercises completed
- Responded to reports of oil at Three Kings Islands on 6 July 2019
- Increasing Pacific Islands countries oil spill response capability
- Marine Pollution Response Services informed of spills in Seaview oil spill on 18 March 2020 and in Tauranga for a waste oil spill on 30 March 2020



COVID-19

- **35** issues provided of the COVID-19 Maritime Industry Update by 30 June 2020
- Guidelines issued for Maritime pilots during COVID-19
- COVID-19 posters issued for fishers in conjunction with Ministry for Primary Industries and New Zealand Federation of Commercial Fishermen



25 lives saved
137 lives rescued
255 lives assisted



Provided support for on-water activities with regional councils

- **3,656** interactions with boat users – most of which were positive
- **95%** of skippers and boat users carried enough lifejackets for all those on board; and 83% of occupants wore them when legally required
- **76%** of New Zealanders practise safer recreational boating behaviours
- Over **5,000** school children received learn to sail yachting lessons



Inspections

- **2,779** maritime or marine protection documents, certificates and permits issued
- Inspection operations of commercial fishing vessels less than 6 metres long started on 1 July 2019



Education and Information

- **5** information and education campaigns delivered
- **54** industry publications and guidance documents produced



Prosecutions

- **11** successful prosecutions concluded
- **100%** of prosecutions under the Health and Safety at Work Act 2015 and/or Maritime Transport Act 1994 resulting in parties being held to account



Legislation, regulation and code changes

- Progressed revocation of Maritime Rule Part 81
- Approval of New Zealand Port and Harbour Marine Safety Code 2016 work programme until 2022
- Amendments to Marine Protection Rules Parts 102 and 131 came into force on 27 May 2020



Old 4 New lifejacket upgrade

Over **4,000** old lifejackets replaced



Successful campaigns

- Pilot boarding arrangements
- Lifting appliances on foreign-flagged vessels
- No Excuses Common Compliance Campaign: **18** harbourmasters involved with **4,208** interactions

NO EXCUSES

Pacific Maritime Safety Programme

- New school boat for Tokelau delivered
- Attended workshop in Fiji in October 2019 to support the development of the country's transport strategy 2020–2025
- Delivery of the 'safety at sea' programme in conjunction with United Nations Food and Agriculture Organization in Tokelau: November 2019
- Delivery of a water safety programme to Niue primary school children



Conducted exercises

- 'Tamaki Waist',¹ which simulated handling and onward transfer of high volumes of recovered oil, using our temporary storage devices
- Cook Strait ferries inter-agency dangerous goods exercise: 30 July 2019



Compliance

- **396** HSWA assessments completed
- **3** HSWA inspection campaigns concluded



International engagements

- International Maritime Organization Council meeting: 15–19 July 2019
- 8th Pacific Regional Search and Rescue Workshop: 22–26 July 2019
- Council of Managers National Antarctic Programmes SAR Workshop: 28–31 July 2019
- Port State Control in the Asia Pacific Region Conference: 1–4 July 2019
- Open Oceans Aquaculture Symposium: 5–7 August 2019
- Maritime Safer Systems Forum: 1–2 August 2019
- Salvage Workshop: 7–8 August 2019
- International Safety @ Sea Conference: 26–30 August 2019
- International Maritime Organization International Safety Standards for Fishing Vessels: 21–23 October 2019
- Australia New Zealand Safe Boating Education Group: November 2019
- International Maritime Organization Assembly: 25 November–4 December 2019
- International Maritime Organization Ship Design and Construction sub-committee: 3–7 February 2020
- ARCSAR workshop: February 2020
- Southern Region Navigational Safety Special Interest Group meeting: 4 March 2020



¹ 'Waist' relates to the shape of the Tamaki Estuary.

Responding to COVID-19

While no one could have predicted the enormity of the challenge presented by the COVID-19 pandemic, Maritime NZ was quick to recognise its the potential to disrupt the day-to-day working lives of New Zealanders.

**Unite
against
COVID-19**

As the effects of COVID-19 started to show around the world, Maritime NZ was one of the first government agencies to allocate resourcing to a dedicated COVID-19 response team. The team was formed in early February 2020 to connect and engage with developments across government. This stand-alone team not only helped Maritime NZ better understand the country's response to COVID-19, it enabled it to make informed decisions and act at all times, in the best interests of its people, stakeholders and the industry.

Maritime NZ became the main channel for sharing border protection information with the maritime sector, once government border restrictions to prevent the virus from entering New Zealand began to increase. Through this first phase, Maritime NZ increased its engagement with key players, including ports and maritime pilots. Feedback from the sector was that communications were helpful during this time and that Maritime NZ's understanding, empathy, engagement and leadership were much appreciated.

By March, as the effects of coronavirus were becoming more apparent in New Zealand, Maritime NZ placed a stronger emphasis on staff health, safety and wellbeing; on business continuity planning and testing; and on operational planning to ensure effective delivery of essential activity. Care was taken to understand the financial and demand impacts, and to forecast appropriate responses.

In recognition of Maritime NZ's work in the incident response area, the organisation's Maritime Incident Readiness and Response manager was seconded in early March to the national COVID-19 response team. This involvement in the AoG response highlighted Maritime NZ's influence and the esteem in which it is held as a reputable response agency. The seconded manager was responsible for, amongst other things, helping the AoG National Controller and overseeing work across the Emergency Coordination Centres, Operations Coordination Centre and National Health Coordination Centre.

Having had the benefit of several weeks to take shape, Maritime NZ's COVID-19 response team was well prepared by the time the nation transitioned from Alert Level 2 to Level 4 in late March. Due to the many improvements made to organisational systems and capability in the months preceding the pandemic, Maritime NZ and its staff were able to adjust quickly to the nation's lockdown requirements.

During Alert Levels 4 and 3, Maritime NZ worked closely with MoT through the Transport Response Team framework, alongside other transport agencies, to develop an aligned and consistent approach to transport issues. As the lockdown period affected the volume of various maritime activities, Maritime NZ was able to expand its cross-government influence by taking on the role of chairing the border work-stream communication group.

Maritime NZ fielded a large volume of questions from industry throughout this time, with most concerning the definition of essential services and people, and possible exemptions or extensions for things like surveys, seafarer medicals and pilot continuous professional development. Alongside this, the Public Information Management Team continued preparing internal and external messages at pace, keeping people informed and reassured during the uncertainty. With its safety and response services remaining on standby, Maritime NZ amplified messages issued by its partners, including Coastguard New Zealand and the New Zealand Search and Rescue Council, to encourage safe recreational boating behaviour during COVID-19 Levels 3 and 2.

Throughout March, April and May, most Maritime NZ staff worked from home, remaining connected to their teams and managers by using Microsoft Teams video conferencing software. With staff wellbeing and internal communication needs remaining paramount, the Maritime NZ Director, Keith Manch, communicated daily with staff around New Zealand to keep them engaged and informed. An internal newsletter was prepared so staff could share insights and photos of their working from home setups. Managers actively supported vulnerable staff, including those who were unwell or who had vulnerable family members, to ensure the needs of the individual were balanced with those of Maritime NZ.

The Maritime NZ Authority also amended its governance approach, to support the Executive team and respond to the circumstances, resulting in changes to both meeting formats, and the way they were conducted. Meetings were more frequent and moved online, as the response to COVID-19 progressed.

At all times, the RCCNZ maritime radio, maritime incident response and marine oil pollution response services were fully functional and ready to respond as needed. Maritime officers and investigators were also available to respond 24 hours a day, 7 days a week to serious incidents and accidents.

Our outcomes – Safe, Secure, Clean

Maritime NZ's role is to safeguard a maritime system where everyone returns home safely, no security incidents affect maritime activities, and no adverse environmental impacts occur as a result of maritime activities.

To make this a reality, Maritime NZ's work is guided by a clear operating model, sound information, analysis, and a comprehensive understanding of the issues involved within the maritime domain it oversees and regulates.


The performance of the maritime system depends on several dynamic interactions and factors. The inherent

risks of many commercial and recreational activities make it unrealistic to expect to eliminate all accidents, however, Maritime NZ continues to drive and enable improvements in the maritime sector's accident record. Maritime NZ works to influence the system to reduce the impacts in areas where limitations exist.

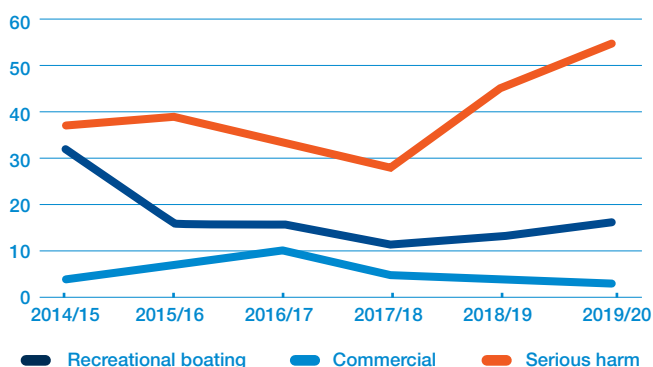
OUTCOME

SAFE: People and operations

Supporting physical, social and economic wellbeing through safe maritime operations.

DESIRED SYSTEM OUTCOME	DESIRED TREND	SYSTEM INDICATOR	TARGET	2019/20 RESULT
	The average annual rate of maritime fatalities and serious injuries consistently trends downwards over time.	Annual rate of maritime fatalities and serious harm ² injuries for each sector ³ per 100,000 NZ population.	Reduce maritime sector fatalities and serious harm injuries by 25% by 2021 (from 36 in 2014/15).	Maritime sector fatalities: (28) a 22% reduction compared with 2014/15 (36). Maritime sector serious harm injuries: (55) a 49% increase compared with 2014/15 (37).

Maritime sector fatalities and serious harm injuries



Maritime NZ interventions are leading to improvement (in relative terms) across maritime safety areas. These improvements are reflected in the statistics that cover not just regulation and compliance activities but lives saved through search and rescue coordination for New Zealand. Since 2014/15, a 22 percent reduction has occurred in the level of fatalities across the maritime sector, from 36 in 2014/15 to 28 in 2019/20.

Maritime NZ has continued its efforts to encourage, request, support, or facilitate notification of harm, which has likely resulted in a measurable increase in reported harm. We are continuing to work with other relevant organisations, such as the Accident Compensation Commission, to improve the accuracy of harm reporting over time.

² The term 'serious harm' has been redefined under the Health and Safety at Work Act 2015 to refer to notifiable injury or illness.

³ 'Sector' refers to the key maritime sectors that Maritime NZ regulates and the three geographical domains (ie, New Zealand, Pacific and Antarctica) where Maritime NZ has search and rescue responsibility. Our key sectors are: foreign shipping, New Zealand International Safety Management (ISM), domestic fishing, domestic passenger/non-passenger, outdoor and adventure, offshore, ports and harbours, and recreational boating.

Recreational boating sector

Recreational boating is New Zealand's largest maritime sector group, with over 1.6 million people taking part. There are significantly more, and a greater variety of, vessels and risks involved than in the domestic commercial sector group (which by comparison has approximately 1,600 domestic operators).

Recreational boating is regulated through Maritime NZ's national rules and regional council by-laws. Maritime NZ's aim is to support programmes that interact directly with boaties and promote safety to save lives.

Maritime NZ's support for these programmes is even more important now, given the increasing use of kayaks, large power boats, dinghies, jet skis, canoes and stand-up paddleboards. Along with this, the number of people involved in recreational boating is increasing, as are the numbers of people with low recreational safety skills and awareness. The population is becoming more urbanised with lower awareness of the risks associated with recreational activities.⁴

Maritime NZ's main intervention tool is outreach, which includes national and regional safety awareness and common compliance campaigns,⁵ information and guidance, and frontline engagement with recreational boaties. Over the past few years, the recreational boating fatality toll has

dropped by nearly 28 percent from 32 deaths in 2014/15 to 23 in 2019/20. Although this is an improvement, much work is still to be done.⁶

Commercial sectors

As well as conducting Maritime Operator Safety System (MOSS) audits, which involves reviewing a maritime operator's risk profile including management of safety risks and harm prevention, Maritime NZ delivered several health and safety and focused inspection campaigns. Maritime NZ also worked with WorkSafe to improve its understanding of stakeholders' duties when operating as Persons Conducting a Business or Undertaking. This will allow Maritime NZ time to review and improve its health and safety arrangements.


Despite the relatively low number of fatalities in the commercial sector this year, serious harm incidents reported to Maritime NZ increased again in 2019/20.

During the year, Maritime NZ was notified of 55 serious harm events, compared with 45 reported in the equivalent period last year. This increase was due to 22 incidents from the Domestic Passenger/Non-Passenger Outdoor Adventure category (an increase of 11 from 2018/19). Maritime NZ is also receiving more notifications than previously, so this year's result may reflect a change in reporting behaviours rather than an increase in incidents.

OUTCOME

SECURE: Ports and ships

Protecting people, goods and New Zealand's social and economic interests and resilience.

DESIRED SYSTEM OUTCOME	DESIRED TREND	SYSTEM INDICATOR	TARGET	2019/20 RESULT
	The New Zealand maritime system is recognised as secure by key trading partners.	Annual number of security incidents reported in New Zealand waters.	No security incidents ⁷ are reported in New Zealand waters.	No security incidents reported in New Zealand waters.

Maritime NZ contributes to the wider New Zealand transport system security through active involvement in the transport security working group, and whole-of-government initiatives that strengthen security of the maritime and transport system.

The Maritime Security Act 2004 (MSA) requires that all vessels visiting New Zealand ports and harbours comply with the International Ship and Port Facility Security (ISPS) Code.

During the year, all New Zealand ports remained compliant with the ISPS Code. Only minor security incidents were reported to Maritime NZ and none met the threshold for increasing port security levels under the Act.

All ports maintained effective and efficient maritime security plans and have a good level of maritime security capability. Ports continue to conduct maritime security exercises to ensure security plans are appropriate and aligned to the

⁴ *Public Expectations and Perceptions of Search and Rescue in New Zealand*, NZSAR Council, May 2016.

⁵ 'Common compliance campaigns' refer to compliance activity Maritime NZ does with regional councils and Safer Boating Forum members.

⁶ Most of the fatalities might have been avoided if lifejackets had been worn, two forms of waterproof communication were taken to call for help, weather conditions were properly checked before going out, and alcohol consumption was avoided.

⁷ This target refers to incidents that meet the threshold of an incident as defined in the Maritime Security Act 2004.

New Zealand national threat levels. Maritime security capability was not negatively affected by COVID-19 pandemic.


Ports continue to be able to respond effectively and efficiently to maritime security threats as defined under the MSA. Exercises and audits confirm the positive state of port security for New Zealand ports.

Internationally, Maritime NZ has focused on port security in the Pacific and supporting Pacific Island nations to enhance their maritime security measures at ports. By increasing this capability, each nation is able to achieve and/or maintain compliance with the ISPS Code. The security measures also help to deter other criminal activities such as illicit movement of contraband items such as drugs and weapons.

OUTCOME

CLEAN: Seas and waterways

Keeping New Zealand’s marine environment clean by minimising harmful emissions and discharges from ships.

DESIRED SYSTEM OUTCOME	DESIRED TREND	SYSTEM INDICATOR	TARGET	2019/20 RESULT
	The number of pollution incidents impacting on our marine environment reduces over time.	Annual number of oil spill incidents reported in New Zealand waters.	Reduce oil spill incidents by 15% by 2021 (from 90 in 2014/15).	118

In 2019/20, 118 oil spills (Tier 1 and Tier 2)⁸ were reported across New Zealand. This figure is higher than in 2018/19, however, most spills were of small quantities, often a few fractions of a litre and none had significant, enduring environmental effects. The Tier 2 response to oil spills during the year was good, with responses being timely and effective – reflecting a well-trained, regional capability.

The National Response Team currently has 125 members, with an attrition rate of one percent. A significant work programme was completed in 2019/20 to increase

Maritime NZ’s equipment enhancement programme, which will provide more effective response options for significant oil spills. With new and enhanced equipment, the National Response Team will be prepared to respond to a major Tier 3 oil spill. Its strategic relationship with the largest non-government, oil spill organisation (Oil Spill Response Ltd) is mature and effective.

Over the year, significant progress was made on extending aviation capability (observation and dispersant deployment), together with securing a more capable on-water response.

⁸ Tier 1 oil spills are responded to and resolved by the operator. Tier 2 oil spills are generally those beyond the capability of the operator acting alone and the response is led and resolved by the local regional council. Tier 3 oil spills are generally more complex, of longer duration and impact, and beyond the response capability of the regional council or operator. A Tier 3 response is nationally led and coordinated by Maritime NZ.

Our goals

Our annual performance is reported against our Statement of Intent for 2018–2022 and Statement of Performance Expectations for 2019/20. Both documents can be found on our website (www.maritimenz.govt.nz).

GOAL

Regulation that is relevant and robust

Maritime NZ has continued to focus on optimising its international engagement, building its global influence and ensuring New Zealand aligns its maritime management with global best practice.

A major achievement for Maritime NZ this year was the establishment of the International Engagement and Coordination team, as signalled in Future State 2,⁹ which was enabled through the 2018/19 funding review. As a

result, our focus has been on delivering current priorities with a more coordinated output within Maritime NZ and across government. In 2019/20, International Maritime Organization (IMO) enhancement was a key deliverable for much of Maritime NZ's work. The increase in staff capacity and capability means Maritime NZ is now well placed to undertake a more ambitious engagement programme, to deliver benefits to New Zealand, the Pacific region, and maritime activities across the globe.

Impact: Our international engagement ensures global regulation aligns with New Zealand's interests

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
Prioritised contribution at international meetings and fora where Maritime NZ can influence international outcomes to reflect New Zealand's interests.	Our engagement this year has supported tangible progress on key projects, notably Polar Code II. Our support of agendas (eg, IMO reform) led by likeminded states has helped us build the relationship capital essential for strengthening New Zealand's ability to influence issues that matter to us.

Our progress this year

Maritime NZ has continued progress to optimise international engagement by building global influence and ensuring New Zealand aligns its maritime management with global best practice. Maritime NZ's credibility was highlighted by invitations to lead working groups and conference sessions, and to host international fora. This work was possible through an increasingly collaborative approach across Maritime NZ and key partner agencies.

Key achievements included:

Improving safety in the polar regions: Polar Code II

Since 2017, Maritime NZ has led work at the IMO to improve

the safety of non-Safety of Life at Sea (SOLAS)¹⁰ vessels operating in polar waters. Polar Code II work progressed in multiple areas during 2019/20 (see case study on page 20).

Engagement on strategic and safety issues at the International Maritime Organization

Maritime NZ actively supported Australia (an IMO Council member) in IMO meetings and working groups to advance the reform of the IMO to make it more transparent, inclusive, flexible and efficient. This is important for both New Zealand's maritime interests and those of its Pacific neighbours.

⁹ Refer to Terms and definitions section.

¹⁰ Non-SOLAS ships are vessels (such as fishing vessels and pleasure yachts) that are not subject to the requirements of the International Convention for the Safety of Life at Sea (SOLAS), 1974.

The COVID-19 pandemic has halted the IMO's ability to deliver business as usual. Maritime NZ took part in extra ordinary IMO Council meetings designed to steer the IMO through the unprecedented challenges of the COVID-19 pandemic. Maritime NZ submitted papers encouraging the IMO Council to explore new ways of working that are inclusive and would better enable New Zealand's interests to be raised. Alongside this, Maritime NZ has continued work on establishing and maintaining relationships for positive influencing.

Working collaboratively across government

This year saw the reinstatement of regular cross-agency engagement on international maritime issues from a safety and regulatory perspective. The International Cross-Agency Group, comprising senior officials from MoT, Ministry of Foreign Affairs and Trade (MFAT) and Maritime NZ met to discuss strategic oversight of international engagement across all maritime fora.

To support senior level engagement, the IMO Cross Agency Group intends to consult broadly across all government

agencies with an identified interest. Focusing on, but not limited to, IMO matters, it aims to improve collective efficiency, capability and capacity, to maximise the benefits from New Zealand's international engagement.

As part of its work with the IMO Cross Agency Group, Maritime NZ advised and supported other government ministries on international maritime issues for which they have a lead role, such as:

- providing advice and support to MoT on accession to MARPOL Annex VI (the International Convention for the Prevention of Air Pollution from Ships), which aims to reduce greenhouse gas emissions. New Zealand has submitted five papers for consideration at upcoming IMO meetings; and
- contributing to the Ministry for Primary Industries leadership of a correspondence group on reducing marine plastic litter. This is an issue of growing interest at the IMO, highly relevant to the Pacific, and closely aligned with Maritime NZ's clean vision.

Our outputs that support this indicator

Output 1.1: Development and provision of technical maritime policy advice

Page 57

Building relationships and raising New Zealand's international profile – Polar Code Phase II

Since the 98th Session of the IMO's Maritime Safety Committee took place in June 2017, a small number of IMO member states (including New Zealand), along with environmental groups, have advocated that work on Phase II of the Polar Code¹¹ should start as soon as possible.

Phase II of the Polar Code introduces safety measures for non-SOLAS vessels when operating in polar regions. Non-SOLAS vessels are amongst the most vulnerable to emergencies that threaten the safety of vessels and seafarers' lives. To reduce the likelihood of costly and risky search and rescue operations, and the risk of damage to remote and fragile polar environments, New Zealand has actively promoted higher standards of vessel design and equipment and crew training at the IMO.

At the end of 2019, during the 31st Session, the IMO Assembly adopted a resolution on interim safety measures for ships not certified under the SOLAS convention operating in polar waters. The resolution encourages the voluntary application of the Polar Code to non-SOLAS ships.

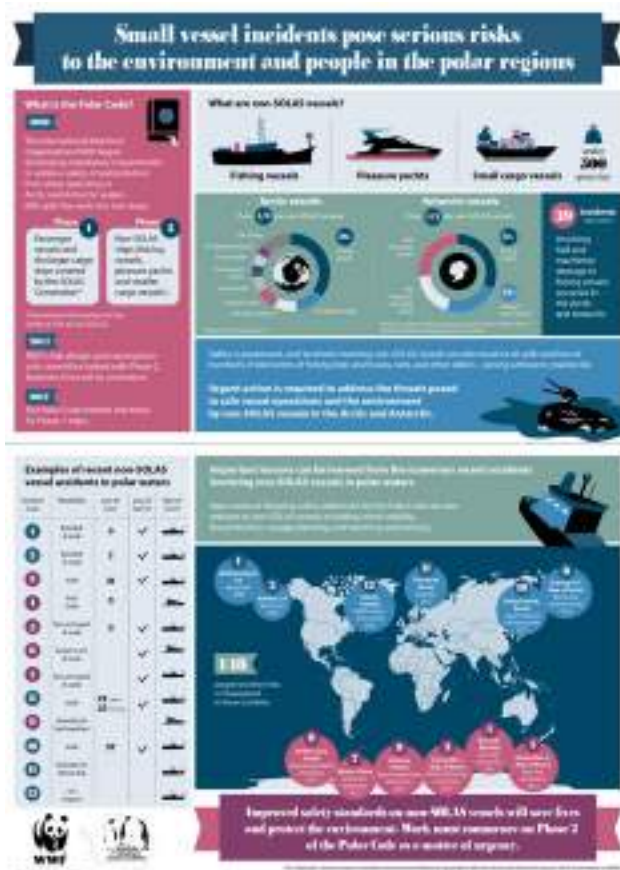
Other nations supported the progress of Polar Code Phase II because of its applicability to both the Arctic and Antarctic contexts. Implementation will not only ensure that Maritime NZ realises its benefits domestically, but will enable New Zealand to act as a good role model to other IMO states. Maritime NZ actively encourages other states to apply these voluntary requirements through their own domestic regulatory frameworks.

Polar Code Phase II has been a good opportunity to establish and maintain strong working relationships with other like-minded states in the international search and rescue area, including those operating in the Arctic context. It has also helped the Rescue Coordination Centre New Zealand (RCCNZ) to become a world-recognised authority, shown by an invitation to host the Arctic and North Atlantic Security and Emergency Preparedness Network Innovation and Knowledge Exchange event in February 2020.

The event covered various topics, including New Zealand's search and rescue approach in the Antarctic. It was an opportunity to highlight experiences, best practice and share knowledge with practitioners, professionals, industry and academia from 13 countries.

Torremolinos Declaration on the Cape Town Agreement of 2012

The signing in October 2019, of the Torremolinos Declaration at the Ministerial Conference on Fishing Vessel Safety and Illegal, Unreported and Unregulated Fishing, has shown New Zealand's commitment to higher international safety standards for fishing vessels.



<https://www.asoc.org/advocacyantarctic-environmental-protection/southern-ocean-vessel-safety/1752>

These included vessels operating in polar waters and indicated New Zealand's determination to ratify the Cape Town Agreement of 2012. Domestic measures to accede to the Cape Town Agreement are being progressed and are expected to be implemented by 2021. New Zealand is also coordinating an IMO correspondence group, which is conducting technical analysis on the feasibility and consequences of extending the safety of navigation and voyage planning chapters of the Polar Code to non-SOLAS ships.

¹¹ IMO's International Code for Ships Operating in Polar Waters (Polar Code) is mandatory under both the SOLAS and the International Convention for the Prevention of Pollution from Ships (MARPOL). The Polar Code covers the full range of design, construction, equipment, operational, training, search and rescue and environmental protection matters relevant to ships operating in the inhospitable waters surrounding the two poles. The Polar Code entered into force on 1 January 2017.

Impact: Policy advice ensures maritime safety, security and marine environmental protection regulation is fit for purpose

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
The transport regulatory programme is appropriately prioritised to ensure regulation is fit for purpose.	We continued to deliver a comprehensive multi-year regulatory programme, consisting of key maritime safety and marine protection initiatives, and worked to improve the maritime regulatory system, through regular engagement with the MoT. Our work programme and how we delivered it, reflected Government Expectations for Good Regulatory Practice and Regulatory Stewardship.

Our progress this year

Maritime NZ has continued work on designing fit-for-purpose regulatory systems and frameworks that stay up to date with change and deliver quality outcomes for the maritime sector and New Zealand. The focus this year has been on taking a 'whole of system' view and a proactive, collaborative approach to the care of the regulatory system.

Key achievements included:

A risk-based and responsive approach to design, and equipment standards for domestic commercial vessels (40 series rule review)

Maritime NZ continued to advance the review of the 40 series rules to fix an outdated regulatory framework. Significant progress was made during the year to identify and review technical issues requiring revision. A draft regulatory framework was developed and is expected to be ready for consideration in the new financial year (see case study on page 22).

Implementing the Cape Town Agreement of safety of fishing vessels

The Cape Town Agreement seeks to improve the safety standards of large ocean-going fishing vessels. New Zealand has supported the accession to this agreement to ensure that fishing crews on large ocean-going vessels are provided

with the same levels of protection as would apply to crews on other commercial ships. If the Agreement gets sufficient support, it is expected to come into force in October 2023. To support implementation of the Agreement in New Zealand, a draft Rule was prepared, but consultation was delayed because of the COVID-19 pandemic.

Reducing air pollution from ships (MARPOL Annex VI)

In close collaboration with MoT and the Ministry for the Environment, a project to design and implement rules to give effect to MARPOL Annex VI – Prevention of Air Pollution from Ships was initiated. MARPOL Annex VI focuses on the effects of emissions from shipping activities on climate change and ozone layer depletion.

Maritime NZ has not been involved in monitoring or enforcing air pollution requirements, and these new rules will require several teams to develop new technical capabilities, processes and procedures. A cross-organisational reference group was established to provide technical advice, information and peer reviews. This will ultimately contribute to, and help test, the end-to-end implementation thinking.

Our outputs that support this indicator

Output 1.1: Development and provision of technical maritime policy advice	Page 57
Output 1.4: Ministerial servicing	Page 58

CASE STUDY

40 series rules – Ensuring and continuing our fit-for-purpose approach to regulation

The 40 series rules cover the design, construction and equipment requirements for domestic commercial ships. Introduced in the late 1990s, the rules are now due for review.

Reforming the rules is a major task requiring multiple facets and layers of complexity to be addressed. Over time, the rules have become more complex, unwieldy, outdated, and difficult to administer and comply with. To carry out the review, a project team was established to undertake a ‘ground up’ reform and re design exercise.

To address the issues, the project will apply a two-pronged approach. The first part involves working with sector experts to find solutions to complex design, construction and equipment technical issues. This will give the team a clear idea of what is wrong with the current rules and help determine future work.

This collaboration will also allow the team to tap into specialist technical knowledge and access the ‘applied’ perspectives of practitioners, which is critical in helping us form views about what is possible. We will use our policy and regulatory skills to summarise and frame these perspectives into a guide for how to move forward.

The second part involves developing a new regulatory framework for design, construction and equipment rules. This is a ‘working proposal’ for how the revision of thousands of current rules in the series should be approached. The framework outlines a system of outcome-based (or performance-based) rules and subordinate instruments for the new suite of design, construction and equipment requirements. Locating technical requirements in a regulatory instrument that sits below rules will deliver significant advantages, because requirements can be more easily adapted in response to technology and industry changes.

The proposed framework for the design, construction and equipment rules will provide the basis for engaging with the sector on the changes needed, as the current rules are revised. In the future, we will be working closely with the sector to explain the work done so far and to seek input.



Impact: Government initiatives are informed by an awareness of maritime environmental safety and security, and marine environmental protection interests

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
<p>Our engagement and policy advice improves external stakeholders' understanding of safety, security and environmental protection interests.</p>	<p>Over the year, we have taken a leading role in engaging and influencing key policy initiatives across government. This has been particularly so in the COVID-19 response and recovery space, where Maritime NZ has been an active partner across government and with the sector and has played a significant role in ensuring maritime factors are fully understood by other agencies.</p>

Our progress this year

Maritime NZ continued contributing to and participating in government initiatives – ensuring maritime regulatory issues are understood and reflected appropriately in cross-agency work. This was particularly important during the COVID-19 lockdown and subsequent alert level changes since March 2020.

Key achievements included:

Proactively assessing AC36 'fitness for purpose' commercial operator requirements

To ensure the effective, efficient, safe and 'level' regulation of commercial activity during the 2020/21 America's Cup (AC36), a dedicated project team was established to consider the fitness of the current regulatory settings in the context of a strictly time- and location-limited event. Several options have been developed, and the work will help inform consideration of exemptions for running the event within the existing form. Alongside this, Maritime NZ has prepared guidance and streamlined operational processes, where appropriate, to support a successful and safe event.

Surveying New Zealand ports and harbours

Maritime NZ and Land Information New Zealand completed a joint review of the Good Practice Guidelines for Hydrographic Surveys in New Zealand Ports and Harbours. This updated guidance takes better account of significant changes to survey technologies and methods, as well as changed operating conditions where vessels visiting New Zealand ports have significantly increased in size. The guidance also supports New Zealand's resilience by helping to accurately map physical changes to ports and harbours over time or, more suddenly, through earthquakes.

Maritime powers in international waters

On the security front, Maritime NZ continued to work with MFAT on proposals to ensure New Zealand's law enforcement agencies have comprehensive maritime powers to enforce New Zealand's criminal law in international waters in a manner consistent with international law. Maritime NZ's interest was (among other things) in whether any potential conflict existed with the MTA, the threshold for the exercising of the proposed powers, and any potential effects on search and rescue activities.

Our outputs that support this indicator

Output 1.1: Development and provision of technical maritime policy advice

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COVID-19: Highlighting maritime factors in the all-of-government response and recovery effort

In the maritime space, we took a leading role in engaging and influencing across government in the COVID-19 response and recovery, to ensure maritime factors were fully understood by other agencies. One example is our role in developing and implementing the COVID-19 Public Health Response (Maritime Border) Order 2020.

The order sets the standards for what vessels and people must do if they are eligible and wish to cross New Zealand's maritime border. These changes exclude shore leave for seafarers and extend the prohibition on cruise ships visiting New Zealand. In response to these changes and to support industry, we worked with the Ministry of Transport and other agencies to develop guidance on how the order applied to seafarers.

COVID-19 border closures around the world have left thousands of seafarers stranded on ships, unable to access shore leave or return to their families. Through links to the International Maritime Organization work on seafarer welfare, we have been able to work collaboratively with several other government agencies and industry groups to enable crew

changes for the foreign-flagged vessels permitted to visit New Zealand.

We will continue to contribute to future revisions of the order as the environment and issues change.

We are also part of a working group of relevant government agencies along with port, operator and union representatives convened by the Secretary for Transport. The working group's purpose is to gain a better understanding of the issues and risks in managing the maritime border, to ensure both the safety of New Zealanders and keep the supply chain moving – in order to quickly identify and implement ways to manage those risks. A specific work-stream has been set up to identify measures to ensure seafarer welfare and access to services.



Photo: Richard Lough

Impact: We continually assess our performance to inform and improve regulation and compliance practice that meets regulatory stewardship expectations

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
By applying good regulatory stewardship, the effectiveness and efficiency of rules and regulations will improve over time. ¹²	We worked closely with MoT to promote an effective approach to regulatory stewardship. This involved a 'whole of system' view, proactively planning and implementing the regulatory changes needed to keep up with international, industry and sector developments, such as new technological and design changes in shipping.

Our progress this year

The main component of Maritime NZ's regulatory stewardship is the Government's Expectations for Good Regulatory Practice. This guide includes information on regulator monitoring and reviewing of existing regulations, to ensure they remain 'fit for purpose' and provide sound compliance practices.

Key achievements included:

Organisational position on exemptions as part of good regulatory practice

Exemptions are a recognised part of responsive regulation and good regulatory practice. For example, during COVID-19 Levels 4 and 3, restrictions meant regulated parties were, in many cases, unable to meet certification and other time-bound requirements. In response, the Maritime NZ Director issued several general exemptions to suspend requirements or extend the timeframe for certificate renewals.

The Regulatory Systems (Transport) Amendment Bill, was reported back on 3 August 2020 and is awaiting its second reading. The Bill is intended to maintain the transport system's regulatory framework and includes changes to the MTA. The changes cover:

- transport instruments;
- modernising existing exemption powers; and
- other minor regulatory matters including:
 - adjusting the permitted size of transport Crown agent boards;
 - increasing maximum fines in maritime legislation to align with those in land and civil aviation legislation; and
 - restoring the status of the Chatham Islands Council as a regional council under the MTA.

The use of exemptions as a regulatory tool during the COVID-19 lockdown, along with an absence of a formalised organisational policy, resulted in work by Maritime NZ to improve how exemptions are utilised. As a result a set of principles was developed and completed by June 2020.

The principles will enable people who process and decide on exemptions, to operate under an agreed framework, creating a common understanding of how to best avoid risks associated with the use of exemption powers.

Co-leading and engaging with the Government Regulatory Practice Initiative

Maritime NZ supported proactive regulatory stewardship across government through peer learning discussions and promoting learnings from regulatory reviews. This included successfully running two government regulatory practice initiative (G-Reg) peer learning discussions at the request of the Ministry of Business, Innovation and Employment and the Real Estate Authority.

Maritime NZ is a co-leader in arranging these discussions, which aim to create two-way learning, whereby the regulator requesting the session gains ideas on how to improve practice, and the peers have the opportunity to gain insights.

Evaluating the Maritime Operator Safety System

Maritime NZ continues to improve its regulatory systems through regular review of its safety systems. This year, the decision was made to evaluate the MOSS regulatory framework – to assess delivery against its intended objectives. This is important, because the introduction of MOSS was one of the significant regulatory reforms undertaken by Maritime NZ over the past decade (see case study on page 26).

Our outputs that support this indicator

Output 1.1: Development and provision of technical maritime policy advice

Page 57

¹² Maritime NZ will apply the Government's Expectations for Good Regulatory Practice (which is available on www.treasury.govt.nz/regulation/expectations) to all its reviews of rules and regulations.

Maritime Operator Safety System evaluation

The Maritime Operator Safety System (MOSS) was introduced on 1 July 2014.

The overarching goals of MOSS is to:

- provide a set of regulatory standards that better reflects the nature of New Zealand's domestic commercial maritime industry, vessels and operations;
- focus on the safety of the operation in its entirety – not just the vessel;
- encourage operators to take accountability and ownership of the safety of their operations; and
- enable Maritime NZ, as the national regulatory, compliance and response agency, to have direct regulatory relationships with operators and surveyors.

The MOSS system was implemented to address a series of failings and limitations associated with the previous Safe Ship Management (SSM) system. From the time of its introduction, it was expected there would be a five-year transition period for those operating under the earlier SSM.

The transition period ended in 2019, and this was judged as an appropriate time to start an evaluation of MOSS. In December 2019, we contracted an independent evaluation provider, Litmus Ltd, to undertake an evaluation of MOSS.

The evaluation was a blend of processes and outcomes evaluations that explore if the implementation of MOSS

was going to plan and if intended intermediate and long-term outcomes were beginning to be realised. The 26 evaluation questions drawn from the MOSS evaluation framework were developed at its implementation in 2014.

An important purpose of the evaluation was to identify what, if any, further problems and opportunities exist that can be addressed or exploited to improve the operation of MOSS.

MOSS and the design, construction and equipment requirements for commercial ships (set out under a series of rules) are two of the three predominant parts of the maritime regulatory system. Their fitness for purpose is critical to the system achieving the intended safety outcomes.

The evaluation methodology included interviews with key staff and sampling of MOSS surveyors and operators. An online survey was also included of all (nearly 1,345 as at 30 June 2020) MOSS operators, along with analysis of administrative data.

The evaluators selected operators for interviews for variation in size and location, and surveyors for variation in length of service. The identity of the operators and surveyors interviewed was confidential to ensure they did not feel constrained in providing honest and open feedback about the operation and impacts of MOSS. The draft evaluation report has been completed and is being internally reviewed before its expected release in 2021.



Photo: Sarah Brazil

GOAL

Risk-focused, responsive compliance practices that reduce harm in the maritime system

Predictive, risk-focused,¹³ responsive compliance practices¹⁴ are used to respond effectively to the diverse sectors monitored by Maritime NZ. These practices allow Maritime NZ to use a problem-solving approach to target resources and activities, preventing harm and addressing various risks between different sectors and operators.

Maritime NZ also applies various interventions, selecting strategies and tools that increase the likelihood of compliance by different sectors, groups and individuals.

Maritime NZ's effectiveness also depends on it maintaining its reputation as a professional, credible agency that is fair and appropriate. It is important that Maritime NZ designs and implements consistent and reliable compliance processes informed by an understanding of circumstances of the maritime sector and does not impose undue complexity or cost on the sector.

Impact: Our compliance strategies and campaigns support, encourage and require commercial operators to take responsibility for the safety of their maritime operations

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
Reducing the risk profile across commercial operators and vessels over time.	<p>Our average audit risk score is 23 percent, the same as last year.</p> <p>An overall downward trend is evident in the average audit risk score since 2015.</p> <p>This is partially attributed to improvements in data collection, and may be a reflection of the overall improvement in safety standards, as operators continue to engage with MOSS.</p>

Our progress this year

Initial audits were completed for all operators in MOSS, and a second audit (periodic audit) was conducted for those with a re assessed risk profile. Although the periodic audit dataset remains too small to draw conclusive evidence of behavioural changes, anecdotal evidence indicates safety behaviours are improving.

Key achievements included:

Maritime Operator Safety System

Maritime NZ had regular interactions with all MOSS operators on key aspects of safe practice and maintained frequent interactions with higher-risk operators. These interactions were informed by the MOSS risk-based approach to routine domestic commercial maritime operator compliance audits.

The average total risk score for MOSS entry profiles¹⁵ is 42 percent, which is an increase on all previous years. This is not a concern, however, because the risk rating for operators is high, due to many of them being new to the maritime system.

Seafarer welfare: Confined spaces and drug and alcohol use

Maritime NZ developed specific guidance to help the sector control risks when working in confined spaces on ships. Instructional videos and brochures were produced, alongside this guidance. The final guidance will provide a targeted safety education campaign. This will be run in 2020/21, to help reduce harm to workers.

This is a complex, high-risk area that has previously experienced fatalities, because land-based control measures do not readily translate to the maritime environment.

¹³ Targeted and proportionate to sector and operator risks; exercising sound judgement in applying the right regulatory tools at the right time; putting emphasis on prevention of harm.

¹⁴ Based on a problem-solving approach; acknowledging industry business drivers, but not being dictated by them; consistent and reliable engagement, without unnecessary transaction costs.

¹⁵ The risk profile looks at the safety system across the operation, as a whole. It includes safety culture, compliance history, operating practice, experience and capability, and organisational factors. The risk profile score will help decide whether the operator's next audit will be between 2 and 48 months after the audit.

Work is also continuing on reducing the risk of harm from seafarers being impaired from drug and alcohol use. Proposed policy positions were agreed with MoT, to support rules providing for the Maritime NZ Director's drug and alcohol testing of workers in safety-critical maritime roles, in certain circumstances. Consultation on the rules will be carried out during 2020/21.

In partnership with the New Zealand Federation of Commercial Fishermen, Fisheries Inshore New Zealand, Moana New Zealand, Guard Safety and the New Zealand Drug Foundation, Maritime NZ is also developing a marketing strategy to help the management of drug use in the fishing industry. This includes educational material for recognising drug use and managing people involved in using drugs.

Health and Safety at Work Act 2015 inspection campaigns

The Compliance Systems Delivery group conducted three inspection campaigns on behalf of Maritime NZ, as the regulator for the maritime industry, under the Health and Safety at Work Act 2015 (HSWA). The three areas were

determined by using a risk-based approach to target specific sectors of the maritime industry.

The first campaign focused on fishing vessel operators operating under a Safe Operational Plan (SOP). This new approach will ensure good regulatory oversight of their activities. Health and safety issues identified during the campaign were included in the check sheet for SOP audits by Maritime NZ.

The second campaign involved joint inspections of two commercial ports with WorkSafe. The inspections took on greater importance during the COVID-19 response. Maritime NZ and WorkSafe used this framework and previous engagements as the primary method for providing assurance on the effectiveness of the maritime border controls in keeping COVID-19 out of New Zealand.

The third campaign targeted dangerous goods destined for carriage on the Cook Strait ferries. The inspection campaign identified the main cause of problems being the consignors of dangerous goods. While consignors and shippers have duties under Part 24A of the HSWA, they are not regulated parties by Maritime NZ.

Our outputs that support this indicator

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Output 2.1: Information, education, engagement	Page 60
Output 2.2: Entry controls	Page 60
Output 2.3: Monitoring and investigation of compliance	Page 61
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Impact: Our national and local recreational boating campaigns promote a safety culture that leads to a positive behavioural change

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
Safety equipment is increasingly carried and used appropriately by recreational boaters over time.	<p>The 2020 Ipsos Recreational Boating Participation Survey established that, overall, high levels of carrying safety equipment have been achieved:</p> <ul style="list-style-type: none"> • 88 percent of boat users took lifejackets, a slight increase compared with the 2019 survey; • 54 percent took a cell phone in a waterproof bag; and • 28 percent have access to a marine radio.
An increasing proportion of survey respondents report positive attitudes and changes in behaviour as a result of safety messages.	<p>The 2020 Ipsos Recreational Boating Participation Survey results for the four recommended safety behaviours promoted by Maritime NZ and the Safer Boating Forum show that every time boat users go out:</p> <ul style="list-style-type: none"> • 88 percent take lifejackets, with 80 percent wearing them most of the time or every time; • 42 percent have at least two ways to call or signal for help – a slight increase compared with the 2019 survey; • 62 percent avoid alcohol (an increase from 2019) with a further 15 percent avoiding it most of the time; and • 57 percent check the marine or mountain forecast, and a further 19 percent check the forecast most of the time before going out.

Our progress this year

Work continues to increase and sustain the number of recreational boat users carrying and using safety equipment. Safety campaigns and activities to promote safe boating remained a priority during the COVID-19 lockdown and alert level changes.

Key achievements included:

Recreational boating initiatives

The Ipsos Recreational Boating Participation Survey 2020 reports that high levels of carrying safety equipment have been achieved. This reflects observations of similar levels of carrying equipment through the on-water enforcement activities with regional councils.

New Zealand Water Safety Month

A collaborative planning effort between Safer Boating Forum members, coordinated by Maritime NZ, ended in the first New Zealand Water Safety Month in October 2019. This event was launched as part of the official start to the summer boating and water season. Activities showcased member organisations such as Water Safety New Zealand, Drowning Prevention Auckland and Surf Lifesaving New Zealand amongst others. The event covered more areas than a typical Safer Boating Week.

ANZSBEG and Safer Boating Forum Engagement and Collaboration

Maritime NZ hosted the four-day Australia New Zealand Safe Boating Education Group (ANZSBEG) meeting in November 2019. The meeting agreed that the two countries would develop closer working relationships through joint redevelopment of the ANZSBEG website and participate in opportunities where Australia and New Zealand could jointly promote safe recreational boating initiatives.

It was agreed New Zealand would host ANZSBEG every three years as part of the state jurisdiction hosting process for meetings.

Fuel Excise Duty Tax funding

During the year, Maritime NZ successfully secured \$4.8 million on behalf of the Safer Boating Forum for its work in this area. The forum is made up of 24 boating and water safety organisations, the marine industry, and central and local government agencies. This funding is a great endorsement of a genuinely collaborative approach.

The funding is for boating communities and allows for local initiatives to be carried out through a grant programme. It will fund research and data collection, on-water campaign support, and a small number of additional positions for Maritime NZ to undertake recreational boating safety activities. The on-water campaign support is specifically for Maritime NZ to use over the summer period, in partnership with regional councils that do not have their own boats.

Maritime NZ also provided \$626,570 in Fuel Excise Duty (FED) grants for safer boating programmes such as Coastguard New Zealand's 'Old4New' lifejacket upgrade to provide 3,000 subsidised lifejackets to boaties. FED grants also funded several new initiatives such as Auckland and Gisborne lifejacket loan hubs. National pilot programmes

were also run by the Tasman District Council, Standup Paddle Boarding and the Kiwi Association of Sea Kayakers.

Along with the above, \$70,000 of FED grants also supported the annual 'No Excuses' on-water enforcement campaign focusing on recreational boat users' speed and carrying of lifejackets (see case study on page 31).

Our outputs that support this indicator

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Record number of councils join national 'No Excuses' campaign

A record 18 councils and harbourmasters from around the country took part in this year's 'No Excuses' campaign focusing on recreational boaties who don't carry or wear lifejackets or whose speed on the water is unsafe. The Maritime Transport Act 1994 and council by-laws require lifejackets to be carried and worn and for boats, including jet skis, to travel at five knots or less within 200 metres of shore and divers, and within 50 metres of swimmers and other boats.

The fourth annual campaign ran from 12 October 2019 until 31 March 2020 and moved for the first time into the Buller, Gisborne and Manawatu areas. The campaign involved the harbourmasters and Maritime NZ officers working side by side for at least five random days over the summer in each harbourmaster's region, to ensure boaties know, understand and follow the rules.

During the campaign 4,208 interactions were captured by a mobile tablet-based "On-Water Survey" run to capture details of interactions between recreational vessel skippers and 'No Excuses' participants. This represented an increase of 552 (13 percent) interactions over the previous year's campaign, and an increase of nearly 2,000 over 2017/18.

Overall, the campaign found that the number of lifejackets carried on board increased slightly from 95 percent to

97 percent, the first time the number had changed since the start of the campaign in 2016/17. The number of lifejackets worn when legally required increased from 83 percent to 87 percent since last year, with powerboat compliance being the largest driver in this increase.

During the campaign, both harbourmasters and Maritime NZ staff took action against boaties who broke lifejacket and speed rules, including issuing infringement notices of up to \$300.

The campaign has been steadily growing since it started in 2016, when it initially involved eight councils and Maritime NZ staff working together in each area to reinforce safety rules and regulations for recreational boaties.

NO EXCUSES



Impact: We identify risk themes within specific maritime sectors to better target compliance interventions

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR TREND YET TO BE DETERMINED
A reducing number of reported incidents within specific maritime sectors over time.	During 2019/20, 975 incidents and accidents were reported to Maritime NZ. This represents a decrease in reporting since the last financial year. However, levels of reporting were up for most months before the COVID-19 lockdown in March 2020.

Our progress this year

It is important to note that under-reporting from the maritime industry has been significant to date.

Maritime NZ expects an increase in reporting over the medium term. Due to known levels of under-reporting, in the short to medium term an increase in the volume of reported incidents should be seen as beneficial.

Once maritime operators, and Maritime NZ as the regulator, reach a point where they are confident that reporting data accurately reflects reality, then a reduction in the volume of reporting would be a valuable indicator of less harm and fewer incidents actually occurring.

Key achievements included:

Ports health and safety engagement

Maritime NZ (in partnership with WorkSafe) continues to develop a tripartite Ports Health and Safety Plan with industry and unions. The objective of the plan is to establish an approach to:

- allow collaborative working across ports and throughout the ports supplies chain;
- provide governance structure to facilitate leadership action on strategic and systematic health and safety issues;
- establish the resources to sustain the long-term future of collaborative port sector health and safety improvements; and
- gain sector-wide agreement on a plan of action to improve health and safety performance across New Zealand ports.

The plan will provide greater visibility for both Maritime NZ and WorkSafe, improve stakeholder engagement and

potentially reduce the impact to industry by improved coordination and targeting of regulatory inspections.

The Maritime NZ and WorkSafe joint project team has promoted the concept of the plan through visiting ports to review operational activities and to engage and strengthen industry and worker relationships. Visits were made to the Ports of Auckland, Port of Tauranga, Napier, Lyttelton and CentrePort in Wellington, with more planned over the next few months.

As part of the stakeholder engagement plan, the joint project team has established an industry Leadership Advisory Group and an Operational Working Group to collaborate with Maritime NZ and WorkSafe on development of key issues, principles and priorities. A number of communication channels are being used to engage with port workers, enable discussions with relevant unions, and provide articles in relevant publications targeted at workers.

Routine periodic audits for Safe Operational Plan operators

Maritime NZ will soon be carrying out routine periodic audits (currently completed by Authorised Persons¹⁶) for SOP operators under the 40 series rules (small fishing ships, small dive boats and hovercraft). A general exemption has been issued from the part of the Rules requiring routine audits to be done by Authorised Persons. The exemption allows Maritime NZ to undertake the audits on a risk-based cycle, rather than the prescriptive nature of the current rule.

These changes align with the approach in place for MOSS. Guidance and other documentation has been created to facilitate these audits. This will let Maritime NZ have better engagement with operators and provide a stronger understanding of their operations. Authorised Persons will continue to do entry inspections.

Our outputs that support this indicator

Output 2.3: Monitoring and investigation of compliance

Page 61

¹⁶ An 'Authorised Person' is defined as an individual who has approval from Maritime NZ to carry out audits in accordance with the legislation and rules under the Maritime Transport Act 1994.

Skippers Canyon prosecution raises operator safety awareness

On 23 February 2019, while carrying a group of nine tourists on an excursion on the Shotover River, the commercial jet boat *Discovery 2* suffered mechanical failure in its jet unit steering and propulsion. This failure resulted in the boat crashing into rocks while traversing the river in Skippers Canyon – injuring all nine passengers.

As a result, charges were filed under section 48 of the Health and Safety at Work Act 2015. A Transport Accident Investigation Commission report highlighted the importance of reminding commercial jet boat operators that safety depends as much on mechanical factors as it does on driver training and operating conditions.

On 12 December 2019, the Commission recommended to the Director that all operators working under Maritime Rules Part 82 identify, on each jet boat, all systems that are critical to the safe operation of the boat. They are also required to have a documented inspection and maintenance system in place that covers those critical systems and meets manufacturers' specifications. The inspection and maintenance system should complement rather than replace any existing system of daily checks.

We are developing a programme to extend areas within an operation that are audited under Part 82 requirements. The audits will cover a variety of topics but specifically two main items:

- the adequacy of the driver competency programmes required by the rule, and checking that they have been properly implemented by each operation; and
- the adequacy of the maintenance programmes required by the rule, and checking that they have been properly implemented by each operation.

We are now working on new guidance and raising awareness with individual jet boat operators. We are also exploring working with commercial jet boat operators to develop critical systems maintenance guidance.

Another piece of work is a Safety Update to raise awareness of the potential risk of failure of studs that hold a jet boat's steering nozzle housing in place and the requirements as part of a regular maintenance programme to check these parts. It is our intention to issue this Safety Update before the end of 2020.



Photo: James Allan

Impact: Competent, capable people are working in the maritime industry

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
All commercial vessels are crewed by people holding the appropriate certification.	Maritime NZ has implemented a four-year cycle of inspections for all domestic vessels, which allows for action on non-compliance to be identified.

Our progress this year

All commercial maritime operators in New Zealand are required to enter one of our operator safety systems, such as MOSS. Maritime NZ audits operations, to ensure they are operating safely and meeting statutory requirements for employing properly certified crew members. A risk-based inspection regime also applies to convention-sized vessels as part of the Tokyo Memorandum of Understanding. This includes prioritised, targeted inspections of these vessels, a component of which is ensuring they are appropriately manned.

Key achievements included:

Audits and inspections of operators

Maritime NZ has implemented changes to how operators, who are authorised to carry out audits relating to the SOP under the 40 series rules, do their work. The new approach uses a risk-based assessment to determine the number of audits and inspections required to be completed by operators. Vessels and their crew are now routinely checked for appropriate certification, and compliance action is taken if needed.

Entry control, audits and inspections of seafarer certificates

Over the year, Maritime NZ certification advisors thoroughly assessed the qualifications of all seafarer applicants to ensure they had the competencies and relevant experience for the certificates for which they applied. This included checking for relevant experience and training, and that applicants meet 'fit and proper person' suitability criteria.

The entry control process is supported by a large amount of publicly available guidance to ensure applicants are aware of the requirements for the appropriate certification and manning levels for vessels. The certification process aligns with Maritime Rules, procedures and legislative requirements.

This allows certification advisors to make robust decisions thereby improving safety and environmental outcomes associated with domestic commercial maritime activities in New Zealand.

Our outputs that support this indicator

Output 2.2: Entry controls

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GOAL

Response capability that is well-prepared, integrated and effectively deployed to resolve emergency incidents

A well-prepared,¹⁷ integrated¹⁸ and deployed response capability ensures that Maritime NZ is quick to respond to maritime incidents and emergencies, including oil spills.

Maritime NZ maintains response resources and fit-for-purpose equipment so it is ready to respond to emergencies

at any time. Staff are appropriately trained and have clear agreements and procedures in place to guide and coordinate work during a response, both internally and with key partners in central and local government, non-governmental organisations and internationally.

Impact: Our fit-for-purpose, integrated maritime incident response system provides effective readiness and response services for national maritime incidents, minimising social, environmental and economic harm

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
The five components of Maritime NZ's response capability matrix are reported as amber or better with any remedial action plans in place.	The Response Capability Matrix ¹⁹ sits at amber status overall with some components at green status. This assessment reflects the high bar set by the criteria in the Capability Matrix, which recognises the challenges in preparing for and responding to major maritime incidents, which are rare but have potentially severe consequences.

Our progress this year

Progress was strong in the first half of the year but, since March 2020, COVID-19 related restrictions and commitment to COVID-19 response and recovery work-streams have reduced Maritime NZ's ability to undertake readiness work. Overall capability remains at a good level and has been proven in recent events. Over time, however, the reduced ability to undertake readiness work will begin to erode capability, in particular, resilience.

Maritime NZ's incident response leadership capacity and capability continued to increase through the year, and training and exercises improved coordination and response integration in managing responses to incidents. Maritime NZ continues to enhance its incident management system, allowing greater situational awareness to improve effectiveness.

Positive relationships within the maritime industry are essential and important relationships, particularly with salvage and offshore oil and gas industry advisors, continue to develop. Overall, relationships with industry providers, local and central government and international authorities are strong and positive, ensuring the organisation is ready for any response required.

Key achievements included:

All-of-government activities

Maritime NZ engaged with AoG activities, especially in the COVID-19 readiness, response and recovery areas.

It actively took part in the Joint Maritime Advisory Group, Transport Security Working Group, National Exercise Planning, Transport Cluster Group, Maritime Security and Oversight Committee, and Incident Management Response Group. Maritime NZ increased its leadership capacity in incident response, and training and exercising. It also worked with partners in central and local government and industry to improve awareness of maritime incident response and build depth and resilience that will be required to deal with a major incident.

Building response and readiness capabilities

Maritime NZ continues to invest a significant amount of time and energy in building and maintaining its incident response capability.

Several Maritime NZ staff have completed the Certificate in Marine Salvage Law as part of Maritime NZ's work to ensure it has the capability and capacity to respond to oil and non-oil incidents.

¹⁷ 'Well prepared' here means achieving readiness in a timely way and having comprehensive, multi-layered capability that can be deployed flexibly.

¹⁸ 'Integrated' here means coordinated between the different Maritime NZ functions and across central and local government agencies, non-governmental and international partners; and contributing as appropriate to risk reduction, readiness, response and recovery (4Rs).

¹⁹ Refer Appendix 4.

Other training has included in-house work and attendance at external courses, as well as briefings, workshops and exercises with specialist service providers covering vessel salvage and offshore oil and gas incident response. In addition, more than 30 staff have completed on line Coordinated Incident Management System Level 2 training.

This investment in incident response capability and preparedness let teams such as Legal Services effectively

support Maritime NZ's response to incidents during the year. These included small oil spills and the Whakaari / White Island eruption. The investment also let key staff play a significant role in supporting Maritime NZ's response to the COVID-19 pandemic as part of the organisation's response team, while also ensuring core functions and activities were supported.

Our outputs that support this indicator

Output 5.1 Maritime incident response capability (non-oil)

Page 66

Impact: We operate an efficient and effective national search and rescue coordination service within an integrated search and rescue system (jointly with the New Zealand Search and Rescue Secretariat and New Zealand Police) that takes full advantage of modern technology to save lives

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
The search and rescue element of Maritime NZ's Response Capability Matrix is reported as amber or better with any remedial action plans in place.	RCCNZ is operating at green status for the search and rescue element of the Response Capability Matrix ²⁰ and is capable of responding efficiently and effectively to most search and rescue incidents in New Zealand's vast search and rescue region.

Our progress this year

Business continuity was sustained throughout the year including during the COVID-19 lockdown. RCCNZ operations and maritime distress and safety communications services remained fully functional under the COVID-19 national alert level system. RCCNZ and maritime communications staff continued to operate from core facilities as essential services staff, while other staff operated effectively remotely.

Key achievements included:

Pacific rescue and the Pacific Maritime Safety Programme

As part of the Pacific Maritime Safety Programme, RCCNZ facilitated several search and rescue training initiatives. Due to COVID-19 and sustained travel and border restrictions, however, it has been reviewing how it can continue to support Pacific countries within its search and rescue region (SRR) without physically visiting them, for example, with desk-top exercises.

Maritime NZ continues to sustain strong relationships with Pacific Island partners both inside and outside of RCCNZ's SRR. This includes on going communications and support regarding RCCNZ's search and rescue obligations with Australia, Fiji, Kiribati, French Polynesia, Tonga, Samoa, Cook Islands, Niue, Tokelau, Norfolk Island, Chile and the United States of America.

Strengthening relationships with international maritime response entities

In July 2019, RCCNZ attended the Council of Managers of National Antarctic Programs (COMNAP) Annual General Meeting XXXI in Plovdiv, Bulgaria, as part of the Antarctica New Zealand (COMNAP member) delegation. COMNAP is an important forum for RCCNZ to strengthen current and build new relationships with National Antarctic Programs, non-governmental organisations and others.

The forum also helps RCCNZ gain an understanding of activities relating to the National Antarctic Program and associated aviation and maritime support in the southern most part of its SRR.

RCCNZ also hosted the Arctic and North Atlantic Security and Emergency Preparedness Network innovation project (known as ARCSAR) with visitors from search and rescue and maritime authorities from the Arctic and North Atlantic region.

A range of New Zealand government agencies presented on the New Zealand Inc approach to Antarctica response and innovation. Attendees from across Maritime NZ took part with strong attendance from the legal team.

The forum gave Maritime NZ the opportunity to learn more about Arctic and North Atlantic innovations and to forge strong relationships with maritime response entities.

Our outputs that support this indicator

Output 4.1 Coordination of search and rescue operations	Page 65
Output 4.2 Management of New Zealand's emergency distress beacon system	Page 65

²⁰ Refer Appendix 4.

CASE STUDY

Operation ESSENCE – Category II search and rescue operation

Operation ESSENCE was a Category II search and rescue operation managed by the Rescue Coordination Centre New Zealand (RCCNZ). With four people believed to be in the ocean, RCCNZ provided a combined military, civilian and ‘vessel of opportunity’ response.

At 12:29pm, on Monday 14 October 2019, the sailing vessel *Essence* broadcast a mayday alert after being knocked down several times in 6 metre breaking seas and 50 knot winds, resulting in the vessel sinking, with four members on board, nearly 20 nautical miles off Cape Brett.

At 1:10pm, the Air Force Operation flight command was briefed, and at 1:48pm, a Royal New Zealand Air Force Orion was airborne. At 2:41pm, the Orion confirmed sighting of the four crew members in the ocean, and a life raft was dropped to them. The life raft for the vessel had blown away in the high wind, and the crew had lost the emergency location beacon in the knock down.

At 12:49pm, the Auckland Rescue Helicopter Trust was notified of the situation and selected to crew two helicopters to send to the casualty location. At 1:53pm, the two aircraft left Auckland, transiting through Whangārei to refuel. The primary helicopter was on scene and had recovered the yacht crew members by 3:40pm.

This was a very well-managed and executed search and rescue operation, with calm and professional radio communication between the stricken vessel and Maritime



Auckland Rescue Helicopter Trust

Operations Centre, well-coordinated deployment of assets by RCCNZ, thorough planning, and excellent response capabilities of the deployed Orion, Auckland Rescue Helicopter Trust personnel, and the Coastguard Bay of Islands crew, all in treacherous conditions.

Although it was a well-managed and resourced rescue operation, one crew member on the *Essence* lost their life.

RCCNZ was awarded a Certificate of Achievement for operational activity for the rescue alongside Coastguard Bay of Islands, the Maritime Operations Centre, 5 Squadron – Royal New Zealand Air Force and the Auckland Rescue Helicopter Trust.



Impact: We have a comprehensive pollution preparedness and response service that minimises the environmental and economic impact of any oil spill

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
<p>The Maritime Pollution Response Service element of Maritime NZ's Response Capability Matrix is reported as amber or better with positive trends across its performance indicators, and any necessary remedial action plans in place.</p>	<p>Overall, the Response Capability Matrix²¹ sits at amber status with some components at green status (Incident Management Team). National and regional oil spill capability continues to improve. Around 100 oil spills have occurred in the reporting period and regional responses have been effective and efficient; most spills were small and had little negative environmental impact.</p> <p>No National Oil Response capability was activated over the period.</p>

Our progress this year

During the year, Maritime NZ continued to focus on enhancing the National Oil Response capability, with the capital equipment enhancement programme now complete, and only ongoing asset replacement activities occurring. Training for both regional and national oil spill areas continued during the year, working around timing and availability constraints due to COVID-19. New national response training programmes were introduced, particularly in the Incident Management Team area.

Key achievements included:

Marine Pollution Response Service capability

Maritime NZ's National Response Team capability and outcomes were good, especially in the leadership and response coordination, with its capability assessed as green. Progress has been strong this year and the organisation is well placed to continue to build capability. Maritime NZ's Marine Pollution Response Service capability is effective and continues to improve Tier 2 and Tier 3²² capability.

Maritime NZ has developed and conducted two new National Response Team training programmes for 125 National Response Team members. It also completed the oil spill equipment enhancement project that allows

New Zealand's spill capability to operate further offshore. Maritime NZ's aviation capability has further improved letting the organisation use more assets to undertake reconnaissance and dispersant deployment functions up to 50 kilometres from land.

Regional Assessment Capability programme

Maritime NZ started a regional assessment capability programme to ensure that oil spill responder numbers are trained to the appropriate level and call-out procedures are tested and robust. The programme also provided Maritime NZ with better measurement tools on regional council oil spill capability. During the year, good progress was made on training regional council oil spill responders, with courses conducted for over 100 personnel.

Improving Pacific Island states' oil spill response capability

Maritime NZ continued to help Pacific Island states to improve their oil spill response capability by conducting oil risk assessment and training activities and making capital investments in oil spill equipment. It secured funding for Pacific Island states to partner with the largest non-government oil spill organisation to increase their strategic response capability should a large oil spill occur in the Pacific.

Our outputs that support this indicator

Output 3.1 Marine pollution response capability

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²¹ Refer Appendix 4.

²² Tier 1 oil spills are responded to and resolved by the operator. Tier 2 oil spills are generally those beyond the capability of the operator acting alone and the response is led and resolved by the local regional council. Tier 3 oil spills are generally more complex, of longer duration and impact, and beyond the response capability of the regional council or operator. A Tier 3 response is nationally led and coordinated by Maritime NZ.

Impact: We have an internationally linked, intelligence-led security system that assures protection for all in New Zealand’s maritime area of responsibility, to manage threats before they eventuate

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
<p>The security element of Maritime NZ’s Response Capability Matrix is reported as amber or better with any remedial action plans in place.</p>	<p>Overall, the security element of the Response Capability Matrix²³ sits at green status. Maritime NZ maintains an effective maritime security regime. Port capability remains effective and ports can respond under their comprehensive security plans. Audits, maritime security exercises in all ports and routine inspections conducted by staff all reinforce that effective preparedness will ensure a successful maritime response when required.</p>

Our progress this year

Port capability remains effective and ports remain compliant with the MSA. Port plans reflect the current security risk for New Zealand. Maritime NZ’s strong connection to the AoG security capability and involvement in New Zealand’s national security process give the organisation a good framework for response and the provision of intelligence.

Key achievements included:

Improved port security capability

Maritime NZ continued testing security plans for New Zealand ports, with 16 security exercises completed during the year. All ports remain compliant with the MSA and are able to respond to major security incidents under their security plans. This has been achieved by ports effectively

increasing security levels to enhance security responses. Ports continued to improve security capability by installing upgraded surveillance systems and to focus on security training by conducting complex security exercises. Maritime NZ involved other government agencies in its exercises, such as the New Zealand Police, New Zealand Defence Force and New Zealand Customs Service, to remain well informed and connected.

Maritime NZ remains well connected to the intelligence community and has been fully engaged in AoG security and border activities.

Building international relationships

Maritime NZ’s work in the Pacific has increased through good sponsorship with MFAT and Pacific partners, such as PACPLAN²⁴ members, and the United States Coast Guard.

Our outputs that support this indicator

Output 1.3 Maritime security and intelligence advice	Page 58
Output 5.1 Maritime incident response capability (non-oil)	Page 66

²³ See Appendix 4 for additional information.

²⁴ The Pacific Islands Regional Marine Spill Contingency Plan (PACPLAN) provides the framework for cooperative regional responses to major marine spills in the Pacific Islands region and sets out how Pacific Island countries can request assistance from Australia, New Zealand, France or the United States of America.

GOAL

A results-driven and resilient organisation, working collaboratively for success

Maritime NZ will continue to maintain and develop its organisational capability through the development and management of information resources, financial assets, efficient integrated business processes and systems, and the commitment, leadership and competence of its people.

Impact: We have an integrated information base that supports quality decision making

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
Internal access and use of core information holdings to support decision-making increases over time.	This year saw an increase in organisational capability and delivery. Data themes of analysis for intelligence, mobility and integration continued to grow at pace. The Information Services Delivery and Research, Analysis and Intelligence teams worked strongly together to enhance our data, toolsets and skillsets to create the foundations for a robust reporting platform that integrates our core regulatory and compliance information systems.

Our progress this year

The new reporting system that integrates our core regulatory and compliance information systems is at version one in testing, and we intend to continue development iteratively. This will allow work to continue at a fast pace, to deliver information through any device to analysts, compliance officers in the field, and management decision makers.

Key achievements included:

Robust information management disciplines and systems

With effective technology in place to support staff working remotely, Maritime NZ was well prepared for the COVID-19 lockdown. Information technology (IT) also helped the organisation be efficient in its business processes, including dealings with industry. IT (including how the organisation collects, collates, analyses and makes use of information) also supports Maritime NZ's goal of being an evidence-based, intelligence-led, risk-focused organisation.

Data analysis enables informed decision making

An example of Maritime NZ data being analysed to inform decision-making, is the work being done by the newly formed International Engagement and Coordination team. The team worked closely with the Research, Analysis and Intelligence team to develop an evidence base on the implications of proposals considered at the IMO that

would change the standard of lifejackets required under the SOLAS Convention. This then informed the Regulatory Policy Team investigation of any resulting rule changes and engagement on the likely costs, timing and other impacts for affected stakeholders.

Maintaining focus on the continuous improvement of business processes

Continuous improvement of business processes this year was supported through the use of technology, with investment in this area enabling all Maritime NZ staff to work remotely under the COVID-19 lockdown conditions. Maritime NZ quickly moved the proof of concept Microsoft Teams project into full production within a matter of days, allowing internal collaboration and teamwork to continue.

During the COVID-19 lockdown and recovery, improvements were implemented operationally as well, allowing for the issuing of digital certificates for seafarers and a new process for levies and waivers, including the launch of a levy calculator for operators to use to estimate their fees.

Other improvements were delivered through the Maritime NZ website, including:

- availability of new publications;
- uploading of NAVAREA XIV warnings; and
- further development of online beacon registrations.

Impact: We are a resilient, healthy, capable organisation, with people who are valued and enabled to sustainably deliver high-quality regulatory, compliance and response services

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
<p>We compare favourably to the wider public sector on staff engagement and staff retention.</p>	<p>Staff engagement</p> <p>An organisation-wide engagement survey early in 2019/20 had an exceptionally high participation rate of 95 percent. At 83 percent, positive staff engagement results were the highest recorded since the start of this survey over 10 years ago. This compares favourably with the most recent public sector benchmark available of 71 percent in 2018.</p> <p>Staff retention (resignations over previous reporting periods as a percentage of average total staff)</p> <p>Staff retention for 2019/20 was 88.6 percent, with staff turnover reduced to 10.2 percent (from 13.5 percent in 2018/19). Staff retention is high compared with the public sector turnover rate of 11 percent (State Services Commission Public Service Workforce Data 2019 benchmark).</p>

Our progress this year

Maritime NZ's staff engagement overall rating represents an increase of 6 percent compared with the 2018 survey rating of 77 percent. This was particularly encouraging given the survey was run right after the implementation of organisational change processes (Future State 2). The overall rating for management (in the survey section "Person I report to") remains high, with staff reporting 87 percent satisfaction in this area (85 percent last year). The overall rating for the Learning and Development section increased to 73 percent (66 percent last year).

Strong alignment was evident between areas identified as key drivers in the 2019 survey and initiatives in Maritime NZ's strategic work programme for the year, including learning and development, health and wellbeing, processes and systems, inter-team initiatives and internal communication.

Key achievements included:

Delivery of people capability initiatives

One of Maritime NZ's organisational priorities is supporting its people development. With specialist learning and development expertise and resourcing dedicated to learning and development, the organisation continues to make significant progress in building a sustainable suite of learning initiatives that include on line modules, animations, workshops and performance support tools.

A focus has been on embedding core management and leadership programmes, coaching and action learning. Maritime NZ firmly remains part of G-Reg, with all staff completing the G-Reg core regulatory practice knowledge qualification (Level 3) as part of their on-boarding programme. In this financial year, 42 staff completed G-Reg Level 3 and a further 27 people are under way with this qualification. This gives staff a broad overview of

New Zealand's regulatory system and a common language and understanding of key regulatory concepts and good practice. These numbers are in addition to people who completed the qualification in previous years. Maritime NZ also supported eight staff who completed the New Zealand Certificate in Regulatory Compliance (Operational Knowledge). This Level 4 qualification is for those carrying out frontline regulatory compliance work or supporting others to carry out such work.

Health, safety and wellbeing

Health, safety and wellbeing (HSW) continues to be one of Maritime NZ's main focus areas. HSW risk workshops have been completed across the organisation to inform staff on updating of hazard and risk registers and further refine the controls already in place to help keep people safe.

The recent implementation of the online hazard and incident reporting and management system, Vault, has made investigation and monitoring of workflow management easier. This has resulted in more reporting. The system was used during Alert Levels 4 and 3 to start virtual occupational therapist workstation assessments. Over 50 assessments were completed during this period. The system reinforces the positive culture of continuous improvement for hazard, risk management and incident reporting.

Maritime NZ's HSW Committee has been active during the year. Particular emphasis has been on increasing employee participation and engagement with HSW. The 2019/20 HSW action plan was successfully completed. The Maritime NZ COVID-19 response team established a health and safety work-stream (with a specific focus on wellbeing) and this held the organisation in good stead during all alert levels.

Maritime NZ's HSW management system is based on the SafePlus HSW framework. This framework focuses on building employee understanding and engagement in

workplace health and safety. An organisation-wide SafePlus online survey of all staff, contractors and the Maritime NZ Authority was done in June 2020 to see how well the organisation was doing in HSW management. The survey had an outstanding response rate of 90 percent and headline results were extremely strong, with an overall positive rating of 83 percent. Further analysis of the survey results will provide input into the HSW action plan for 2020/21.

The HSW working groups, a subset of Maritime NZ's HSW Committee, have been successful and will continue

to ensure the organisation's annual HSW action plan is implemented. The working groups have helped foster the development of a strong HSW culture, with initiatives including the creation of the HSW vision and elevator pitch posters. Regular, planned HSW communications that profile important initiatives, and the provision of health and safety representative training, have also raised awareness and understanding of HSW within Maritime NZ. A particular focus has been on providing resources and support relating to mental health, resilience and counselling during the COVID-19 alert levels.

Impact: We collaborate with other agencies to share resources and build capability that improves government services

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR MET
Maritime NZ is regarded as a valued partner that acts proactively and collaboratively in its cross-agency, sector, AoG participation efforts and engagements.	Maritime NZ is increasingly involved with other agencies and parts of the maritime sector to provide input and expertise to initiatives, and to collaborate in mutual areas of interest.

Our progress this year

Over the course of 2019/20, Maritime NZ continued to work with other agencies and build its engagement capability. It also sought to support industry with a focus on safety outcomes. It actively took part in state sector fora and AoG initiatives. The relationships already established with others in the transport sector, border agencies, local government agencies and industry and operator associations, provided a valuable foundation for Maritime NZ's contribution to the AoG COVID-19 response.

Key achievements included:

Engagement strategy development

During 2019/20, Maritime NZ worked on making its engagement more strategic and its focus more explicit. It developed an organisation-wide stakeholder engagement strategy including capability development across Maritime NZ to achieve and embed excellent engagement. It also developed a draft stakeholder engagement charter and led stakeholder mapping exercises for significant initiatives, particularly those with a high level of external stakeholder input, and different business groups.

The output from these stakeholder mapping workshops feeds into an organisation-wide stakeholder framework and business group plans. The pace of work slowed in the second half of the year due to the COVID-19 response and recovery, but progress is being made as resources permit, with agreed approaches guiding engagement activity.

Maritime NZ also put in place specific engagement strategies for the union and port sectors. This included establishing a joint port safety steering group with WorkSafe, to lead the development of health and safety partnerships in this area.

A review was also done on structure and focus of the Safer Boating Forum, which identified more collaborative ways of working for the future. This led to an invigorated relationship with regional councils in the co-regulatory area, shown by all relevant councils participating in upcoming recreational boating sector compliance initiatives.

TUIA – Encounters 250²⁵

After contributing to event planning in previous years, delivery of this Ministry of Culture and Heritage-led commemoration took place in the first part of the year. The maritime component was actively monitored on a daily basis with participation within the National Security System to Watch Group level. The event overall was a success and Maritime NZ had representation at both planning and delivery levels.

Partnerships

Strong partnerships between Maritime NZ and other agencies have been crucial to success of AoG initiatives. An example is the work done to support the AoG COVID-19 response and recovery (see case study page 44).

²⁵ This was a commemoration held in 2019/2020 marking 250 years since the first onshore encounters between Māori and Pākehā in 1769.

CASE STUDY

All-of-Government response and recovery engagement

Participation in the All-of-Government (AoG) COVID-19 response started in February at a relatively low level but escalated rapidly as the pandemic developed. We contributed staff to AoG sector meetings, to developing response and guidance material, internal and external communication, and stakeholder liaison.

We also contributed three staff to the National Response Team, and one staff member was part of the transport desk roster providing liaison between the National Response Team and transport agencies. Our input has also informed the maritime dimension to the AoG response and impacts of COVID-19 on operators and seafarers.

We released the draft Maritime Guidance for New Zealand during the COVID-19 Global Pandemic (or MarGuide). This covers a comprehensive list of topics from cruise ships, supply chains, small craft, fishing vessels and marine crew through to practical matters like bunkering and lay-ups. Specific guidance is given on how to manage crew changes and shore leave in New Zealand, along with suggested shipboard procedures that commercial vessels arriving in New Zealand could adopt to prevent the spread of COVID-19.

When COVID-19 led to a declaration of a national emergency, we started weekly COVID-19 compliance meetings involving all harbourmasters and New Zealand Police representatives. This was a valuable forum for circulating important safety information around the country and ensuring issues from the regions were being fed back to the AoG response team. We also formed the Maritime Industry Recovery Forum, which involved a fortnightly meeting of leaders in the maritime sector, and provided information and feedback to Maritime NZ and MoT on industry concerns and focus. The forum was useful for ensuring information about COVID-19 response and recovery requirements was quickly made available to the industry.

We are continuing to work with MoT and other transport regulators when needed, and other government agencies, to ensure our efforts are aligned.

COVID-19 HOW TO STAY SAFE ON AN INTERNATIONAL VESSEL

Please print this off and share with your colleagues and make it available to anyone who enters the port.

To protect yourself and others from COVID-19 when you board an international vessel, you need to follow the advice below.

THE CORRECT USE OF PPE
 Facemasks must be worn. Goggles, face shields and gloves will provide additional protection and can reduce the spread of infection when used correctly.
 Everyone should be wearing masks on the vessel and if someone is not, remove yourself from the situation.
 Wear single use gloves where possible and do not touch your face or anyone else once they're on.
 Clean your hands before you put on your face masks, goggles or face shield if you are not wearing gloves.
 Make sure the mask covers your nose, mouth and chin.
 Replace the mask if it becomes damp, damaged or dirty.
 After use, take your mask off by removing it from the earloops so as not to touch the actual mask piece and ensure no one else can come into contact with it after disposal.

PRACTICING GOOD HYGIENE
 Wash your hands with soap and water for at least 20 seconds, and dry thoroughly.
 Cough or sneeze into your elbow or by covering your mouth and nose with tissues.
 Don't touch your eyes, nose or mouth if your hands are not clean.
 Safely dispose of used tissues immediately.
 If you're not feeling well, stay home and call your GP or call Healthline on 0800 358 5453.

USE THE NZ COVID TRACER APP
 If you are an essential worker who goes onto a ship, you have a responsibility to use the contact tracing app.
 If you don't already begin using the app at every opportunity including when you're going on to the port or visiting separate parts of the port, and after you leave the port.
 Visit the official covid19.govt.nz page if you want to get a QR code to display for people to use at your location.
 Ensure your phone has sufficient battery time remaining when you leave the house for the day, to ensure you can operate the tracer app throughout the day.

WHILE ON THE SHIP
 Plan ahead for your time on the ship so you are there for the shortest amount of time possible.
 Minimise contact with anyone on-board and practice social distancing where you can.
 Do not eat or drink anything on the ship that you have not brought with you.
 Do not eat or drink with the crew and do not sleep overnight on board.

TESTING
 If you go on an international vessel you will be required to be tested. In most cases you will need to be tested on the 14th day after you first go on board, and, strictly speaking, on each 14th day thereafter (or as close as possible to the 14th day).

Unite against COVID-19

COVID-19 WHAT YOU NEED TO KNOW #1

AM I AN ESSENTIAL WORKER? YOU'RE PROVIDING FOOD, SON.

HYGIENE
 Cough or sneeze into your elbow or by covering your mouth and nose with tissues.
 Put used tissues in the bin or a bag immediately.
 Wash your hands with soap and water often (for at least 20 seconds).
 Avoid close contact with people who are unwell.
 If your entire crew is already in your bubble maintain 2m physical distancing at level 4 or within 1m whilst also using appropriate PPE, or at level 3.
 Avoid touching your face especially if your hands aren't clean.
 Clean surfaces regularly such as processing equipment and computer screens.

KEEP SAFE
 No unauthorised people on board.
 For crew, gloves and face masks aren't always necessary outside of a health setting. But it's OK to wear those if they already have them and wish to wear them.
 For skippers, take masks and gloves on board in case someone needs to self-isolate.
 Stay at home if you feel unwell. If you get unwell on board, the entire crew may have to self-isolate.
 Protect your family and your crew.

SYMPTOMS OF COVID-19
 A cough
 A high temperature (at least 38°C)
 Shortness of breath
 Sore throat
 Sneezing and runny nose
 Temporary loss of smell

If you have these symptoms and have recently been overseas, or have been in close contact with someone confirmed with COVID-19, please telephone Healthline (for free) on 0800 358 5453 or your doctor immediately.

Unite against COVID-19

FOR MORE INFO
www.mpi.govt.nz/protection-and-response/coronavirus/

MARITIME NEW ZEALAND

Impact: Our business processes drive better service by making use of technology to minimise regulatory burden

OUR MEASURE OF SUCCESS	ASSESSMENT OF ACHIEVEMENT: INDICATOR TREND YET TO BE DETERMINED
<p>An increasing proportion of survey respondents by sector (sector stakeholders) rate the timeliness and ease of interactions with Maritime NZ as very good or excellent.</p>	<p>Maritime NZ progressed several initiatives to improve the timeliness and ease of interaction with stakeholders. Staff worked in innovative ways so core functions could still be delivered during COVID-19 Alert Levels 4 and 3. Maritime NZ adjusted its approach to regulatory and compliance activities through work such as automatic extensions to medical certificates and tickets (seafarer certificates), remote surveys (as alternatives to physical vessel inspections) and scheduling online audits so operators could comply more easily.</p> <p>Sector engagement surveys were not run in 2019/20 because of a research analyst vacancy, which has now been filled.</p>
<p>We increasingly make use of technology and information internally to deliver services.</p>	<p>As one of Maritime NZ's core compliance tools, the Triton Regulatory Management System has continued to improve with new functionality and enhancements released this year. This included an upgrade, refining the user experience for processing and searching information.</p> <p>Maritime NZ also put its industry mobile app into production. The app lets field staff quickly obtain maritime operator information through a search for a vessel or operator name, when unable to use a laptop.</p> <p>Maritime NZ also deployed the latest laptop technology and SIM cards to all mobile field staff so they can connect, countrywide, to its data and information systems.</p>

Our progress this year

During the year, Maritime NZ progressed work to improve business processes across the organisation.

This was achieved through investment in technology and updating of systems and procedures, for example the Triton software upgrade.

Key achievements included:

General exemptions issued in response to COVID-19

Maritime NZ closely monitored the impact of COVID-19 on the maritime industry and issued several general exemptions to allow operators and seafarers to continue working as seamlessly as possible during the COVID-19 lockdown disruptions. Maritime NZ carefully considered the risk

associated with issuing these exemptions and balanced this with the need to keep the maritime industry operating. The general exemptions cover:

- alternatives for operators to meet requirements for vessels that are due for inspections, audits or surveys that could not be conducted during the various alert levels;
- certain seafarer certificates and extending dates to let seafarers temporarily continue working for three months beyond their expiry date; and
- two Maritime Rules that regulate lifting appliances on foreign ships operating in New Zealand waters. The exemptions applied to annual examinations due between 11 March 2020 and 30 June 2020.

MOSS audits during COVID-19 lockdown

Maritime officers within the Compliance Systems Delivery team were innovative in how they approached MOSS audits (part of Maritime NZ's essential core business) during COVID-19 Alert Levels 4 and 3.

We deftly adjusted our approach to regulatory and compliance activities through work such as automatic extensions to medical certificates and tickets (seafarer certificates).

Remote MOSS audits were conducted on those lower-risk operators where we considered that an in-person visit was not required. Innovative approaches used included operators supplying evidence through video, photos or even FaceTime to ensure required items were on board and in good condition. Feedback has been positive on this approach from operators. These new approaches by our staff let low-risk audits progress, which can then be followed up with an in-person visit once COVID-19 alert levels allow.



Our people

Our success as an organisation is underpinned by the capability of our people

People are at the core of Maritime NZ's effectiveness as a regulatory, compliance and response agency. Maritime NZ is committed to providing a positive and productive work environment to let people excel. Its intention is to be a resilient, healthy, capable organisation that values and energises its people to deliver high-quality services.

As at 30 June 2020 the organisation had a headcount of 286 people including fixed-term employees, temporary staff and contractors based in 13 regional offices, Wellington head office, RCCNZ in Avalon, Lower Hutt, and the Marine Pollution Response Service in Te Atatu, Auckland.

Diversity and inclusion

We carry out regular staff engagement surveys to take the pulse of our organisation and find out how staff are feeling about working here. The survey has different sections that provide detailed information on specific aspects of work culture. In terms of diversity and inclusiveness, a relevant example is the question "All employees in this organisation are treated fairly, regardless of their age, ethnicity, gender, and physical capabilities etc". In the most recent survey undertaken in 2019 this question received a positive rating of 88 percent favourable. This represents a further increase on the 2018 rating for this question of 77 percent favourable.

Engagement Survey Question 4.3: All employees in this organisation are treated fairly, regardless of their age, ethnicity, gender, physical capabilities, etc



Five Papa Pounamu Priority Commitments

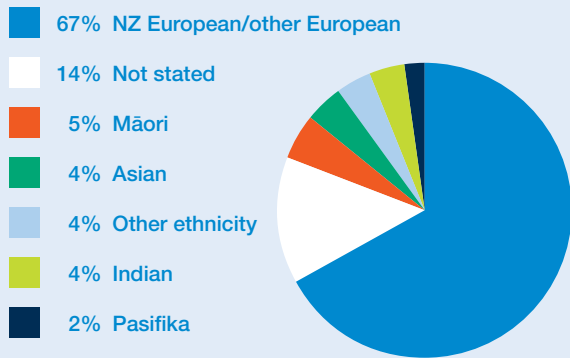
Established in 2017, the Papa Pounamu programme is a Public Service Commission initiative to bring together diversity and inclusion practices across the public service. Papa Pounamu has five priority areas of focus, each of which Maritime NZ is implementing to create positive impact across the organisation. During 2019/20, areas of achievement included:

- **Addressing bias and discrimination:** Maritime NZ undertook actions and initiatives supporting diversity and inclusiveness within the organisation by:

- ensuring position descriptions and advertisements are reviewed at the time of recruitment to ensure there is no bias and discrimination;
- leading a gender equality working group that includes a cross section of people from throughout the organisation. The group works to support inclusiveness and equality initiatives. All members attended an anti-harassment and bullying workshop during 2019/20 so members are better equipped to help staff who are experiencing any issues or seeking advice;
- reviewing the overall salary structure from a gender equality perspective in a moderation exercise that forms part of the annual remuneration review process. A gender equality review of proposed salary is also undertaken at the time a role is offered, with comparative salary, gender and length of service information provided for roles in the relevant salary band; and
- having an Executive Team moderation exercise as a standard part of Maritime NZ's performance review process at an organisational level.

- **Strengthening cultural competency:** As part of a Maritime Incident Readiness and Response initiative, a visit to Rāpaki Marae was organised in December 2019. This is part of a programme to strengthen Maritime NZ's relationships with iwi. There is also an active waiata group that attends all significant Maritime NZ events, such as orientation for new staff and the organisation's staff conference. Other initiatives include promoting Māori language week and encouraging use of te reo Māori.
- **Building inclusive leadership:** Maritime NZ has a leadership charter that forms an important reference framework for guiding management decision making. The main principles of strength, unity and direction are built into the organisation's operating principles and management position descriptions.
- **Developing relationships that are responsive to diversity:** Maritime NZ is seeking to strengthen its responsiveness to diversity by building considerations into organisation-wide initiatives such as the flexible work project that is under development.
- **Supporting and engaging with employee-led networks:** Maritime NZ has an open and inclusive organisational culture that welcomes feedback from its people. The Executive Team and Chief Executive hold regular virtual events to update people across the organisation, including those from other regions. These sessions provide an opportunity for people to ask questions of their senior leadership team members.

Employee ethnicity

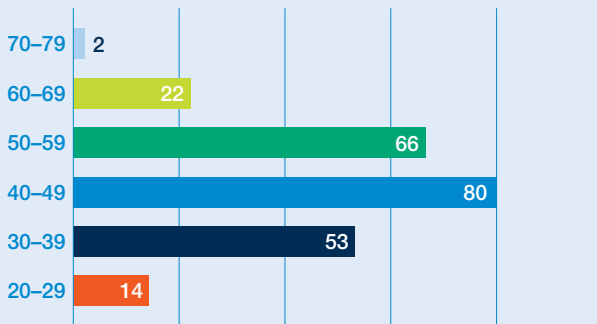


Gender

	FEMALE	MALE	OTHER
Authority	60%	40%	0%
Executive	50%	50%	0%
All employees	43%	57%	0%

Forty-three percent of Maritime NZ staff are female, which is lower than the 2019 public service average of 61 percent. Note that the maritime industry from which Maritime NZ recruits for specialist technical maritime roles has a smaller proportion of female participants. Maritime NZ actively reviews role requirements to ensure they do not reflect unconscious bias.

Age demographic (permanent staff)



As at 30 June 2020, the average age of a Maritime NZ staff member was 46 years old. New recruits are, on average, younger than Maritime NZ's existing workforce. The average age of those newly recruited into Maritime NZ in the year to 30 June 2020 was 40 years, compared with 51 years for the existing workforce.

Provision of equal opportunities

Maritime NZ is a diverse organisation, where difference is valued. This is clear in its recruitment and selection practices. The organisation aims to attract a diverse workforce with a broad range of skills and experience, aligned with its culture and core capabilities.

As an organisation, we recognise, respect and value differences and we are committed to providing equal employment opportunities for all. This ensures better outcomes for our staff, who are more satisfied with their employment, and for those people we are ultimately here for the people of New Zealand.

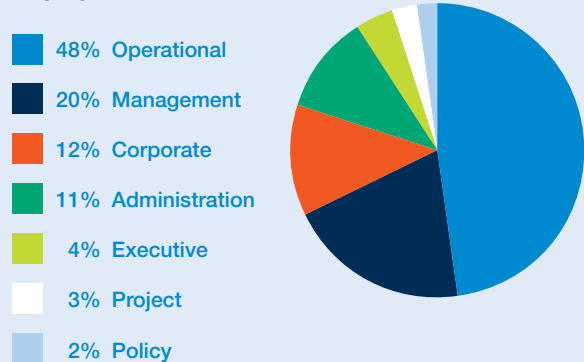
Maritime NZ promotes the principle of equal opportunities in employment to make sure its people capability practices meet 'good employer' obligations.

Appointments are based on merit, to ensure fairness in employment for all people. Maritime NZ is committed to promoting a culture in which all people, whatever their gender, ethnic or social background, sexual orientation, role or other differences, are valued and treated equally and with respect.

Flexibility and work design

Organisational policies support flexible working arrangements, including flexible hours, and working from home or alternative locations. Maritime NZ invests in technology to allow staff in different locations to link and collaborate with colleagues. It also provides active support to staff with family and other obligations.

Employee role classification



Workforce profile as at 30 June 2020, full-time equivalent (FTE) and headcounts

	FTE	HEADCOUNT
Permanent employees	235.37	237
Fixed-term employees	17.47	18
Temporary staff and contractors		31
Total	252.84	286

Our people by the numbers



83% employee engagement

77% in 2018

The 2019/20 result is the highest Engagement Index rating ever recorded in the years we have run this survey.

46 average age

New recruits are, on average, younger than Maritime NZ's existing workforce. The average age of those recruited into Maritime NZ in the year to 30 June 2020 was 40 years, compared with 51 years for the existing workforce.

6 years average length of service

For permanent staff, this is less than the State Services Commission Public Service Workforce Data 2019 average tenure of nine years.

90% of our staff are enrolled in KiwiSaver superannuation

In addition to KiwiSaver superannuation, eligible staff* are provided with life and income protection insurance.

* The Maritime NZ group insurance scheme has maximum age limits for insurance cover and is restricted to staff working more than 20 hours per week.

6.70 average days lost due to sickness, accidents, domestic leave

8.82 in 2018/19

The number of days' sick leave significantly reduced during the COVID-19 lockdown period when all staff were working from home.

A small number of staff are on longer-term sick leave. These situations are individually managed in consultation with the line manager.

10.2% staff turnover

13.5% in 2018/19

Twenty-three permanent employees left Maritime NZ in 2019/20 due to career advancement, family reasons/moving overseas, retirement, and following long-term illness. This is 1.6 percent lower than the most recent State Services Commission Public Service Workforce Data 2019 benchmark.

119 Health and safety event notifications

34 in 2018/19

The reported health and safety notifications have increased in the current year.

This is a result of:

- considerable work to raise awareness of the importance of reporting;
- the introduction of the new online health and safety system (Vault), which was launched in November 2019; and
- the COVID-19 lockdown where staff worked from home and a pain and discomfort entry into Vault was used as the way to start a virtual occupational therapy (OT) workstation assessment. The subsequent OT report provided a recommendation for any ergonomic equipment required.

16% near misses

Incidents reported as a proportion of all reported accidents and incidents

24% in 2018/19

The ratio of total accidents and incidents (119) reported greatly exceeds the number of near-miss (19) reporting incidents.

The increase of reporting (in particular the pain and discomfort reporting during the lockdown period) following the introduction of Vault, along with a reduction in reported near-miss incidents has considerably reduced this percentage.

Maritime NZ is committed to a refreshed campaign highlighting the importance of near-miss reporting. This will be a focus of HSW communications over the next financial year.

94 Promotions and secondments

	2018/19	2019/20
Promotion, career progression, redeployment	6	49
Internal secondments	37	44
External secondments	4	1

The increase in the number of staff appointed to larger roles compared with the previous financial year is related to the implementation of the organisational review Future State 2 Phase 2 and an increase in organisational size.

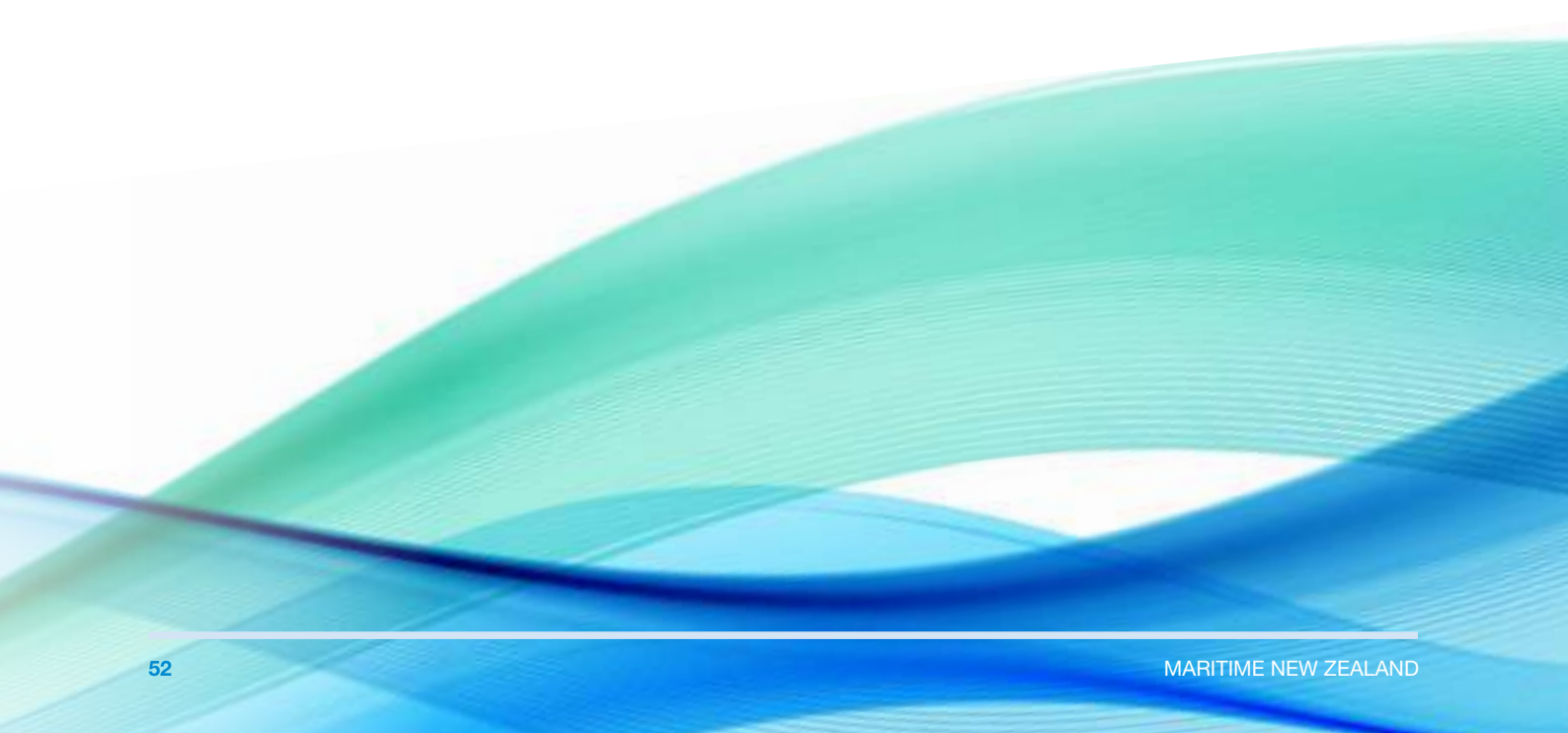
Maritime NZ actively seeks to support staff development, through secondment opportunities and the promotion of staff based on merit.

We comply with the principles of being a good employer

Maritime NZ provides safe working conditions, has impartial recruitment and selection processes, and fair employment practices and policies. A summary is given below of activities this year against the seven elements of being a ‘good employer’.

ELEMENT	OUR ACTIVITY THIS YEAR
Leadership, accountability and culture	<ul style="list-style-type: none"> • Our values of integrity, commitment and respect guide and drive an organisational culture dedicated to making a positive difference to the maritime safety and environmental outcomes we are mandated to achieve. • We continue to focus on staff development and provide a comprehensive range of learning and development opportunities for staff across Maritime NZ, including secondments and management opportunities, as well as formal, informal and on-the-job learning. • The implementation of our organisation-wide people capability programme is a main focus area, providing clear alignment with our values, strategy and operational requirements. • We continue to invest in our people management capability, with a focus on embedding our core management and leadership programmes, coaching and action learning.
Recruitment, selection and induction	<ul style="list-style-type: none"> • Our specialist staff coordinate a transparent hiring process to ensure we meet legislative requirements and select the best people for the right position at the right time. • We are committed to diversity and inclusion, the elimination of conscious and unconscious bias, and equal employment opportunities. • A variety of recruitment channels, both national and international, are used to attract quality applicants. • We are an accredited employer with Immigration New Zealand. • All new staff undertake our six month on-boarding programme, which includes on-the-job induction, online learning modules and attendance at a two-day comprehensive staff orientation programme.
Employee development, promotion and exit	<ul style="list-style-type: none"> • We are committed to the G-Reg with all new staff completing the G-Reg, core regulatory practice knowledge qualification (Level 3). Several staff also completed the G-Reg Operational Knowledge qualification (Level 4). • We are focused on providing role and individual learning and development opportunities for all staff (particularly frontline staff) with the on going development and implementation of learning initiatives that include online modules, animations and performance support tools, along with internal secondment opportunities and selection processes that are transparent and equitable. All promotions are based on merit. • A performance development and remuneration framework is in place.
Flexibility and work design	<ul style="list-style-type: none"> • We have policies that support flexible working arrangements, including flexible hours and working from home or alternative locations. Applications by staff for flexible working arrangements are considered on their merits and agreed to whenever possible. • We provide active support to staff with family and other obligations. • We encourage our staff to take annual leave in the year it is accrued and to manage their hours to maintain wellbeing. • Professional ergonomic workstation assessments are undertaken for all new and existing staff as needed, and any recommendations for purchase of ergonomic equipment are put in place. • Major regional offices are inter-linked with video conferencing facilities. • Most of our staff were able to work from home during the COVID-19 lockdown. Our search and rescue officers continued working as an essential service in the 24 hour, seven days a week RCCNZ during all alert levels.

ELEMENT	OUR ACTIVITY THIS YEAR
Remuneration, recognition and conditions	<ul style="list-style-type: none"> • Our job evaluation processes include the on going review of job descriptions to ensure they accurately reflect the work being done. An independent specialist provider carries out job evaluations for new or significantly amended roles. • The organisation's remuneration structure is reviewed annually and referenced against market information by an external organisation with expertise in this field. • Seven staff received a 2019 Chief Executive Development Award, which is a recognition programme that supports personal development opportunities that are not part of the organisation's standard learning and development programme.
Harassment and bullying prevention	<ul style="list-style-type: none"> • We recognise it is critical to review and communicate key policies and practices to all staff, which we do through our induction processes and intranet website, Stingray. • We have zero tolerance to bullying and deal with it promptly and appropriately. • Robust anti-harassment policy and procedures are in place. We have several trained internal anti-harassment support people. • A suite of policies and procedures providing guidance to our staff is available on the organisation's Stingray intranet site. These include the organisation's Code of Conduct, which is aligned with the wider State Services Standards of Integrity and Conduct.
Safe and healthy environment	<ul style="list-style-type: none"> • We are committed to providing a healthy and safe working environment. This is supported by our HSW policy statement, a range of associated HSW policies and procedures, and HSW training for all staff. • All staff complete an online module about health and safety at Maritime NZ as well as modules about the HSWA as part of the on-boarding programme. • We have strengthened the HSW Committee. This is chaired by the Director, with representatives from all levels and groups across the organisation and from the Public Service Association. Staff participation in HSW matters is strongly encouraged. • The organisation actively encourages HSW reporting. This includes a particular focus on pain and discomfort reporting, to manage the HSW risk associated with workstation ergonomics. Reports are followed up promptly with a specialist occupational therapist assessment. Any recommendations for provision of ergonomic equipment and biofeedback and/or stress management are actioned. We provide 'sit-stand' desks for all staff who need them. • Support is available to all staff through a confidential Employee Assistance Programme. • We provide annual flu immunisation for all staff. This year more than half of our staff received a flu shot this year through the programme.



Statements of performance



Statement of responsibility

We are responsible for the preparation of Maritime NZ's financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end of year performance information provided by Maritime NZ under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Maritime NZ for the year ended 30 June 2020.

Signed for and on behalf of the Authority.



Jo Brosnahan
Chair, Maritime NZ

Dated: 1 December 2020



Belinda Vernon
Chair, Audit and Risk Committee, Maritime NZ

Dated: 1 December 2020

Vote Transport: Non-departmental output expense

To comply with its obligations under the Public Finance Act 1989, activities undertaken by Maritime NZ that are funded through Vote Transport Non-Departmental Output Expenses are indicated within each relevant output class in the Statement of Performance. Relevant financial information is also provided in the tables following each output class performance summary on pages 57 to 66.

A summary of appropriations funded through Vote Transport and from Vote Transport Information Supporting the Estimates 2019/20 is provided in the table below.

NON-DEPARTMENTAL OUTPUT EXPENSE	WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION	ACTUAL 2019/20 \$000	APPROPRIATION ESTIMATES 2019/20 \$000	ACTUAL 2018/19 \$000
Search and Rescue Activities (M72)	This appropriation is limited to the purchase of search and rescue activities and a search and rescue coordination service, including follow-up inquiries and reporting associated with the searches and rescues undertaken.	3,231	3,231	3,231
Search and Rescue and Recreational Boating Safety Activities PLA (M72)	This appropriation is intended to achieve a sustained reduction in the identified systemic risks within the New Zealand Search and Rescue system to reduce the number of preventable search and rescue related fatalities in New Zealand.	8,012	7,692	6,361
Policy Advice and Related Outputs – Maritime (M72)	The overarching purpose of this appropriation is to regulate and enhance safety in New Zealand's maritime environment.			
	Maritime Incident Response This category is limited to building capability to respond to complex maritime pollution incidents.	492	764	801
	Maritime Safety and Marine Protection Services This category is limited to the development and delivery of regulatory services that are the responsibility of Maritime NZ under legislation.	2,078	2,078	2,078
	Policy Advice – Maritime This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters and ministerial servicing.	3,349	3,349	3,349
Health and Safety at Work Activities – Maritime (M72)	This appropriation is limited to health and safety activities for the maritime sector, for which Maritime NZ has designated responsibility.	6,192	6,191	6,299

Vote Transport: Non-departmental capital expenditure

To comply with obligations under the Public Finance Act 1989, activities undertaken by Maritime NZ that are funded through Vote Transport Non-Departmental Capital Expenditure and a summary of appropriations and performance measures are detailed in the table below.

NON-DEPARTMENTAL OUTPUT EXPENSE	WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION	ACTUAL 2019/20 \$000	APPROPRIATION ESTIMATES 2019/20 \$000	ACTUAL 2018/19 \$000
Maritime New Zealand – Search and Rescue Activities (M72)	The estimated amount to be spent in relation to Maritime NZ costs, as authorised by section 9(1) of the Land Transport Management Act 2003.	370	450	–

Statements of performance

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

This output class supports the achievement of **regulation that is relevant and robust** by providing technical and policy advice, supported by evidence, to influence the policy environment nationally and internationally to represent and serve New Zealand's maritime interests.

Output 1.1: Development and provision of technical maritime policy advice

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality			
1.1.1* The percentage of written advice ²⁶ to the Minister of Transport and the Ministry of Transport that meets Maritime NZ's quality criteria ²⁷	100%	100%	100%
1.1.2 The percentage of objectives met at identified priority international meetings attended (both inward and outward) ²⁸	100%	≥95%	100%
Timeliness			
1.1.3 The percentage of the Transport regulatory programme completed subject to variations agreed with the Ministry of Transport ²⁹	100%	100%	100%
1.1.4 The percentage of international reporting obligations to international organisations completed by due date ³⁰	50%	100%	100%
Variance explanation			
The MARPOL Annex I oil spill report for the 2018 calendar year was expected by 31 December 2019 but, due to an administrative oversight, the reporting date was not met. The report was submitted on 12 February 2020. Systems are now in place to ensure timely reporting for all reports in the future.			
1.1.5 The percentage of requests for advice received to inform other government initiatives responded to within requested timeframes	100%	90%	100%
Quantity			
1.1.6 The number of requests for advice received to inform other government initiatives (demand-driven volumes provided for contextual information) ³¹	47	60–80	New measure

Variance explanation

Due to a focus on maintaining continuity during the year as a result of the COVID-19 response, requests were lower than anticipated.

* Measure for activity funded through Vote Transport Non-Departmental Output Expense.

26 Advice is limited to policy analysis, briefings, reports to the Minister and the Ministry of Transport for ministerial consideration and ministerial reports.

27 Quality criteria is defined as "form, content, quality of analysis and completion by due date as agreed with the Ministry" and determined through internal quality control procedures.

28 Attendance objectives are determined in accordance with the agreed process to prioritise issues that align with New Zealand's interests under Maritime NZ's international engagement strategy.

29 The Transport regulatory programme comprises the annual transport rules and policy analyses agreed by Cabinet.

30 Maritime NZ has two international reporting obligations (to the International Oil Pollution Compensation Fund and MARPOL oil reporting). Reporting deadlines are set by these international organisations.

31 This is a demand-driven output volume measure and is therefore out of the control of Maritime NZ. It is included to provide context to the level of work undertaken in any given year.

Output 1.2: Reviews of the maritime system

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quantity			
1.2.1 The percentage of intelligence reports and assessments commissioned to identify emerging or relevant system issues that meet Maritime NZ's quality criteria ³²	100%	≥95%	New measure

Output 1.3: Maritime security and intelligence advice

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quantity			
1.3.1 The percentage of New Zealand trading ports that are compliant with the International Ship and Port Facility Security Code ³³	100%	100%	100%
1.3.2 The percentage of identified security threats to New Zealand port facilities and ships in New Zealand waters that are appropriately responded to ³⁴	100%	100%	100%

Output 1.4: Ministerial servicing

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality and timeliness			
1.4.1 The percentage of replies to ministerial correspondence and parliamentary questions that meet Maritime NZ's quality criteria ³⁵	100%	100%	100%
1.4.2 The percentage of Official Information Act 1982 (OIA) requests responded to in accordance with Maritime NZ's quality criteria ³⁶	96.57%	100%	New measure
Variance explanation			
During the year, most requests were answered within 20 working days of being received, or within an extended timeframe set within those 20 days. However, during the first half of the year, two OIA requests were not answered within prescribed timeframes. All other quality criteria were met.			
Quantity			
1.4.3 The number of OIA requests received (demand-driven volumes provided for contextual information) ³⁷	146	110–160	New measure

32 Intelligence reports are developed from terms of reference that have been agreed with the clients of the assessment. Terms of reference include purpose, scope of analysis, information sources and timeframes.

33 New Zealand has 14 commercial trading ports. The International Ship and Port Facility Security (ISPS) code sets out minimum security arrangements for ships, ports and government agencies and is an amendment to the Safety of Life at Sea (SOLAS) Convention.

34 Maritime NZ uses the national framework to identify and assess potential security risks and then makes a decision about how to address these. Appropriate actions include providing information to ports and other agencies on a case-by-case basis, requiring a change in the content of port security plans. The confidential nature of security information means it is not appropriate to provide detail about the volume and quality of this work, and as a result Maritime NZ expects to consistently meet the stated target of 100 percent. The indicator is included to signal importance of this activity.

35 Quality criteria is defined as per internal procedures and evidenced through internal sign-off processes.

36 Quality criteria is defined as per internal procedures and evidenced through internal sign-off processes as well as meeting the legislative requirements under the Official Information Act 1982.

37 This is an output volume measure that is demand-driven and therefore outside of the direct control of Maritime NZ. It is included to provide context to the level of work undertaken in any given year.

Output class 1: Total revenue and expenses

	ACTUAL 2019/20 \$000	BUDGET 2019/20 \$000	ACTUAL 2018/19 \$000
Crown funding	3,349	3,349	3,349
Crown agencies	3,219	3,156	3,446
Maritime levy	4,728	4,728	3,494
Other	297	239	450
Total revenue	11,593	11,472	10,739
Total expenditure	11,107	11,273	11,411
Net surplus/(deficit)	486	199	(672)

Refer to Note 24 of Maritime NZ's Financial Statements for explanations of major variances against budget.

Output class 2: Maritime safety and marine protection services

This output class supports the achievement of **risk-focused, responsive compliance practices that reduce harm in the maritime system**. This is done by developing and delivering the regulatory services legislatively established as the responsibility of Maritime NZ (through the MTA, HSWA, MSA, Ship Registration Act 1992 and Hazardous Substances and New Organisms Act 1996). This also allows maritime operators and the recreational boating community to comply with safety, security and marine environmental protection requirements.

Output 2.1: Information, education, engagement

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quantity and timeliness			
2.1.1 The number of information and education campaigns delivered ³⁸	5	3–5 per annum	5
2.1.2 The number of industry publications and guidance documents published ³⁹	54	30–40	42
Variance explanation			
The number of industry publications and guidance documents published was above expectations. This was mainly due to additional guidelines and guidance for seafarers and operational updates to industry being published on the Maritime NZ website, in relation to COVID-19.			
Quantity			
2.1.3 The percentage of New Zealanders who practise safer recreational boating behaviours (as gauged by surveys)	76%	≥60%	54%

Output 2.2: Entry controls

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quantity			
2.2.1 The number of maritime or marine protection documents or other statutory certificates and/or permits issued annually (demand-driven volumes provided for contextual information) ⁴⁰	2,779	2,400–2,600	2,859
Timeliness			
2.2.2 Average processing time for maritime documents, marine protection documents, statutory certificates and/or permits from receipt of application to delivery of the outcome to the applicant ⁴¹	45.95 working days	20–25 working days	41.92 working days

Variance explanation

The average number of working days to process a seafarer application during the year was 46 days; 21 days above the target of 25 working days.

Over the first two quarters of the year, the Certification team worked to clear old legacy applications. An example is one MOSS application that was on hand for 529 days. The length of time was driven by the reluctance of the applicant to comply with MOSS requirements. This type of outlying statistic skewed the average processing time. During the last half of the year, the Certification team was able to focus on putting in place several process improvement initiatives. These initiatives had a noticeable effect on the average application processing time, moving it down from an average of 69 days at the end of the first quarter to 35 days by the end of the fourth quarter of the year.

38 Maritime NZ delivers a range of information and education campaigns each year, focused on both the recreational and commercial sectors. Typically, two recreational boating campaigns are scheduled for the start and midway through the summer boating season. Commercial campaigns are more flexible and focus on areas of highest need.

39 The number published is subject to fluctuation due to the reactive component of responding to issues that emerge during the year.

40 This includes maritime documents, marine protection documents, ship registration certificates, exemptions from rules, seafarer certificates and all other documents issued by Maritime NZ.

41 This includes maritime documents, marine protection documents, ship registration certificates, exemptions from rules, seafarer certificates and all other documents issued by Maritime NZ. Seafarer certification processing times will continue to be tracked.

Output 2.3: Monitoring and investigation of compliance

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
International vessels (Safety of Life at Sea (SOLAS))			
Quantity			
2.3.1 The number of Port State Control (PSC) inspections completed annually (demand-driven volumes provided for contextual information) ⁴²	209	≥250	257
Variance explanation			
The number of PSC inspections completed annually is demand-driven and provided for contextual information. All PSC inspections were suspended in the last half of March 2020. Up to this point, the organisation was on track to achieve its annual target of 250 initial inspections, however, the volume of vessels coming into New Zealand waters during the COVID-19 lockdown dropped significantly. Through focused efforts on targeting high-risk vessels, Maritime NZ continued to maintain an active contribution to the effectiveness of the Asia Pacific Port State Control regime.			
Quality			
2.3.2 The percentage of annual PSC inspections completed that were of higher risk ships ⁴³	35.41%	≥25%	39.32%
2.3.3 The percentage of serious or very serious marine casualties ⁴⁴ involving SOLAS vessels that receive a response ⁴⁵ according to Maritime NZ's compliance operating model	No incidents of a serious marine casualty involving a SOLAS vessel	100%	No incidents of a serious marine casualty involving a SOLAS vessel
Domestic commercial operations			
2.3.4 The percentage of scheduled audits of active Maritime Operator Safety System (MOSS) operators completed	79%	100%	New measure
Variance explanation			
The target percentage of scheduled audits of active MOSS operators was not met, however, until the emergence of COVID-19 in New Zealand, the organisation was on track to achieve its annual target. Several operators are; in COVID-19 recovery and have audit dates scheduled; advised they are not presently operating or offshore; audits rescheduled; or are no longer operating and their audits cancelled. Nine audits originally booked for February 2020 were scheduled for completion at 30 June 2020, with an audit in the Chatham Islands planned for July 2020.			
Quantity			
2.3.5* The number of Health and Safety at Work Act 2015 (HSWA) assessments completed (demand-driven volumes provided for contextual information) ⁴⁶	396	500–600	New measure
Variance explanation			
The HSWA assessments target was not met because scheduled assessments could not be performed remotely. Post lockdown, Maritime NZ immediately targeted the higher risk HSWA assessments to ensure workers were protected against harm to their health, safety and welfare from hazards and risks at work.			
2.3.6* The number of proactive, targeted HSWA inspection campaigns delivered ⁴⁷	3	2	2

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

42 This is an output volume measure that is demand-driven and therefore outside of the direct control of Maritime NZ. It is included to provide context to the level of work undertaken in any given year.

43 Higher risk ships include: any ship identified in the Asia Pacific Computerized Information System (APCIS) database as an 'underperforming ship', which is a vessel that has been detained three or more times in the past 12 months by the Tokyo Memorandum of Understanding (MoU) and requires inspections at each port within the Tokyo MOU region; any ship that is classified as a High Risk Ship under the New Inspection Regime. High Risk Ships are those that score 4 or more points based on a risk assessment that considers a vessel's, type, age, flag rating, deficiencies and detentions over the past three years and company performance (based on deficiency and detention ratings for all ships in a company's fleet). Every vessel is scored on these criteria (which are weighted). High Risk Ships must be inspected every 2 to 4 months (while standard and low risk ships must be inspected every 5 to 8 months and 9 to 18 months respectively). Any ship that is not inspected within its required timeframe assumes a Priority One status to highlight it needs to be inspected at the next port – however, priority status is not an indicator of high risk). Refer to <http://www.tokyo-mou.org/doc/NIR-information%20sheet-r.pdf>. A ship can also be identified as having overriding priority on the basis of significant concerns identified by any administration, by notification from pilots and so on, by reports from the master or crew. These parties can request that the vessel be inspected again at its next port of call.

44 A marine casualty as defined by the IMO Casualty Investigation is one "involving the total loss of the ship or a death or severe damage to the environment". Refer to www.imo.org/en/OurWork/MSAS/Casualties/Pages/Default.aspx.

45 The response may include an investigation to identify any liability and/or an inspection to ensure the vessel is safe to continue operating. It may not always include a Maritime NZ-led investigation because this function may be undertaken by the Transport Accident and Investigation Commission, which has responsibility for conducting investigations under the Casualty Code.

46 This is an output volume measure that is demand-driven and therefore outside of the direct control of Maritime NZ. It is included to provide context to the level of work undertaken in any given year.

47 In addition to general Health and Safety at Work Act 2015 (HSWA) assessments, Maritime NZ will conduct targeted national inspection campaigns focusing on a high-risk sector (for instance, small fishing operations, passenger ferries) or activity (for instance-working at heights, winching operations) and will include comprehensive HSWA inspections of at least 16 operations.

Output 2.4: Enforcement of compliance

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality			
2.4.1* The percentage of prosecutions brought under the Health and Safety at Work Act 2015 and/or Maritime Transport Act 1994 that result in the relevant parties being held to account ⁴⁸	100%	≥75%	95.65%
2.4.2 The number of enforcement decisions that are overturned on review or appeal under the Health and Safety at Work Act and/or Maritime Transport Act	0	5	2
2.4.3 The percentage of Port State Control (PSC) detention decisions upheld after official review ⁴⁹	No PSC detentions decisions officially reviewed	100%	No PSC detentions decisions officially reviewed

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

Output 2.5: Distress and safety communication services

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Timeliness			
2.5.1 The percentage of time communication services are available ⁵⁰	99.92%	≥99.8%	99.94%
2.5.2* The percentage of time the Maritime Operations Centre is operational ⁵¹	99.99%	≥99.8%	99.99%

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

Output 2.6: Aids to navigation

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Timeliness			
2.6.1* The percentage of time lighthouses are operational (per IALA category 1) ⁵²	99.98%	≥99.80%	99.97%
2.6.2 The percentage of time that day beacons and/or buoys are operational (per IALA category 3)	99.99%	≥99.80%	99.93%

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

48 'Held to account' is interpreted to include a conviction or another compliance outcome in the public interest (in line with the Solicitor-General's Prosecution Guidelines).

49 Note that complaints made are reviewed through the official Tokyo MOU review process.

50 This indicator measures the availability of the very high frequency (VHF) services, high frequency (HF) voice and HF digital selective calling (DSC). Outages are logged by the Maritime Operations Centre (MOC) operator: Start is 'fault first found' and end is 'fault repaired'. The target is based on category 1 Aids to Navigation (AtoN) but no actual international targets exist for radio. Outages are logged in the MOC database and reported in the monthly MOC report.

51 This measure is intended to show the MOC is fully operational and available to receive distress calls, issue maritime safety information broadcasts, and respond to requests for help or information over the maritime network. The measure is reported in the monthly MOC report, with issues reviewed during contractor meetings. Performance should be 100 percent unless there is a major outage or disaster occurs that means the MOC cannot be operated.

52 The target is based on the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) standards defined to measure the availability of category 1 AtoN outages recorded by Maritime NZ in a database. The start is when an outage is first reported and the finish is when the site is repaired. Outages are notified either through the Maritime NZ monitoring system (if monitored), the Rescue Coordination Centre New Zealand, or MOC from a vessel through maritime radio, or by a member of the public.

Output class 2: Total revenue and expenses

	ACTUAL 2019/20 \$000	BUDGET 2019/20 \$000	ACTUAL 2018/19 \$000
Crown funding	2,078	2,078	2,078
Working safer levy	6,192	6,191	6,299
Fuel excise duty	2,560	2,560	2,743
Maritime levy	27,656	27,672	19,324
Fees	1,267	1,126	2,445
Other	1,249	987	1,335
Total revenue	41,002	40,614	34,224
Total expenditure	36,797	37,949	32,653
Net surplus/(deficit)	4,205	2,665	1,571

Refer to Note 24 of Maritime NZ's Financial Statements for explanations of major variances against budget.

Output class 3: Marine Pollution Response Service

This output class contributes directly to a response capability that is well prepared and effectively deployed to resolve emergency incidents. Maritime NZ does this through the **delivery of services that ensure New Zealand is prepared for, and has the ability to respond to, marine oil spills.**

Output 3.1: Marine pollution response capability

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality			
3.1.1 The percentage of regional councils that have trained responders at or above 80 percent of the recommended number ⁵³	92.19%	100%	81.25%
3.1.2 The percentage of regional (19) and national (1) equipment stockpiles maintained and inspected within the past 12 months ⁵⁴	96.25%	100%	95%
Quantity			
3.1.3 The National Response Team conducts one field oil response exercise annually ⁵⁵	Achieved	Achieved	New measure
3.1.4 The percentage of regional councils that undertake two oil spill exercises annually	62.5%	≥95%	New measure

Variance explanation

The reported variances are not due to Maritime NZ's overall readiness and response capability but are instead from timing differences and factors beyond the organisation's control, due to COVID-19 restrictions.

At the end of the reporting period:

- all regional councils met the target for the number of trained responders;
- all stockpiles had undergone maintenance checks. However, due to COVID-19 travel restrictions, three regional councils had not had their annual equipment stockpile inspection completed (staff completed these early in the next period); and
- 20 oil spill exercises were conducted out of the 32 scheduled. Twelve were cancelled from 11 regions.

Output class 3: Total revenue and expenses

	ACTUAL 2019/20 \$000	BUDGET 2019/20 \$000	ACTUAL 2018/19 \$000
Oil pollution levies	8,036	8,417	7,774
Other	178	145	187
Total revenue	8,214	8,562	7,961
Total expenditure	5,635	6,540	5,923
Net surplus/(deficit)	2,579	2,022	2,038

Refer to Appendix 1, Note 19 of the Oil Pollution Fund's financial statements for explanations of major variances against budget.

53 The recommended number varies for each regional council, and numbers are determined according to various factors that shape the three-tier response system. These factors are described in the Maritime Oil Spill Response Training Numbers policy.

54 Regional councils submit maintenance records to the Marine Pollution Response Service (MPRS) and MPRS undertakes annual inspections of all regional councils' stockpiles. MPRS also maintains the National Oil Spill Equipment stockpile.

55 The field exercise will have members of the National Response Team deployed either on the water or beach environment conducting oil spill response activities.

Output class 4: Search and rescue coordination services

This output class contributes directly to a **response capability that is well prepared and effectively deployed to resolve emergency incidents**. This is achieved through the coordination of a timely and appropriate search and rescue response (across land, sea and air) within New Zealand's internationally mandated area of responsibility: the New Zealand Search and Rescue Region.

Efficient and effective search and rescue operations are supported by distress beacon technology, including a ground station in New Zealand linked to the international satellite system.

Output 4.1: Coordination of search and rescue operations

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality and timeliness			
4.1.1* The percentage of time the Rescue Coordination Centre New Zealand is operational ⁵⁶	100%	100%	New measure

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

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

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quality and timeliness			
4.2.1 The percentage of time ground-based satellite equipment is operational	99.85%	≥99.5%	99.83%
4.2.2* The percentage of registration data verified for beacons within the past two years (at 30 June)	79.37%	≥65%	48.98%

* Measure for activity funded through Vote Transport Non-Departmental Output Expenses.

Output class 4: Total revenue and expenses

	ACTUAL 2019/20 \$000	BUDGET 2019/20 \$000	ACTUAL 2018/19 \$000
Crown funding	3,231	3,231	3,231
Fuel excise duty	5,452	5,132	3,618
Other	261	165	153
Total revenue	8,944	8,528	7,002
Total expenditure	8,160	8,136	7,183
Net surplus/(deficit)	784	392	(181)

Refer to Note 24 of Maritime NZ's Financial Statements for explanations of major variances against budget.

⁵⁶ 'Operational' is defined as having two qualified search and rescue officers (SAROs) on duty and normal operations are being delivered.

Output class 5: Maritime incident response capability (non-oil)

This output class supports the achievement of the **readiness and response capabilities required for the on going delivery of the Integrated Maritime Incident Readiness and Response Strategy**. The output class also supports associated high-level plans, through the delivery of internal and external joint training and exercises, liaison and coordination activities and evolution of policies, procedures and processes.

Output 5.1: Maritime incident response capability (non-oil)

PERFORMANCE MEASURE	ACTUAL 2019/20	TARGET 2019/20	ACTUAL 2018/19
Quantity			
5.1.1 The number of Maritime Incident Response Team exercises and workshops completed ⁵⁷	7	4	4
5.1.2 An annual readiness and response training plan is developed and all planned training completed	Not achieved	Achieved	Achieved

Variance explanation

The reported variances are not material in terms of overall readiness and response capability and are from factors beyond Maritime NZ's control due to COVID-19 restrictions.

At the end of the reporting period, an annual readiness and response training plan had been developed but the planned training had not been completed. This training will be undertaken early in 2020/21.

Output class 5: Total revenue and expenses

	ACTUAL 2019/20 \$000	BUDGET 2019/20 \$000	ACTUAL 2018/19 \$000
Crown funding	492	764	801
Total revenue	492	764	801
Total expenditure	492	764	801
Net surplus/(deficit)	-	-	-

Refer to Note 24 of Maritime NZ's Financial Statements for explanations of major variances against budget.

⁵⁷ Maritime Incident Response Team exercises are conducted to test the individual plans in Maritime NZ's Integrated Maritime Incident Readiness and Response Strategy. Exercises conducted by the team may focus on Maritime NZ's response as a whole or functions within, for example, salvage oversight. On completion of each exercise, a 'lessons learnt' plan is developed to ensure any shortfalls in processes, actions or overall response capability are identified and resolved.

Financial statements



Maritime New Zealand

Statement of comprehensive revenue and expense

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
REVENUE				
Funding from the Crown	2	23,354	23,305	22,119
Maritime levy		32,384	32,400	22,818
Other revenue	2	6,002	5,477	7,520
Interest revenue		291	196	309
Total revenue		62,031	61,378	52,766
EXPENSES				
Personnel costs	3	33,898	33,868	29,328
Depreciation and amortisation expense	12,13	2,285	2,700	2,215
Capital charge	4	1,240	1,330	1,234
Finance costs	5	72	72	86
Other expenses	6	19,061	20,152	19,185
Total expenses		56,556	58,122	52,048
Surplus/(deficit)		5,475	3,256	718
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain on property revaluations	19	–	–	615
Total comprehensive revenue and expense		5,475	3,256	1,333

Explanations of major variances against budget are provided in Note 24.

The accompanying notes form part of these financial statements.

Maritime New Zealand

Statement of financial position

as at 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
CURRENT ASSETS				
Cash and cash equivalents	7	5,337	3,287	2,819
Receivables	8	4,132	3,750	2,533
Derivative financial instruments	10	39	–	26
Investments	9	9,650	8,260	8,500
Prepayments		686	600	633
Inventories	11	133	150	137
Total current assets		19,977	16,047	14,648
NON-CURRENT ASSETS				
Derivative financial instruments	10	107	–	–
Property, plant and equipment	12	11,494	10,513	11,705
Intangible assets	13	5,531	6,692	5,296
Total non-current assets		17,132	17,205	17,001
Total assets		37,109	33,252	31,649
CURRENT LIABILITIES				
Payables	14	2,757	3,302	3,685
Borrowings	15	296	284	291
Employee entitlements	16	3,034	2,000	2,212
Provisions	17	23	–	23
Total current liabilities		6,110	5,586	6,211
NON-CURRENT LIABILITIES				
Borrowings	15	1,204	1,245	1,500
Provisions	17	153	130	136
Derivative financial instruments	10	–	–	5
Total non-current liabilities		1,357	1,375	1,641
Total liabilities		7,467	6,961	7,852
NET ASSETS		29,642	26,291	23,797
EQUITY				
Contributed capital	19	25,508	25,588	25,138
Accumulated surplus/(deficit)	19	2,843	27	(2,632)
Property revaluation reserves	19	1,291	676	1,291
TOTAL EQUITY		29,642	26,291	23,797

Explanations of major variances against budget are provided in Note 24.

The accompanying notes form part of these financial statements.

Maritime New Zealand

Statement of changes in equity

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
Balance at 1 July		23,797	22,585	22,464
Total comprehensive revenue and expense for the year		5,475	3,256	1,333
Capital contribution from the Crown	19	370	450	–
Balance at 30 June		29,642	26,291	23,797

Explanations of major variances against budget are provided in Note 24.

The accompanying notes form part of these financial statements.

Maritime New Zealand

Statement of cash flows

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from the Crown		23,354	23,305	22,300
Receipts from maritime levy		31,113	32,400	23,535
Receipts from other revenue		5,331	5,477	7,578
Interest received		295	196	336
Payments to employees		(33,075)	(33,868)	(28,956)
Payments to suppliers		(19,823)	(20,285)	(18,701)
Payments for capital charge		(1,240)	(1,318)	(1,234)
Goods and services tax (net)		14	–	16
Net cash flow from operating activities		5,969	5,907	4,874
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of property, plant and equipment		18	–	39
Receipts from maturity of investments		14,500	–	10,393
Purchase of property, plant and equipment		(1,058)	(680)	(467)
Purchase of intangible assets		(1,268)	(2,650)	(1,279)
Acquisitions of investments		(15,650)	(2,950)	(15,553)
Net cash flow from investing activities		(3,458)	(6,280)	(6,867)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments under finance leases	15	(363)	(356)	(356)
Capital contribution		370	450	–
Net cash flows from financing activities		7	94	(356)
Net increase/(decrease) in cash and cash equivalents		2,518	(279)	(2,349)
Cash and cash equivalents at the beginning of the year		2,819	3,566	5,168
Cash and cash equivalents at the end of the year	7	5,337	3,287	2,819

Explanations of major variances against budget are provided in Note 24.

The accompanying notes form part of these financial statements.

Maritime New Zealand

Statement of cash flows

for the year ended 30 June 2020 (Continued)

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(deficit)	5,475	718
ADD/(LESS) NON CASH ITEMS		
Depreciation and amortisation expense	2,285	2,215
Net (gains)/losses on derivative financial instruments	(126)	34
Net foreign exchange (gains)/losses	–	(37)
Total non-cash items	2,159	2,212
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES		
Loss/(gain) on disposal of property, plant and equipment	(2)	(39)
Interest payments on finance leases	72	72
Total items classified as investing/financing activities	70	33
ADD/(LESS) MOVEMENTS IN STATEMENT OF FINANCIAL POSITION ITEMS		
(Increase)/decrease in receivables	(1,581)	1,072
(Increase)/decrease in prepayments	(53)	(72)
(Increase)/decrease in inventories	4	5
Increase/(decrease) in payables	(944)	629
Increase/(decrease) in employee entitlements	822	262
Increase/(decrease) in provisions	17	15
Net movements in working capital items	(1,735)	1,911
Net cash flow from operating activities	5,969	4,874

Explanations of major variances against budget are provided in Note 24.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Maritime NZ is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing Maritime NZ's operations includes the Crown Entities Act 2004 and the Maritime Transport Act 1994. Maritime NZ's ultimate parent is the New Zealand Crown.

Maritime NZ's primary objective is to provide maritime regulatory, compliance and response services for the benefit of the New Zealand public. Maritime NZ does not operate to make a financial return. Maritime NZ has designated itself as a public benefit entity (PBE) for the purposes of financial reporting.

The financial statements for Maritime NZ are for the year ended 30 June 2020 and were approved by the Authority on 1 December 2020.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the year.

The Authority, after making enquiries, has a reasonable expectation that Maritime NZ has adequate resources and assurance to continue operations for the foreseeable future based on current operating arrangements and with support from the Crown. The Authority has reached this conclusion having regard to circumstances which it considers likely to affect Maritime NZ during the period of one year from the date of signing the 2019/20 financial statements, and other circumstances that could affect the validity of the going concern assumption. The key considerations are set out below.

The financial position and key financial indicators of Maritime NZ remain strong at 30 June 2020. Further the financial projections included in the 2020/21 Statement of Performance Expectations, and in particular the estimates of levy revenue, remain valid or are slightly more favourable at the date of signing these financial statements.

The Crown has provided support in favour of Maritime NZ and the Oil Pollution Fund to maintain regulatory and response capability. This support takes the form of an appropriation to compensate for COVID-19 levy impairment to 30 June 2021. Further, the Authority has received a letter of comfort from

the Ministers of Transport and Finance which states that the Crown acknowledges that equity support may be required and that the Crown will provide such support where necessary to maintain viability and satisfy the going concern requirement through to at least one year from 1 December 2020.

Statement of compliance

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

Maritime NZ is a Tier 1 entity and the financial statements have been prepared in accordance with PBE standards.

These financial statements comply with PBE standards.

Presentation currency and rounding

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective, which have not been early adopted, and which are relevant to Maritime NZ, are:

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Maritime NZ does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Maritime NZ has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Maritime NZ has not yet determined how application of PBE FRS 48 will affect its statement of performance.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Income tax

Maritime NZ is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision for income tax has been made.

Goods and services tax (GST)

Items in the financial statements are presented exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue including the GST relating to investing and financing activities is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are derived from the Statement of Performance Expectations, as approved by the Authority at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP using accounting policies that are consistent with those adopted by the Authority in preparing the financial statements.

Cost allocation

Maritime NZ has determined the cost of outputs by using the cost allocation system outlined below:

- All direct costs for operational activities are assigned to the applicable outputs of that activity.

- All corporate costs that cannot be attributed to a specific output fall into the overhead cost pool.
- The overhead cost pool is then allocated across all outputs using the cost of personnel time attributed to each activity as the driver.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the spot exchange rate 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 surplus or deficit.

Critical accounting estimates and assumptions

In preparing these financial statements, Maritime NZ has made estimates and assumptions concerning the future. These estimates and assumptions might differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- expected credit losses – refer to Note 8;
- useful lives and residual values of property, plant and equipment – refer to Note 12;
- fair value of land – refer to Note 12; and
- useful lives of software assets – refer to Note 13.

These significant estimates and assumptions are included in the relevant note.

Critical judgements in applying accounting policies

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

NOTE 2: REVENUE

Accounting policy

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown

Maritime NZ receives funding from the Crown and is restricted in its use for the purpose of Maritime NZ meeting its objectives, as specified in its founding legislation and

the scope of the relevant appropriations of the funder. Maritime NZ considers that there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Breakdown of Crown funding

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Crown	9,150	9,459
Fuel excise duty	8,012	6,361
Working safer levy	6,192	6,299
Total Crown revenue	23,354	22,119

Funding from levies

Maritime levies charged on foreign vessels are based on information from the New Zealand Customs Service regarding port visits. Maritime levies charged on domestic commercial vessels are based on vessels registered with Maritime NZ and are recognised in the period to which the levy relates.

Provision of services

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at balance date.

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Breakdown of other revenue and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Seafarer licensing fees	579	1,031
Ship registration fees	135	283
Maritime operator fees	553	1,131
Services provided in respect of supporting the NZ Oil Pollution Fund	775	690
Services provided in respect of supporting the Ministry of Transport Policy Rules Programme	800	1,000
Services provided in respect of the Pacific Maritime Safety Programme	2,419	2,446
Other income	581	863
Net gain on sale of property, plant and equipment	1	39
Net unrealised gain on derivative financial instruments	126	–
Net realised foreign exchange gains	33	37
Total other revenue	6,002	7,520

Asset disposals

During the year, motor vehicles and some computer equipment were disposed of, resulting in a net gain on sale of assets.

NOTE 3: PERSONNEL COSTS

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes – defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and Tower LifeSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Salaries and wages	30,662	26,359
Other personnel costs	1,427	1,587
Employer contributions to defined contribution plans	1,378	1,165
Increase/(decrease) in employee entitlements (note 16)	431	217
Total personnel costs	33,898	29,328

Employee remuneration

Total remuneration paid or payable that is, or exceeds, \$100,000 is set out below.

TOTAL REMUNERATION PAID OR PAYABLE \$	ACTUAL 2020	ACTUAL 2019
100,000–109,999	20	18
110,000–119,999	24	29
120,000–129,999	17	24
130,000–139,999	26	13
140,000–149,999	9	14
150,000–159,999	8	2
160,000–169,999	12	7
170,000–179,999	4	6
180,000–189,999	5	3
190,000–199,999	1	1
200,000–209,999	2	2
210,000–219,999	3	2
220,000–229,999	1	–
230,000–239,999	–	1
240,000–249,999	2	2
250,000–259,999	2	1
260,000–269,999	–	1
270,000–279,999	1	–
330,000–339,999	–	1
340,000–349,999	1	–
Total employees	138	127

The above figures are based on an individual's full package including all allowances and benefits. During the year ended 30 June 2020, one employee received compensation and other benefits of \$10,000 in relation to cessation (2019: Nil).

Authority member remuneration

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Jo Brosnahan (current Chair)	39	30
Belinda Vernon (Deputy Chair, Chair of Audit and Risk Committee)	24	30
Janice Fredric	–	17
Kylie Boyd	20	20
Roy Weaver	20	6
Denis O'Rourke	20	3
Blair O'Keeffe (previous Chair)	–	4
Total Authority member remuneration	123	110

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

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

Maritime NZ has put into effect directors' and officers' liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Authority members and employees.

No Authority members received compensation or other benefits in relation to cessation (2019: Nil).

NOTE 4: CAPITAL CHARGE

Accounting policy

The capital charge is expensed in the financial year to which the charge relates.

Further information on the capital charge

The capital charge paid to the Crown is calculated based on Maritime NZ's taxpayer equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2020 was 6% (2019: 6%).

NOTE 5: FINANCE COSTS

Accounting policy

Borrowing costs are expensed in the financial year in which they are incurred.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Interest on finance lease	71	71
Discount unwind on provisions (Note 17)	1	15
Total finance costs	72	86

NOTE 6: OTHER EXPENSES

Accounting policies

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Fees to auditors – fees to Audit New Zealand for audit of financial statements	92	91
Administration	1,438	1,201
Bad debts written off	2	2
Donations	–	10
Allowance for credit losses on receivables (Note 8)	227	41
Maintenance	1,665	1,621
Education and awareness programme expenses	1,173	1,500
Operating expenses	2,041	1,862
Operating lease expenses	1,883	1,434
Professional and safety services	7,473	7,516
Search and rescue deployment costs	1,418	1,636
Losses on derivative financial instruments	–	34
Travel	1,649	2,237
Total other expenses	19,061	19,185

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Not later than 1 year	5,109	4,622
Later than 1 year and not later than 5 years	14,605	14,516
Later than 5 years	197	3,184
Total non-cancellable operating leases	19,911	22,322

Maritime NZ leases accommodation across 12 properties that cover a total of 16 separate leases, with lease expiry dates between 2020 and 2029. Maritime NZ has recognised a make-good provision of \$176,000 (2019: \$159,000) in respect of these leases (refer Note 17).

Maritime NZ also has an operating lease in respect of the national maritime distress and safety communications network which amounts to \$14.683 million (2019: \$17.616 million) with a lease expiry date in 2025. There are no restrictions placed on Maritime NZ by any of its leasing arrangements.

NOTE 7: CASH AND CASH EQUIVALENTS

Accounting policy

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Cash at bank and on hand	5,337	2,819
Term deposits with maturities of three months or less	–	–
Total cash and equivalents	5,337	2,819

While cash and cash equivalents at 30 June 2020 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

There are no assets recognised in a non-exchange transaction that are subject to restrictions.

NOTE 8: RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for credit losses. Maritime NZ applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Breakdown of receivables and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Receivables (gross)	4,595	2,769
Less: Allowance for credit losses	(463)	(236)
Receivables	4,132	2,533
RECEIVABLES COMPRISE:		
Receivables from the sale of goods and services (exchange transactions)	592	947
Receivables from maritime levies and Crown revenue (non-exchange transactions)	3,540	1,586

The expected credit loss for receivables at 30 June 2020 are based on an analysis of Maritime NZ's losses over the last two previous periods, review of specific debtors, and an estimation of expected credit loss due to COVID-19. The expected credit loss for receivables at 1 July 2019 are based on an analysis of Maritime NZ's losses over the last two previous periods, and review of specific debtors.

It is expected that the challenging economic conditions arising from COVID-19 will result in an increase in credit losses against receivables which is reflected in the increased allowance.

The allowance for credit losses at 30 June 2020 and 1 July 2019 was determined as follows:

30 JUNE 2020	RECEIVABLES DAYS PAST DUE				TOTAL
	CURRENT	MORE THAN 30 DAYS	MORE THAN 60 DAYS	MORE THAN 90 DAYS	
Gross carrying amount (\$000)	3,682	180	23	710	4,595
Lifetime expected credit loss (\$000)	10	39	3	411	463
Expected credit loss rate	0%	22%	14%	58%	

30 JUNE 2019	RECEIVABLES DAYS PAST DUE				TOTAL
	CURRENT	MORE THAN 30 DAYS	MORE THAN 60 DAYS	MORE THAN 90 DAYS	
Gross carrying amount (\$000)	2,335	80	91	263	2,769
Lifetime expected credit loss (\$000)	–	8	9	219	236
Expected credit loss rate	0%	10%	10%	83%	

The movement in credit losses is as follows:

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Opening allowance for credit losses at 1 July	236	195
Increase in loss allowance made during the year	227	41
Balance at 30 June	463	236

The credit loss rates have changed from the prior year due to the specific assumptions around COVID-19 provisions. Specifically, some large debtors in the 90 day plus category, had relative payment assurance at balance date and therefore were not provided against.

NOTE 9: INVESTMENTS

Accounting policy

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Breakdown of investments and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Term deposits	9,650	8,500
Total investments	9,650	8,500

All Maritime NZ investments are term deposits with an initial maturity date of less than 12 months.

Maritime NZ considers there has not been a significant increase in credit risk for investments in term deposits because the issuer of the investment continues to have low credit risk at balance date. Term deposits are held with banks that have a minimum A- recognised credit rating, which indicates the bank has a strong capacity to meet its financial commitments.

No loss allowance for expected credit losses has been recognised because the estimated 12 month expected loss allowance for credit losses is trivial.

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

NOTE 10: DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Derivative financial instruments

Financial instruments are used to manage exposure to foreign exchange risk arising from Maritime NZ's operational activities. Maritime NZ does not hold or issue derivative financial instruments for trading purposes. Maritime NZ has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date with the resulting gain or loss recognised in surplus or deficit.

A forward foreign exchange derivative is classified as current if it is due for settlement within 12 months of balance date.

Otherwise the full fair value of the forward foreign exchange derivatives is classified as non-current.

Further information on derivative financial instruments

The notional principal amounts of outstanding forward exchange contracts were NZ\$2.98 million (2019: NZ\$3.34 million). The foreign currency principal amounts were US\$1.99 million (2019: US\$2.25 million).

The fair values of forward foreign exchange contracts have been determined using a discounted cash flow valuation technique based on quoted market prices (observable inputs). The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

NOTE 11: INVENTORIES

Accounting policy

Inventories held by Maritime NZ are for the purpose of consumption or in the provision of non-commercial goods or services. Inventories that are not supplied on a commercial basis are measured at cost (determined on the weighted average cost method), adjusted for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value, or for the loss service potential, is recognised in surplus or deficit in the year of the write-down.

Breakdown of inventories and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Spare parts	133	137
Total inventory	133	137

The write-down of inventories held for distribution amounted to nil (2019: Nil) reflecting the current age and condition. There have been no reversals of write-downs. No inventories are pledged as security for liabilities; however, some inventories are subject to retention of title clauses.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment consists of eight asset classes, which are measured as follows:

- land, at fair value;
- lighthouses, at cost less accumulated depreciation and impairment losses;
- navigational lights, buoys and day beacons, at cost less accumulated depreciation and impairment losses;
- plant and equipment, at cost less accumulated depreciation and impairment losses;
- motor vehicles, at cost less accumulated depreciation and impairment losses;
- furniture, fittings and office equipment, at cost less accumulated depreciation and impairment losses;
- computer equipment, at cost less accumulated depreciation and impairment losses; and
- leasehold improvements, at cost less accumulated depreciation and impairment losses.

Revaluations

Land has been revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, and is revalued at least every three years.

Maritime NZ accounts for revaluations of land on a class of assets basis.

The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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 NZ and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

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

The costs of day-to-day servicing of property, plant and equipment are expensed in the surplus or deficit as they are incurred.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to accumulated surplus/(deficit) within equity.

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 of major classes of property, plant and equipment have been estimated as follows:

ASSET TYPE	USEFUL LIFE (YEARS)	DEPRECIATION METHOD
Lighthouses	10–40	straight-line
Navigational lights, buoys and day beacons	10–20	straight-line
Plant and equipment	5–20	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.

Impairment of property, plant and equipment

Maritime NZ does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

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

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service 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 surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Critical accounting estimates and assumptions

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of its property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Maritime NZ, 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 expense recognised in the surplus or deficit, and the carrying amount of the asset in the Statement of Financial Position. Maritime NZ minimises the risk of this estimation uncertainty by:

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

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

Estimating the fair value of land

The most recent valuation of land was performed as a desktop assessment by an independent registered valuer, I Clarkson of Beca Projects NZ Ltd. The valuation is effective as at 30 June 2019.

Fair value of land, using market-based evidence, is based on the highest and best use of the land, with reference to comparable land values.

An internal review of market evidence, including consideration of published material relating to the impact of COVID-19, provided no indication of a material movement in the land valuation as at 30 June 2020.

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

	LIGHTHOUSES \$000	BUOYS, DAY BEACONS, NAVIGATIONAL LIGHTS \$000	PLANT & EQUIPMENT \$000	MOTOR VEHICLES \$000
COST OR VALUATION				
Balance at 1 July 2018	2,627	2,439	15,373	238
Additions	39	–	–	–
Revaluations	–	–	–	–
Transfer from WIP	–	71	–	–
Disposals	(81)	(72)	–	(153)
Balance at 30 June 2019	2,585	2,438	15,373	85
Balance at 1 July 2019	2,585	2,438	15,373	85
Additions	44	69	–	–
Revaluation increase	–	–	–	–
Transfer from WIP	–	53	–	–
Disposals	(27)	(50)	(7)	(57)
Balance at 30 June 2020	2,602	2,510	15,366	28
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES				
Balance at 1 July 2018	1,243	2,036	7,110	238
Depreciation expense	113	63	678	–
Elimination on disposal	(81)	(72)	–	(153)
Balance at 30 June 2019	1,275	2,027	7,788	85
Balance at 1 July 2019	1,275	2,027	7,788	85
Depreciation expense	130	67	674	–
Elimination on disposal	(27)	(49)	(7)	(57)
Balance at 30 June 2020	1,378	2,045	8,455	28
Carrying amounts at 30 June 2019	1,310	411	7,585	–
Carrying amounts at 30 June 2020	1,224	465	6,911	–

Restrictions

There are no restrictions over the title of Maritime NZ's property, plant and equipment. The equipment purchased under finance lease (distress radio network) is effectively secured as the right to the leased asset reverts to the lessor in the event of default. No other property, plant and equipment is pledged as security for liabilities.

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$1.4 million (2019: \$1.70 million). Note 15 provides further information about Finance leases.

Capital commitments

There are no contractual commitments for the acquisition of property, plant and equipment at the reporting date (2019: Nil).

	FURNITURE, FITTINGS & OFFICE EQUIPMENT \$000	COMPUTER EQUIPMENT \$000	LEASEHOLD IMPROVEMENT \$000	LAND \$000	WORK IN PROGRESS \$000	TOTAL \$000
	1,085	1,853	2,201	676	71	26,563
	99	94	23	-	273	528
	-	-	-	615	-	615
	-	-	-	-	(71)	-
	(89)	(1)	(1,218)	-	-	(1,614)
	1,095	1,946	1,006	1,291	273	26,092
	1,095	1,946	1,006	1,291	273	26,092
	273	306	18	-	348	1,058
	-	-	-	-	-	-
	-	220	-	-	(273)	-
	(50)	(468)	(34)	-	-	(693)
	1,318	2,004	990	1,291	348	26,457
	954	1,526	1,650	-	-	14,757
	52	242	94	-	-	1,242
	(87)	(1)	(1,218)	-	-	(1,612)
	919	1,767	526	-	-	14,387
	919	1,767	526	-	-	14,387
	72	209	100	-	-	1,252
	(50)	(458)	(28)	-	-	(676)
	941	1,518	598	-	-	14,963
	176	179	480	1,291	273	11,705
	377	486	392	1,291	348	11,494

NOTE 13: INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use 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 expensed when incurred;
- costs associated with maintaining computer software are expensed when incurred;
- costs associated with the development and maintenance of Maritime NZ's website are expensed 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 expensed in the surplus or deficit.

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

ASSET TYPE	USEFUL LIFE (YEARS)	AMORTISATION METHOD
Acquired	3–5	straight-line
Internally generated	3–8	straight-line

Impairment of intangible assets

Refer to the policy for impairment of property, plant and equipment in Note 12. The same approach applies to the impairment of intangible assets.

Critical accounting estimates and assumptions

Estimating useful lives of software costs

Maritime NZ's internally generated software largely comprises customisations to a regulatory systems enterprise database as part of Maritime NZ's regulatory functions. Internally generated software has a finite life, which requires Maritime NZ to estimate the useful life of the software assets.

In assessing the useful lives of software assets, a number of factors are considered, including the:

- period of time the software is intended to be in use;
- effect of technological change on systems and platforms; and
- expected timeframe for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the Statement of Financial Position.

Maritime NZ has estimated a useful life of eight years for its regulatory platform based on the period of use estimated in its 2012 business case. This useful life is still considered to be reasonable based on the current performance and use of the software. There are currently no indicators the period of use of the software will be materially different.

Movements for each intangible asset class are as follows:

	ACQUIRED SOFTWARE \$'000	INTERNALLY GENERATED SOFTWARE \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
Balance at 1 July 2018	2,493	8,204	456	11,153
Additions	79	626	633	1,338
Transfer from work in progress	–	456	(456)	–
Disposals	(680)	(145)	–	(825)
Balance at 30 June 2019	1,892	9,141	633	11,666
Balance at 1 July 2019	1,892	9,141	633	11,666
Additions	–	884	384	1,268
Transfer from work in progress	–	242	(242)	–
Disposals	(583)	(17)	–	(600)
Balance at 30 June 2020	1,309	10,250	775	12,334
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Balance at 1 July 2018	2,312	3,910	–	6,222
Amortisation expense	–	973	–	973
Disposals	(680)	(145)	–	(825)
Balance at 30 June 2019	1,632	4,738	–	6,370
Balance at 1 July 2019	1,632	4,738	–	6,370
Amortisation expense	104	929	–	1,033
Disposals	(583)	(17)	–	(600)
Balance at 30 June 2020	1,153	5,650	–	6,803
CARRYING AMOUNTS				
At 30 June 2019	260	4,403	633	5,296
At 30 June 2020	156	4,600	775	5,531

Restrictions

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

Capital commitments

The amount of contractual capital commitments for the acquisition of intangible assets at the reporting date is nil (2019: \$865,000 for internally generated software).

NOTE 14: PAYABLES

Accounting policy

Short-term payables are recorded at the amount payable.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
PAYABLES UNDER EXCHANGE TRANSACTIONS		
Creditors	527	782
Accrued expenses	1,529	2,257
Total payables under exchange transactions	2,056	3,039
PAYABLES UNDER NON-EXCHANGE TRANSACTIONS		
Taxes payable (goods and services tax, fringe benefit tax and rates)	277	192
Other	424	454
Total payables under non-exchange transactions	701	646
Total payables	2,757	3,685

NOTE 15: BORROWINGS

Accounting policy

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not the title is eventually transferred. At the start of the lease term, Maritime NZ recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether Maritime NZ 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.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
CURRENT PORTION		
Finance lease	296	291
Total current portion	296	291
NON-CURRENT PORTION		
Finance lease	1,204	1,500
Total non-current portion	1,204	1,500
Total borrowings	1,500	1,791

Finance leases as lessee

Maritime NZ entered into a finance lease of equipment used for the national maritime distress and safety radio service for 11 years from 1 July 2014 to 30 June 2025 with Kordia Limited. The net carrying amount of the equipment held under finance leases is shown in Note 12.

Security

Finance lease liabilities are effectively secured, as the right to the leased asset reverts to the lessor in the event of default.

Fair value

The fair value of finance leases is \$1.5 million (2019: \$1.8 million). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date.

Analysis of finance lease

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
MINIMUM LEASE PAYMENTS PAYABLE		
Not later than one year	367	362
Later than one year and not later than five years	1,491	1,485
Later than five years	–	373
Total minimum lease payments	1,858	2,220
Future finance charges	(358)	(429)
Present value of minimum lease payments	1,500	1,791
PRESENT VALUE OF MINIMUM LEASE PAYMENTS PAYABLE		
Not later than one year	296	291
Later than one year and not later than five years	1,204	1,198
Later than five years	–	302
Total present value of minimum lease payments	1,500	1,791

NOTE 16: EMPLOYEE ENTITLEMENTS

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Accrued salaries and wages and annual leave are classified as current liabilities.

Long-term employee entitlements

Maritime NZ does not have long-term employee entitlements.

Breakdown of employee entitlements

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Annual leave	1,828	1,397
Accrued salary and wages	1,206	815
Total employee entitlements	3,034	2,212

NOTE 17: PROVISIONS

Accounting policy

Provisions

Maritime NZ recognises a provision for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits or service potential 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.

Maritime NZ's provision is solely in relation to lease make good.

Lease make-good provision

In respect of its leased premises, Maritime NZ is required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings, and to remove any fixtures or fittings installed by Maritime NZ. In many cases, Maritime NZ has the option to renew these leases, which affects the timing of expected cash outflows to make good the premises. Information about Maritime NZ's leasing arrangements is disclosed in Note 6.

Movements for each class of provision are as follows:

	ACTUAL \$'000
LEASE MAKE-GOOD	
Balance at 1 July 2018	144
Additional provisions made	–
Discount unwind provision (Note 5)	15
Balance at 30 June 2019	159
Balance at 1 July 2019	159
Additional provisions made	16
Discount unwind provision (Note 5)	1
Balance at 30 June 2020	176

NOTE 18: CONTINGENCIES

Accounting Policy

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

Contingent liabilities

Maritime NZ has no contingent liabilities (2019: Nil).

Contingent assets

Maritime NZ has no contingent assets (2019: Nil).

NOTE 19: EQUITY

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital;
- accumulated surplus/(deficit); and
- property revaluation reserves.

Property revaluation reserves

These reserves relate to the revaluation of property to fair value.

	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
CONTRIBUTED CAPITAL		
Balance at 1 July as previously reported	25,138	25,138
Capital contribution	370	–
Balance at 30 June	25,508	25,138
ACCUMULATED SURPLUS/(DEFICIT)		
Balance at 1 July as previously reported	(2,632)	(3,350)
Surplus/(deficit) for the year	5,475	718
Balance at 30 June	2,843	(2,632)
PROPERTY REVALUATION RESERVES		
Balance at 1 July	1,291	676
Revaluations	–	615
Balance at 30 June	1,291	1,291
PROPERTY REVALUATION RESERVES CONSIST OF:		
Land	1,291	1,291
Total equity 30 June	29,642	23,797

Capital management

Maritime NZ's capital is its equity, which comprises contributed capital, accumulated funds and revaluation reserves. Equity is represented by net assets. Maritime NZ is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives.

Maritime NZ has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

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

NOTE 20: RELATED-PARTY TRANSACTIONS

Related-party transactions

Maritime NZ is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client-recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect Maritime NZ would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

The following transactions were carried out with related parties other than those described above:

TRANSACTION	REF	TRANSACTION VALUE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING YEAR ENDED 30 JUNE	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Maritime NZ – provision of salaries and administrative support to the New Zealand Oil Pollution Fund	1	775	690	15	15

1. Maritime NZ is responsible for administering the New Zealand Oil Pollution Fund, and in doing so incurs costs directly. These costs are recovered from the New Zealand Oil Pollution Fund on a cost-recovery basis.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2019: Nil).

Key management personnel compensation

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
AUTHORITY MEMBERS		
Remuneration	122	110
Full-time equivalent members	5	5
LEADERSHIP TEAM		
Remuneration	2,272	2,208
Full-time equivalent members	9	9
Total key management personnel remuneration	2,394	2,318
Total full-time equivalent personnel	14	14

Key management personnel include all Authority members, the chief executive, and the remaining eight members of the executive team (2019: all Authority members, the chief executive plus eight executive team members). The full-time equivalent figure for the Authority is the number of appointed Authority members at balance date.

NOTE 21: FINANCIAL INSTRUMENTS

Financial instrument categories

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST (2019: LOANS AND RECEIVABLES)		
Cash and cash equivalents (Note 7)	5,337	2,819
Receivables (Note 8)	4,132	2,533
Investments – term deposits (Note 9)	9,650	8,500
Total financial assets measured at amortised cost	19,119	13,852
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (excluding tax) (Note 14)	2,480	3,493
Borrowings: Finance leases (Note 15)	1,500	1,791
Total financial liabilities measured at amortised cost	3,980	5,284
FINANCIAL ASSET FAIR VALUE THROUGH SURPLUS/DEFICIT		
Derivative financial instruments assets (Note 10)	146	26
FINANCIAL LIABILITY FAIR VALUE THROUGH SURPLUS/DEFICIT		
Derivative financial instruments liabilities (Note 10)	–	5

Financial instrument risks

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

Market risk

Fair-value interest rate risk

Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Maritime NZ's exposure to fair-value interest rate risk is limited to its bank deposits, which are held at fixed rates of interest. Maritime NZ does not actively manage its exposure to fair value interest rate risk.

Cash-flow interest rate risk

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

Sensitivity analysis

At 30 June 2020, if interest rates on transaction accounts and term deposits had been 0.5 percent higher or lower, with all other variables held constant, the surplus for the year would have been \$9,000 (2019: \$71,000) higher/lower. This movement is attributable to increased or decreased interest received on term deposits.

Currency risk

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

It is Maritime NZ's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contracts to hedge the foreign currency risk exposure where the contract value exceeds a predefined NZ dollar amount.

Credit risk

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

Maritime NZ is exposed to credit risk from cash and term deposits with banks, receivables and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

Risk management

For receivables, Maritime NZ monitors and manages receivables based on their ageing and adjusts the expected credit loss allowance accordingly. Where there are significant concentrations of credit risk, Maritime NZ maintains a relationship with the counter-party and puts in place appropriate payment arrangements that are regularly monitored.

Due to the timing of its cash inflows and outflows, Maritime NZ invests surplus cash with registered banks with a Standard & Poor's credit rating of at least A- for investments. Maritime NZ limits the amount of credit exposure to any one financial institution to no more than 50 percent of total investments held. Maritime NZ enters into derivative financial instruments only with either the registered banks identified above, or the New Zealand Government's debt management office. Maritime NZ's investments in term deposits are considered to be low-risk investments. The credit ratings of banks are monitored for credit deterioration.

No collateral is held as security against these financial instruments, including those instruments that are overdue or impaired.

Impairment

Cash and cash equivalents, receivables and term deposit investments are subject to the expected credit loss model. The notes for these items provide relevant information on impairment.

Liquidity risk

Liquidity risk is the risk that Maritime NZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity-risk management implies maintaining sufficient cash and the ability to close out market

positions. Maritime NZ manages liquidity risk by continuously monitoring forecast and actual cash-flow requirements.

Maritime NZ maintains a credit card facility limit with Westpac.

Contractual maturity analysis of derivative financial instruments

The table below analyses derivative financial instrument liabilities that are settled net and all gross settled derivatives into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the undiscounted contractual cash flows.

	LIABILITY CARRYING AMOUNT \$000	ASSET CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 6 MONTHS \$000	6–12 MONTHS \$000	OVER 12 MONTHS \$000
2020						
Forward foreign exchange contracts	–	146				
– cash outflows			2,977	192	197	2,587
– cash inflows			3,098	212	216	2,670
2019						
Forward foreign exchange contracts	5	26				
– cash outflows			3,340	179	184	2,977
– cash inflows			3,363	194	197	2,972

NOTE 22: COVID-19 DISCLOSURE

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a state of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 thereafter, until 13 May.

COVID-19 had a significant impact on the operations of Maritime NZ between March and June 2020. Key impacts include:

- Disruptions arising from restrictions on general movement of the global and domestic population affecting the global and domestic supply chain and wider economy from March–June 2020. This impacted Maritime NZ financially through:
 - a decrease in the number of port visits by foreign passenger and non-passenger vessels (decline in levy revenue);
 - delaying or deferring internal projects that were not time-critical (reduced consulting and project spend); and
 - an increase in the number of debtors who either delayed or may potentially default on their accounts (increased debtor balances and provisions).
- Alert levels 2–4 prohibited international travel and significantly limited domestic travel. This impacted Maritime NZ financially through:

- nearly all planned international and domestic travel was curtailed through this period (reduced travel costs); and
- planned maintenance and refresh of lighthouses and aids to navigation assets were delayed to Jul–Sept 2020 quarter (lower maintenance and capital spend).
- Alert levels 2–4 prohibited or significantly limited gatherings of people for any non-essential purpose. This impacted Maritime NZ financially through:
 - the delay or cancellation of planned industry and staff training workshops (lower stakeholder and staff training costs); and
 - the delay or cancellation of scheduled incident response capability workshops (lower revenue and expenses relating to maritime incident response programme).

The global impacts of COVID-19 resulted in considerable uncertainty around the national and global economic impact over the next 12 months and beyond. It is expected that national border restrictions and global economic restrictions will continue to disrupt maritime trade and tourism industry at both a national and international level.

In April 2020, the New Zealand Government approved contingency funding of up to \$40 million in favour of Maritime NZ and the Oil Pollution Fund for the purpose of maintaining regulatory, compliance and response capability should funding streams be adversely impacted by COVID-19. Further, the Ministers of Transport and

Finance have provided a letter of comfort to provide equity support if required to maintain viability. These measures of support ensure Maritime NZ will continue to operate

as a going concern and it has the resources to support and regulate the maritime industry through this period of uncertainty to 30 June 2021.

NOTE 23: EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date other than the impacts of COVID-19 disclosed in Note 22.

NOTE 24: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from Maritime NZ's budgeted figures in the Statement of Performance Expectations 2019/20 are as follows:

Statement of comprehensive revenue and expense

Revenue variances:

- **Other revenue:** Other revenue was higher than budget due to a marginal increase in fee activity and a number of cost recoveries from staff seconded to other Government agencies.

Expenditure variances:

- **Depreciation and amortisation:** Depreciation is below budget due to a delay in 'go-live' for a number of IT projects as a result of a broader platform upgrade being prioritised. There were also some delays in project completion caused by the COVID-19 pandemic response.
- **Other expenses:** Travel and project expenses were under budget due to COVID-19 Alert level travel restrictions in place from March–June 2020.

Statement of financial position

Asset variances:

- **Cash and cash equivalents:** Cash and cash equivalents are higher than budget due to a decision to hold higher cash deposits given the uncertainty of the COVID-19 impacts on revenue and an expected delay in the annual levy run.
- **Debtors and Other Receivables:** Debtors and other receivables are higher than budget and last financial year due to higher revenue being invoiced and accrued in late June. In addition, there has been an increase in overdue receivables due to the significant economic impacts of COVID-19 in March–June 2020 limiting the collection procedures in the lead-up to 30 June.

- **Investments:** Investments are higher than budget and last financial year due to the net surplus being higher than budget.
- **Property, plant and equipment:** Actual purchases are higher than budgeted due to investment in additional laptops and servers as well as furniture and equipment. The opening balance as at 1 July 2019 was also higher than expected due to the revaluation of land in June 2019 which had a fair value increase of \$615,000.
- **Intangible assets:** Some internally generated software projects were delayed due to COVID-19. With priorities changing, these projects (SARO training, Lotus Notes upgrade, and Triton integration) are now planned to be completed in 2021.

Liability variances:

- **Creditors and other payables:** Creditors and other payments are lower than budget and the prior year due to lower operational activity (and expenses) as a result of the travel and physical distancing restrictions arising from the COVID-19 response.
- **Provision for employee entitlements:** Provision for employee entitlements are higher than budget and prior year due to a greater number of days accrued for salaries at year end (2020: 8 days, 2019: 5 days), and an increase in leave accrual as limited leave was taken during the COVID-19 lockdown.

Statement of cash flows

Cash flows from investing:

- **Cash flows from Investing:** Cash balances have been retained in cash and cash equivalents rather than term deposits to provide more flexibility to deal with the uncertainties arising from COVID-19 and a likely delay in the annual domestic levy run.

Independent Auditor's Report

To the readers of Maritime New Zealand's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Maritime New Zealand. The Auditor-General has appointed me, Bonar Robertson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of Maritime New Zealand on his behalf.

Opinion

We have audited:

- the financial statements of Maritime New Zealand on pages 68 to 92, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of Maritime New Zealand on pages 14 to 46 and 55 to 66.

In our opinion:

- the financial statements of Maritime New Zealand on pages 68 to 92:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and
- the performance information on pages 14 to 46 and 55 to 66:
 - presents fairly, in all material respects, Maritime New Zealand's performance for the year ended 30 June 2020, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriations; and

- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 1 December 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on Maritime New Zealand. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on Maritime New Zealand as set out in note 22 to the financial statements and page 14 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of Maritime New Zealand for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of Maritime New Zealand for assessing Maritime New Zealand's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Maritime New Zealand, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Maritime New Zealand's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maritime New Zealand's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within Maritime New Zealand's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Maritime New Zealand's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Maritime New Zealand to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 13, 47 to 54, 96 to 99 and 117 to 126, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Maritime New Zealand in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Maritime New Zealand.

A handwritten signature in black ink that reads "Bonar Robertson". The signature is written in a cursive style with a long horizontal stroke extending from the end of the name.

Bonar Robertson

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



Appendices



Financial Statements for the New Zealand Oil Pollution Fund

Chair's Report

New Zealand Oil Pollution Fund

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

The Oil Pollution Advisory Committee endorses an annual budget for consideration by the Authority, which in turn recommends a capital and operating budget for approval by the Minister of Transport.

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



Jo Brosnahan
Chair, Maritime NZ

Dated: 1 December 2020

Statement of Responsibility for the New Zealand Oil Pollution Fund

We are responsible for the preparation of the New Zealand Oil Pollution Fund's financial statements, and for the judgements made in them.

We are responsible for the end of year performance information provided by the New Zealand Oil Pollution Fund which is provided in Output Class 3 on page 64 of the Annual Report.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and end of year performance information fairly reflect the financial position and operations of the New Zealand Oil Pollution Fund for the year ended 30 June 2020.

Signed for and on behalf of the Authority.



Jo Brosnahan
Chair, Maritime NZ

Dated: 1 December 2020



Belinda Vernon
Chair, Audit and Risk Committee, Maritime NZ

Dated: 1 December 2020

New Zealand Oil Pollution Fund

Statement of comprehensive revenue and expense

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
REVENUE				
Oil pollution levy		8,036	8,417	7,774
Other revenue		70	75	67
Interest revenue		108	70	120
Total revenue		8,214	8,562	7,961
EXPENSES				
Personnel costs	2	1,353	1,392	1,311
Depreciation and amortisation costs	7,8	630	691	569
Finance costs	12	5	–	4
Other expenses	3	3,647	4,457	4,039
Total expenses		5,635	6,540	5,923
Surplus/(deficit)		2,579	2,022	2,038
Total comprehensive revenue and expense		2,579	2,022	2,038

New Zealand Oil Pollution Fund

Statement of changes in equity

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
Balance at 1 July		14,526	14,110	12,488
Total comprehensive revenue and expense		2,579	2,022	2,038
Balance at 30 June		17,105	16,132	14,526

Explanations for major variances against budget are detailed in Note 19.

The accompanying notes form part of these financial statements.

New Zealand Oil Pollution Fund

Statement of financial position

as at 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
CURRENT ASSETS				
Cash and cash equivalents	4	3,188	1,046	1,436
Receivables	5	381	600	544
Investments		2,250	3,292	3,650
Prepayments		644	100	69
Inventories	6	638	1,030	768
Total current assets		7,101	6,068	6,467
NON-CURRENT ASSETS				
Property, plant and equipment	7	10,900	11,074	9,368
Intangible assets	8	–	–	–
Total non-current assets		10,900	11,074	9,368
Total assets		18,001	17,142	15,835
CURRENT LIABILITIES				
Payables	9	673	850	1,133
Employee entitlements	10	141	100	110
Derivative financial instruments	11	11	–	–
Provisions	12	9	–	10
Total current liabilities		834	950	1,253
NON-CURRENT LIABILITIES				
Provisions	12	62	60	56
Total non-current liabilities		62	60	56
Total liabilities		896	1,010	1,309
Net assets		17,105	16,132	14,526
EQUITY				
General funds	13	17,105	16,132	14,526
Total equity		17,105	16,132	14,526

Explanations for major variances against budget are detailed in Note 19.

The accompanying notes form part of these financial statements.

New Zealand Oil Pollution Fund

Statement of cash flows

for the year ended 30 June 2020

	NOTES	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from oil pollution levy		8,254	8,417	7,771
Receipts from other revenue		70	75	55
Interest received		123	70	122
Payments to employees		(1,320)	(1,392)	(1,297)
Payments to suppliers		(4,357)	(4,326)	(4,020)
Goods and services tax (net)		(69)	–	(2)
Net cash flows from operating activities		2,701	2,844	2,629
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of property, plant & equipment		4	–	–
Receipts from maturity of investments		5,700	–	5,556
Purchase of property, plant and equipment		(2,353)	(2,450)	(1,326)
Acquisition of investments		(4,300)	(500)	(8,006)
Net cash flows from investing activities		(949)	(2,950)	(3,776)
Net increase/(decrease) in cash and cash equivalents		1,752	(106)	(1,147)
Cash and cash equivalents at the beginning of the year		1,436	1,152	2,583
Cash and cash equivalents at the end of the year		3,188	1,046	1,436

Explanations for major variances against budget are detailed in Note 19.

The accompanying notes form part of these financial statements.

Notes to the financial statements

New Zealand Oil Pollution Fund

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The New Zealand Oil Pollution Fund (the Fund) has been established by Maritime NZ 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 Authority has designated the Fund as a public benefit entity (PBE) for the purposes of financial reporting.

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 revenue and expenditure associated with the Authority's oil pollution response activities.

The financial statements for the New Zealand Oil Pollution Fund are for the year ended 30 June 2020 and were approved by the Authority on 1 December 2020.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

The Authority, after making enquiries, has a reasonable expectation that the Fund has adequate resources and assurance to continue operations for the foreseeable future based on current operating arrangements and with support from the Crown. The Authority has reached this conclusion having regard to circumstances which it considers likely to affect the Fund during the period of one year from the date of signing the 2019/20 financial statements, and other circumstances that could affect the validity of the going concern assumption. The key considerations are set out below.

The financial position and key financial indicators of the Fund remain strong at 30 June 2020. Further the financial projections included in the 2020/21 Statement of Performance Expectations, and in particular the estimates of levy revenue, remain valid or are slightly more favourable at the date of signing these financial statements.

The Crown has provided support in favour of Maritime NZ and the Oil Pollution Fund to maintain regulatory and response capability. This support takes the form of an appropriation to compensate for COVID-19 levy impairment to 30 June 2021. Further, the Authority has received a letter of comfort from the Ministers of Transport and Finance which states that the Crown acknowledges that equity support may be required and that the Crown will provide such support where necessary to maintain viability and satisfy the going concern requirement through to at least one year from 1 December 2020.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with the requirements of the Maritime Transport Act 1994 and comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Fund is a Tier 2 public benefit entity and the financial statements have been prepared in accordance with PBE standards. The fund is eligible to report as a Tier 2 reporting entity on the basis that it does not have public accountability and is not large due to its annual expenses being less than \$30 million.

These financial statements comply with the PBE Standards Reduced Disclosure Regime.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Revenue

Funding from levies

Oil pollution levies charged on foreign vessels are based on information from the New Zealand Customs Service regarding port visits. Oil pollution levies charged on domestic commercial vessels are based on vessels registered with Maritime NZ and are recognised in the period to which the levy relates.

Provision of services

Revenue derived from the provision of services to third parties is recognised in proportion to the stage of completion at balance date.

Interest revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Borrowing Costs

Borrowing costs are expensed in the financial year in which they are incurred.

Investments

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Foreign currency transactions

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars (the functional currency) using the spot 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 surplus or deficit.

Goods and services tax

Items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Fund is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are derived from the Statement of Performance Expectations, as approved by the Authority at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Authority in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- useful lives and residual values of property, plant and equipment (refer Note 7); and
- potential inventory obsolescence or loss of service potential (refer Note 6).

Critical judgements in applying accounting policies

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

NOTE 2: PERSONNEL COSTS

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes – defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund and Tower LifeSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Salaries and wages	1,232	1,198
Other personnel costs	41	49
Employer contributions to defined contribution plans	63	51
Increase/(decrease) in employee entitlements (Note 10)	17	13
Total personnel costs	1,353	1,311

Employee remuneration

Total remuneration paid or payable that is or exceeds \$100,000 is set out below.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
100,000–109,999	2	1
110,000–119,999	–	1
120,000–129,999	1	1
130,000–139,999	2	2
140,000–149,999	1	–
Total employees	6	5

The above figures are based on an individual's full package including allowances and benefits. During the year ended 30 June 2020, no employees received compensation and other benefits in relation to cessation (2019: Nil)

NOTE 3: OTHER EXPENSES

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Fees to auditors – fees to Audit New Zealand for audit of financial statements	12	12
Administration	118	268
Services provided by Maritime NZ	775	690
Consultancy	57	63
Equipment and maintenance	322	261
Industry liaison	61	42
Operating expenses	196	196
Operating lease expenses	175	155
Professional and safety services	624	932
Regional Council expenses	601	748
Travel	185	373
Training and national exercises	334	254
Losses on disposal of property, plant and equipment	187	45
Total other expenses	3,647	4,039

Operating leases as lessee

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Not later than 1 year	168	168
Later than 1 year and not later than 5 years	211	381
Later than 5 years	–	–
Total non-cancellable operating leases	379	549

The Fund leases one property for operating purposes. The lease has a right of renewal with effect in September 2022 and final expiry date of September 2028. The Fund does not have the option to purchase the premises at the end of the lease term. The Fund has recognised a make-good provision of \$71,000 (2019: \$66,000) in respect of this lease (Note 12).

NOTE 4: CASH AND CASH EQUIVALENTS

Accounting policy

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

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

There are no assets recognised in a non-exchange transaction that are subject to restrictions.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Cash at bank and on hand	3,188	936
Term deposits with maturities of three months or less	–	500
Total cash and equivalents	3,188	1,436

NOTE 5: RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Fund applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Receivables (gross)	381	544
Less: Allowance for credit losses	–	–
Receivables	381	544
RECEIVABLES COMPRISE:		
Receivables from the sale of goods and services (exchange transactions)	86	18
Receivables from oil pollution levies (non-exchange transactions)	295	526

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

NOTE 6: INVENTORIES

Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The inventories are held for non-commercial use and are measured at cost (determined on the weighted average cost method), adjusted for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value, or the loss of service potential, is recognised in surplus or deficit in the year of write-down.

The impairment approach for oil spill dispersant is based on a series of annual impairment assessments that reflect the likely pattern of deterioration indicated by historic laboratory analysis and international experience. The pattern adopted is that no impairment is recorded for the first 10 years of product life and that an impairment loss of 10 percent per annum is recorded through the second 10 years of the product life-cycle.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Oil spill response and dispersants	1,157	1,157
Less provision for impairment of service potential	(519)	(389)
Total inventory	638	768

There have been no reversals of write-downs. No inventories are pledged as security for liabilities; however, some inventories are subject to retention of title clauses.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment consists of six asset classes which are all measured at cost less accumulated depreciation and impairment losses.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to 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 as expenses in the surplus or deficit as they are incurred.

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 reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, 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 of major classes of property, plant and equipment have been estimated as follows:

ASSET TYPE	USEFUL LIFE (YEARS)	DEPRECIATION METHOD
Plant and equipment	5–50	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	10–35	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.

Impairment of property, plant and equipment

The Fund does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

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

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Critical accounting estimates and assumptions

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of the Fund's property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered 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 expense recognised in the surplus or deficit and the carrying amount of the asset in the Statement of 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; and
- analysis of prior asset sales.

The Fund has not made significant changes to past assumptions concerning useful lives and residual values except where individual assets have been impaired or written-off during the financial year due to observable changes in the asset itself.

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

	PLANT AND EQUIPMENT \$000	VESSELS \$000	MOTOR VEHICLES \$000
COST OR VALUATION			
Balance at 1 July 2018	12,417	491	304
Additions	77	–	–
Transfer from work in progress	2,548	–	–
Disposals	(264)	(24)	–
Balance at 30 June 2019	14,778	467	304
Balance at 1 July 2019	14,778	467	304
Additions	172	–	–
Transfer from work in progress	1,501	–	–
Disposals	(2,095)	(6)	(5)
Balance at 30 June 2020	14,356	461	299
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 July 2018	6,822	321	255
Depreciation expense	509	35	18
Elimination on disposal	(216)	(25)	–
Balance at 30 June 2019	7,115	331	273
Balance at 1 July 2019	7,115	331	273
Depreciation expense	572	31	14
Elimination on disposal	(1,904)	(6)	(5)
Balance at 30 June 2020	5,783	356	282
CARRYING AMOUNTS			
At 30 June 2019	7,663	136	31
At 30 June 2020	8,573	105	17

Restrictions

There are no restrictions over the title of the Fund's property, plant and equipment, and no property, plant and equipment is pledged as security for liabilities.

Capital commitments

There are no contractual commitments for the acquisition of property, plant and equipment at the reporting date (2019: Nil).

	FURNITURE, FITTINGS AND OFFICE EQUIPMENT \$000	COMPUTER EQUIPMENT \$000	LEASEHOLD IMPROVEMENTS \$000	WORK IN PROGRESS \$000	TOTAL \$000
	78	41	57	2,471	15,859
	-	5	27	1,578	1,687
	-	-	-	(2,548)	-
	-	-	-	-	(288)
	78	46	84	1,501	17,258
	78	46	84	1,501	17,258
	-	-	-	2,181	2,353
	-	-	-	(1,501)	-
	(3)	-	-	-	(2,109)
	75	46	84	2,181	17,502
	78	31	55	-	7,562
	-	7	-	-	569
	-	-	-	-	(241)
	78	38	55	-	7,890
	78	38	55	-	7,890
	-	5	8	-	630
	(3)	-	-	-	(1,918)
	75	43	63	-	6,602
	-	8	29	1,501	9,368
	-	3	21	2,181	10,900

NOTE 8: INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use 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 expensed when incurred;
- costs associated with maintaining computer software are expensed when incurred; and
- costs associated with the development and maintenance of the Fund's website are expensed when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised.

The amortisation charge for each period is expensed in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

ASSET TYPE	USEFUL LIFE (YEARS)	AMORTISATION METHOD
Acquired	3–5	straight-line
Internally generated	3–8	straight-line

Impairment of intangible assets

Refer to the policy for impairment of property, plant and equipment in Note 7. The same approach applies to the impairment of intangible assets.

Restrictions

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

Capital commitments

There are no contractual commitments for the acquisition of intangible assets at the reporting date (2019: Nil).

Movements for each intangible asset class are as follows:

	ACQUIRED SOFTWARE \$000	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
COST OR VALUATION			
Balance at 1 July 2018	19	492	511
Disposals	–	–	–
Balance at 30 June 2019	19	492	511
Balance at 1 July 2019	19	492	511
Additions	–	–	–
Disposals	(19)	(492)	(511)
Balance at 30 June 2020	–	–	–
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 July 2018	19	492	511
Amortisation expense	–	–	–
Elimination on disposal	–	–	–
Balance at 30 June 2019	19	492	511
Balance at 1 July 2019	19	492	511
Amortisation expense	–	–	–
Elimination on disposal	(19)	(492)	(511)
Balance at 30 June 2020	–	–	–
CARRYING AMOUNTS			
At 30 June 2019	–	–	–
At 30 June 2020	–	–	–

NOTE 9: PAYABLES

Accounting policy

Short-term creditors and other payables are recorded at the amount payable.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
PAYABLES UNDER EXCHANGE TRANSACTIONS		
Creditors	79	325
Accrued expenses	594	808
Total payables under exchange transactions	673	1,133
Total payables	673	1,133

NOTE 10: EMPLOYEE ENTITLEMENTS

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
Annual leave	92	75
Accrued salary and wages	49	35
Total employee entitlements	141	110

NOTE 11: DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Derivative financial instruments

Financial instruments are used to manage exposure to foreign exchange risk arising from the Fund's operational activities. The Fund does not hold or issue derivative financial instruments for trading purposes. The Fund has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date with the resulting gain or loss recognised in surplus or deficit.

A forward foreign exchange derivative is classified as current if it is due for settlement within 12 months of balance date. Otherwise the full fair value of the forward foreign exchange derivatives is classified as non-current.

Further information on derivative financial instruments

The notional principal amounts of outstanding forward exchange contracts were NZ\$142,000 (2019: Nil). The foreign currency principal amounts were US\$84,000 (2019: Nil).

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices (observable inputs). The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

NOTE 12: PROVISIONS

Accounting policy

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event,
- it is probable that an outflow of future economic benefits or service potential 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.

Lease make-good

In respect of its leased premises, the Fund is required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings, and to remove any fixtures or fittings installed by the Fund. In many cases, the Fund has the option to renew these leases, which impacts on the timing of expected cash outflows to make good the premises. Information about the Fund's leasing arrangements is disclosed in Note 3.

LEASE MAKE-GOOD	ACTUAL \$000
Balance at 1 July 2018	62
Discount unwind provision	4
Balance at 30 June 2019	66
Balance at 1 July 2019	66
Discount unwind provision	5
Balance at 30 June 2020	71

NOTE 13: EQUITY

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital;
- accumulated surplus/(deficit)

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
CONTRIBUTED CAPITAL		
Balance at 1 July as previously reported	15,282	15,282
Capital contribution	–	–
Balance at 30 June	15,282	15,282
ACCUMULATED SURPLUS/(DEFICIT)		
Balance at 1 July as previously reported	(756)	(2,794)
Surplus/(deficit) for the year	2,579	2,038
Balance at 30 June	1,823	(756)
Total equity 30 June	17,105	14,526

NOTE 14: CONTINGENCIES

Contingent liabilities

The Fund has no contingent liabilities (2019: Nil).

Contingent assets

The Fund has no contingent assets (2019: Nil).

NOTE 15: RELATED-PARTY TRANSACTIONS

Related-party transactions

The Fund is ultimately controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client–recipient relationship; and
- on terms and conditions no more or less favourable than

those that it is reasonable to expect the Fund would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

TRANSACTION	REF	TRANSACTION VALUE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING YEAR ENDED 30 JUNE	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Maritime New Zealand – salaries and administration cost payable by the Oil Pollution Fund	1	775	690	15	15

1. Maritime NZ is responsible for administering the New Zealand Oil Pollution Fund. The costs relating to this administration have been paid to Maritime NZ on a cost-recovery basis.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2019: Nil).

NOTE 16: FINANCIAL INSTRUMENTS

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

	ACTUAL 2020 \$000	ACTUAL 2019 \$000
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Cash and cash equivalents (Note 4)	3,188	1,436
Receivables (Note 5)	381	544
Investments – term deposits	2,250	3,650
Total financial assets at amortised cost	5,819	5,630
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Payables (Note 9)	673	1,133
Total financial liabilities measured at amortised cost	673	1,133
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH SURPLUS/DEFICIT		
Derivative financial instrument liabilities (refer note 11)	11	–
Total financial liabilities measured at fair value through surplus/deficit	11	–

NOTE 17: COVID-19 DISCLOSURE

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a state of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March 2020 to 27 April 2020 and remained in lockdown Alert Level 3 thereafter, until 13 May 2020.

COVID-19 had a significant impact on the operations of the Fund between March and June 2020. Key impacts included:

- A significant reduction in national oil consumption as a result of transport curtailment under Alert level 2–4 restrictions from March–June 2020. Oil storage was at capacity and there was a reduced need for oil cargo to be moved, loaded or discharged through this period. This impacted the Fund financially through:

- a decrease in the volume of oil cargo being loaded and discharged by foreign tankers (decline in levy revenue); and
- a decrease in the volume of oil carried domestically by domestic tankers (decline in levy revenue).
- Alert levels 2–4 prohibited international travel and significantly limited domestic travel. This impacted the Fund financially through:
 - nearly all planned travel was curtailed through this period (reduced travel costs); and
 - the planned delivery of some oil spill equipment was delayed resulting in the commissioning of new equipment being deferred to Jul-Sept 2020 quarter (lower depreciation costs and higher fixed asset work-in-progress).
- Alert levels 2–4 prohibited or significantly limited gatherings of people for any non-essential purpose. This impacted the Fund financially through:
 - delay or cancellation of planned response workshops and training (lower workshop and capability training costs); and
 - delay or cancellation of scheduled regional and national response exercises and scenarios (lower Regional Council and exercise costs).

The global impacts of COVID-19 resulted in considerable uncertainty around the national and global economic impact over the next 12 months and beyond. It is expected that national border restrictions and global economic restrictions will continue to disrupt the maritime trade and tourism industry at both a national and international level.

In April 2020, the New Zealand Government approved contingency funding of up to \$40 million in favour of Maritime NZ and the Oil Pollution Fund for the purpose of (in the case of the Fund) maintaining New Zealand's oil spill response capability should its funding streams be adversely impacted by COVID-19. Further, the Ministers of Transport and Finance have provided a letter of comfort to provide equity support if required to maintain viability. These measures of support ensure the Fund can continue to operate as a going concern and it has the resources to maintain response capability through this period of uncertainty to 30 June 2021.

NOTE 18: EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date other than the impacts of COVID-19 disclosed in Note 17.

NOTE 19: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Explanations for major variations from the Fund's budgeted figures in the Statement of Performance Expectations 2019/20 are provided below.

Revenue variances:

- **Oil pollution levy:** Levy revenue is below budget due to lower volumes of oil cargo being carried for April–June 2020. COVID-19 alert level restrictions significantly reduced oil consumption across the transport network resulting in storage tanks being at capacity. Levy revenue is higher than prior year due to the implementation of recommendations to increase the levy rates from the mid-point funding review effective from 1 July 2019.

Expenditure variances:

- **Other expenses:** A number of planned expenses were curtailed due to COVID-19 Alert level travel and physical distancing restrictions eliminating travel, face-to-face training and regional exercises from March–June 2020.

Statement of financial position

Asset variances:

- **Cash and cash equivalents:** Cash and cash equivalents are higher than budget due to a likely delay planned

for the 2021 domestic levy run and other financial uncertainties arising from the impact of COVID-19. A higher level of funds have been retained in the short term in light of the uncertainties.

- **Inventories:** A purchase was delayed due to changes in the technical standard required, which in turn delayed production and delivery due to COVID-19. The inventory purchase will occur in 2021.
- **Investments:** Investments are lower than budget due to holding a higher level of funds as cash and cash equivalents as a result of the uncertainties arising from COVID-19.

Liability variances:

- **Creditors and other payables:** Payables are lower than budget and the prior year comparatives as a result of operating activity being curtailed and delayed due to COVID-19 alert level restrictions.

Statement of cash flows

Cash flows from investing:

- **Purchase of property, plant and equipment:** Cash balances have been retained in cash and cash equivalents rather than term deposits to provide more flexibility to deal with the uncertainties arising from COVID-19 and a likely delay in the annual domestic levy run.

Independent Auditor's Report

To the readers of the New Zealand Oil Pollution Fund's financial statements for the year ended 30 June 2020

The Auditor-General is the auditor of the New Zealand Oil Pollution Fund (the Fund). The Auditor-General has appointed me, Bonar Robertson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Fund on his behalf.

Opinion

We have audited the financial statements of the Fund on pages 100 to 114, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Fund on pages 100 to 114:

- present fairly, in all material respects:
 - its financial position as at 30 June 2020;
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

Our audit was completed on 1 December 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on the Fund. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the Fund as set out in note 17.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the Fund for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Fund for assessing the Fund's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Fund or to cease operations, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Maritime Transport Act 1994, Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Fund's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 13, 47 to 54, 96 to 99 and 117 to 126, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Fund in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Bonar Robertson

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Maritime NZ and Rescue Coordination Centre NZ additional financial information

The financial statements of Maritime NZ consolidate the activities of the Rescue Coordination Centre New Zealand with Maritime NZ's regulatory and compliance activities. This appendix provides additional financial information that does not form part of Maritime NZ's audited accounts, to give readers more detail about the cost of operating Rescue Coordination Centre New Zealand.

Maritime NZ and Rescue Coordination Centre Statement of comprehensive revenue and expense

for the year ended 30 June 2020

	NOTES	MARITIME NEW ZEALAND		
		ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
REVENUE				
Crown	2	14,671	14,942	15,270
Maritime levy		32,384	32,400	22,818
Other revenue	2	5,801	5,388	7,431
Interest revenue		231	120	245
Total revenue		53,087	52,850	45,764
EXPENDITURE				
Personnel costs	3	30,994	30,897	26,575
Depreciation and amortisation costs	12,13	1,883	2,138	1,760
Capital charge	4	739	852	739
Finance costs	5	72	72	86
Other expenses	6	14,708	16,027	15,705
Total expenditure		48,396	49,986	44,865
Net surplus/(deficit)		4,691	2,864	899
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain on property revaluations		-	-	615
Total comprehensive revenue and expense		4,691	2,864	1,514

Maritime NZ and Rescue Coordination Centre Statement of changes in equity

for the year ended 30 June 2020

	NOTES	MARITIME NEW ZEALAND		
		ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
Balance at 1 July		15,589	14,075	14,075
Total comprehensive revenue and expense for the year		4,691	2,864	1,514
Capital contribution		-	-	-
Balance at 30 June		20,280	16,939	15,589

	RESCUE COORDINATION CENTRE NEW ZEALAND			GROUP		
	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
	8,683	8,363	6,849	23,354	23,305	22,119
	-	-	-	32,384	32,400	22,818
	201	89	89	6,002	5,477	7,520
	60	76	64	291	196	309
	8,944	8,528	7,002	62,031	61,378	52,766
	2,904	2,971	2,753	33,898	33,868	29,328
	402	562	455	2,285	2,700	2,215
	501	478	495	1,240	1,330	1,234
	-	-	-	72	72	86
	4,353	4,125	3,480	19,061	20,152	19,185
	8,160	8,136	7,183	56,556	58,122	52,048
	784	392	(181)	5,475	3,256	718
	-	-	-	-	-	615
	784	392	(181)	5,475	3,256	1,333

	RESCUE COORDINATION CENTRE NEW ZEALAND			GROUP		
	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
	8,208	8,510	8,389	23,797	22,585	22,464
	784	392	(181)	5,475	3,256	1,333
	370	450	-	370	450	-
	9,362	9,352	8,208	29,642	26,291	23,797

Maritime NZ and Rescue Coordination Centre

Statement of financial position

as at 30 June 2020

	NOTES	MARITIME NEW ZEALAND		
		ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
CURRENT ASSETS				
Cash and cash equivalents	7	3,857	1,984	2,010
Receivables	8	4,052	3,700	2,518
Derivative financial instruments	10	–	–	–
Investments	9	7,500	6,057	7,000
Prepayments		621	580	559
Inventories	11	133	150	137
Total current assets		16,163	12,471	12,224
NON-CURRENT ASSETS				
Derivative financial instruments		–	–	–
Property, plant and equipment	12	5,887	4,885	5,697
Intangible assets	13	5,225	6,086	5,043
Total non-current assets		11,112	10,971	10,740
Total assets		27,275	23,442	22,964
CURRENT LIABILITIES				
Payables	14	2,565	3,044	3,470
Borrowings	15	296	284	291
Employee entitlements	16	2,754	1,800	1,955
Provisions	17	23	–	23
Total current liabilities		5,638	5,128	5,739
NON-CURRENT LIABILITIES				
Borrowings	15	1,204	1,245	1,500
Provisions	17	153	130	136
Derivative financial instruments		–	–	–
Total non-current liabilities		1,357	1,375	1,636
Total liabilities		6,995	6,503	7,375
Net assets		20,280	16,939	15,589
EQUITY				
Contributed capital	19	12,320	12,320	12,320
Accumulated surplus/(deficit)	19	6,669	3,943	1,978
Revaluation reserve	19	1,291	676	1,291
Total equity		20,280	16,939	15,589

	RESCUE COORDINATION CENTRE NEW ZEALAND			GROUP		
	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000	ACTUAL 2020 \$000	BUDGET 2020 \$000	ACTUAL 2019 \$000
	1,480	1,303	809	5,337	3,287	2,819
	80	50	15	4,132	3,750	2,533
	39	–	26	39	–	26
	2,150	2,203	1,500	9,650	8,260	8,500
	65	20	74	686	600	633
	–	–	–	133	150	137
	3,814	3,576	2,424	19,977	16,047	14,648
	107	–	–	107	–	–
	5,607	5,628	6,008	11,494	10,513	11,705
	306	606	253	5,531	6,692	5,296
	6,020	6,234	6,261	17,132	17,205	17,001
	9,834	9,810	8,685	37,109	33,252	31,649
	192	258	215	2,757	3,302	3,685
	–	–	–	296	284	291
	280	200	257	3,034	2,000	2,212
	–	–	–	23	–	23
	472	458	472	6,110	5,586	6,211
	–	–	–	1,204	1,245	1,500
	–	–	–	153	130	136
	–	–	5	–	–	5
	–	–	5	1,357	1,375	1,641
	472	458	477	7,467	6,961	7,852
	9,362	9,352	8,208	29,642	26,291	23,797
	13,188	13,268	12,818	25,508	25,588	25,138
	(3,826)	(3,916)	(4,610)	2,843	27	(2,632)
	–	–	–	1,291	676	1,291
	9,362	9,352	8,208	29,642	26,291	23,797

Governance and accountability

The Minister of Transport is responsible to Parliament for overseeing and managing the Crown's interests in Maritime NZ.

The Minister expects Maritime NZ's Authority to set the direction of the entity, achieve the government's desired results as set out in the Maritime Transport Act 1994 (MTA) and in other legislation and policy, and manage any maritime safety and security risks on behalf of the Crown.

Members act in accordance with applicable statutory requirements (for example, the MTA and the Crown Entities Act 2004) and in the interests of the role and functions of maritime safety and security.

Authority membership and composition

Maritime NZ's Authority is made up of five members appointed by the Governor-General on the recommendation of the Minister of Transport. The Authority appoints the Director of Maritime NZ, who has independent statutory powers under the MTA.

The Authority is responsible and accountable for the management and strategic direction of Maritime NZ.

Members of the Authority during the year were:

- Jo Brosnahan QSO (Chair);
- Belinda Vernon (Deputy Chair, Chair of Audit and Risk Committee);
- Kylie Boyd (stepped down July 2020);
- Denis O'Rourke;
- Roy Weaver; and
- Danny Tuato'o (appointed August 2020).

Accountability

The Responsible Ministers provide Maritime NZ with an annual letter outlining their expectations. This guides the development of the Statement of Intent and the Statement of Performance Expectations both of which are tabled in Parliament.

The Statement of Intent and the Statement of Performance Expectations set out what Maritime NZ intends to deliver and are the primary sources from which Parliament and Ministers are able to hold Maritime NZ to account.

The Minister's formal line of accountability with Maritime NZ is through the Authority. The Authority selects, appoints and monitors the performance of the Director of Maritime NZ, Keith Manch. The Director of Maritime NZ is responsible to the Authority for the efficient and effective running of Maritime NZ.

Executive Team

The Executive Team comprises the Chief Executive/Director of Maritime NZ and Deputy Directors and deputy Chief Executives from the seven business groups:

- Sharyn Forsyth, Communication Stakeholder Engagement;
- Stephanie Winson, Regulatory Systems Design, (until October 2020);
- Harry Hawthorn, Compliance Systems Delivery;
- Nigel Clifford, Safety and Response Systems;
- Andrew Saunderson, Organisational Strategy and Systems;
- Kenny Crawford, Maritime Systems Assurance; and
- Anne Greenwood, People Capability.

Delegations

Maritime NZ operates a financial delegation's policy that allows individuals to carry out their role and function. The policy provides a check and balance to ensure transactions that are of an exceptional nature, or are deemed to exceed a level of risk, are first approved by someone with the appropriate expertise, authority and experience.

The Authority delegates levels of authority to the Director of Maritime NZ and Maritime NZ managers.

Audit and Risk Management Committee

The Audit and Risk Management Committee (a sub-committee of the Authority) comprises all Authority members.

The Committee has the authority to make recommendations only. The objectives of the Committee are to ensure:

- the robustness of risk management systems and practices;
- the independence and adequacy of the internal audit functions; and
- compliance with regulations, standards and best-practice guidelines.

Risk management

The Authority is responsible for ensuring that Maritime NZ has a comprehensive risk register, which identifies all significant risks, corresponding mitigation actions and the regular monitoring of these mitigations.

Internal audit

The Audit and Risk Management Committee establishes a risk-based internal audit programme each year, covering the key functions and services of Maritime NZ. The programme also includes the flexibility to schedule reviews of areas of interest to the Director and the Committee as the need arises.

Internal audit services are provided either internally or through contracted providers.

Legislative compliance and ethics

Maritime NZ is guided by its Codes of Conduct and the State Services Commissioner's Standards of Integrity and Conduct. Authority members are required to complete a declaration of interests on appointment, and whenever changes occur during their term.

A schedule of Authority members' interests is reviewed at every Authority meeting.

Maritime NZ's Response Capability Matrix

Maritime NZ's Response Capability Matrix captures information about its overall response capability across five key elements. The capability of each element is assessed, on a six-monthly basis, against a range of criteria to determine an overall rating. Assessments are reported to Maritime NZ's Audit and Risk Committee. Maritime NZ is striving to sustain overall response capability as amber or higher over the term of the Statement of Intent and beyond.

MARITIME INCIDENT RESPONSE TEAM	MARINE POLLUTION RESPONSE SERVICE
<p>Capable of responding fully to a maritime incident:</p> <ul style="list-style-type: none"> National exercise held every four years Responders fully trained to identified competencies Minimum of four exercises undertaken each year Rena recommendations (where appropriate) fully implemented. 	<p>Capable of responding to a national oil spill:</p> <ul style="list-style-type: none"> Regional and national responders fully trained to meet risk Minimum number of industry, regional and national exercises undertaken Equipment stockpiles fit for role Regulatory obligations met.
<p>Able to respond to a maritime incident but lacking in specific areas of competency:</p> <ul style="list-style-type: none"> National exercise being developed, planning and coordination under way for exercise Responder competencies identified and appropriate training being developed High priority training completed with some responders Rena⁵⁸ recommendations (where appropriate) partially implemented. 	<p>Able to respond to a national oil spill but lacking in some areas:</p> <ul style="list-style-type: none"> Responder capability competencies identified and appropriate training being developed Industry, regional and national exercises being developed, planning and coordination under way for exercise Equipment stockpiles maintained but some shortfalls in equipment holdings against capability plan Regulatory obligations partially met.
<p>Not capable of effectively responding to a maritime incident:</p> <ul style="list-style-type: none"> No national exercises held Responder competencies not identified therefore no training in place Rena recommendations (where appropriate) not implemented. 	<p>Not capable of effectively responding to a national oil spill:</p> <ul style="list-style-type: none"> Responder capability limited in numbers and competency Regional exercises not meeting criteria. No industry or national exercises undertaken or planned Major deficiencies in equipment, hampering response capability.

58 This refers to recommendations made in Independent Review of Maritime New Zealand's Response to the MV Rena Incident on 5 October 2011 March 2013.

SEARCH AND RESCUE	SECURITY	RESPONSE COORDINATION
<p>Fully capable of responding efficiently and effectively to all search and rescue incidents in the New Zealand Search and Rescue Region (NZSRR):</p> <ul style="list-style-type: none"> • National SAR plan in place • Standard Operating Procedures in place • Memoranda of understanding with national SAR resource providers and SAR agreements with relevant nations in place • Tested plans in place for appropriate augmentation of SAR capability for large scale operations. 	<p>Fully capable of responding to a maritime security incident:</p> <ul style="list-style-type: none"> • Maritime NZ fully connected to the New Zealand intelligence community • Full response capability in accordance with Maritime Security Plan • Regulatory obligations met. 	<p>Full integration of response components:</p> <ul style="list-style-type: none"> • Maritime NZ fully connected to the NZ emergency response community • Maritime NZ has a comprehensive response capability in accordance with Maritime Emergency Response Plan • All regulatory obligations met.
<p>Capable of responding efficiently and effectively to most SAR incidents in the NZSRR:</p> <ul style="list-style-type: none"> • Sufficient staff to run Operations Room 24/7 year round • Insufficient staff to undertake full range of support tasks • Plans and procedures for mass rescue and large scale events not fully developed and implemented. 	<p>Able to respond to a maritime security incident, but lacking in specific areas:</p> <ul style="list-style-type: none"> • Maritime NZ has limited connectivity to New Zealand intelligence community • Reduced response capability • Regulatory obligations partially met. 	<p>Able to respond to a maritime emergency response Incident, but lacking coordination in specific areas:</p> <ul style="list-style-type: none"> • Maritime NZ has limited connectivity to New Zealand emergency response community • Overall response capability limited to some degree • Regulatory obligations partially met.
<p>Not capable of responding efficiently and effectively to most incidents in the NZSRR:</p> <ul style="list-style-type: none"> • Insufficient staff to run Operations Room 24/7 year round • Inadequate stakeholder engagement and liaison leads to a failure in coordination of incidents • Insufficient funding to sustain operations and operational support activity. 	<p>Not capable of responding:</p> <ul style="list-style-type: none"> • Maritime NZ has no connection to the New Zealand intelligence community • Ineffective response capability • Regulatory obligations not met. 	<p>Response capability not aligned:</p> <ul style="list-style-type: none"> • Maritime NZ response functions are siloed, not connected or well coordinated • Ineffective response capability • Regulatory obligations not met.

Terms and definitions

Cape Town Agreement

Adopted by the International Maritime Organization, this outlines fishing vessel standards and includes other regulations designed to protect the safety of crews and observers and provide a level playing field for industry.

Equipment stockpiles

Used to respond to an oil spill, these are stored and maintained at Maritime NZ's Marine Pollution Response Service warehouse in Te Atatu, Auckland. There are over 20 equipment stockpiles around the country. The amount and type of equipment available in each place is based on the anticipated risk and size of a spill. Regions with major oil terminals, for example, have larger stockpiles and specialist equipment.

Future State 2

A comprehensive high-level organisational development strategy put in place through a two-phase 'Future State' review of Maritime NZ. This work encompassed strategic direction, structure, systems, staff, skills and shared values, with the aim of ensuring alignment between them and achieving Maritime NZ's organisational vision (at that time) of supporting a viable, vibrant maritime community

Health and Safety at Work Act 2015 (HSWA)

The HSWA is New Zealand's workplace health and safety law. It introduced new responsibilities for managing the work-related risks that could cause serious injury, illness or even death.

International Convention for the Prevention of Pollution from Ships (MARPOL)

The main international convention aimed at the prevention of pollution from ships caused by operational or accidental causes. It was adopted at the International Maritime Organization in 1973.

International Maritime Organization (IMO)

United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships.

International Ship and Port Facility Security (ISPS) Code

An amendment to the Safety of Life at Sea Convention (1974–1988) on minimum security arrangements for ships, ports and government agencies. It prescribes responsibilities to governments, shipping companies, shipboard personnel, and port and facility personnel to 'detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade'.

Maritime Incident Response Team

A Wellington-based team of advisors who are mobilised at the start of a major maritime incident to provide strategic advice and support to the Director of Maritime NZ and to the Emergency Coordination Centre and to monitor, oversee and intervene, as appropriate, on the Director's behalf.

The team may be mobilised on Maritime NZ premises or at the National Crisis Management Centre.

National Response Team

A group of oil spill responders who receive specialist training to enable them to perform essential functions during a Tier 3 response. During a response, members of the National Response Team make up the core Incident Response Team, supplemented by oil spill responders who have received basic training. The National Response Team is maintained through Tier 3 training and exercising and has more than 100 members.

Navigation Area XIV (NAVAREA XIV) and the New Zealand Search and Rescue Region

The region covered by the New Zealand Distress and Radio Safety Service, which includes 12.5 percent of the Earth's ocean surface. It extends from the middle of the Tasman Sea to the mid-Pacific Ocean, and from Antarctica to south of the equator. New Zealand's search and rescue region covers over 37 million square kilometres of ocean and relatively small, isolated land masses extending from latitude 5 degrees south to the Antarctic continent and bounded by the 163E and 131W meridians of longitude.

New Zealand Port and Harbour Marine Safety Code

Provides national best practice guidance to port operators and councils to manage the safety of marine activities in their ports and harbours.

Polar Code (International Code for Ships Operating in Polar Waters)

An international regime adopted by the International Maritime Organization in 2014. The Code sets out regulations for shipping in the polar regions, mainly relating to ice navigation and ship design.

Port State Control (PSC)

This system exists to ensure foreign ships coming to New Zealand ports comply with requirements set down in international conventions and law.

Tier 1, 2 and 3 responses

Tier 1 oil spills are responded to and resolved by the operator.

Tier 2 oil spills are generally those beyond the capability of the operator acting alone and the response is led and resolved by the local regional council.

Tier 3 oil spills are generally more complex, of longer duration and impact, and beyond the response capability of the regional council or operator. A Tier 3 response is nationally-led and coordinated by Maritime NZ.

Tokyo Memorandum of Understanding (MOU)

The Tokyo MOU is a regional Port State Control (PSC) organisation. The organisation consists of 20 member Authorities in the Asia-Pacific region.

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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