



Compliance Information Sheet

How to monitor the accuracy of your reporting

The Ministry of Fisheries Field Operations group has developed an operating model that emphasises the concept of “informed and assisted” compliance to support the principles of enforcement. In practical terms this means that, where possible, the Ministry of Fisheries will bring to the attention of industry matters that are of direct interest and concern to the Ministry.

The purpose of this information sheet is to:

- describe what we mean by “reconciliation analysis”
- explain why vessel operators should undertake reconciliation analysis
- provide a brief outline of how reconciliation analysis can be undertaken.

This complements Factsheets 1 and 2, which dealt with area misreporting (trucking) and compliance benchmarking.



Background

A key component of the QMS is the extensive recording and reporting requirements that apply to the fishing industry. Permit holders must ensure that all vessels complete the relevant effort and landing returns detailing “how” and “where” fish is caught, together with species and quantities taken.

A permit holder's catch is then summarised on Monthly Harvest Returns (MHRs). In turn, all licensed fish receivers (LFRs) must complete monthly returns (LFRRs – Licensed Fish Receiver Returns) detailing species and quantities of fish received from each permit holder during that month.

The reporting regime creates a documentation trail ensuring that fish can be tracked at all stages of

the harvest and product flow process. This reduces the opportunities for potential offending but does not eliminate opportunities altogether.

Reconciliation analysis using the information available from the different elements of the reporting regime, including vessel position information, is a key tool used by Field Operations to identifying potential offending.

The same information is available to permit holders, who should also be using it to monitor the accuracy of their company's reporting.

In this context reconciliation (or retrospective) analysis means analysing the various components of the reporting regime with the aim of reconciling those components to ensure they are consistent and that reporting is accurate.

Why undertake reconciliation analysis?

For vessel operators, the ability to assess whether the vessels you operate are completing returns accurately prior to sending them to FishServe will reduce the risk of submitting inaccurate returns that draw the attention of Field Operations.

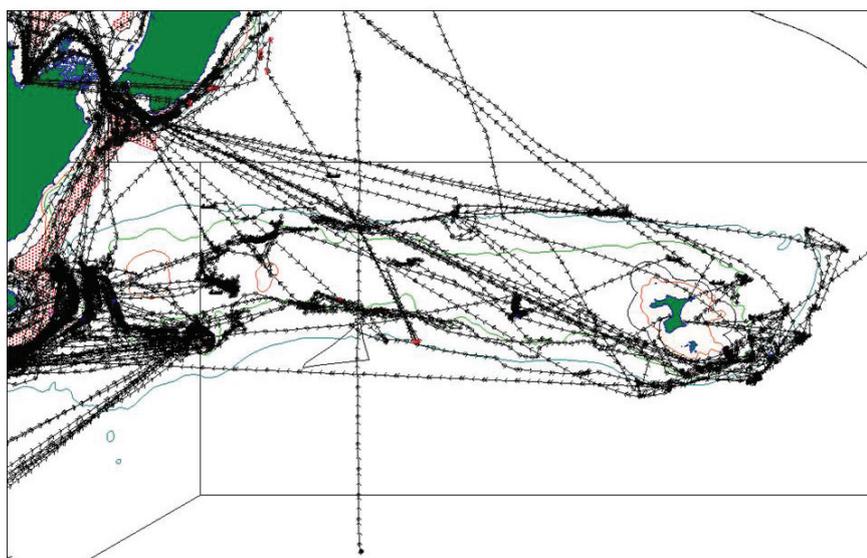
Note that minor inaccuracies in return completion (e.g. fields omitted or incorrect codes used) are dealt with directly by FishServe. From the Ministry's perspective reconciliation analysis applies to returns that have been accepted by FishServe.

Reconciliation analysis enables permit holders to benchmark the performance of the vessel(s) you operate; it enables you to determine if a vessel is operating within the expected ranges for your vessel. Ranges could be determined for example:

- for each vessel you operate
- across all vessels in your fleet
- for an individual vessel depending on the presence or absence of an observer.

In the future it may be possible for operators to share information or for MFish to provide high-level anonymised data to facilitate comparison between similar types of vessels operating in specific fisheries or areas at certain times of the year.

For example, the Ukrainian fleet fishing for jack mackerel off the North Island west coast during October to January or Korean vessels fishing on the Chatham Rise during September to December.



In the event of a permit holder discovering discrepancies that are not simply due to administrative or data entry errors an appropriate course of action could include the following steps:

- Undertake your own enquiry to determine the reasons for this.
- Make appropriate corrections to records or returns that have not yet been submitted to FishServe.
- Raise the matter with senior Field Operations staff.
- Ensure training for the staff concerned is in place to reduce the likelihood of the same thing happening again.
- Document what actions you have taken.

As part of the “informed and assisted” compliance model Field Operations welcomes industry bringing matters to the Ministry's attention that the Ministry can assist with.

Outline of reconciliation analysis

Field Operations uses reporting systems that can identify potential offending:

- within the QMS returns framework, and
- related to area misreporting

Vessel operators have access to the same QMS returns information and, additionally, can independently obtain vessel position information. There are software packages on the market that can be used to complete the different types of analysis although it is possible to use simple spreadsheets in some cases. Service providers will also undertake analysis on behalf of permit holders.

Different analysis techniques are necessary for the two areas mentioned above. For this reason Field Operations suggests that vessel operators develop separate reconciliation analysis processes for each area. Outlines of the types of analysis that could be undertaken are detailed below.

QMS returns

“QMS returns” encompass the catch declaration information upon which ACE balancing is undertaken. The actual ACE balancing process uses MHRs; however these cannot be done without first completing Catch Landing Returns (CLRs). Permit holders should perform analysis of this information as part of good business practice.



Analysis of QMS returns can be undertaken using a simple spreadsheet. Ideally analysis should be a separate process from that of entering the data that makes up the returns as operational knowledge of the QMS is crucial. Some key points to remember include:

- All species caught, including non-QMS species, must be recorded on CLR and allocated to a destination type.
- Typically, most fish will be caught and landed to an LFR (reported with destination type L on CLR) – a description of destination codes can be found in either the Fisheries (Reporting) Regulations 2001 or in the explanatory notes of the CLR.
- Some fish may be caught and recorded on CLR but not landed to an LFR – destination types ‘A’, ‘B’, ‘D’, ‘E’, ‘F’, ‘H’, ‘M’, ‘O’, ‘P’, ‘Q’, ‘R’, ‘S’, ‘T’, ‘U’, ‘W’, ‘X’.
- In addition to destination type ‘L’ fish that is caught and recorded against the following destination types must also be recorded on an MHR – ‘A’, ‘B’, ‘E’, ‘H’, ‘M’, ‘U’, ‘W’.
- So the total of a fish stock recorded on an MHR will therefore equal the sum of the destination types – ‘A’, ‘B’, ‘E’, ‘H’, ‘L’, ‘M’, ‘U’, ‘W’.
- Incorrect recording or exclusion of destination types from an MHR can lead to discrepancies in the return data.
- The Field Operations team at the Ministry regularly monitors QMS returns looking to identify discrepancies in return information. The LFRR is a key independent checking mechanism for this type of analysis.

If analysis reveals apparent discrepancies possible reasons could include:

- sloppy bookkeeping
- the month effect, i.e. fish landed at the end of one month and being included on a CLR but appearing on the following month’s LFRR
- missing documentation
- possible offending, e.g. fish deliberately excluded from an MHR to avoid the need to acquire ACE.

Area misreporting

This type of reconciliation analysis is likely to be of more relevance to operators of vessels that are required to carry and operate an Automatic Location Communicator (ALC) in situations where the vessel has fished in more than one fishery management area during a trip. As noted in Fact Sheet 1, Field Operations continues to have concerns with area misreporting (trucking), the risk of which increases if a vessel fishes in more than one FMA.

Field Operations is able to analyse and compare positional information reported on catch and effort returns with ALC data. We monitor where a vessel has been and compare that to its reported location. If there are differences this could be a signal that area misreporting may be occurring. The type of analysis that Field Operations performs can also be undertaken by vessel operators and includes:

- Ensuring that reported position information is consistent with ALC data, i.e. was the vessel where it said it was when it said it was?

- Ensuring that reported position information is realistic, e.g. are the start and end of tow positions consistent with the reported trawling speed?
- Are there tows that cross a QMA boundary or did fishing during a trip take place in more than one QMA?
- Is the apportionment of a species to different stocks on the CLR consistent with the reported position information? That is, if two stocks of the same species are reported, are the amounts of each stock consistent with the reported position and estimated catch information?

The same information, i.e. catch effort returns and ALC information, is available to vessel operators. As a responsible operator analysis of this information should be undertaken as part of good business practice.

In relation to the last bullet point above, if your vessel fishes in, for example, fishery management areas 7 and 8 during a trip, it may report the proportion of a particular species from each area as per Figure 1 (below). If the relative proportions of the same species reported by other vessels in the fleet (i.e. vessels of a similar type fishing in the same general area), including those with observers, resembles Figure 2 (right), this may warrant further investigation to ascertain the reasons for the difference.

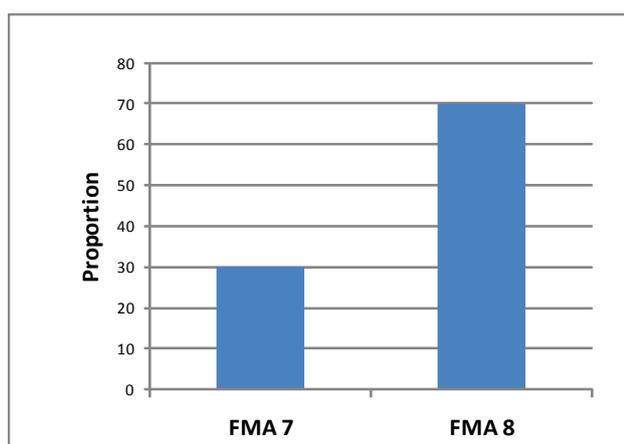


Figure 1

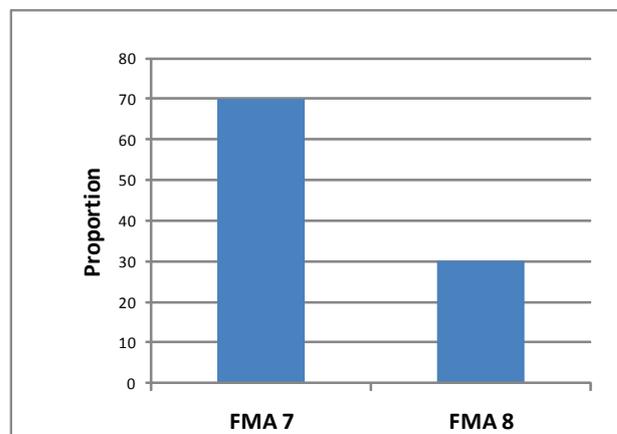


Figure 2

Fisheries legislation is not prescriptive about how to deal with issues such as how to record catch where a tow crosses a QMA boundary. It is expected that vessel operators will develop rules to ensure that accurate reporting occurs.

For example, the Daily Processing Summary section of Trawl, Catch, Effort and Processing Returns (TCEPRs) requires reporting of the number of processed units of a species that is processed to a particular state (e.g. silver warehou (SWA) processed to a “dressed” (DRE) state). It does not require the area code to be included. Vessels often keep an onboard spreadsheet that keeps a tally of this same information but with the addition of the area code (e.g. SWA3). This information can also be used by vessel operators to compare against a vessel’s reported landings.

If you require further information or clarification around the content of this information sheet please contact either your local Field Operations office or the Deepwater Group Ltd.

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Disclaimer

Nothing in this information sheet should be read to preclude obligations for all current requirements. The purpose of this information sheet is to achieve informed and assisted compliance.