

**Concerns held regarding the § 9(2)(b)(ii) carton weight reporting system used by the company up until July 2003.**

(**Note** the comments in italics are thoughts I have had, or points of discussion. The comments in standard print are what I believe should be in the letter to § 9(2)(b)(ii) )

**A. Allowed 1.5% variance allowance.**

There are various arguments as listed below discussing the 1.5% variance allowance and my or the MFish view.

Allowance made up of:

**1 Differing processing standards between factory hands**

*Not an MFish problem unless they are processing to a different state. Do the CF factors take this into account? This is a § 9(2)(b)(ii) QC issue, again the § 9(2)(b)(ii) gain at the expense of the QMS*

*Fish is not always processed to the maximum extent of the processed stat in the C/F notice. Therefore there is some additional weight, which should not be there.*

“Differing processing standards by factory hands”

This is an internal issue for § 9(2)(b)(ii) to resolve and should not be at the expense of the QMS. The Ministry also contends that such variances are taken into account when establishing or checking conversion factors.

**2 Ice**

*Defined as what? Obviously not Glaze or moisture claimed later (7J) & (7M). Where does the ice come from? Minimal amount absorbed by the fish between freezing and packing into liner and carton.*

*When cartons are weighed on land a dry carton weight is used as a deduction when in fact the carton is wet and weighs more. The degree of wetness depends on time in the hold and position of carton. It could be weighed every time but is time consuming and adds cost to both parties.*

§ 9(2)(b)(ii)	Ling = 42 grams	(0.19%)
§ 9(2)(b)(ii)	Hake = 15 grams	
§ 9(2)(b)(ii)	Hoki = 19 grams	(0.08%)
§ 9(2)(b)(ii)	Ling = 39 grams	

I have concluded that due to the “Variance in glaze” listed later in the letter that ice claimed here is not glaze and would appear to be condensate ice that may form in and around the packaging or wash water or physiological water squeezed from the fish during freezing. Ice at best makes up 0.20 of a percent. The weight of wash water is taken into account when establishing or checking conversion factors.

### 3 Gut content

*Referring to belly flap liner?*

*Referring to green product only, then it is not processed so no CF required, GWT is GWT.*

Does this mean the belly flap or remnants of the gut still on the fish after processing or alternately the contents of the gut of a fish when caught?

If it is the contents of the gut of a fish when caught the Ministry finds this an interesting proposition and would query how such an allowance could be made. The “true” greenweight of a fish must surely be the weight of the fish when removed from the water. The weight of the gut and contents is taken into account when establishing or checking conversion factors.

### 4 Scale variance

*Accept there will be some scale variance but surely it is an unders and overs situation where they will balance each other out. If the scale are reading in excess of the weight then surely § 9(2)(b)(ii) are double dipping. Calibration is completed on a regular basis and the scales themselves know when they are outside of accepted tolerances and require recalibration.*

*No need for a scale tolerance when weighed on land.*

The Ministry was under the impression that § 9(2)(b)(ii) no longer made allowance for scale variance in its tolerance allowance.

The Ministry also queries why such an allowance is required given the advances made in scale technology over recent times and the fact that the scales will advise the operator if they are operating outside acceptable limits.

The acceptable limits for operation could be plus or minus. Again the § 9(2)(b)(ii) variance allowance would appear to be biased towards a positive error where the scales are showing a weight greater than the actual weight.

### 5 Piece weight variance

*Accepted, but again § 9(2)(b)(ii) gain at the expense of the QMS.*

*With large DRE fish the piece weight range increases the error component over 1.5% Point 7G AQS compliance issues.*

*Issues for § 9(2)(b)(ii), not the Ministry. § 9(2)(b)(ii) gain at the expense of the QMS*

The Ministry accepts that when dealing with large pieces of product that it will be difficult to pack to a specified weight. However as § 9(2)(b)(ii) is ensuring compliance with the AQS standards then it is highly unlikely that the product will be underweight. Should this be at the expense of the QMS?

## 6 AQS compliance issues

The Ministry accepts that § 9(2)(b)(ii) will want to ensure compliance with the AQS but does not accept that § 9(2)(b)(ii) compliance with AQS should be at the expense of the QMS. If product is being packed in excess of the nominal net weight to ensure compliance with the AQS then the amount overweight should be declared. Again any tolerance to ensure compliance with AQS is biased toward § 9(2)(b)(ii)

## 7 Variance in packaging

*An unders and overs situation. § 9(2)(b)(ii) conduct destructive sampling and establish a new packaging weight for each product sampled per journey. Carton weight records taken on shore will give an average if sampled in line with recognised practice, for example the AQS.*

The Ministry believes that variances in packaging are taken into account at each unloading of product through the destructive sampling undertaken on shore. The Ministry was advised during interviews with § 9(2)(b)(ii) Staff that the average weight of packaging is established and applied in the establishment of tolerance weights.

The Ministry is concerned that although an average weight of packaging is established at each landing, § 9(2)(b)(ii) still see a need to claim an allowance for variance in packaging.

## 8 Variance in strapping

*Strapping would appear to weigh on average 15 grams per carton (0.06%). The § 9(2)(b)(ii) does no use strapping, using tape, no weight of tape has been established by MFish but the weight would be minimal.*

The Ministry is aware that plastic strapping and cello-tape is used to maintain carton integrity.

Again the Ministry believes that variances in strapping are taken into account at each unloading of product through the destructive sampling undertaken on shore.

The Ministry is concerned that although an average weight of strapping is established at each landing, § 9(2)(b)(ii) still see a need to claim an allowance for variance in strapping.

## 9 Variance in glaze

*Sampling is undertaken on board, there fore glaze weight records taken on board will give an average if sampled in line with recognised practice, for example the AQS.*

*LFR will struggle to establish glaze weight, which will always be higher than that established on bard. This then is detrimental to the QMS. Do we need a change to law that for glazed products the fisher mist provide records to the LFR?*

In dealing with the current product seized by the Ministry with the exception of the Black Oreo Dory glaze is not an issue. With glaze there is likely to be a variance but surely it must be an unders and overs situation. On board sampling of glaze weights should give an average figure that can be compared to and glaze figures established from on shore destructive sampling. Again any tolerance to allow for variance in glaze is biased toward § 9(2)(b)(ii)

## 10 Tub weight variance

*The tubs should all be similar in weight. If there is a concern, an average weight could be established or each tub tarred prior to being packed with fish. Tarring would be the most accurate.*

Does § 9(2)(b)(ii) apply a tare weight to the scales prior to the fish being weighed. If so how is this weight established. If the variance in weights of tubs is significant then this is an issue for § 9(2)(b)(ii) to take up with the supplier of the tubs. It is not a matter that should concern the Ministry nor should any tolerance be at the expense of the QMS.

## 11 Product defects

*Taken into account in CF?*

*Defects are also present which add to the weight*

This is an internal issue for § 9(2)(b)(ii) to resolve and should not be at the expense of the QMS. The Ministry also contends that such variances are taken into account when establishing or checking conversion factors.

## 12 Moisture

I have concluded that moisture would appear to be condensate ice that may form in and around the packaging. Moisture at best makes up 0.25 of a percent.

§ 9(2)(b)(ii) has an accurate weight of the carton (Marel) immediately after packing prior to any moisture seeping in. A deduction for accurate packaging as obtained by onshore sampling would eliminate any error.

Also the Ministry was lead to believe that the packaging weight as established is a wet weight and therefore takes into account the moisture content.

**B. A re-declaration on weight is only made if the 1.5% variance allowance is exceeded, and then only the difference between the upper weight range and the average weight established.**

Effectively § 9(2)(b)(ii) have helped themselves to up to 1.5% if the allowance was not exceeded or 1.5% if the allowance was exceeded.

**C. It does not appear that any carton compliance weighing is undertaken of small lines of product landed, especially the by-catch.**

They were simply declared at nominal net weight even if on board records show that the cartons exceeded nominal net and may have even exceeded the 1.5% allowance.

Assuming that these cartons have been declared at the nominal weight on the purchase tax invoice and Catch Landing return, it is possible to calculate the greenweight of processed fish that has gone unreported from the formula:

$$\text{Unreported greenweight} = \text{blocks landed} \times \text{mean difference} \times \text{conversion factor.}$$

I have made this calculation in Table 2 below: Note that I have calculated the number of blocks from the discharge count.

Species	Blocks landed	State	Mean difference (kg)	Conversion factor	Unreported greenweight (kg)
BOE	320	DRE	0.240	2.25	172.8
GSH	64	DRE	0.098	3.4	21.2
GSP	96	DRE	0.114	3.4	37.2
LDO	28	DRE	0.139	1.8	7.0
RBM	70	DRE	0.103	1.8	13.1
RCO	8	DRE	0.080	1.8	1.2
RIB	42	DRE	0.109	1.8	8.3
SBW	1749	DRE	0.110	1.7	326.0
SPD	36	DRE	0.140	2.7	13.6
SQU	12567	DRE	0.125	1.9	2984.7
SSO	96	DRE	0.087	2.25	18.7
STA	38	DVC	0.142	2.15	11.6
SWA	346	DRE	0.147	1.7	86.6
SQU GRE	3405	GRE	0.087	1.0	296.1

**D. Samples taken are a haphazard random sample.**

Is this a major issue? NO

**E. The Marel system records accurate weights of cartons but this appear to be ignored.**

**F. The onboard QC sampling records accurate weights of blocks prior to freezing (and post freezing for Hoki fillet block) but again this appears to be ignored.**

**G. Company specifications call for a minimum weight of nominal net and a maximum weight of 1.5% higher than nominal net weight.**

**Concerns held regarding the s 9(2)(b)(ii) carton weight reporting system used by the company up since July 2003.**

**H. Samples taken are a haphazard random sample.**

*(Is this a major issue? NO)*

**I. The Marel system records accurate weights of cartons but this appear to be ignored.**

**J. The onboard QC sampling records accurate weights of blocks prior to freezing (and post freezing for Hoki fillet block) but again this appears to be ignored.**

**K. Company specifications call for a minimum weight of nominal net and a maximum weight of 1.5% higher than nominal net weight.**

**L. Average non-fish weight appears to be dragging the fillet block and shatterpack carton weights down below nominal net weight.**

1 It is difficult to see how this could be when the company specifications basically call for the blocks to be over packed.

2 It would appear that the weight of Ice is being deducted (in once example 1% of the block weight) when records obtained from Overdue show that the actual weight involved is at best 0.2%.

3 The argument also arises that the make up of that ice is primarily fish juice squeezed from the fish at the time of freezing.

*The make up of ice data from s 9(2)(a) should show that the majority of the ice is physiological and there fore this is not a legitimate deduction.*

4 The plastic interleave weight deducted would appear to be a wet weight, in effect a second deduction for ice. It must also include pieces of fish adhering to the plastic.

5 The weights of individual items is now recorded as an average weight, although there is nothing wrong with this it is hard to establish the variances in weight of these items.

**Further notes in respect of letter dated 28<sup>th</sup> January 2004 sent to MFish by s 9(2)(a)**

s 9(2)(b)(ii) :

**Point 2.**

Have s 9(2) do some work to look at the CLR's to confirm that they are reporting the nominal net weight, and not dipping below this.

**Point 3**

“Actual weights” Accept that it is not defined in law, the ministry expects the weight to be the net weight of the fish that is in the carton. It has to be an accurate weight, not some fanciful amount that may or may not have been sampled.

Heading ‘Legal Requirements’, Paragraph 3

**Point 4**

Back calculate green weights. Can we not insist that as there are a limited number of vessels that process and pack at sea that they weigh the product prior to any processing taking place, there by increasing the accuracy of greenweight of fish caught?

Conversion factors. What work has s 9(2) done on CF's? Have we been able to establish how a CF is determined and what tolerances have already taken into account when establishing a CF.

Paragraph 4

Original Ministry Advice. The ministry accepts that original MAF Fisheries circulars of 1985 and 1987 did allow for a tolerance system.

How ever in his letter dated 9<sup>th</sup> June 1994 to s 9(2)(a), Executive Director, New Zealand Fishing Industry Association Inc, s 9(2)(a) director of operations pointed out that the MAF Fisheries circulars:

“MAF has no obligation to provide such guidance, nor to adhere to this particular standard in perpetuity”

“... there is no longer any justification for continuing with the maximum tolerance weights set out in the 1985 and 1987 MAF circulars and they are to be rescinded accordingly.”

“It should be noted that, since the 1985/87 MAF circulars have no legal status, there will be no requirement for a regulatory change.”

This letter was appendix 4 as provided with the letter dated 7<sup>th</sup> July 2003 sent to s 9(2)(a) by s 9(2)(a).

**Point 5A**

Greenweight, it has to be an accurate weight, not some fanciful amount that may or may not have been sampled.

**Point 5B**

§ 9(2)(b)(ii) to be in a position to comply with these legislative requirements must ensure that their carton weights comply, therefore there must be some degree of over packing. They are not prepared to take this loss (revenue and quota / ACE used) and under declare the weight of their cartons at the expense of the Quota Management System.

#### **Point 5C**

“Minimum System”. What was this, when did § 9(2)(b)(ii) move away from it? 1 kg to 10 kg permissible error of 1.5%. That is under the weight required. The § 9(2)(b)(ii) system is based around ensuring that the product weighs a maximum of 1.5% over the weight required before any re-declaration is made.

If 3 of the blocks together are in a carton, surely it is the weight of the carton that is in issue, items weighing in excess of 15 kgs have a permissible error of 1%.

Do we need to get a statisticians view of this.

#### Heading “Legal Requirements” Point 5C

“Table 2 of Schedule 7A to those regulations recognises that product between 1 kg and 10 kgs has a permissible error of 1.5%, which accords with § 9(2)(b)(ii) variance allowance.”

The 1.5% error would appear to be an allowable error of plus or minus 1.5%. The § 9(2)(b)(ii) variance allowance would appear to be biased towards a positive error of 1.5%

#### **Point 5D**

MFish disagree. Again the weight declared is in favour of § 9(2)(b)(ii), never the QMS. If § 9(2)(b)(ii) insists on declaring at nominal when they know it exceeds that weight then a dual system will be required.

§ 9(2)(a) have a dual reporting system.

§ 9(2)(a) weigh all product.

#### **Point 6C**

Glaze. Is not applicable to the samples seized or in question.

Glaze records taken on board will give an average if sampled in line with recognised practice, for example the AQS. MFish accept that glaze is difficult to determine after application but weights recorded pre and post glazing must provide an accurate picture, surely.