

Business Structures of Small Commercial Maritime Operators

July 2016



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Financial, Economic and Statistical Analysis
Ministry of Transport

Acknowledgement

We are grateful to Statistics New Zealand and Maritime New Zealand for providing information to complete this report.

Overview

The Ministry of Transport (MoT) has received an inquiry from the Associate Minister of Transport and Maritime New Zealand to analyse business structures in the small commercial maritime business (SCMB) sector (i.e. businesses with 0–19 employees).

This report is based on data provided by Statistics NZ for specific industry codes covering fishing, offshore aquaculture, water freight transport, water passenger transport and other water transport support services. For the purposes of this report, entities with these industry codes make up the commercial maritime sector.

In February 2015, the maritime sector for businesses in these specific groups consisted of around 1,893 businesses (including non-commercial organisations) with 3,190 persons employed. The commercial sector comprised 1,890 businesses and 3,100 employees, separated into the large commercial business sector (i.e. with 20 or more employees) and the SCMB sector. For the remainder of this report, any reference to SCMB should be taken to mean small commercial maritime businesses in fishing, offshore aquaculture, water transport (passenger, freight and other water transport support services). The large commercial business sector comprised around 30 businesses with 1,780 persons employed. The SCMB sector comprised around 1,860 businesses with 1,320 persons employed.

Large commercial businesses accounted for fewer than 2% of all businesses but around 56% of all employees, while the SCMB sector accounted for about 98% of all maritime businesses and 41% of all employees.

The purpose of this research is to:

- analyse data on business structures in the SCMB sector for these specific groups, in particular to identify the business structures chosen by operators and the percentages of such businesses that operate as sole traders, partnerships, companies or with other corporate forms.
- identify recent changes and any trends in the type of business structures in use by commercial operators in fishing, water transport (freight, transport and other water transport support services) and aquaculture.

Data is sourced from Statistics New Zealand's Business Demography Statistics and Business Demography Survey 2013.

Main characteristics of small commercial maritime businesses in 2015

- The SCMB sector accounted for 98% of all maritime businesses and 41% of maritime employees.
- The SCMB sector has on average fewer than two employees per business, and 75% of them have no employees.
- Market entry (birth) and market exit (death) rates were 11% of all businesses in the SCMB sector in 2015.
- Limited liability companies, individual proprietorships, and partnerships represent about 97% of SCMBs.

- The fishing industry dominated the SCMB sector, accounting for 68% of businesses and 50% of employees.

Changes in small commercial maritime businesses since 2000

- **Decline in the number of businesses and employees**
 - The overall number of businesses in the maritime sector has dropped by 20.6% from 2,283 in 2000 to 1,893. The number of businesses in the SCMB sector has dropped by 17% from 2,247 in 2000 to 1,860.
 - The total number of employees in the maritime sector has dropped by 21.9% from 3,890 in 2000 to 3,190. The number of employees in the SCMB sector has dropped by 11% from 1,480 in 2000 to 1,320.
- **Fishing industry dominates the small commercial maritime sector**
 - In 2000, the fishing industry accounted for 82% of the total number of businesses and 57% of the total number of employees in the SCMB sector. In 2015 the number of businesses had dropped by 31% from 1,848 in 2000 to 1,269, and the number of employees had dropped by 21% from 840 in 2000 to 660, although it remains the largest industry in the SCMB sector.
- **Limited liability companies are most common**
 - Overall, limited liability companies, individual proprietorships, and partnerships have been the top three forms of businesses in the SCMB sector since 2000. Together, they account for about 97–99% of businesses in the sector.
 - Businesses with individual proprietorship reduced by 50% in 2015 from 2000, dropping from the most common form to the second most common form. In comparison, the number of limited liability companies increased by 59%, becoming the most common form in 2015 compared with being the second most common form in 2000.
 - In particular, the proportion of limited liability companies increased dramatically for the fishing industry (from 22% to 47%) and offshore aquaculture (from 46% to 63%) between 2000 and 2015. The proportion of water transport limited liability companies has remained at 72%, while the number of water transport limited liability companies increased by 157%, from 105 in 2000 to 270 in 2015.
- **Most small commercial maritime businesses have no employees**
 - Over the past 15 years, businesses with no employees have dominated the SCMB sector. On average, these businesses account for about 76% of the sector, while businesses with 1–5 employees represent about 20% of all businesses and 3% of all businesses have 6–19 employees.
 - The number of businesses with no employees in the fishing industry dropped significantly from 2004 to 2009 but has remained flat since 2010. In contrast, the number of water transport businesses with no employees increased from 2000 to 2008, and has remained flat since 2009.
- **Less active market compared with 2000**
 - The 2015 business birth and death rate dropped by about 40% in the sector compared with 2000. The death rate in 2007/08 increased significantly due to the global financial crisis.

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1. Introduction

The Ministry of Transport (MoT) has received an inquiry from the Associate Minister of Transport and Maritime New Zealand to analyse the business structure of small commercial maritime operators.

The information obtained will assist the Associate Minister and others to understand the make-up of business structures among maritime operators, whether there have been any significant changes over time and, to the extent that is supported by the data, the drivers or factors associated with major changes.

The data will provide a profile of business structures in the SCMB sector.

1.1 Purpose of this research

The purpose of this research is to:

- analyse data on business structures in the SCMB sector, in particular to identify the business structures chosen by operators and the percentages that operate as sole traders, partnerships, companies, or other corporate forms.
- identify recent changes and any trends in the type of business structures in use in this sector

1.2 Data

Data was obtained from Statistics New Zealand and covers businesses and employees between February 2000 and February 2015, in the sector as a whole, and in the SCMB sector by:

- business type
- industry
- number of employees.

The SCMB sector is defined by industry classification and number of employees. Three categories are used¹:

- zero employees
- 1–5 employees
- 6–19 employees.

Three industry codes are used²:

- fishing³

¹The use of these three categories is supported by the Small Business Report published in 2014 by the Ministry of Business, Innovation and Employment (MBIE).

²Statistics New Zealand advised that, in deciding the level of detail, we should keep in mind that, at a higher level of disaggregation, there is a greater chance of certain data cells with small counts being suppressed in line with their confidentiality rules. In this particular instance, the chances of this happening would be even higher because we are dealing with a small subset of businesses.

Maritime New Zealand advised that we will be missing some maritime operators as in some cases there is no clear-cut industry code to separate out water-based operators from land-based operators. For example, charter fishing boats and whale watching cruises are coded under 1501000, which is Scenic and Sightseeing Transport. Similarly, water-based adventure tourism operators do not have their own code.

³This includes ANZSIC06 group A041 Fishing.

- offshore aquaculture⁴
- water transport⁵.

Public sector agencies and their employees engaged in maritime activity are excluded from data on the SCMB sector.

The sources for all data are Business Demography Statistics from Statistics New Zealand. Sources of business demography data are the:

- Longitudinal Business Frame (LBF) which is a monthly longitudinal snapshot of Statistics New Zealand's Business Register⁶
- Linked Employee-Employer Database (LEED) for employee count data.

Other data is from Statistics New Zealand's Business Demography Survey, February 2013.

1.3 Structure of this report

Section 2 presents an overview of the maritime business sector.

Section 3 presents an overview of the SCMB sector in terms of the number of businesses and employees by industry.

Section 4 looks at statistics and analysis of change in the types of businesses.

Section 5 looks at the size of businesses.

Section 6 looks at business birth, death, and survival rates.

Section 7 provides a brief introduction to the socio-demographic characteristics of commercial fishing operators.

Section 8 presents summary of findings based on the available information.

⁴This includes ANZSIC06 classes: A020100 Longline and Rack Offshore Aquaculture and A020200 Caged Offshore Aquaculture.

⁵This includes ANZSIC06 classes: I4810 Water Freight Transport; I4820 Water Passenger Transport; and I521900 Other Water Transport Support Services.

⁶Business Register is a database of all economically significant businesses in New Zealand (mostly those with an annual GST turnover of \$30,000 or more). This database is updated continuously using a combination of sources such as:

- administrative, e.g. IRD, Companies Office
- direct survey of larger and complex units, e.g. Business Register Update Survey (annual)
- feedback from Statistics New Zealand business surveys, e.g. Retail Trade Survey, Annual Enterprise Survey
- other ad hoc information, e.g. media, company reports.

2 Overview of the maritime business sector

In 2015, the maritime business sector, including commercial businesses and non-commercial organisations such as government agencies, regional authorities and other local authorities, was made up of around 1,893 businesses and 3,190 employees. The largest business population was in the commercial sector with 1,890 businesses and 3,100 employees.

The large commercial business sector (i.e. businesses with 20 employees and above) was made up of around 30 businesses with 1,780 persons employed. The SCMB sector (i.e. businesses with 0–19 employees) comprised around 1,860 businesses with 1,320 persons employed.

The total number of businesses has dropped by 17.1% from 2,283 in 2000; the total number of employees has dropped by 18.0% from 3,890 in 2000.

The number of businesses in the commercial sector has dropped by 17.1% from 2,280 in 2000; the number of employees for commercial sector has dropped by 18.6% from 3,810 in 2000.

The number of businesses in the SCMB sector has dropped by 17.2% from 2,247 in 2000, while the number of employees in the sector has dropped by 10.8% from 1,480 in 2000.

Some important characteristics include the following.

- The maritime business sector was made up mainly of SCMBs. Commercial businesses account for 99.8% of total businesses. SCMBs accounted for 98% of total businesses.
- The number of non-commercial organisations is very small, fewer than six each year since 2000. Data from Statistics New Zealand indicates that there were three non-commercial organisations as at February 2015.
- Businesses with no employees represented the majority of maritime businesses, on average accounting for 75% of total businesses between 2000 and 2015.
- The large business sector accounts for fewer than 2% of maritime businesses but 56% of all employees.
- The average number of employees per business is 66 in the large commercial sector and fewer than two employees across all commercial businesses.

For the year to February 2015, 198 newly born businesses created 40 jobs, while the data shows 25 job losses as a consequence of the death of 204 businesses over the same period. Both birth and death rates of businesses were around 10-11% of the total number. The number of newly born businesses in 2015 increased by 12% from 177 in 2014. In 2014, both birth and death rates of businesses were around 9% of the total number.

The two-year survival rate for businesses created in 2013 was about 56%; the five-year survival rate of businesses born in 2010 and still active in 2015 was 31%.

3 Small commercial maritime business sector

3.1 Overview of the small commercial maritime business sector

There were 1,860 businesses in the SCMB sector in 2015, down from 2,247 in 2000 (a 17% reduction). There were 1,320 employees in the SCMB sector in 2015, down from 1,480 in 2000 (an 11% reduction). The average number of employees per business increased by 8% from 0.66 per business in 2000 to 0.71 per business in 2015 (Figure 1).

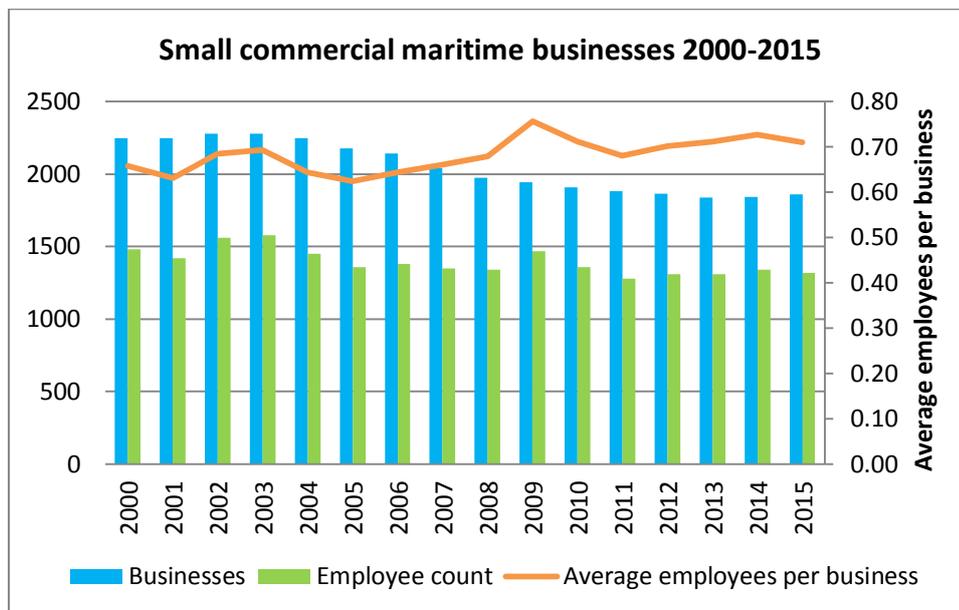


Figure 1: Maritime SCMBs 2000–2015

Over the past 15 years, businesses with no employees have dominated the SCMB sector, making up about 76% of all businesses. Businesses with 1–5 employees and with 6–19 employees account for 20% and 3% of all businesses, respectively.

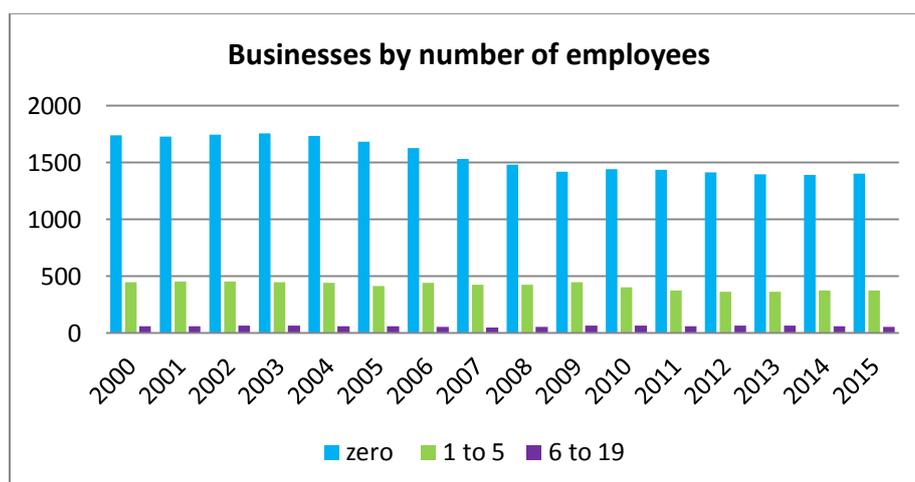


Figure 2: Businesses by number of employees

The subsections below provide information on the change in the number of businesses and the number of employees for the following three industries in the SCMB sector:

- fishing
- offshore aquaculture
- water transport.

3.2 Fishing

There were 1,269 fishing businesses in the SCMB sector in 2015, down from 1,848 in 2000 (a 31% reduction). There were 660 employees in the SCMB sector in 2015, down from 840 in 2000 (a 21% reduction).

The average number of employees per business increased by 14% from 0.45 employees per business in 2000 to 0.52 employees per business in 2015 (Figure 3).

In the past five years, the number of businesses and the number of employees have remained relatively stable in the fishing industry.

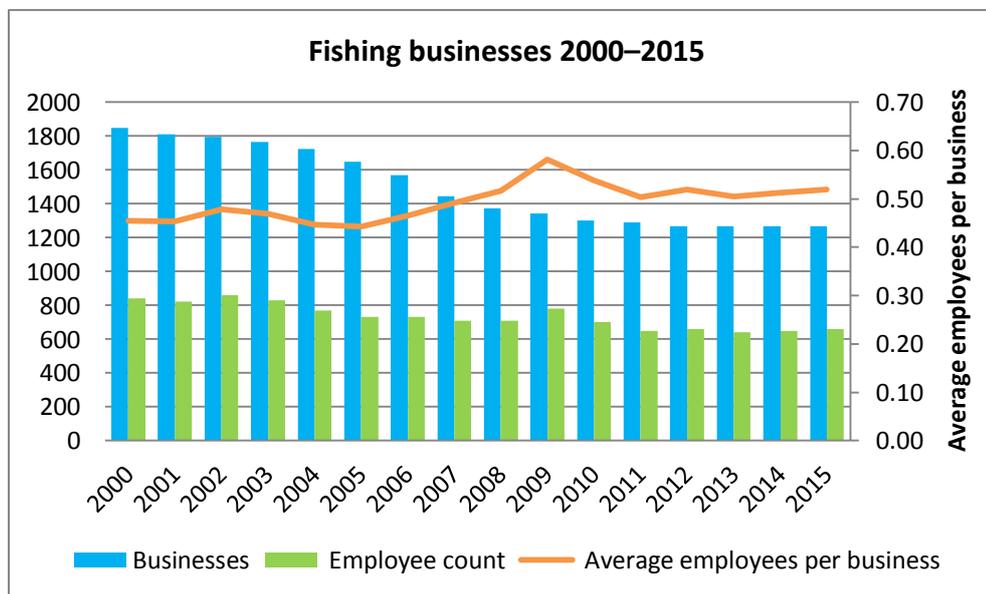


Figure 3: Fishing SCMBs 2000–2015

3.3 Offshore aquaculture

There were 219 offshore aquaculture businesses in the SCMB sector in 2015, down from 255 in 2000 (a 14% reduction). There were 200 employees in 2015, down from 320 in 2000 (a 38% reduction).

The average number of employees per business fell by 27% from 1.25 employees per business in 2000 to 0.91 employees per business in 2015 (Figure 4).

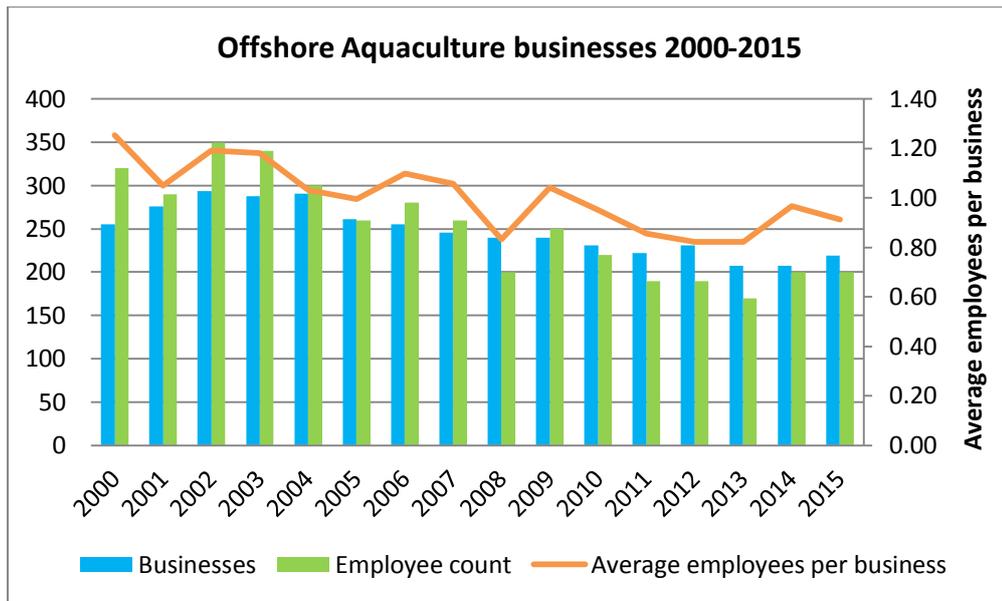


Figure 4: Offshore aquaculture SCMBs 2000–2015

3.4 Water transport

There were 375 water transport businesses in the SCMB sector in 2015, compared to 144 in 2000 (a 160% increase). There were 460 employees in water transport in 2015, compared to 320 in 2000 (a 44% increase). The average number of employees per business fell by 45% from 2.22 in 2000 to 1.23 in 2015 (Figure 5).

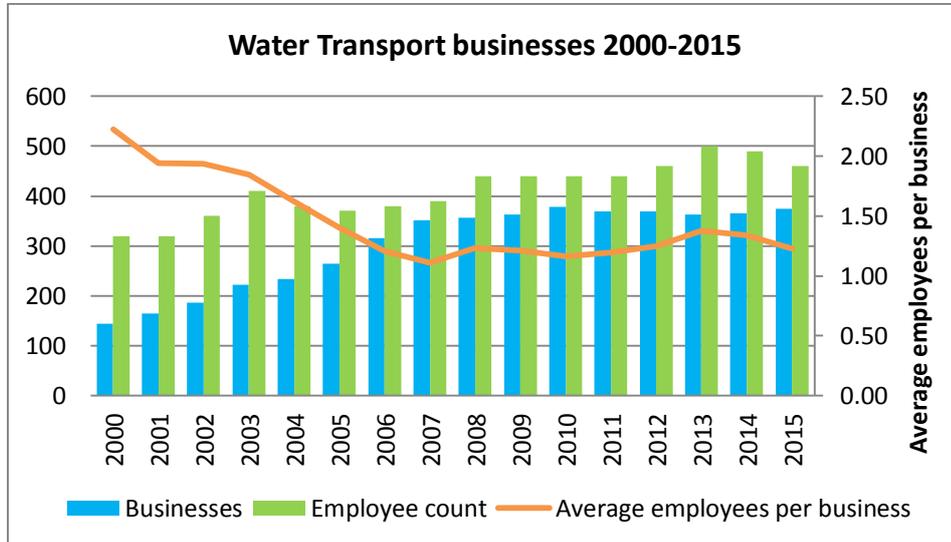


Figure 5: Water transport SCMBs 2000–2015

Over the past five years, the number of businesses has stayed flat, but the number of employees has varied from year to year with the number dropping in 2014 and 2015.

3.5 Comparison between industries

3.5.1 Number of businesses

The fishing industry has maintained its position as the largest single SCMB group but has declined from 82% of the SCMBs in 2000 to 68% in 2015.

In comparison, the proportion of water transport businesses rose from 6% in 2000 to 20% in 2015 (a 214% increase).

Offshore aquaculture has not changed much over the same period, at around 11–12% of the SCMBs (Figure 6).

The three industries' relative proportions of overall SCMB numbers have not changed over the last five years.

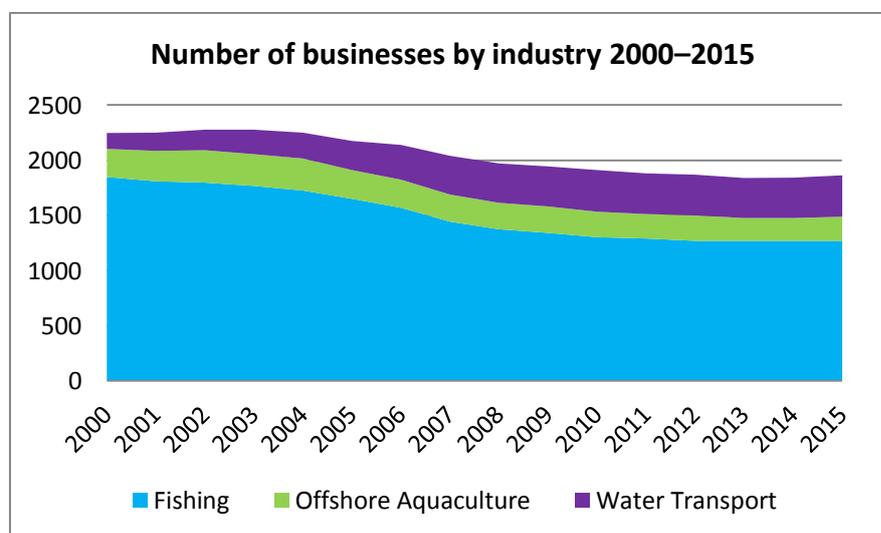


Figure 6: Number of businesses by industry 2000–2015

3.5.2 Number of employees

The fishing industry had about a half of all employees in the SCMB sector. This proportion has not changed much since 2000. It remained the largest industry in the sector in terms of the number of employees.

Offshore aquaculture accounted for about 11% of total employees in 2015, a fall from 14% in 2000.

In comparison, the water transport proportion of employees increased by 73%, from 14% in 2000 to 25% in 2015 (Figure 7).

The three industries' relative proportions of overall SCMB employee numbers have not changed over the last five years.

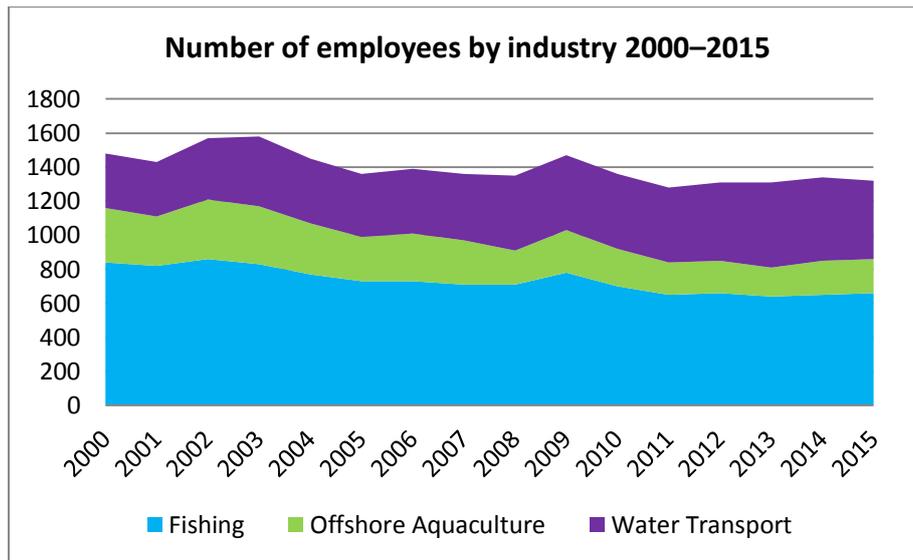


Figure 7: Number of employees by industry 2000–2015

4 Types of businesses in the small commercial maritime business sector

4.1 Overview of business types in the small commercial maritime business sector

The pie chart below shows business types in the SCMB sector in 2015 (Figure 8). Limited liability companies⁷, individual proprietorships⁸, and partnerships⁹ were the top three types in the SCMB sector. Together, they accounted for about 97% of all sector businesses.

Other types of businesses in 2015 included branches of companies incorporated overseas¹⁰, trusts/estates¹¹, joint ventures and consortia¹², and incorporated and unincorporated societies and associations¹³.

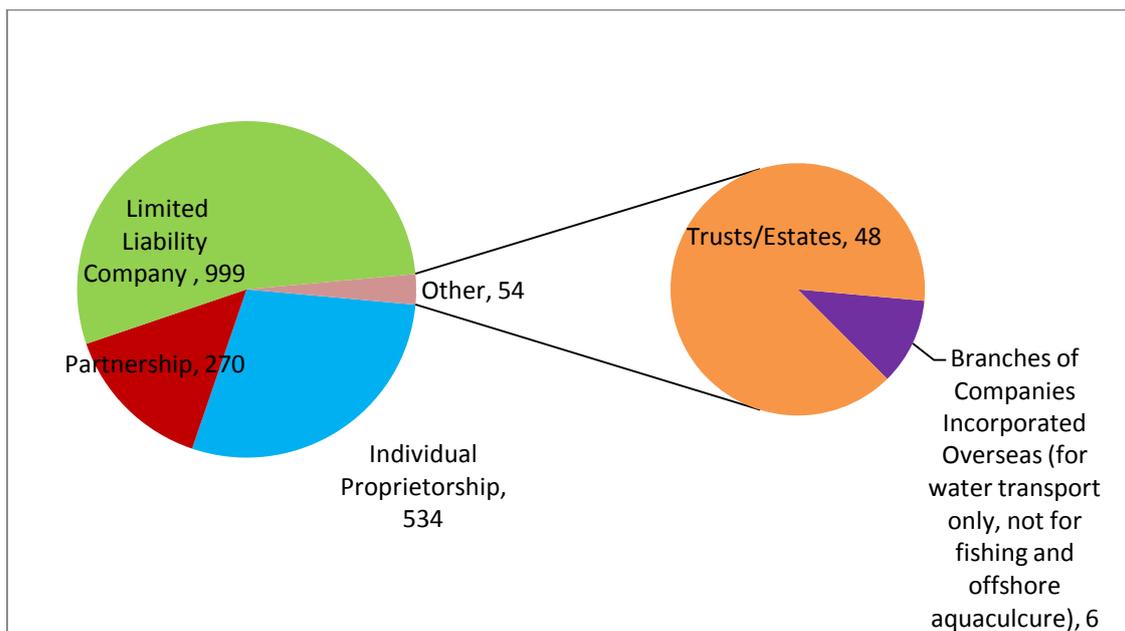


Figure 8: Business types in the SCMB sector in 2015

7

Registered limited liability company is a trading entity registered as a company excluding co-operative companies. Excluding limited liability companies set up by local and central government. Co-operative company is a trading entity registered as a co-operative company and also including any companies declared to be co-operative by Order-in-Council.

As it is most unlikely that there would be any co-operative companies in the SCMB sector, for simplicity purposes, in this report we refer to this type of business as limited liability company.

⁸ A trading entity which has only one responsible owner. The owner may be a working proprietor or may employ a manager or managers.

⁹ Partnerships are defined under the Partnership Act 1908 (or by court decision) as a relation between persons carrying on a business in common with a view to profit. It includes special partnerships, but excludes any relation between registered companies, or any other registered stock, trading or mining companies. Also excluded are partnerships between banking or insurance firms. The above exclusions should be classified to Joint Ventures and Consortia.

¹⁰ Offices and branches of companies incorporated anywhere outside New Zealand.

¹¹ An entity registered as a Trust or deemed to be one by a Court Also includes estates formed by the death of a proprietor or partner which continue for the time being following that death. Excludes Licensing Trusts.

¹² Joint ventures between companies and consortia of companies, typically of limited duration, and never between individuals.

¹³ Entities registered in any way as incorporated societies or as associations.

4.2 Fishing

The number of individual proprietorship businesses fell by 50%, from 1,005 in 2000 to 441 in 2015. The number of partnerships fell by 53%, from 420 in 2000 to 198 in 2015, while the number of companies with limited liability increased by 46%, from 405 in 2000 to 591 in 2015.

In 2000, the commonest type of businesses was individual proprietorship, accounting for about 54% of all fishing businesses. The share fell to 35% in 2015.

In 2015 the most common type of businesses was limited liability company, accounting for about 47% of all businesses in the fishing industry.

The numbers of businesses that are branches of companies incorporated overseas, joint ventures and consortia, and incorporated and unincorporated societies and associations are confidential¹⁴. Therefore, they are excluded from the pie charts below.

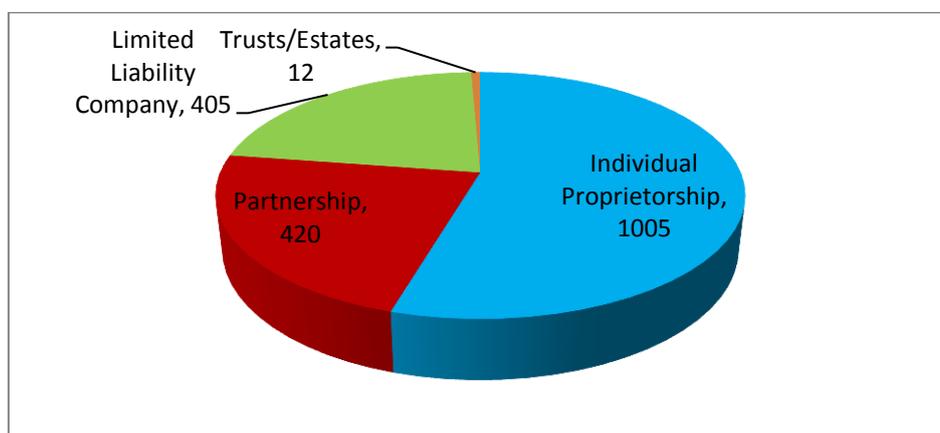


Figure 9: Fishing businesses by type in 2000

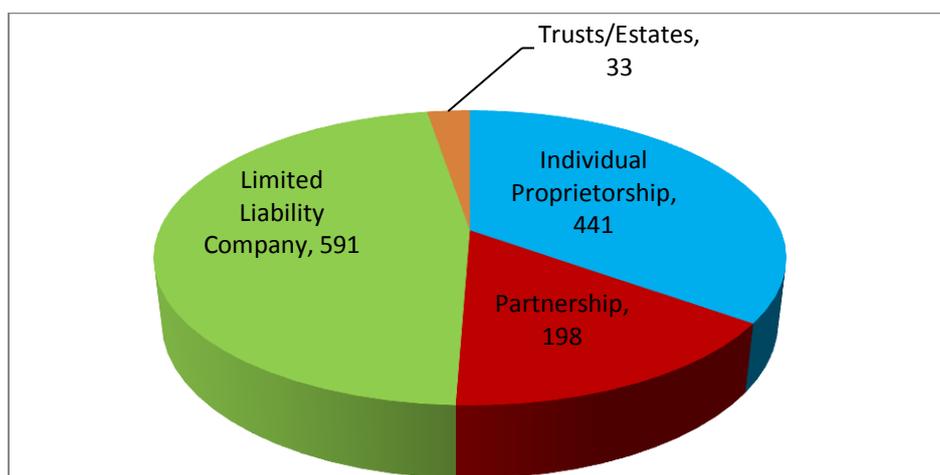


Figure 10: Fishing businesses by type in 2015

4.3 Offshore aquaculture

In 2000, the most common business type in the offshore aquaculture industry was limited liability company, followed by partnerships and individual proprietorships (Figure 11).

¹⁴ They are not statistically material. Please see footnote 2 for more details about confidentiality.

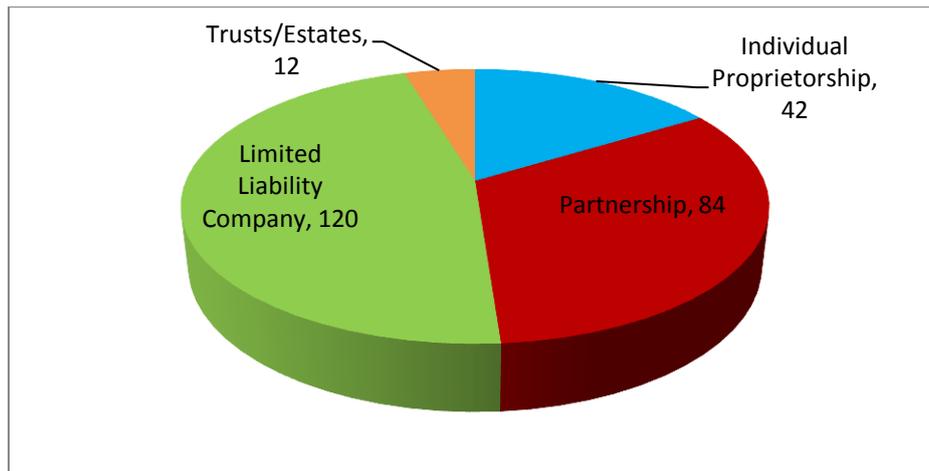


Figure 11: Offshore aquaculture businesses by type in 2000

In 2015, the ranking of the top three business types had not changed. They accounted for about 95% of all businesses in the industry.

However, the proportions of each type did change. Limited liability companies increased from 120 (46%) in 2000 to 138 (63%) in 2015. Partnerships fell from 33% in 2000 to 23% in 2015. Individual proprietorships fell from 16% to 8%.

The number of joint ventures and consortia remained confidential¹⁵.

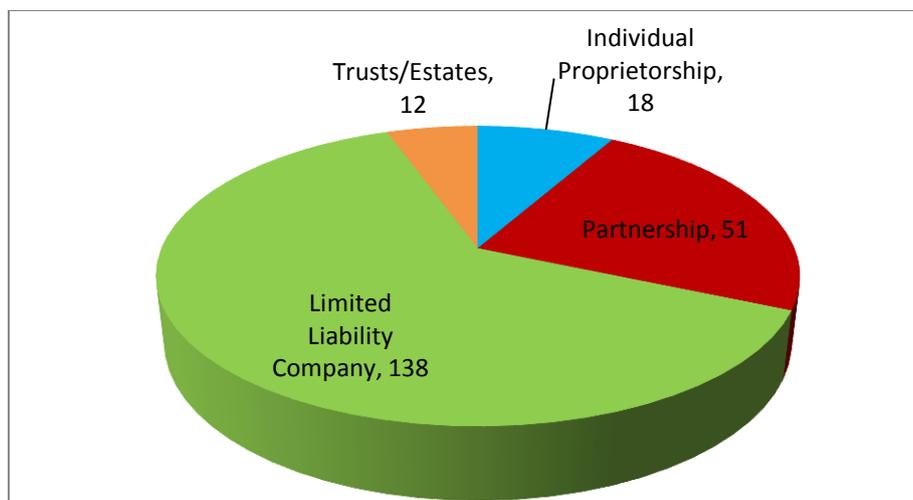


Figure 12: Offshore Aquaculture businesses by type in 2015

4.4 Water transport

In 2015 the top three business types for water transport were limited liability company, individual proprietorship, and partnership. These three types accounted for about 97% of all businesses in this industry.

The number of limited liability companies has increased by 157% from 105 in 2000 to 270 in 2015, but the proportion of this type remained the same at about 72% of water transport businesses. This

¹⁵ They are not statistically material. Please see footnote 2 for more details about confidentiality.

was because the total number of businesses has increased by about 160% from 144 in 2000 to 375 in 2015.

The number of partnerships has not changed much but, because the total number of water transport businesses increased dramatically from 2000 to 2015, the proportion of partnerships has dropped from 12% in 2000 to 5% in 2015.

While the number of individual proprietorships increased nearly fourfold, the proportion of this type only increased from 14% in 2000 to 20% in 2015, as the increase was outweighed by the growth in the number of limited liability companies.

The number of joint ventures and consortia is confidential.

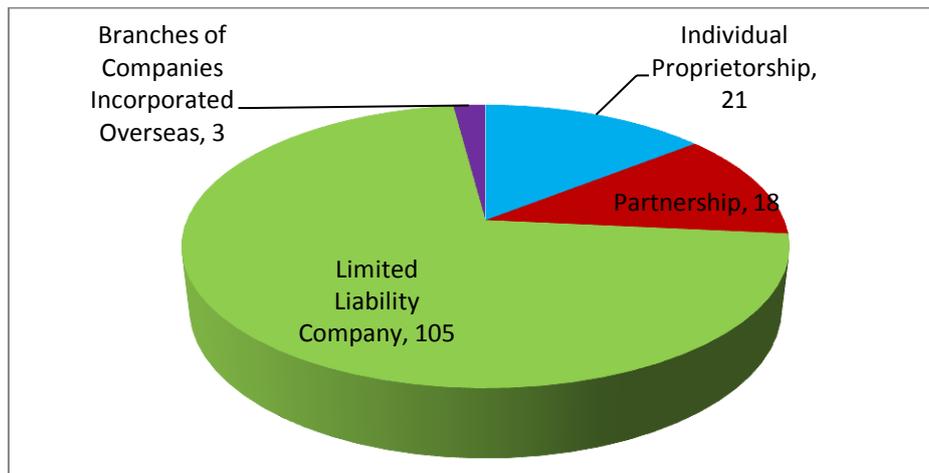


Figure 13: Water Transport businesses by type in 2000

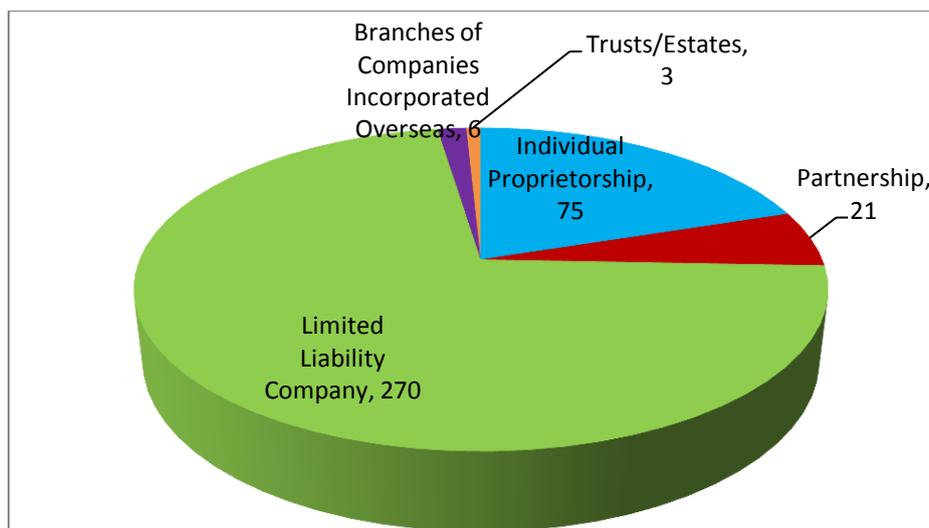


Figure 14: Water Transport businesses by type in 2015

4.5 Change across industries 2000–2015

4.5.1 Overview

The pie charts below show business types between 2000 and 2015. In 2000 there were six types within the SCMB sector: individual proprietorships, partnerships, registered limited liability companies, branches of companies incorporated overseas, incorporated and unincorporated societies and associations¹⁶, and trusts/estates.

In 2015 the types of structure varied from those in 2000. For example, there was a new type of business in 2015: joint ventures and consortia¹⁷. In addition, branches of companies incorporated overseas existed in the fishing and water transport industries in 2000. In 2015, this type of business existed in the water transport sector only.

Overall, limited liability company, individual proprietorship, and partnership remained the top three business types in the SCMB sector. Together, they accounted for 97% of the SCMB sector in 2015.

However, the ranking of the top two has changed. The number of individual proprietorships fell by 50% and their ranking dropped from first in 2000 to second in 2015. In comparison, the number of limited liability companies increased by 59%, ranking top in 2015 compared with second in 2000 (Figure 15 and Figure 16). The proportion of partnerships remained unchanged.

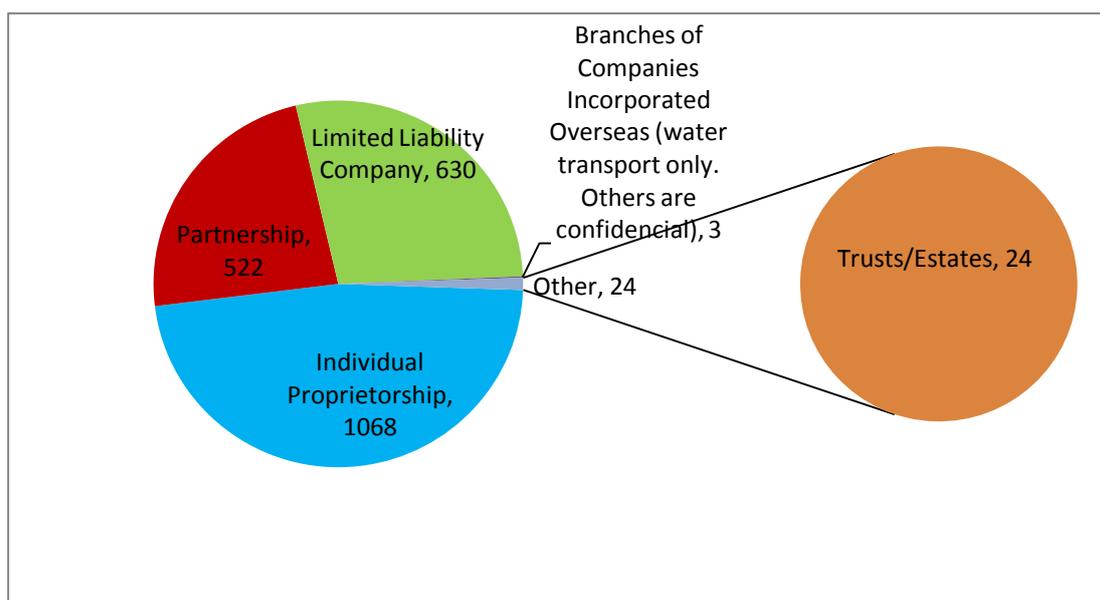


Figure 15: Business forms in 2000

¹⁶ It is confidential but the number is not statistically material. Please see footnote 2.

¹⁷ It is confidential but the number is not statistically material. Please see footnote 2

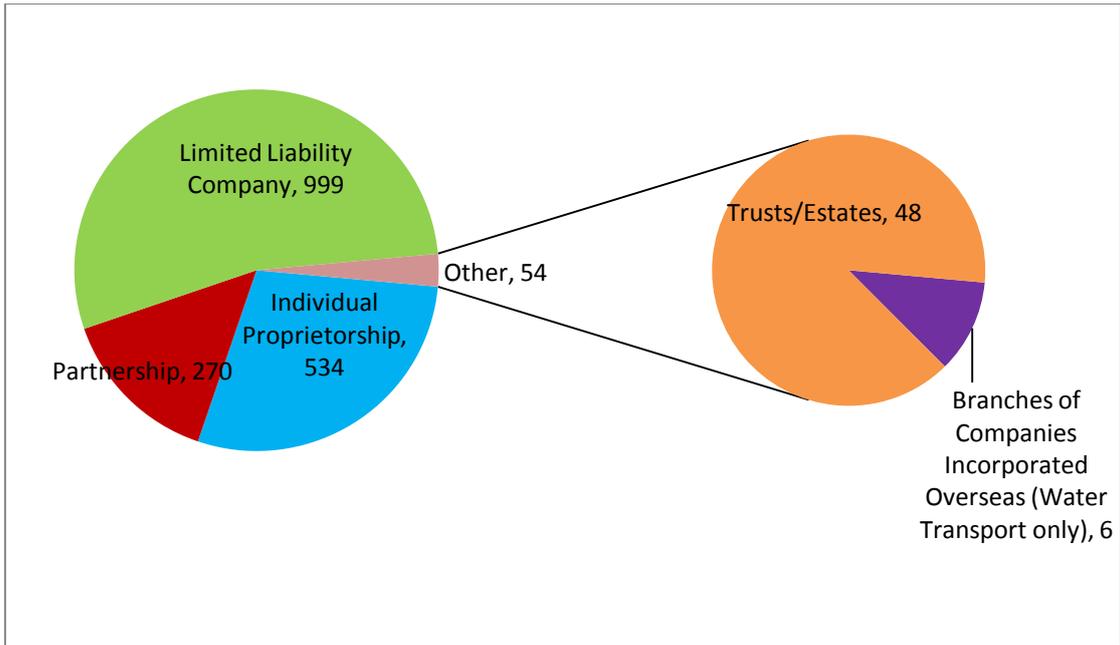


Figure 16: Business types in 2015

4.5.2 Individual proprietorship

In 2015, in total there were 534 businesses with individual proprietorship, down from 1,068 in 2000. The biggest proportion was in the fishing industry, although it dropped from 94% in 2000 to 83% in 2015. The biggest change was for water transport, increasing from 3% in 2000 to 14% in 2015.

The absence of water transport and aquaculture numbers for some years in Figure 17 is due to confidentiality¹⁸.

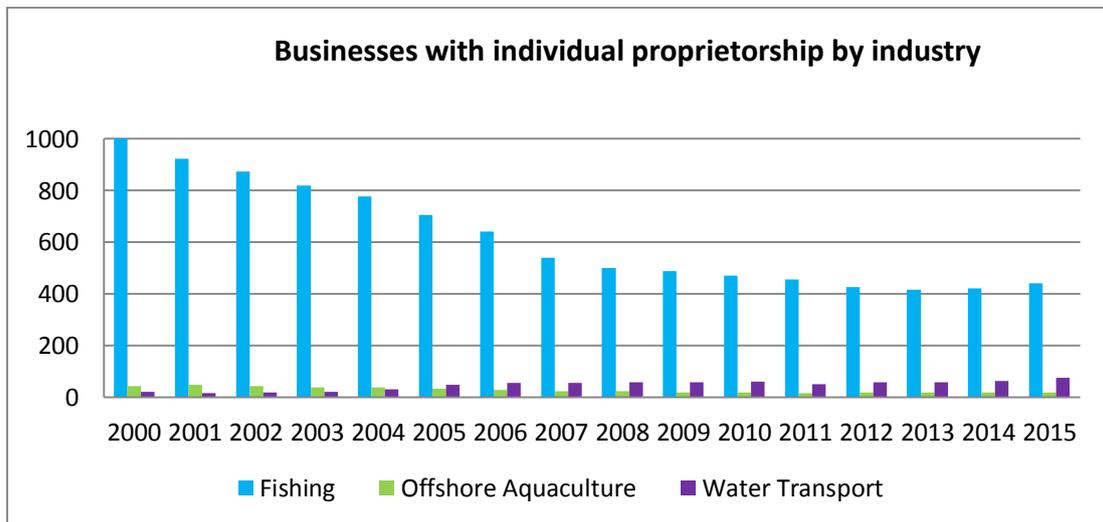


Figure 17: Businesses with individual proprietorship by industry 2000–2015

¹⁸ The numbers are not statistically material. For more details about confidentiality please see footnote 2.

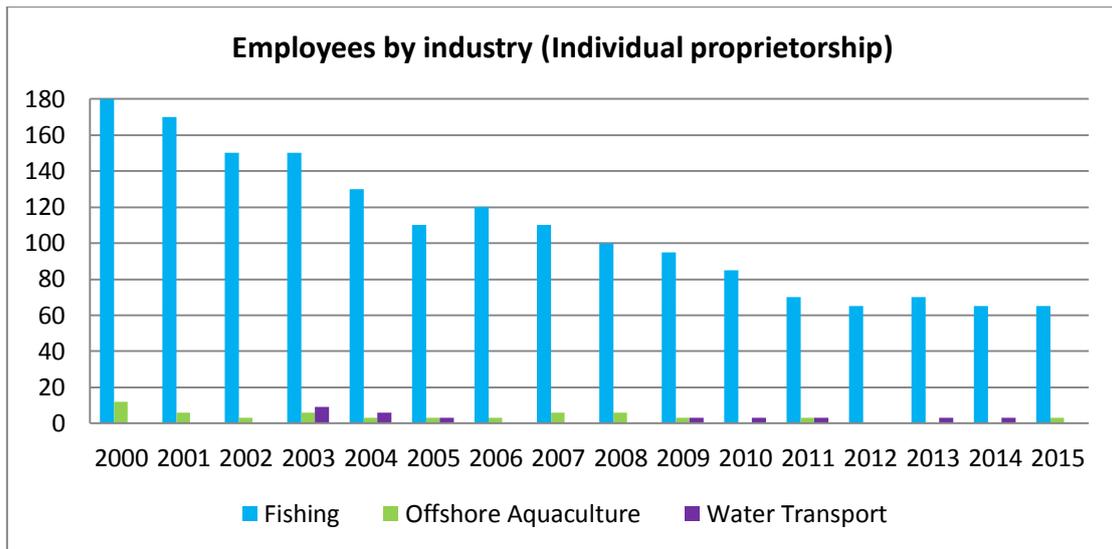


Figure 18: Employees by industry (individual proprietorship) 2000–2015

4.5.3 Partnership

The number of SCMB partnerships declined by 48%, from 522 in 2000 to 270 in 2015, with numbers dropping most in the fishing industry. The fishing industry proportion of all SCMBs dropped from 80% in 2000 to 73% in 2015 (Figure 19).

The numbers of businesses for fishing and offshore aquaculture partnerships dropped by 53% and 39% respectively from 2000 to 2015. The numbers of businesses for water transport increased by 17%.

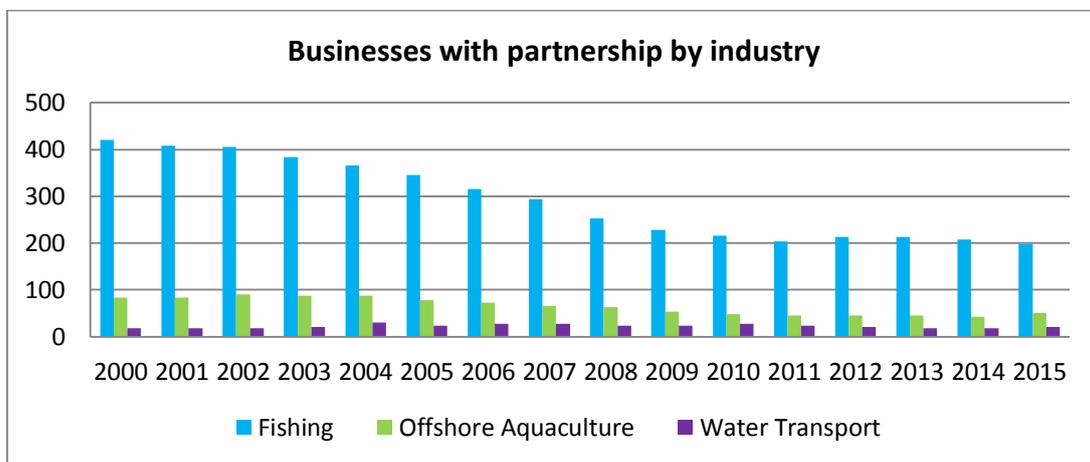


Figure 19: Partnerships by industry

The numbers of employees for fishing and offshore aquaculture partnerships dropped by 63% and 91% respectively from 2000 to 2015. A significant increase in employees in offshore aquaculture in 2014 was followed by a corresponding drop in 2015. Other than this change, overall employees for this type for the most recent five years have been flat. However, employees for water transport dropped to zero in 2015 from 15 in 2000.

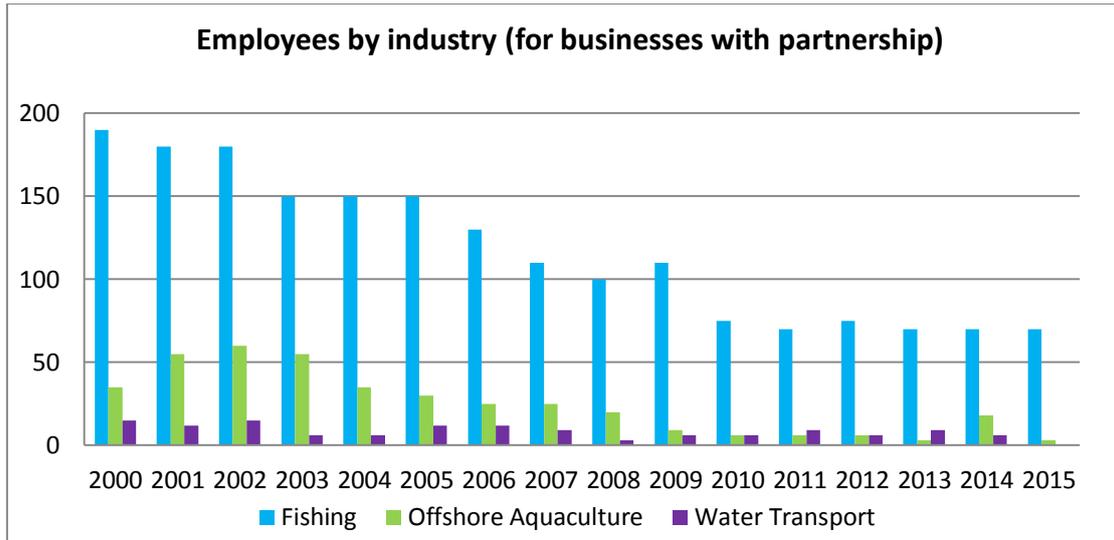


Figure 20: Employees by industry — partnerships

4.5.4 Limited liability companies

In 2015, a total of 999 businesses were limited liability companies, up from 630 in 2000. The biggest proportion was in the fishing industry, although the proportion dropped from 64% in 2000 to 59% in 2015. The biggest change was for water transport, increasing by 157% from 2000. The number of limited liability water transport businesses has exceeded that for offshore aquaculture since 2003.

Water transport employees have increased from 28% of total limited liability company employment in 2000 to 38% in 2015. Fishing industry and offshore aquaculture employee numbers rose slightly in 2014 and 2015. In contrast, water transport employee numbers have decreased in these two years.

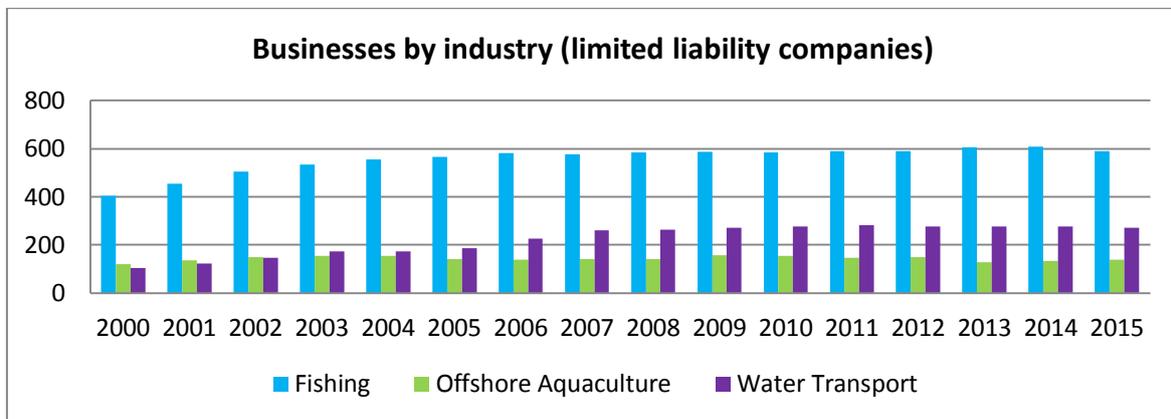


Figure 21: Businesses by industry — limited liability companies

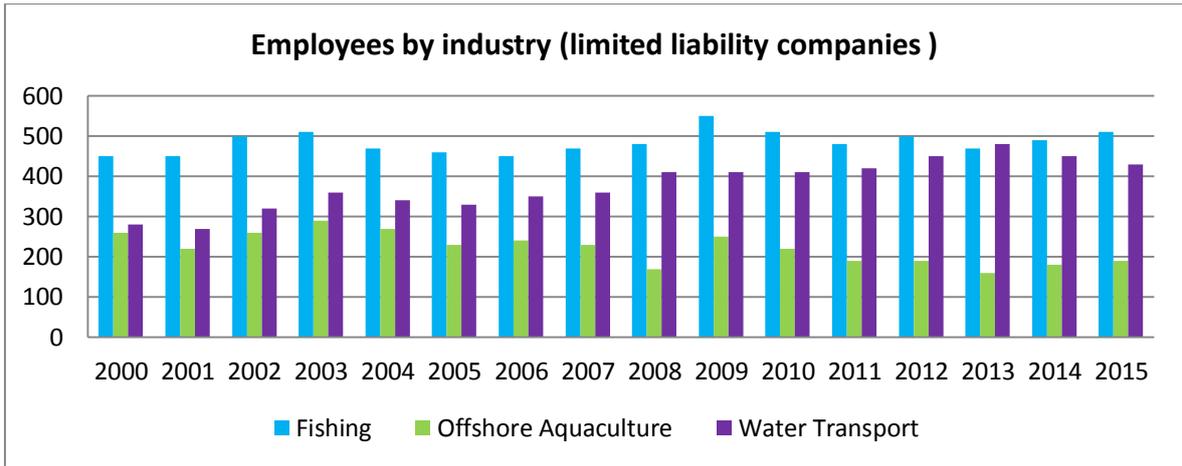


Figure 22: Employees by industry — limited liability companies

4.5.5 Branches of companies incorporated overseas

Due to confidentiality issues¹⁹, data for this type of business is available only for water transport, for which the number of businesses is stable. The number of employees declined until 2013 but increased in 2014 and 2015.

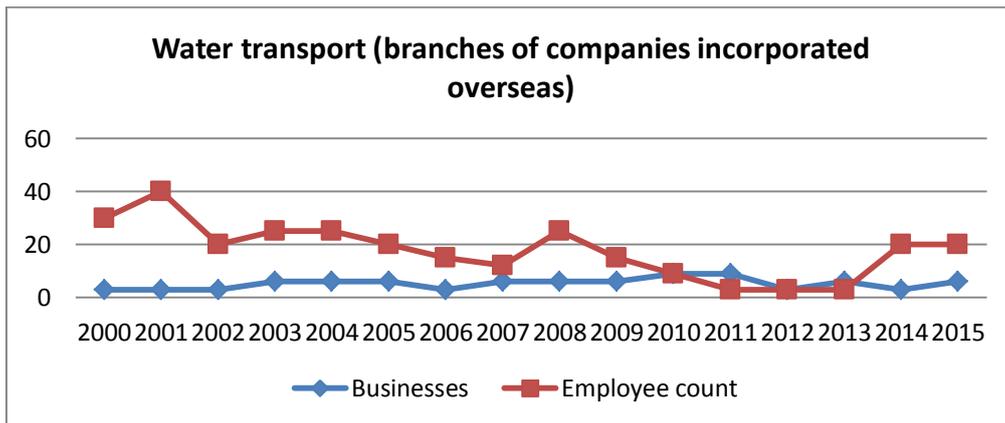


Figure 23: Branches of companies incorporated overseas — water transport

4.5.6 Trusts/Estates

The number of trusts/estates operating in fishing and offshore aquaculture decreased in 2012 and 2013 respectively.

The number of employees in water transport increased significantly in 2013. The number of employees in fishing increased significantly in 2013, but then dropped significantly in 2014 and 2015. The change in absolute numbers was small, however.

¹⁹ For more details about confidentiality, please refer to footnote 2.

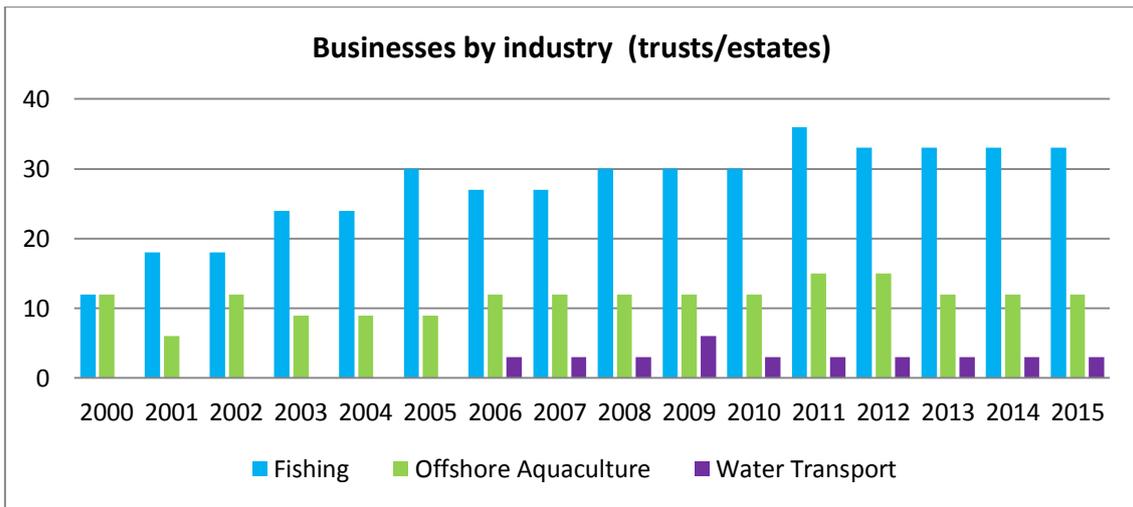


Figure 24: Businesses by industry — trusts/estates

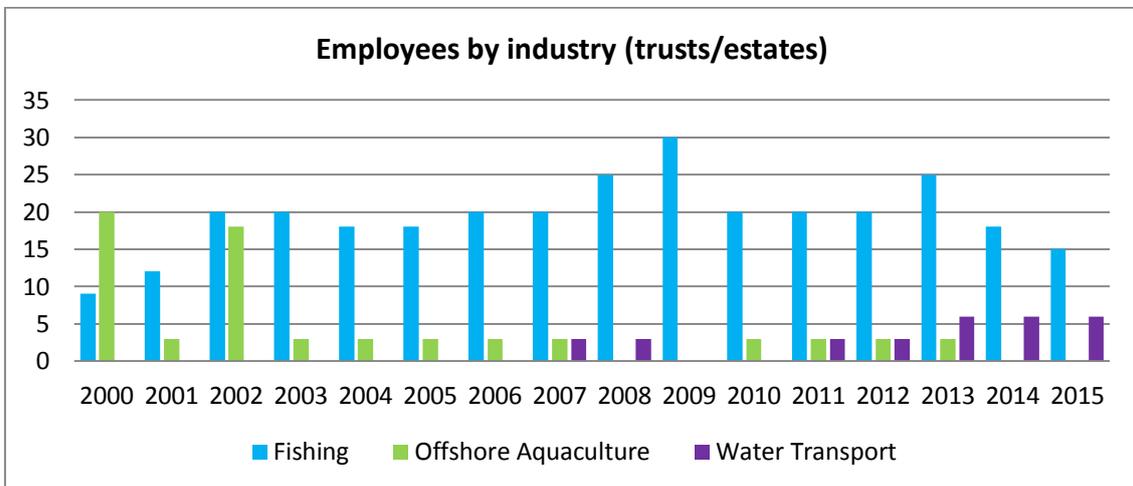


Figure 25: Employees by industry — trusts/estates

5 Business size

Over the past 15 years, businesses with no employees have dominated the SCMB sector. They represented about 76% of the sector. Businesses with 1–5 employees comprised about 20% of the sector and businesses with 6–19 employees 3%.

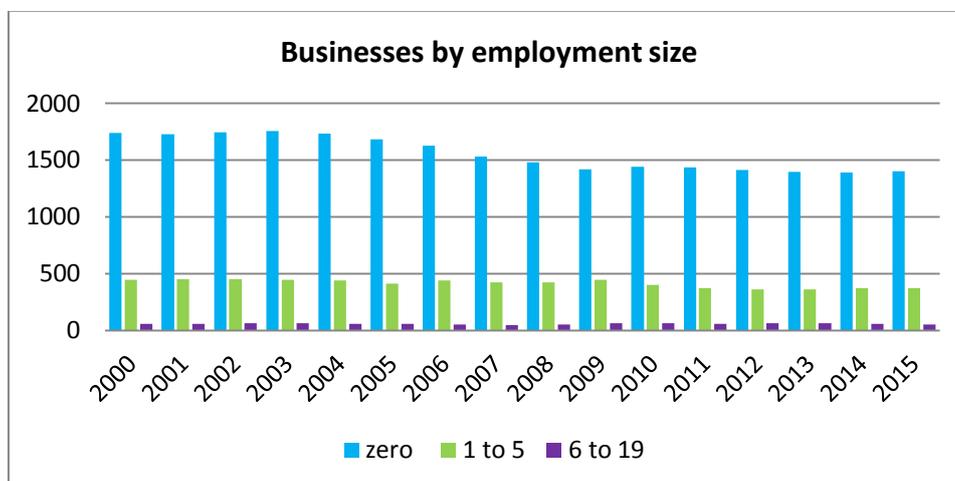


Figure 26: Businesses by employment size

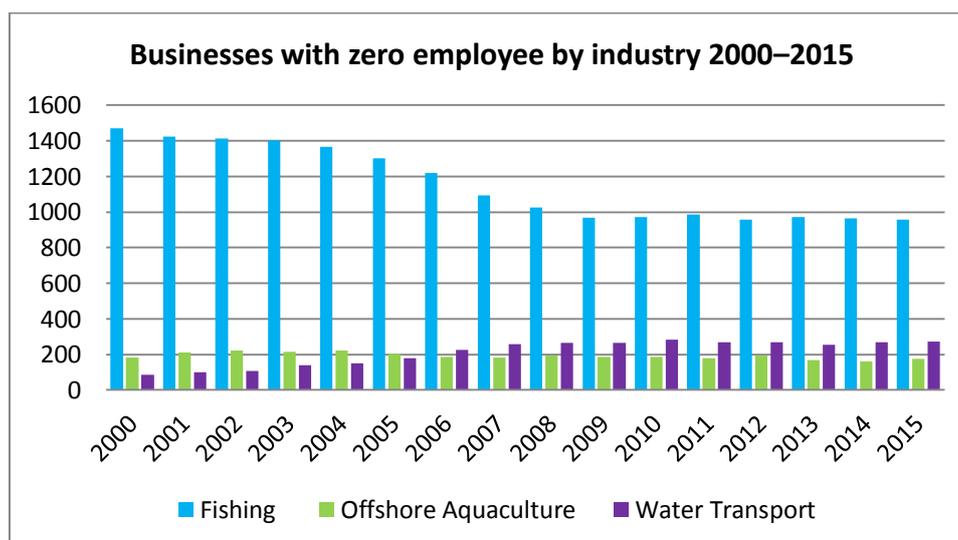


Figure 27: Businesses with zero employees by industry 2000–2015

The number of fishing businesses with zero employees declined from 2000 to 2009, with a significant reduction over the years from 2004 to 2009.

In contrast, the number of water transport operators with no employees increased from 2000 to 2008 and has since then been stable.

6 Business birth rate/death rate/survival rate

This section presents statistical data about business birth, death, and survival rates in the SCMB sector.

Based on the February 2015 data, 198 newly born businesses created about 40 jobs and 201 business deaths produced 25 job losses. The newly born businesses in 2015 compared with 2014 increased by 12%.

In 2014, the birth and death rates of businesses were 10% of all businesses in the SCMB sector. In 2015, both rates were 11% of all businesses in the SCMB sector.

The two-year survival rate for businesses created in 2013 was about 56%; the five-year survival rate of businesses born in 2010 and still active in 2015 was 32%.

While the business birth rate has been lower than the death rate since 2004, the number of employees added by newly born businesses has exceeded the loss of employees from businesses that ceased (Figure 28).

However, employee losses from businesses that ceased exceeded employee gains from births in 2007 and 2012 (Figure 30). This is likely to have been due to the global financial crisis in 2007 and the resulting deaths of large businesses.

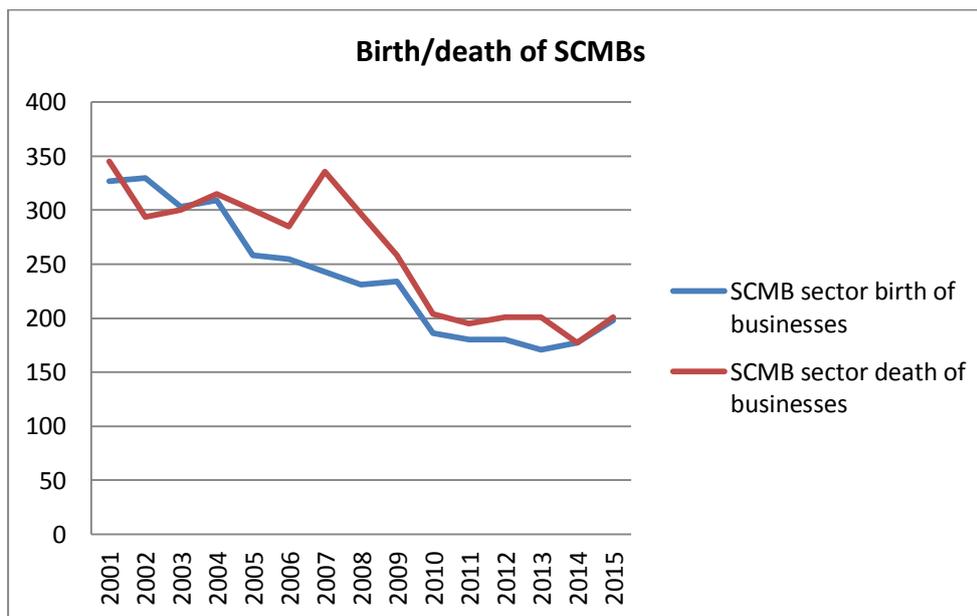


Figure 28: Businesses births and deaths in the SCMB sector, 2001–2015

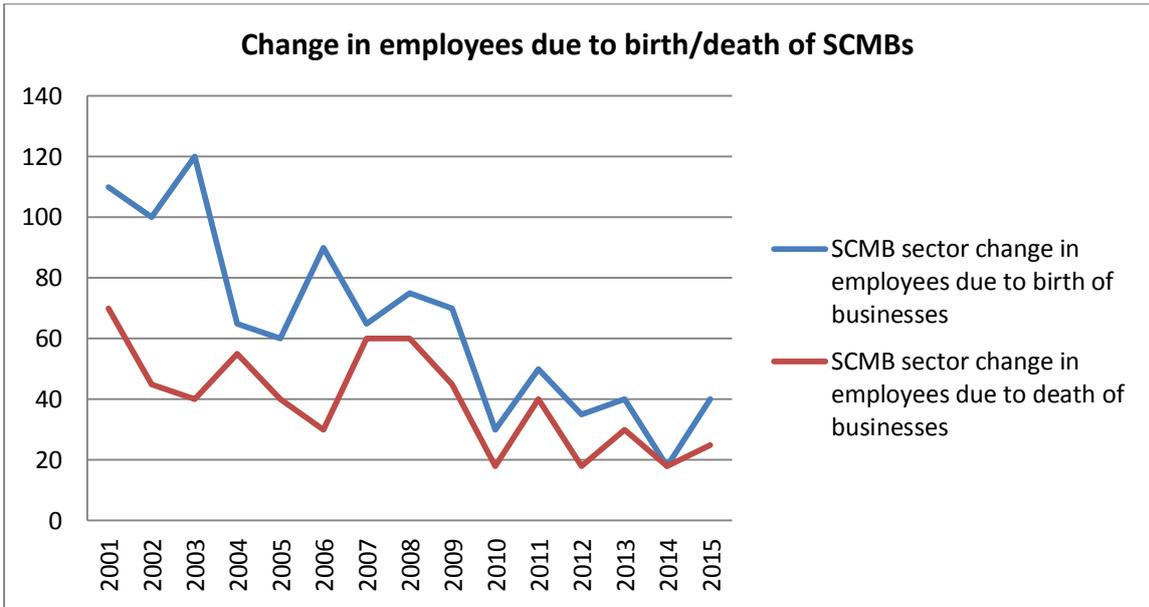


Figure 29: Employees in births and deaths of SCMBs, 2001–2015

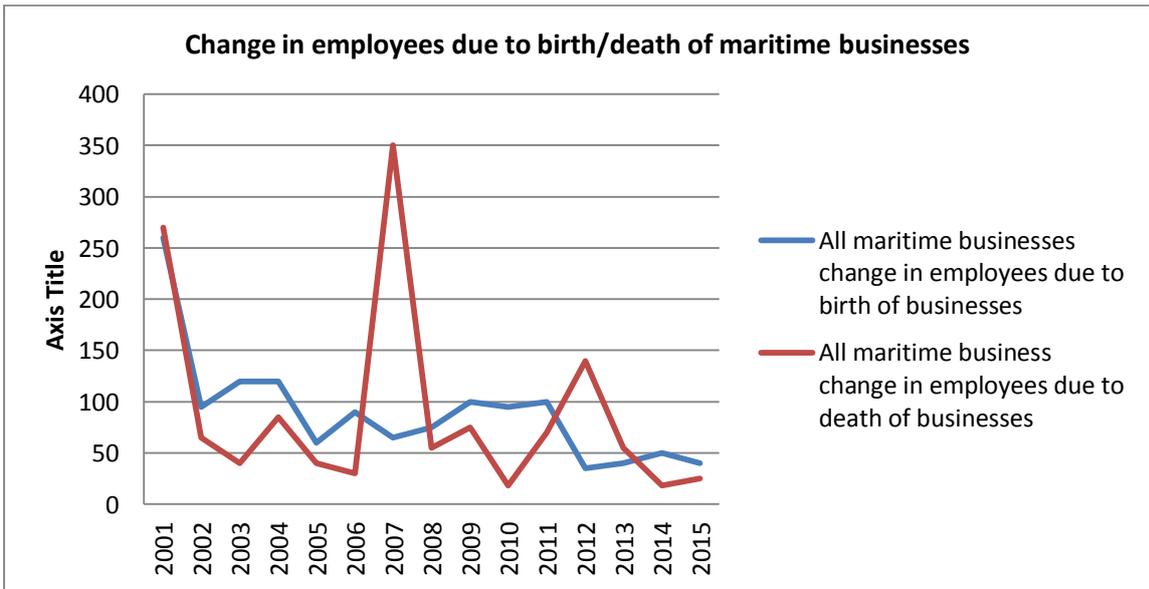


Figure 30: Employees in births and deaths of all maritime businesses, 2001–2015

The drop in total employees in the overall maritime sector is less likely to be due to the deaths of businesses than to existing companies reducing employee numbers.

7 Socio-demographic characteristics

The information below refers to the socio-demographic characteristics of commercial fishing operators, using data from the Statistics New Zealand Business Demography Survey (February 2013). No further information has been obtained for small commercial fishing operators or for other industries.

Fishing operators in the sector range from large commercial operators, including operators of deep sea vessels fishing the EEZ, through to owner/operators of varying commercial size that make most of the inshore fleet. The sector has a relatively small employment base, is overwhelmingly male with an average age older than most other industries, self-employed, and working longer than average at low pay.

As at February 2013, the fishing sector employed 2,546 people, of which 1,746 were employed in commercial sea fishing and 800 in aquaculture. This figure includes only those operators with turnover greater than \$30,000.

As at February 2013, 4,740 people were employed in seafood processing. This figure includes both on-vessel and land-based processing. Maritime New Zealand regulates processing on vessels but not land-based processing.

In the year to 30 June 2009, the Tasman/Nelson/Marlborough/West Coast area was the largest fishing employment region with 38% of all industry workers located there. New Zealand's two largest commercial fishing operators — Talleys and Sealord — operate their fleets from this region, which is also the location of three of the country's largest fish processing plants. The remainder of industry employment is fairly evenly distributed throughout New Zealand's other coastal regions.

Just over 50% of those in the industry are self-employed.

At around 80%, the sector is overwhelmingly male. This is higher than for all other industries, which are on average 53% male.

Older workers in the sector are over-represented, with more workers in the 35–54 age group and fewer in the 15–24 age group than for other industries.

The proportion of Māori workers in the fishing sector is almost twice that of all other industries combined.

Workers in commercial sea fishing and aquaculture are more likely than average to work long hours. In 2006, 62.5% of those in the industry reported that they worked more than 40 hours per week, compared with 39.6% in the wider economy; and over 35% of people in the industry reported working over 61 hours per week, compared with 6.9% of the general working population.

Based on discussions with Maritime New Zealand, we do not expect this profile for commercial fishing operators to have changed dramatically since 2013.

8 Summary of findings

8.1 Overall maritime sector

In 2015, the maritime business sector was made up of around 1,893 businesses with 3,190 persons employed (including three non-commercial organisations with 90 employees).

The large commercial maritime business sector was made up of around 30 businesses with 1,780 persons employed. The SCMB sector was made up of around 1,860 businesses with 1,320 persons employed.

Some important characteristics include the following.

- The maritime business sector was made up mainly of SCMBs. Commercial businesses accounted for 99.8% of the total businesses. SCMBs accounted for 98% of the commercial business sector.
- The number of non-commercial organisations was very small. Data from Statistics New Zealand indicates that there were three non-commercial organisations as at February 2015.
- Businesses with no employees represented the majority of maritime businesses, accounting for around 75% of total businesses between 2000 and 2015.
- The large business sector accounted for fewer than 2% of maritime businesses but 56% of employees.
- The average number of employees per business in the large commercial sector is 66 and fewer than two employees per business for all commercial businesses.

There were 40 jobs created in the year to February 2015 from 198 newly born businesses, while the data shows 25 job losses as a consequence of the death of 204 businesses over the same period. Both birth and death rates of businesses tend to be around 10–11% of the total number. Newly born businesses in 2015 increased by 12% from 177 in 2014. In 2014, both birth and death rates of businesses were around 9% of the total number.

The two-year survival rate for businesses created in 2013 was about 56%; the five-year survival rate of businesses born in 2010 and still active in 2015 was 31%.

8.2 Small commercial maritime businesses sector in 2015

The main characteristics of the SCMB sector in 2015 were as follows.

- The SCMBs accounted for 98% of all maritime businesses and 41% of all employees.
- Most businesses had no employees.
 - Three quarters (75%) of all businesses in February 2015 had no employees.
- The market in 2015 was slightly more active than in 2014.
 - New businesses in 2015 compared with 2014 increased by 12%. Both business birth and death rates increased from 10% of the total number in SCMB sector in 2014 to 11% in 2015.
- Limited liability companies, individual proprietorships, and partnerships were the top three types in the SCMB sector. They accounted for about 97% of all SCMBs.
- The fishing industry dominated the maritime sector.
 - The fishing industry accounted for 68% of all SCMBs and 50% of SCMB employees.

8.3 Changes in small commercial maritime businesses sector since 2000

Listed below are some dynamic changes in the SCMB sector since 2000.

- Decline in the number of businesses and employees
 - The overall number of businesses in the maritime sector has dropped by 20.6%, from 2,283 in 2000. The number of businesses in the SCMB sector has dropped by 17% from 2,247 in 2000.
 - The total number of employees in 2015 has dropped by 21.9% from 3,890 in 2000. The number of employees in the SCMB sector has dropped by 11% from 1,480 in 2000.
- The fishing industry dominates the SCMB sector.
 - In 2000, it accounted for 82% of all businesses and 57% of the total number of employees in the SCMB sector. The number of businesses dropped by 31% from 1,848 in 2000 to 1,269 in 2015, and the number of employees dropped by 21% from 840 in 2000 to 660 in 2015, although fishing remains the largest industry in the SCMB sector.
- Limited liability companies are the most common businesses.
 - Overall, limited liability company, individual proprietorship, and partnership have been the top three business types in the SCMB sector since 2000. Together, they account for about 97–99% of all businesses in the sector.
 - Individual proprietorships fell by 50% in 2015 from 2000, dropping from the most common to the second most common type. In comparison, the number of limited liability businesses increased by 59%, becoming the most common type in 2015 compared with being the second most common in 2000.
 - In particular, the proportion of limited liability companies increased dramatically for the fishing industry (an increase from 22% to 47%) and offshore aquaculture (an increase from 46% to 63%) between 2000 and 2015. The proportion of limited liability companies in water transport has remained at 72%, while the number of businesses increased by 157% from 105 in 2000 to 270 in 2015.
- Most SCMBs have no employees
 - Over the past 15 years, businesses with no employees have dominated the SCMB sector. On average, these businesses accounted for about 75% of the sector. Businesses with
 - 1–5 employees represented about 20% of all businesses, while 3% of all businesses have 6–19 employees.
 - The number of businesses with no employees in the fishing industry dropped significantly from 2004 to 2009 and has remained flat since 2010. In contrast, the number of businesses with no employees increased from 2000 to 2008 in water transport and has stayed flat since 2009.
- Less active market compared with 2000
 - The business birth and death rate dropped by about 40% in the sector compared with 2000. The death rate in 2007/08 increased significantly due to the global financial crisis.